mr price group limited

2018

ANNUAL INTEGRATED REPORT

2 April 2017 - 31 March 2018

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KEY ICONS

GROUP STRATEGY PILLARS

GROWTH
Extend earnings through local and international growth.

BUILD HIGH PERFORMING BRANDS
Build strong customer relationships by delivering an ongoing experience of surprising and delighting.

OPERATIONS
Continually strive for world class methods and systems.

PEOPLE
Maintain an energised environment with empowered and motivated people.

SUSTAINABILITY
Subscribe to high ethical standards and sustainable business practices.

THE SIX CAPITALS

FINANCIAL
The group's pool of funds consists of cash generated from operations, interest income and funds reinvested.

MANUFACTURED
The stores, distribution network and general infrastructure throughout Southern and West Africa and Australia which enable us to procure, import, deliver and sell our products and services.

INTELLECTUAL
The intangibles that constitute our product and service offering and provide our competitive advantage.

HUMAN
The skill and experience vested in our employees that enable us to deliver our products and services and implement our strategy, thereby creating value for our stakeholders.

SOCIAL & RELATIONSHIP
The key and long-term relationships that we have cultivated with customers, suppliers and business partners.

NATURAL
The resources that are used in the production of goods and the store environment.

STAKEHOLDERS

SHAREHOLDERS & THE INVESTMENT COMMUNITY

CUSTOMERS

ASSOCIATES & PARTNERS

SUPPLIERS

GOVERNMENT & SOCIETY

OTHER

IV **KING IV PRINCIPLES**

TRACK RECORD

MARKET STATS

SHARE PRICE (R)
285*
10 YR CAGR: 31.7%

DPS c
693.1
10 YR CAGR: 19.6%
32 YR CAGR: 23.1%

ROCE 57%
(RETURN ON CAPITAL EMPLOYED)

HEPS c
1100.1
10 YR CAGR: 17.5%
32 YR CAGR: 21.6%

TSR 83%
(TOTAL SHAREHOLDER RETURN)
10 YR CAGR: 55.7%

MARKET CAP
73 R'BILLION*
5 YR CAGR: 20.0% | 10 YR CAGR: 32.2%

PERFORMANCE

PEOPLE
18k+

UNITS 220 MILLION
5 YR CAGR: 1.2%
10 YR CAGR: 4.4%

FCF 3 R'BILLION
(FREE CASH FLOW)
5 YR CAGR: 22.2%
10 YR CAGR: 25.1%

GROSS SPACE
731 190m²
5 YR CAGR: 3.0%
10 YR CAGR: 3.5%

OPERATING MARGIN
17.6%

RSOI 21 R'BILLION
(RETAIL SALES AND OTHER INCOME)
5 YR CAGR: 9.2%
10 YR CAGR: 11.2%

DEBTORS ACCOUNTS
1.4 MILLION
5 YR CAGR: 1.3% | 10 YR CAGR: 6.7%

ACHIEVEMENTS

JSE RANKING
31*

TOP APPAREL RETAILER BY MARKET CAP*

HIGHEST RANKED APPAREL RETAILER APP IN SA*

>1 MILLION FB & INSTAGRAM FOLLOWERS

* at 31/03/2018

SCOPE & BOUNDARY

PRINCIPLES: 5 15 16

We have pleasure in presenting the 2018 integrated report (this report) for Mr Price Group Limited and its subsidiaries (group). The purpose of this report is to provide our stakeholders with a complete overview of our business, including how we work towards achieving the group's purpose of adding value to our customers lives and worth to our partners, while caring for the communities and environment in which we operate. The report also includes all statutory reporting specifically required relating to financial information.

SCOPE 5

This report provides a consolidated view of the group's financial, social, economic and environmental performance for the 52-week period ended 31 March 2018. It includes the financial results of Mr Price Group Limited trading in South Africa, Australia, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland, Zambia, Kenya and MRP Foundation, as well as the income received from franchise operations trading elsewhere in Africa. Our reporting complies with International Financial Reporting Standards, the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements. In terms of non-financial indicators, only South African operations are included, unless otherwise indicated.

This report aligns with the requirements of the King IV Report on Corporate Governance for South Africa 2016 and the International Integrated Reporting Council's Framework. The Framework contains the 6 forms of capital that impact on value creation and diminution in a business. These comprise financial, manufactured, intellectual, human, social and relationship, and natural capital. The group's activities and performance relating to these capitals are covered throughout the report. The information contained in this report is consistent with the indicators used for our internal management and board reports, and is comparable with previous integrated reports. We have strived to provide useful information that enables stakeholders to make informed decisions. The outputs contained within this report are the result of a focused

THIS REPORT PROVIDES A CONSOLIDATED VIEW OF THE GROUP'S PERFORMANCE FOR THE YEAR ENDED MARCH 2018

and considered process by both senior management and the board and its committees.

MATERIALITY 5 16

Our report focuses on issues which the board and management believe are material to stakeholders and could impact value creation in the business. We have aimed to demonstrate the connectivity between these material issues and our business model, strategy, risks, key performance indicators, remuneration policies and prospects. The material issues are reviewed on an ongoing basis to ensure that they remain relevant and management assumes the responsibility for the approval of these material issues, which are then endorsed by the board. All matters that are considered material to the business have been included in this report. These matters have been identified and prioritised after taking into consideration:

- Our business model and values
- External factors that impact on the group's ability to create value in the short, medium and long-term
- Strategic objectives and key business risks arising from the group's strategic planning framework
- Items that are top-of-mind to the board and executive management
- Issues derived from key stakeholder engagement

ADDITIONAL INFORMATION

This report aims to focus on material matters only. Where additional or ancillary information is available, this has been separately published on the group's website: www.mrpricegroup.com.

BOUNDARY

The boundary extends beyond the group to include the risks, opportunities and outcomes attributable to/associated with other stakeholders independent of the group that have a significant impact on its ability to create value for its stakeholders over the short, medium and long-term.

ASSURANCE 15

The board is satisfied with the integrity of the report and the level of assurance applied. The group's consolidated annual financial statements have been audited by the independent external auditor, Ernst & Young Inc. Their unmodified report can be found on pages 90 to 92. The statistics disclosed within the social, ethics, transformation & sustainability committee report (pages 72 to 83) were verified by internal audit. The board is satisfied with the level of assurance on the annual integrated report and does not believe that it should be subject to further external assurance at this point. Any forecast financial information contained herein has not been reviewed and reported on by the company's external auditors.

APPROVAL

The audit and compliance committee has reviewed the integrated report (including the full annual financial statements) and recommended these to the board for approval. The board has applied its mind to the integrated report and believes that it addresses all material issues, and fairly presents the integrated performance of the group.

The 2018 annual integrated report was approved for release to stakeholders by the board on 11 June 2018.

NG Payne	**SI Bird**	**MM Blair**
Chairman	CEO	CFO

KING IV

ON A PAGE

GOOD BUSINESS IS GOOD GOVERNANCE. GOOD GOVERNANCE IS GOOD BUSINESS.

PRINCIPLE: 5

The impact of corporate governance on operations and the creation of capitals to provide value to stakeholders cannot be underestimated. Where there is bad business, there is poor corporate governance and conversely poor corporate governance is likely to result in bad business. The group supports the shift in King III to King IV towards an outcomes-based and holistic approach to corporate governance and the mindful application of the governance practices in the pursuit of achieving the aspirational governance principles. The ultimate goal being the realisation of an ethical culture, good performance, effective control and legitimacy. This King IV overview is included early in the report to provide guidance to stakeholders on how and where to find disclosure on general application of the King IV practices and the specific disclosures required in relation to each principle.

KING IV ENHANCEMENTS AND APPLICATION

A practical approach was taken to the transition from King III to King IV to understand what it means to the group. Details of the action taken and application of the King IV principles are on page 40 of the board report.

KING IV DISCLOSURES IN THIS REPORT 5

The board has purposefully not published an application register in support of the move away from “tick-box” governance. The application of King IV and other governance practices has instead been integrated throughout the report, in the same way that good corporate governance is integrated with and implicit in everything the group does. The specific King IV disclosures included in the content of this report and in the specific committee reports and are denoted by the icon. In addition, the number of the related governance principles are referenced in the icon at the start of each section to indicate the principles covered by that section in its entirety and against each paragraph to denote the principles relevant to the content of the specific paragraphs. The principles and practices of King IV have not simply been regurgitated. Rather the group has endeavoured to provide relevant and material disclosure of not only the specific King IV matters requiring disclosure but also practices and procedures adopted over and above King IV practices, to enable stakeholders to make informed decisions based on material and meaningful information. As this is the group’s first disclosure in terms of King IV, the development of disclosure best practice will be closely monitored.

The board is cognisant that good corporate governance is a journey and requires continuous monitoring and improvement, particularly as the business develops and grows, and must be aligned to the achievement of strategy. The group thus continually seeks to improve and adjust its already robust corporate governance practices in line with best practice and stakeholder expectations.

As a quick reference guide the primary King IV disclosure items can be located on the following pages throughout this report.

WHO WE ARE

CASH-BASED, OMNI-CHANNEL, FASHION VALUE RETAILING

Targeting younger customers in the mid to upper LSM categories

Retailing predominantly own-branded merchandise

83.7%

OF SALES ARE CASH

BUSINESS MODEL

FASHION

Wanted items at "everyday low prices"

How do we satisfy our customers' need for fashion?

- Specialist trend teams, frequent international travel and thorough research
- Active dialogues through social and digital media
- Responding to customers' changing fashion needs
- Product testing before making significant merchandise commitments
- Slow moving merchandise cleared to make way for fresh, new merchandise

VALUE

Lower mark-ups and selling higher volumes to offer "excellent value"

Increasing sales + low overhead structure = acceptable operating margins

- Quality and fashion offered at the best price
- Lower mark-ups in order to offer "everyday low prices"
- Large order quantities and higher sales volumes to keep input prices low
- Retail predominantly own-branded merchandise
- Maintain balance by incurring costs for future growth, often ahead of revenue generation

CASH

Remaining a cash driven retailer with cash sales > 80% of total sales

A high cash sales component means:

- Less impacted by the cyclical nature of retail
- Not dependent on credit to drive sales, particularly during poor economic times
- Less exposed to bad debt
- Able to fund future growth without incurring debt
- Strong cash flows will support future growth and maintain an appropriate dividend payout ratio

VISION

To be a top-performing international retailer.

PRINCIPLES: 2 4

PURPOSE

To add value to our customers' lives and worth to our partners' lives, while caring for the communities and environments in which we operate.

VALUES

PASSION

Passion means ordinary people doing extraordinary things. It's our engine and the positive attitude and enthusiasm of all our associates who approach each day smiling and projecting a positive image – believing that work is fun!

VALUE

Value is the heart of our business and we strive to add value in everything we do. It is more than just product, it is the way we service the business, each other and our customers. Value is about doing more than what is expected or required.

PARTNERSHIP

Mutual respect is integral to the culture of the group. We therefore refer to our co-workers as "associates" and, once they own shares or share options, they are referred to as "partners". Partnership is sharing the ownership and success of the company with all our associates and fostering solid and long-term relationships with our suppliers. Without our customers, we would not have a business, and they are one of our most valued partners. We also partner with communities, by investing in strategic initiatives that will improve the lives of those who are less fortunate, particularly children and youth.

VALUE CREATION

THROUGH THE USE OF CAPITALS

PRINCIPLES: 3 4

GOVERNANCE FRAMEWORK

VISION

To be a top-performing international retailer.

PURPOSE

To add value to our customers' lives and worth to our partners' lives, while caring for the communities and environments in which we operate.

VALUES

PASSION

VALUE

PARTNERSHIP

Refer to page 9

BUSINESS MODEL

Cash-based, omni-channel, fashion value retailing.

FASHION

- Wanted items at "everyday low prices"
- Target younger customers in the mid to upper LSM

VALUE

- Fashion + Quality + Price
- Omni-channel retailing of own-branded merchandise

CASH

- A cash driven retailer with cash sales >80% of total sales

Refer to page 8

STRATEGIC PILLARS

Strategic pillar	NUMBER OF KEY OBJECTIVES*	NUMBER OF MATERIAL ISSUES*	INPUT CAPITALS	STAKEHOLDERS
GROWTH Extend earnings through local and international growth.	7	5		
BUILD HIGH PERFORMING BRANDS Build strong customer relationships by delivering an ongoing experience of surprising and delighting.	3	3		
OPERATIONS Continually strive for world class methods and systems.	2	5		
PEOPLE Maintain an energised environment with empowered and motivated people.	3	3		
SUSTAINABILITY Subscribe to high ethical standards and sustainable business practices.	4	3		

*Refer to pages 18 to 23

The International Integrated Reporting Council's Framework requires organisations to, as a fundamental concept underpinning the framework, report on the resources and relationships that it uses or affects, and the critical interdependencies between them. These resources and relationships are referred to as "the capitals" (refer to page 2).

The group is committed to integrated reporting and, as such, has adopted the framework. In the section below, we show the value that has been created through the use of the six capitals. The group considers the trade-offs between the capitals in decision making on allocating capital resources and seeks to maximise positive outcomes.

INPUTS

Human capital
- Established culture (Dreams & beliefs)
- 18k+ engaged associates
- Tailored Mr Price Group retail training programmes
- Jump Start associate pipeline available

Intellectual capital
- The Mr Price Way: Passion, Value, Partnership
- Mr Price fashion-value formula
- Real estate investment criteria (ROOA)
- 32 years historic data available to aid decision-making

Manufactured capital
- 1 216 stores at beginning of year
- Opening space of 616 934m²
- Updated app allowing for shopping across mrp brands
- Trading in 9 countries

Financial capital
- R1 784m cash available at beginning of year
- R445m in credit facilities available
- R2.1bn inventory at beginning of year

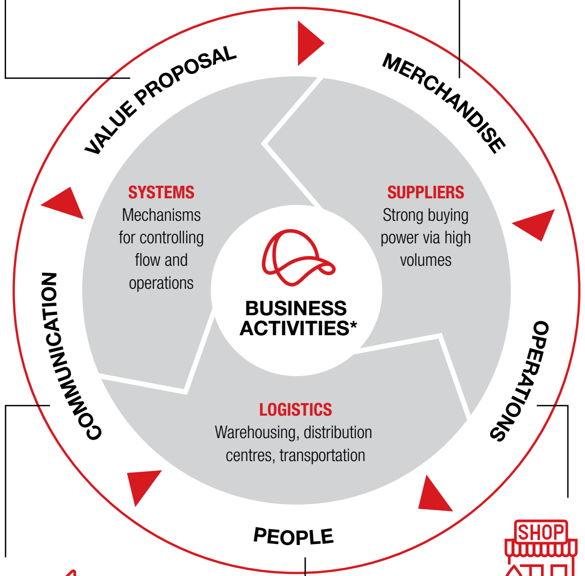
Social & relationship capital
- MRP Foundation donation
- Online customers: followers on Facebook and Instagram
- Mature landlord relationships
- Established supplier relationships

Natural capital
- LED lights
- Solar panels
- Environmental awareness campaigns and recycling initiatives
- DC water tanks available

BUSINESS ACTIVITIES*

Value proposal
- Best price for quality & fashion offered
- Everyday low prices

Merchandise
- Style, fashion & assortment
- Merchandise intensity
- Ethical & sustainable



Operations
- Store size & location
- Layout & design
- Omni-channel

Communication
- Positional
- Promotional
- Aligned to brand personality

People
- Passionate & energised
- Strong organisational culture
- Our staff are our partners

* Refer to pages 12 to 13

OUTPUTS

Human capital
- 4% increase in heads
- R36.7m investment in learning & development
- 4k adults benefitted from Jump Start

Intellectual capital
- 43 senior associates on LEAD^
- 9.6 years average length of service of senior management and executives
- New DC design creates efficiency and item handling optimisation

Manufactured capital
- 1 258 stores and 621 512m² net trading space at end of year
- 2.1% weighted average space growth
- 219.6m units sold
- R461m capital expenditure in F2018

Financial capital
- 72% growth in free cash flow
- R1 893m dividends paid
- 57% return on capital employed

Social & relationship capital
- CSI of R28.2m
- R3.6bn merchandise sourced from RSA
- 914 suppliers with Sedex membership
- >1m Facebook & Instagram followers

Natural capital
- Carbon footprint down by 38.5m kWh
- Decreased carbon footprint to 121 016 tonnes of CO_2
- Head office average recycling at 79%
- DC average recycling at 92%

^ Internal leadership programme

OUTCOMES

Human capital
- Empowered employees contributing to positive results
- Skills attraction and retention
- Increase in Jump Start candidates available for employment

Intellectual capital
- DC efficiencies through technology and mechanisation provides infrastructure capable of handling long-term growth targets
- Increased retail knowledge and experience of senior management

Manufactured capital
- Improved cash flow from operating assets
- Footprint expanded improving retail presence
- New DC processes and system enhancements enable speed to market

Financial capital
- Re-established HEPS growth track record
- Improved return on capital employed
- Improved profitability, solvency and liquidity ratios

Social & relationship capital
- Growing social media position aligned with needs of our core customers
- Strategic business relationships retained
- Positive impacts of investment in local community and South Africa's social and economic landscape

Natural capital
- Steady progress on the creation of a sustainable value chain which is transparent, efficient and compliant
- The group and the environment have benefitted from various initiatives undertaken

KING IV OUTCOMES

Ethical culture
Good performance
Effective control
Legitimacy

BUSINESS ACTIVITIES

Our business activities are enabled by our systems, suppliers and logistics, and are all geared to ensure our ability to provide sustained growth for our stakeholders. Decision-making is guided by our strategic pillars enabling us to focus on what matters most to our business. In doing so, we are able to optimise the trade-offs between our capitals (refer to page 2) that arise as a consequence of our business activities. The outcomes of our business activities include the internal and external consequences for our stakeholders and our resources, acknowledging that these can be positive or negative, and collectively result in the value that we create over time.

PEOPLE

- Passionate & energised
- Strong organisational culture
- Our staff are our partners

Mr Price Group strives to be a sought-after company to work for by offering leading career opportunities in fashion value retailing. The group recognises that it has highly passionate and committed people that drive the successful business model.

Inspired by the group's core founding values of Passion, Value and Partnership, the culture and climate of the working environment is surveyed to ensure that the needs of associates are heard to enrich their working lives.

The group's share schemes and incentive remuneration philosophy allows associates to participate in the company's success.

The group supports retail skills development through e-learning and programmes for specialised buyer and planner skills, which are critical areas to the business. MRP Foundation's Jump Start programmes provide a sustainable pipeline of retail talent to our operations.

STRATEGIC PILLARS:

VALUE PROPOSAL

- Best price for quality & fashion offered
- Everyday low prices

The value model is the very core of the group's existence and being a fashion value retailer means lower mark-ups and selling higher volumes to offer excellent value with everyday low prices.

The group retails differentiated private label assortments that are dominant in the wanted fashion items of the season. Our primary focus is providing our customers with the best price for the quality and fashion offered.

By remaining a cash driven retailer, the group is able to fund future growth without incurring debt. Operating margins are driven by improving trading densities and a low overhead structure.

STRATEGIC PILLARS:

MERCHANDISE

- Style, fashion & assortment
- Merchandise intensity
- Ethical & sustainable

We satisfy our customers' needs for fashionable items through specialist trend teams, frequent international travel and thorough research. We visit trend offices, trade shows and international retailers for inspiration and study local and international street styles to keep in touch with what customers are wearing.

From our research and travel process, we identify key commercial looks for our customers with test programmes that manage the risk to the businesses.

Post-seasonal analysis facilitates rationalising what worked and what did not work from the previous season and is a key factor in planning calls for the future.

STRATEGIC PILLARS:

OPERATIONS

- Store size & location
- Layout & design
- Omni-channel

The group retails apparel, homeware and sportswear through owned and franchise stores and online channels. Retail operations are located in Africa and Australia.

The group fits stores at a cost aligned to our value model, while delivering an appealing store experience to customers. Occupancy costs are minimised through negotiation and a stringent lease renewal policy.

Return from space is maximised by suitably locating stores, and right-sizing space in line with trading conditions and market changes.

Our e-commerce platform and our mobile app also provides other channels to interact with customers.

STRATEGIC PILLARS:

COMMUNICATION

- Positional
- Promotional
- Aligned to brand personality

The business and merchandise strategies are the foundations upon which we build seasonal advertising campaigns. Clear product and price advertising is integrated with our brand personality.

Our product presentation, together with its visual support material, provides customers with a consistently clear offer of what we stand for. All print and TV campaigns are fully supported in store.

Active dialogues through social and digital media enables the group to respond to customers' changing fashion needs. This feedback plays a vital role in keeping us in touch with social trends. Customers are able to shop the looks worn by #mrpmystyle online or seen on #mrpyourhome.

STRATEGIC PILLARS:

DC & LOGISTICS

- Warehousing, distribution centres, transportation

The group owns and operates a 70 920m^2 distribution centre (DC). A courier partner is responsible for transportation of merchandise to stores locally and operates 15 depots.

The new Hammarsdale DC has been operational for the F2018 year with all divisions' inventory moving through the facility. The DC is able to handle current production as well as to create a lean and agile omni-channel supply chain to support the group's growth plans. We manage our distribution facilities and provide a visible and ideal flow of merchandise through integration with store operations and outbound transportation to ensure optimal efficiency and experience for store associates and both store and e-commerce customers. Within our business model, we remain customer driven to ensure that product is shipped, distributed and delivered intact to the right place at the right time.

STRATEGIC PILLARS:

SYSTEMS

- Mechanisms for controlling flow and operations

An effective information technology (IT) system is essential to support the business, enable growth and achieve future efficiencies.

The mrpIT division provides value to the group through alignment of IT systems and capabilities to support business needs and strategies. These include developing and implementing hardware, software and analytics solutions and supporting and sustaining the IT environment.

The broad range of ICT services and solutions which are aligned to the business strategic objectives include merchant, in-store, digital, logistics & supply chain, enterprise information management and finance solutions; data centre and store infrastructure; and end user computing support.

STRATEGIC PILLARS:

SUPPLIERS

- Strong buying power via high volumes.

Partnership includes the relationships we have with our suppliers, as without them, there would be no value to add to our customers lives.

There has been increased focus on building sustainable, competitive value chains and suppliers are expected to comply with the group's supplier code of conduct. The group interacts with suppliers according to high professional and ethical standards (refer page 81).

STRATEGIC PILLARS:

DIVISIONAL SUMMARIES

APPAREL

DIVISION	mrp	mrpsport	MILADYS
BRAND SUMMARY	A fashion-leading clothing, footwear and accessories retailer that offers on-trend and differentiated merchandise at exceptional value to ladies, men and children. Through constant innovation and product development, staying on the pulse of international fashion trends and diligent resourcing, this brand is able to make catwalk fashion accessible to customers at highly competitive prices.	Comprehensive range consists of sporting apparel, footwear, equipment and accessories. All major seasonal and non-seasonal sport types are represented in our sport & fitness brand Maxed and extends to our outdoor brand, Maxed Terrain.	Delighting customers with feminine women's smart and casual fashion apparel, intimate wear, footwear and accessories, of exceptional fit, quality and versatility at competitive prices, with clothing offered in extended size ranges. Miladys really understands women. The division employs over 1 300 women of all shapes, ages and backgrounds. That means women are buying for women.
TARGET CUSTOMER	Young and youthful customers who love fashion and appreciate exceptional value, and who are primarily in the 6 to 10 LSM range (mid to upper).	Value-minded sports and outdoor enthusiasts from age 6 upwards who are primarily in the 8 to 10 LSM range (upper).	Stylish fuller figure, 40+ women who shop for feminine, moderate fashion that makes her look and feel good, primarily in the 7 to 10 LSM range.

HOME

DIVISION	mrphome	sheet street
BRAND SUMMARY	Contemporary designed homeware and furniture to value-minded customers, who have a young-at-heart attitude. The division aims to delight its customers with innovative products at everyday low prices.	A value retailer offering a wide range of core and fashion products across the bedroom, living-room and bathroom. The brand offers tasteful homeware products at exceptional value, allowing its customer to create the home they love, at a price that they can afford.
TARGET CUSTOMER	Primarily fashion value minded females, aged 25 years and older who love to decorate their homes. Customers, who have a young-at-heart attitude, are primarily in the 8 to 10 LSM range (upper).	Middle-income households (LSM range 5 to 8) looking to co-ordinate their homes tastefully but responsibly.

FINANCIAL SERVICES

mrpmoney

The MRP Money division is focused on supporting the group's profitable growth in retail market share through the development of the right relationship with customers.

The primary financial products - store cards, airtime and insurance - are positioned to reward and retain our most valuable customers by being competitive, simple and easy to understand.

Our product offering includes granting of credit, management and collection of debtor's books and marketing of financial services and cellular products.

STORE FOOTPRINT

mrp	mrphome	mrpsport	sheet street	MILADYS
481 stores	**171** stores	**105** stores	**294** stores	**207** stores
649m² Average store size	**779m²** Average store size	**613m²** Average store size	**174m²** Average store size	**293m²** Average store size
312 051m² Total trading area	**133 252m²** Total trading area	**64 348m²** Total trading area	**51 280m²** Total trading area	**60 581m²** Total trading area

1 258 total owned stores

621 512m² total traded net area

South Africa
1 157 total stores

428	mrpApparel
156	mrpHome
101	mrpSport
276	Sheet Street
196	Miladys

Botswana
24 total stores

12	mrpApparel
3	mrpHome
1	mrpSport
6	Sheet Street
2	Miladys

Ghana
4 total stores

4	mrpApparel
0	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Lesotho
5 total stores

2	mrpApparel
1	mrpHome
0	mrpSport
1	Sheet Street
1	Miladys

Namibia
40 total stores

18	mrpApparel
6	mrpHome
3	mrpSport
8	Sheet Street
5	Miladys

Nigeria
5 total stores

5	mrpApparel
0	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Swaziland
11 total stores

4	mrpApparel
1	mrpHome
0	mrpSport
3	Sheet Street
3	Miladys

Zambia
9 total stores

7	mrpApparel
2	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Australia
3 total stores

1	mrpApparel
2	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Franchise
23 total stores

16	mrpApparel
7	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

CEO'S REPORT

By Stuart Bird

PRINCIPLES: 3 4 5

As expected for this past year, the markets in which we trade, particularly our major South African market, were weak and volatile. Poor economic growth exacerbated by significant political uncertainty saw both business and consumer confidence at low levels. This rebounded significantly after the change in political leadership and improved hope for the future.

I am thus pleased that after a difficult prior year, we have delivered a solid result in trying circumstances. This was primarily achieved by MRP Apparel getting back to executing our formula of great fashion and quality at exceptional prices, which has served us so well over time and for which our customers love us. This was done by renewing the values and disciplines that have guided us successfully in the past.

Miladys also delivered a much improved result after a period of underperformance. The change in leadership and intense focus on giving their core customers the product and value they love, has seen a pleasing improvement in the division's performance.

MRP Sport did not meet expectations primarily due to merchandise issues, which we expect to be resolved over this coming year.

Both the home divisions delivered solid results in an environment of diminished demand in their merchandise categories, typically more discretionary than apparel in a constrained economic environment. However, we have seen an improvement in homeware trade in the last quarter of the year.

The financial services division again produced a sound result in a tight environment, particularly as a consequence of the restrictive and ill-considered proof of income regulations, which thankfully have now been rescinded after being successfully challenged.

OUR HIGH PERFORMANCE CULTURE IS GUIDED BY OUR BELIEFS OF PASSION, VALUE AND PARTNERSHIP, WHERE THE SUCCESS OF THE BUSINESS IS SHARED BY ALL ASSOCIATES AND NOT JUST A SELECT FEW.

BUILDING FOR THE FUTURE

The move to our new 70 920m² distribution centre was successfully completed this past year. I am pleased that a project of this magnitude was completed and commissioned on time and within budget.

As previously reported, the re-platforming of our merchandise planning and ERP IT systems were set back through the failure of a significant vendor's product to meet our performance requirements. The project is now back on track after a further round of product and vendor assessments, which will enable greater agility in product procurement as well as enhance the ability to trade seamlessly in multiple markets and geographies.

Our online capabilities are well advanced and we continue to grow revenues strongly. Although online has a relatively low market share in South Africa, we believe this will grow over time, much the same as in other markets. We also view our electronic media channels as being critical to successful and meaningful customer engagement.

Good progress is being made on our supply chain with improvements in efficiencies and costs. This is an ongoing, multi-sphered project where we continue to seek opportunities to execute better value and agility.

Recently our African growth plans have met some headwinds due to external factors significantly affecting many of the countries in which we trade. Most of these have stabilised and we are now seeing opportunities for further growth in existing and new markets.

THE MR PRICE WAY

Our high performance culture is guided by our beliefs of Passion, Value and Partnership, where the success of the business is shared by all associates and not just a select few.

Closely allied to this is our commitment to being a good corporate citizen and I am proud of what we have achieved in our transformation efforts, which are meaningful, sustainable and not just guided by a compliance mentality.

LOOKING AHEAD

While the South African outlook is undoubtedly better than it was a year ago, one cannot ignore the enormity of the challenges being faced in getting the country moving ahead after the damage done over the last few years.

Thus, despite the current much improved consumer and business confidence, real positive outcomes will only happen when the economy starts growing meaningfully again. Consequently, we expect the economy in the year ahead to again be lack lustre.

Nevertheless, by continuing to execute our model of great fashion and quality at exceptional prices, we see good opportunities to increase our market share in our existing markets and enter new ones - in doing so realising our vision of being a top performing international retailer.

Finally, I thank all our partners in our business who have shown exceptional resilience, enthusiasm and talent to achieve the results they did.

GROUP STRATEGY, MATERIAL ISSUES & KEY RISKS

OUR VISION IS TO BECOME A TOP PERFORMING INTERNATIONAL RETAILER.

PRINCIPLES: 4 11

The group's strategy requires sustainable value creation over the short, medium and long-term. The board of directors reviews the appropriateness of the strategic objectives annually and performance against set targets regularly throughout the year. Key risks and progress against strategic imperatives are agenda items at each quarterly board meeting. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of 'people, profit and planet'.

The group has identified material issues as being those items that could significantly impact value creation in the business over the short, medium and long-term.

The International Integrated Reporting Council's Framework requires organisations, as a fundamental concept underpinning the framework, to report on the resources and relationships that it uses or affects, and the critical interdependencies between them. These resources and relationships are referred to as "the capitals". The group has adopted this framework and highlight below the value that has been created through the use of the six capitals.

GROWTH

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
Maintain sales growth trajectory and increase market share			Retail sales were R20.0bn, up 7.6%. Comparable store sales increased 5.6%.	Sales growth achieved in a muted local retail trading environment.
Introduce quality new space and exit from unproductive space			57 new stores were opened and 13 expanded. New space added increased 3.8%, and after closures and reductions net space increased by 2.1%.	Expanded store footprint. Space movements delivered returns in line with our stringent requirements. Multi-faceted space opportunity that is not dependent upon one store type or one trading division.
Maintain profit wedge (growth in GP rand exceeding sales growth, and operating costs increasing at a lower rate than GP)			GP rand growth 16.0% exceeded revenue growth of 8.0%. Expenses increased 11.5% and operating profit 22.4%.	Profit wedge achieved by operating profit growth exceeding revenue growth.
Improve under-performing areas of the business			Miladys – sales increased 8.4%, GP% increased and costs were well controlled, resulting in strong operating profit growth. MRP Apparel – sales up 11.4% and GP% aided by improved markdowns. Operating profits substantially improved on PY.	Miladys – successfully refocused on needs of core customer. MRP Apparel – gained market share as sales growth exceeded the market in 11 months of the year.
Focus on cash sales and grow credit sales responsibly			Cash and credit sales grew 8.4% and 4.1% respectively. Net bad debt ratio of 5.9%.	Credit growth restricted by affordability rules introduced by credit regulator in F2017. Retailers won the case against the credit regulator in March 2018, which should provide impetus in F2019.
Increase the contribution of international sales to total sales			South African store sales increase of 8.3% was higher than non-South African corporate owned stores of 3.8%. Acquired 12 franchise stores in Kenya in May 2018.	Focus in the current year was on improving the performance of the largest chain in its core market, South Africa. Sales growth in Southern Africa has been impacted by a severe drought and resource dependent economies.
Identify appropriate markets and formats for expansion			Research into possible new markets, both on the continent and beyond, is ongoing. Potential acquisition opportunities reviewed did not meet our criteria.	Reduce reliance on one key market.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Economic, social, political & legislative environments	• Focus on business model in order to maintain low-cost structures and fashion value positioning • Retain focus on cash sales. Credit sales not to exceed 20% contribution of group sales • Geographic diversification through international expansion
Exchange rate risk	• An equipped treasury committee applying a robust policy to address dynamic hedging requirements
Increasing competition, including growing presence of international retailers	• Strong value positioning via good product execution – fashion and quality at the best price • Ensure highly responsive to promotional activity
Growth in new markets is dependent upon: • Well considered evaluation of each market • People leadership and capacity • Supporting IT and supply chain capabilities, which will require ~3 years for full completion	• Identified various trading opportunities detailed under 'focus areas' • Thorough research methodology, including economic and retail environments, consumer needs, competitors and market positioning • A clearly defined risk appetite - a research and test approach prior to committing to a roll-out • Refer operations (page 21), people (page 22) and sustainability (page 23) sections • Short-term focus will be on identifying and testing new markets, thereby gaining valuable insights in respect of the consumer and their needs, which will aid growth once enabling systems are in place • Continued consideration of acquisition opportunities
Risks associated with acquisitions	• Strict criteria set, including alignment with our core skills and organisational culture, size and growth prospects

FOCUS AREAS FOR NEXT YEAR

- Capitalise on the identified merchandise opportunities to grow sales and manage margins in a muted local consumer environment
- Grow new trading space ~4% (2.5% net of space reductions)
- Improve performance in foreign territories. Refocus efforts on Africa, including bedding down the Kenyan franchise store acquisition. Improve performance in Australia.
- Grow mobile and cellular revenues and profits, via MRP Mobile MVNO and store kiosk rollout
- Conduct research on additional international territories that support our fashion value business model and for suitable acquisition opportunities
- Open a test MRP Home store in Poland in October 2018

BUILD HIGH PERFORMING BRANDS

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
WANTED MERCHANDISE • Clear market positioning in all markets (fashion value cash based EDLP model) • Quality achieved via exceptional product execution • Differentiated & category dominant private label assortments • Appropriate balance of fashion & core merchandise			Strong product execution resulted in group sales growth of 8.0% and lower markdowns than the prior year. Comparable store sales growth was 5.6%. Increased market share, particularly in the largest division, MRP Apparel, which grew local sales 11.4% ahead of the market growth of 7.7% (per Stats SA). Sold 220m units, an increase of 6.4%.	Understood the needs of our target customers and successfully executed our fashion value merchandise offers. MRP Apparel: GenNext 2017 – 'Coolest store' since 2013. Miladys: Ask Afrika Orange Index Awards – 3rd in clothing retail category; 4th overall out of 165 entrants. Sheet Street: Daily News Your Choice Awards – Best Linen Store; Tiso Blackstar Time Shopper Survey - 2nd in homeware category. MRP Home: Kasi Star Brands Awards -1st in Homeware & Décor category; The Times / Sowetan Shopper Survey - 1st in Homeware & Décor category. Recent Nielsen studies reflect: MRP Apparel has the highest 'brand equity' score amongst its competitor set and has the strongest 'top of mind awareness' out of the main competitor brands. MRP Home continues to lead the fashion value matrix, with its 'value for money' score being the highest in its category.
COMMUNICATION • Integrated marketing strategy. Build on sector leading social media position. • Convey strong brand personality via multiple touchpoints to target market, ensuring consistent and seamless • Bold communication of value • Develop a single view of the customer (CRM)			Achieved an appropriate balance between marketing spend (traditional and social media) and in-store promotional activity. Strengthened social media position - MRP Apparel has the highest number of Facebook fans (>1m) and Instagram followers (293 000) amongst the local competitor set. The division has continued to strengthen its omni-channel experience, as evidenced by its online sales growth of 31.9% and 65% of customers browsing online before shopping in store MRP Home has 379 000 Facebook fans and 39 000 Instagram followers. CRM – a single view of credit customers across all divisions and products has been achieved.	Strong social media position aligned with needs and expectations of our core customers. Seamless online and store experiences – 50% of all MRP Apparel online orders are collected in store, while 20% of online shoppers made an additional purchase while in store. Customers surprised and delighted by value offered a merchandise assortment which meets the wants and needs of the target customers, supported by confident and aggressive pricing.
INNOVATION • Lead with technology to re-inforce our brand			Appropriate level of investment, which requires clear returns (ROI). Mobile POS now accounts for ~12% of MRP Apparel transactions and has improved checkout times. Paperless receipting: 1 135 km of paper saved (~8m receipts emailed). mrpEmpower: ~1 600 tablets deployed in stores has improved communication (merchandising, training etc). Cellular kiosks launched in 103 stores. Online showroom via in-store kiosk in 44 MRP Home stores.	Customer feedback has confirmed an improved in-store experience is supported by increased user adoption rates.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Brand positioning	• Clear definitions of each divisions customer and fashion value positioning • Being in stock of wanted items at value prices • Transition of resourcing strategy, including increased visibility and supplier grading • Robust quality control processes • Development of trend and merchant skills • Raised level of pre-season planning
Compelling & seamless omni-channel experience and messaging	• Accurate recording and monitoring of key performance indicators across channels. Established benchmarks and targets • Monitor and respond to customer feedback across all channels
Product assortments and allocations	• Continued focus on market research, trend and design • Experienced management in position to ensure oversight of key product lifecycle processes

FOCUS AREAS FOR NEXT YEAR

- Grow market share by strong product execution and bold communication of our value offer
- Continue to focus on the needs of our core customers and fundamental success factors of our business model
- Review of foreign markets, including supply chain, operational processes and fashion value positioning
- Further enhancement of the customer's seamless omni-channel experience
- Ensure the single view of the customer is fully integrated across all touchpoints. Implement Powercurve (automated decision engine) and Inquba (enhanced customer communication)

OPERATIONS

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE	
			OUTPUTS	OUTCOMES
DISTRIBUTION CENTRE (DC) Develop a single, world class distribution facility capable of handling forecast unit volumes efficiently			Fully transitioned to new Hammarsdale DC on time and within budget. Existing sites successfully decommissioned.	Provides an infrastructure capable of handling the group's long-term growth. Process and system enhancements will enable increased speed to market and accuracy, positively impacting sales and margins.
LEADING IT SOLUTIONS Replace legacy systems with modern integrated planning, ERP and online systems to support our growth strategy			Online successfully re-platformed in F2017. Total RSA e-commerce sales growth in F2018 of 12.5% and 31.9% in MRP Apparel. Inability of original merchandise planning system to meet our needs caused delays, resulting in certain work performed on Oracle ERP being impaired. New approach adopted will result in staggered IT deliveries into the business over the life of the project.	Delay in delivering enhanced capabilities to maximise sales and margins in current markets and support international growth.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
The DC is a potential single point of failure - work stoppage due to disruption or systems failure, resulting in delays in flow of merchandise to stores	• Extensive interaction with associates and the local community. Appropriate levels of security & insurance are in place • Continual evaluation and testing of business continuity plan
Poor selection or implementation of new IT systems	• Processes in place to ensure the alignment of IT and business strategies • Major projects are monitored by a divisional board, an Executive IT Steering Committee and the main board • Formal Project Management Office (PMO) in place ensures IT delivery by managing and prioritising projects. Process requires agreement from all stakeholders (systems, trading divisions and group). Project management (PM) principles adopted and detailed PM plans in place for critical streams • Phased implementation plans to assist user adoption and manage risk • IT management structures reviewed and implementation of new structure commenced. Executive director assigned on a full time basis to this critical area • Newly appointed non-executive director (NED) with specific IT skills • Newly formed Risk and IT Committee constituted as a committee of the board – initial meeting in May 2018
Data integrity for key information types	• IT team includes a dedicated data architect who has commenced a group-wide data integrity project
Impact of cyber threats and data fraud and theft	• Vulnerability management scanning tool implemented • Firewall and intrusion, detection and prevention systems in place
Resilience of disaster recovery plans	• Disaster recovery IT facilities and back-up processes in place

FOCUS AREAS FOR NEXT YEAR

- Address remaining DC stabilisation issues in H1, and continue to realise planned efficiencies
- Implement expanded IT management structure and review of project prioritisation
- Achieve identified project milestones with regard to merchandise planning and ERP systems
- Approve the mandate of the newly established risk committee and monitor key risks
- Develop a data management blueprint
- Ongoing focus on data integrity and cyber threats

PEOPLE

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE	
			OUTPUTS	OUTCOMES
More effective workplace and employee engagement			The culture survey conducted to indicate the health of our human capital reflected improvements in all our key engagement dimensions. Re-ignition programmes were held to educate, refresh and instill the group's vision, values, dreams and beliefs to ensure alignment to our purpose.	Culture survey action plans have been implemented to address opportunities for improvement and preserve positive areas. Re-ignition programmes were successful and contributed to the positive results achieved. The philosophy of all associates being owners continues to be vital to our culture.
Leadership development			In F2017, experienced skills were introduced in the IT and governance/company secretarial functions. A non-executive director (NED) with international trading experience was appointed to the main board. In F2018 a NED with extensive IT skills was appointed to the main board, a new chief audit executive was appointed and an investor relations executive position was created. Senior executives were assigned to provide further leadership in IT and African territories. 43 senior associates are currently on the group's LEAD programme.	The introduction of external human capital to complement our homegrown talent is vital to our competitiveness. Development programmes extends the pool of transformational leaders.
Achievement of EE targets			Achieved Level 8 B-BBEE compliance this year. 94% of associates employed are from previously disadvantaged backgrounds.	The group recognises the value in diversity and the need for its workforce to be representative of the national and regional demographics of South Africa and is committed to employing and developing people from designated groups in furtherance of its employment equity objectives.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Attraction and retention of critical skills	• Brand profiling and talent search strategy, including intern and graduate programmes • Ongoing focus on skills development, particularly operations and merchandise skills • Continued focus on embedding of group culture and enhancing the work environment • Competitive remuneration and incentive structures, including our partnership philosophy • Excellent career prospects in a progressive growing business
Leadership capacity and capability for the future	• Effective performance management systems linked to retention tools • Key appointments made detailed above • Robust succession planning
Impact of significant change	• Alignment of service and trading division strategies • Project prioritisation forums • Effective change management processes and governance structures

FOCUS AREAS FOR NEXT YEAR

- Enhance the integrated performance process linked to reward
- Continue to build our talent pipeline and review leadership capacity and succession planning to support the attainment of the group's strategy

SUSTAINABILITY

OBJECTIVES	CAPITAL CREATED	STAKEHOLDERS	PERFORMANCE AGAINST OBJECTIVE: OUTPUTS	PERFORMANCE AGAINST OBJECTIVE: OUTCOMES
SUPPLIERS The value chain development strategy aims to: • Develop meaningful partnerships, get closer to the point of manufacture to assess compliance with social and environmental standards • Strengthen our value position (eliminate hidden or duplicated costs and improve efficiencies) • Maximise sales (meet customer needs by reacting to merchandise opportunities and improving on-time in-full (OTIF) deliveries			The group's supply chain mapping is progressing well, with the number of suppliers with Sedex membership increasing from 301 in F2015 to 914 in F2018. Approximately 85% of the group's tier 1 active supplier base is registered with Sedex. OTIF deliveries have improved but there is still scope for significant improvement. Near sourced, quick response capability is being developed in order to allow the business to respond better to in-season product sales.	Steady progress is being made on the creation of a sustainable value chain which is transparent, efficient and compliant.
DEVELOP THE LOCAL INDUSTRY Enhance sustainable business practices and partnerships in the local industry			During F2018, the group sourced 76m units totalling R3.6bn from local suppliers. This represented 34% of total input units, or 43% including other African territories. Founding retailer of Sustainable Cotton Cluster (SCC) – procured 2 800 tons of cotton from South African farmers in F2018 and have made ongoing commitments. The group purchased ~4m t-shirts and towels containing SA cotton secured through the SCC. Member of KZN Clothing and Textile Cluster - participated and implemented activities to develop the local industry.	Positively influence the local economy via local procurement. Supported the SCC objectives to promote local RSA beneficiation, economic development and employment by targeting to increase production by 446% by 2019 and to create/secure approximately 7 200 jobs. The support provided to farmers assisted in an estimated 37 133 tons of cotton harvested in the 2017/2018 production year, a growth of 139%.
PARTNER WITH COMMUNITIES Positively impact South Africa's socio-economic landscape through relationship building with key stakeholders around education & skills development			The group donation to MRP Foundation up 27% to R28.1m. The MRP Foundation schools model currently impacts 50 409 South African learners every day. Jump Start retail programmes – 4 194 delegates completed work experience in F2018 and 1 870 were subsequently employed by the group, and more by other retailers. 'Together We Do Good' sustainability communication launched internally to create awareness and ensure buy in.	Our investment in the local community has positively affected RSA's socio-economic landscape, with ~400 000 learners being impacted since 2005. The Jump Start retail programme has enabled us and other participating companies to increase skills and employment, with 12 577 of the 28 010 candidates trained since inception being employed.
PROTECT OUR PLANET Improve resource efficiencies and address climate change			Since the 2013 baseline year the carbon footprint has been reduced by 38.5m kWh (38.3m tons CO_2 emissions) despite the growth in our operational footprint. This has been achieved by a reduction of diesel fuel consumption on outbound transportation, a group head office recycling rate of 79% and the DC's of 92%, paperless administration activities and reduced electricity consumption, partly via the head office and DC photovoltaic systems which generated 565 249 kWh during the year.	The group and the environment have benefitted from various initiatives undertaken.

MATERIAL ISSUES AND KEY RISKS	RISK MITIGATION AND OPPORTUNITIES
Sustainability of supply and availability of procured merchandise	• A value chain working group has been established to research and implement best practice in our supply chain • Improved supplier performance and grading processes and tools • Continued focus on visibility and building more supplier-direct relationships • Outsourced and on-site quality assurance processes • Senior resourcing executive appointed to commence ensuring we have an agile resource model to support our strategy
Ethical business practices	• Responsible sourcing policy and guide • Business code of conduct • Ethical trade training • Supplier code of conduct and supplier's annual declaration process • Supplier relationships and engagement • Member of the ETI and Sedex to encourage socially responsible practices
Competitiveness of locally procured merchandise for sale in international markets	• Value chain project scope includes dual sourcing and direct shipments

FOCUS AREAS FOR NEXT YEAR

- Strategic review of resource model
- Continued execution of the value chain objectives to strengthen our supplier capability, including mapping of tier 2 suppliers (manufacturers)
- Acceleration of dual and direct sourcing to enhance our value proposition and aid international expansion
- Develop associates with skills and knowledge to appropriately respond to the future needs of the retail industry
- Extend 'Together We Do Good' campaign to external stakeholders
- Continue to explore doing business in a sustainable way to reduce environmental impacts
- Continue to further improve Broad-Based Black Economic Empowerment compliance

CFO'S REPORT

By Mark Blair

FINANCIAL SUMMARY		2018	2017	% change
Revenue	R'm	**21 347**	19 763	8.0
Profit from operating activities	R'm	**3 732**	3 048	22.4
Group operating margin	%	**17.6**	15.5	+210bps
Profit attributable to shareholders	R'm	**2 781**	2 263	22.9
Headline earnings per share	cents	**1 100.1**	911.4	20.7
Diluted headline earnings per share	cents	**1 075.4**	887.9	21.1
Return on equity	%	**40.1**	37.8	+230bps
Dividend per share (annual)	cents	**693.1**	667.0	3.9
Free cash flow (FCF)	R'm	**3 042**	1 769	71.8

PRINCIPLES: 3 4 5 13 16

FINANCIAL PERFORMANCE 5

The group has applied its financial capital through its operating and investing decision-making. The use of our capitals is demonstrated in our value creation model on pages 10 to 11. To holistically review the company's performance, refer to the annual financial statements on pages 86 to 133 of this report and/or results presentation, both of which can be accessed at www.mrpg.com/investorrelations/reportsandresults.

THE RETAIL ENVIRONMENT 4

The company continues to trade in a difficult economic and retail environment locally. The unemployment rate at Q4 2017 was unacceptably high at 26.7%. Household cash flow remains constrained and credit extension has remained low, as supported by NCR data, partly due to consumers' desire to deleverage, and partly due to affordability regulations introduced in 2015.

Taxes (including VAT) have increased and the fuel price is currently at an all-time high. This creates a low growth environment for retailers, competing for market share, resulting in strong promotional activity. We are well placed to outperform competitors locally given our cash-based fashion value business model, providing we execute well.

In contrast, consumer price inflation at year end was lower at 3.8%, an improvement on the 6.1% at the same time last year. Interest rates have reduced twice during the year by 50 bps in total. The ZAR/USD exchange rate improved considerably in Q4 of the financial year following Cyril Ramaphosa's appointment as leader of the majority political party and subsequently as the nation's State President. In response, business and consumer confidence levels have surged but for this to be sustained, and to tackle job creation, GDP growth well in excess of the

TOTAL GROUP REVENUE INCREASED BY 8.0% TO R21.3BN. RETAIL SALES GREW 7.6% (COMPARABLE 5.6%) TO R20.0BN.

2017 figure of 1.3% will be required. Should this be achieved, economic prospects will be bright.

OVERVIEW OF RESULTS 3 5 13

After disappointing results in F2017, the group recorded pleasing growth in both reporting periods in the 2018 financial year. Acute focus on the needs of their core customer and on good product execution resulted in MRP Apparel and Miladys sales growths exceeding market growth as reported by Stats SA, thereby gaining market share. Their improved merchandise offers meant lower markdowns, which together with improved ingoing margins, ensured a substantial increase in the group's gross profit margin as detailed below. Four of the six trading divisions recorded annual operating profit growth and all six achieved this for the second half (H2) of the year.

The group successfully transitioned to its new single facility distribution centre in Hammarsdale. Although the move did not happen without challenges, it was an extremely well-run project, which was critical given the group sold ~220m units of merchandise during the year.

STATEMENT OF COMPREHENSIVE INCOME

REVENUE

Total group revenue increased by 8.0% to R21.3bn. Retail sales grew 7.6% (comparable 5.6%) to R20.0bn. Other income, predominantly from our financial services and cellular division, increased 7.9% to R1.2bn. Finance income, representing interest on cash resources, increased 95.5%, driven by free cash flows increasing 71.8% to R3.0bn. Group retail selling price inflation was well contained at 1.7% and units sold increased by 6.4%.

In total 57 new stores were opened (22 969 m^2) and 13 stores expanded (3 283 m^2), resulting in new space introduced rising 3.8% on a weighted average basis. Space was reduced in 37 stores (13 457 m^2) and 15 non-performing stores were closed (7 666 m^2), positively impacted on profitability. Net weighted average space growth was 2.1%, and the group's store portfolio increased by 3.5% to 1 258 corporate owned stores and 23 franchise stores.

Cash sales, constituting 83.7% of total sales, grew 8.4%. Credit sales, which have been hampered by the introduction of ill-considered affordability assessment regulations by the Department of Trade and Industry (DTI) and the National Credit Regulator (NCR) in 2015, rose 4.1%. In March 2018, pursuant to a legal challenge by a group of retailers, the High Court ruled against the DTI, resulting in the requirement to obtain bank statements and payslips for prospective credit customers falling away. The group has a conservative credit granting policy, as evidenced by its low bad debt rate compared to its competitors and will continue diligently applying its credit scorecard and credit bureau processes.

South African retail sales grew 8.4% to R18.5bn. Store sales were up 8.3% while the e-commerce channel continued delivering double digit growth at 12.6%.

International sales increased 3.7% (comparable: up 1.2%) to R1.5bn, constituting 7.3% of group sales. The rand's strength in F2018 diluted sales growth on translation. The largest regions outside of South Africa, namely Namibia (sales up 3.8%) and Botswana (local sales up 3.5%) were affected by a crippling drought and sluggish commodity dependent economies. However, Botswana's prospects look more positive going into the new year. We continued carefully managing our investment exposure in Nigeria by restricting stock flow and repatriating R60.9m during the year. Sales in local terms were 8.3% higher. We are encouraged by the positive impact a higher oil price has on foreign exchange reserves and potential economic growth.

Zambia and Ghana local sales rose 7.2% and 31.0% respectively. Franchise sales declined mainly due to performance in Kenya, and these stores have now been acquired and will operate as corporate-owned stores from May 2018. Australian sales grew 11.9% to R41.4m and the country will remain in a three store (one MRP Apparel and two MRP Home) test phase until there is a proven profitable business case for expansion. As with any market, focus is being applied to the fashion value positioning, correspondingly dependent on robust information technology (IT) and supply chain capabilities.

COSTS AND EXPENSES

Cost of sales relating to the sales of merchandise (retail) and mobile (cellular) increased 1.9%. The retail GP% improved 310 bps to 43.7% on the back of improved input margins and lower markdowns, supported by good product execution, effective resourcing and an improved ZAR/USD exchange rate. The cellular gross margin improved 490bps to 20.6% mainly due to the product mix explained in the MRP Money divisional performance on page 33.

Selling expenses increased 12.5%, higher than retail sales but below gross profit growth of 16.0%. These costs were impacted by asset impairments, asset write-offs and onerous lease provisions of R52m, of which the majority relates to the Australian operations. Higher performance based turnover rentals and associate incentives and trading space growth also contributed.

Administrative expenses grew 8.5% after absorbing a R55m charge, resulting from a changed approach regarding the new ERP implementation. Employment costs, excluding higher incentive provisions, were well controlled, reflecting growth of 3.4%.

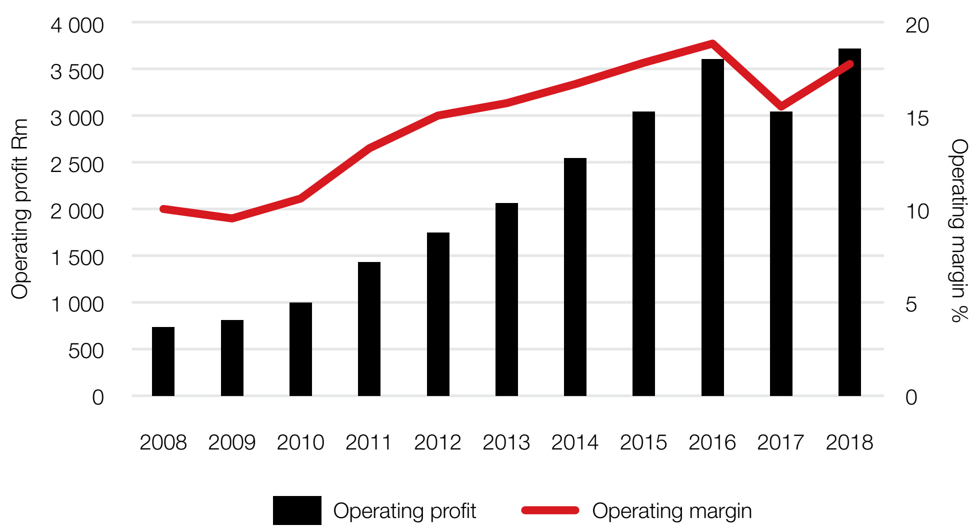
PROFIT ATTRIBUTABLE TO SHAREHOLDERS 4 5 16

The company produced a strong profit wedge, resulting in operating profit before tax growth of 24.3% and the operating margin increasing 210 bps to 17.6%.

The effective tax rate was 28.5% (2017: 27.7%).

Effective 2 January 2018, the group purchased the outside shareholders 45% equity stake in MRP Mobile (Pty) Ltd, and profit attributable to minorities prior to the acquisition date had no impact on profit attributable to shareholders of the parent, which increased 22.9%.

OPERATING PROFIT AND OPERATING MARGIN HISTORY



EARNINGS AND DIVIDENDS PER SHARE 4 5 16

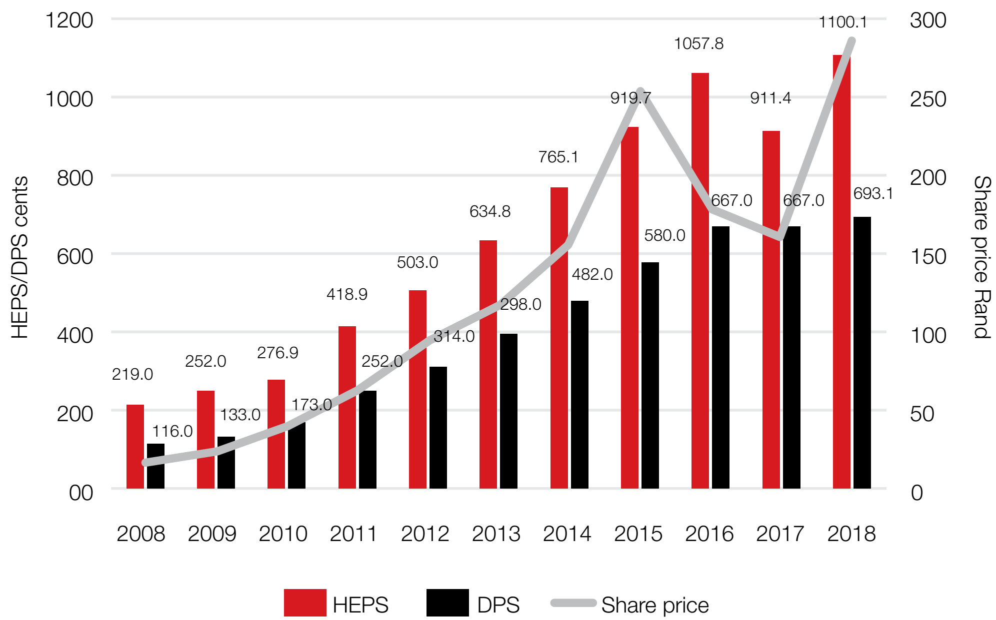
Basic earnings per share (EPS) increased 21.7% to 1 076.4c, slightly lower than the 22.9% increase in profit attributable to shareholders due to a 1.0% increase in the weighted average number of shares (treasury share transactions relating to long-term incentive (LTI) schemes). Headline EPS (HEPS), after accounting for asset write-offs and impairments of R61m net of taxation, increased 20.7% to 1 100.1c. Diluted HEPS was up 21.1%.

The company's annual dividend policy has been set at 63% of HEPS for many years. The previous dividend payout ratio (DPR) at an interim stage (half-year results), was lower, at 58% in F2016, but the company had communicated an intention to work towards equating the interim and annual ratios at 63% over time. This was achieved in F2017, and resulted in the interim dividend per share decreasing 8.0% despite a 15.3% decrease in HEPS. At the F2017 year-end, despite HEPS declining, the annual dividend remained unchanged at 667c per share, effectively temporarily increasing the DPR to 73%.

In the current financial year, the interim dividend per share was consistently based on 63% of HEPS, and increased by 22.3%, in line with HEPS growth. However, due to the treatment in the prior year, the final dividend of 414.1c per share (also based on 63% of HEPS) is 5.6% lower than the prior year. Annual F2018 dividends of 693.1c are 3.9% higher than the comparable period.

Our 32 year compound annual growth rate in headline earnings and dividends per share is 21.6% and 23.1% respectively and the group has achieved total shareholder returns of 1 705% over 10 years and 170% over the five year period.

HEPS, DIVIDEND PER SHARE AND SHARE PRICE



STATEMENT OF FINANCIAL POSITION 5

NON-CURRENT ASSETS
- up 2.0% to R2.6bn

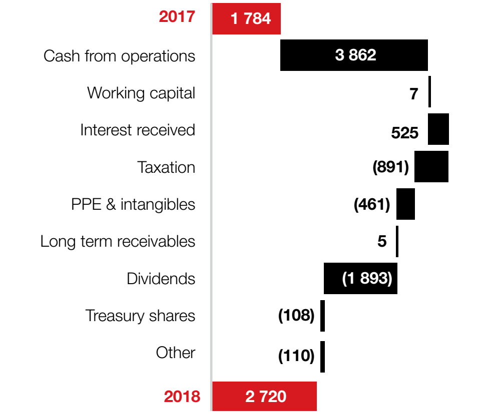
Property, plant and equipment decreased R38m to R2.1bn after accounting for additions (R332m), disposals, reclassifications and impairments (R97m) and depreciation of (R273m). Intangible assets increased R77m to R433m, mainly due to additions (R129m), and amortisation (R55m).

CURRENT ASSETS
- up 18.2% to R7.5bn

Gross inventories increased 3.9% to R2.4bn, or by 5.4% on a net basis. The highest increase in value is in MRP Apparel, which recorded the strongest sales growth in the current year. Overall inventory is in good shape going into the new financial year and stock levels in the divisions where retail merchandise is classified as more discretionary in nature are being carefully controlled.

Trade and other receivables increased 7.3% to R2.4bn. Net trade receivables (retail, franchise and MRP Mobile) increased 4.8% to R2.0bn. The debtors book continues to be conservatively managed, with a net bad debt to book ratio of 5.9% (PY: 5.3%) and an impairment provision to book ratio of 7.7% (PY: 7.3%).

Cash and cash equivalents increased 52.4% to R2.7bn. Cash from operating activities increased 36% to R3.5bn as a result of strong operating profit growth and working capital improvements. Cash flows from investing activities of R455m was lower than the prior year due to reduced capital expenditure, particularly the new distribution centre that was substantially completed by the previous year-end. Cash absorbed by financing activities increased 53.4% due to higher dividend outflows and treasury share transactions. The PAT to free cash flow conversion ratio is 109%.



EQUITY ATTRIBUTABLE TO SHAREHOLDERS
- up 10.8% to R7.5bn

R'm	2018	2017
Opening balance	**6 729**	5 620
Total comprehensive income for the year	**2 650**	2 250
Treasury share transactions	**(98)**	435
Recognition of share-based payments	**87**	112
Dividends to shareholders	**(1 893)**	(1 688)
Acquisition of non-controlling interest	**(20)**	-*
Closing balance	**7 455**	6 729

*Less than R1 million

NON-CURRENT LIABILITIES
- down 23.4% to R257m

The movement relates primarily to lower deferred tax liabilities and the elimination of the non-controlling shareholders loan account following the acquisition of the minority interest in MRP Mobile (Pty) Ltd.

CURRENT LIABILITIES
– up 30.0% to R2.4bn

Trade and other payables increased 15.8%. Trade payables are up 7.6% on the prior trading period, due to higher inventory balances and improved supplier payment terms.

Sundry creditors increased 21.7% due to improved results in F2018 driving turnover rentals and incentives. The taxation liability increased from R6m to R182m.

Derivative financial instruments relating to forward exchange contracts taken on inventory (hedged item) have been marked to market at the reporting date. This will be capitalised to the value of the stock on utilisation and form part of the stock value on sell through.

REGULATORY ENVIRONMENT
Regulators appear to be more closely scrutinising large businesses, which at times seems unjustified. A recent example is the NCR affordability regulations matter where the High Court ruled in favour of the retailers.

The High Court also dismissed with costs the NCR's bid to overturn a ruling in favour of another retailer regarding club fees. The high court recently ruled in favour of Edcon and the group is optimistic that the Miladys matter will have a similar outcome.

The group received an assessment from SARS disallowing the deduction of the entire bad debt expense and leasehold improvements allowance claimed in the 2014 year of assessment. Our views have been supported by those of Senior Counsel, however the formal objection to the assessment has now been disallowed by SARS. The company has lodged an appeal, with the intention of proceeding to the Tax Court to have this matter resolved. The company successfully argued against having to settle the payment obligation as originally required by SARS. The company will continue to pursue a low tax risk approach, as reflected in the effective tax rate detailed earlier.

NEW ACCOUNTING STATEMENTS
New statements impacting the 2019 financial year, which are not expected to have a material impact on the group's results, are detailed in note 1 to the financial statements and in the presentation to analysts.

OUTLOOK 4

We are proud of the resilience of our business model and the character shown by our associates in challenging times. Management remain cautiously optimistic about the future. In our major market South Africa, President Cyril Ramaphosa's leadership provides hope that the wheels of the economy will again begin to turn. However, numerous structural challenges remain that will not be fixed overnight. Until that happens, our fashion value positioning provides a competitive advantage and we are ideally positioned to capture further market share. There are various trading opportunities on which to capitalise and we are confident of our team's ability to execute well and to benefit considerably in what will hopefully be a recovering and more stable economy in the medium-term.

The key medium-term focus will be to deliver our strategic enablement projects of ERP (planning, mechanising and finance), DC stabilisation and value chain. These are imperative for us to realise trading opportunities locally and to trade effectively internationally.

A new research unit will be tasked with evaluating various growth opportunities and the structures required to realise these. MRP Home is planning to launch a test store in Poland in the second half of the financial year. Our African operations will receive renewed focus, including bedding down the Kenyan acquisition, and Sheet Street testing a store in the Zambian market.

We shall continue being selective on space growth and plan to open 60 stores in the 2019 financial year. Operating profits will benefit further from store expansion opportunities, mainly in MRP Apparel and from space rationalisation in the remaining divisions. Capital expenditure of R550m is expected.

THERE ARE VARIOUS TRADING OPPORTUNITIES ON WHICH TO CAPITALISE AND WE ARE CONFIDENT OF OUR TEAM'S ABILITY TO EXECUTE WELL AND TO BENEFIT CONSIDERABLY IN WHAT WILL HOPEFULLY BE A RECOVERING AND MORE STABLE ECONOMY IN THE MEDIUM-TERM.

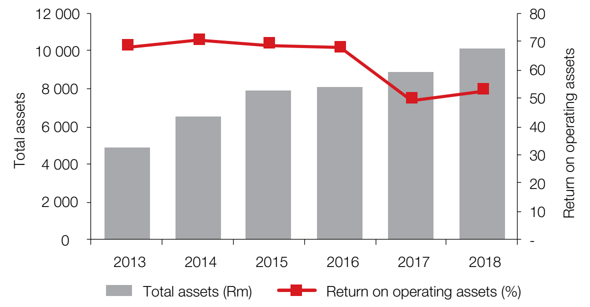
SIX YEAR REVIEW

ABRIDGED STATEMENTS OF FINANCIAL POSITION, CASH FLOWS AND INCOME 5

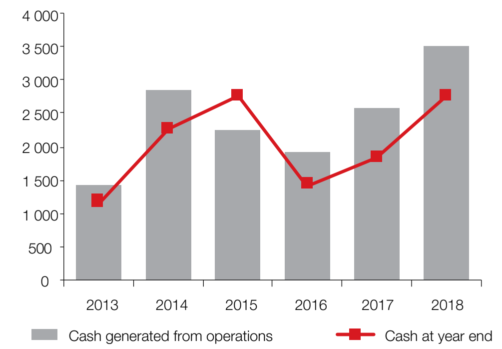
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
STATEMENT OF FINANCIAL POSITION							
Assets							
Non-current assets		**2 628**	2 577	2 241	1 364	1 137	927
Property, plant and equipment		**2 092**	2 130	1 672	838	718	660
Other		**536**	447	569	526	419	267
Current assets		**7 491**	6 338	5 822	6 503	5 426	3 971
Inventories		**2 215**	2 102	2 168	1 741	1 403	1 236
Trade and other receivables		**2 370**	2 221	2 136	1 874	1 673	1 513
Reinsurance asset		**146**	129	99	124	98	72
Cash		**2 756**	1 823	1 419	2 764	2 252	1 150
Taxation		**4**	63	-	-	-	-
		10 119	8 915	8 063	7 867	6 563	4 898
Equity and liabilities							
Equity attributable to shareholders		**7 455**	6 729	5 620	5 021	3 922	3 309
Non-current liabilities		**257**	335	244	213	220	206
Current liabilties		**2 407**	1 851	2 199	2 633	2 421	1 383
Trade and other payables		**2 115**	1 744	2 105	2 116	1 982	1 270
Reinsurance liabilities		**38**	41	30	46	34	28
Other		**254**	66	64	471	405	85
		10 119	8 915	8 063	7 867	6 563	4 898
STATEMENT OF CASH FLOWS							
Cash flows from operating activities		**3 502**	2 574	1 906	2 264	2 862	1 431
Cash flows from investing activities		**(455)**	(809)	(1 153)	(456)	(381)	(335)
Cash flows from financing activities		**(2 053)**	(1 338)	(2 123)	(1 276)	(1 377)	(1 101)
Net increase/(decrease) in cash and cash equivalents		**994**	427	(1 370)	532	1 104	(5)
Cash and cash equivalents at beginning of the year		**1 784**	1 419	2 764	2 252	1 150	1 150
Exchange (losses)/gains		**(58)**	(62)	25	(20)	(2)	5
Cash and cash equivalents at end of the year		**2 720**	1 784	1 419	2 764	2 252	1 150
INCOME STATEMENT							
Retail sales	18.8%	**19 994**	18 575	19 038	17 285	15 227	13 266
Retail sales and other income	19.0%	**21 185**	19 679	19 923	18 011	15 829	13 744
Profit from operating activities	22.0%	**3 732**	3 048	3 603	3 076	2 537	2 069
Profit attributable to shareholders	25.0%	**2 781**	2 263	2 645	2 293	1 868	1 534
Headline earnings attributable to shareholders	25.1%	**2 842**	2 331	2 674	2 299	1 888	1 554

Notes:
1. 2016 was a 53 week period.
2. The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.

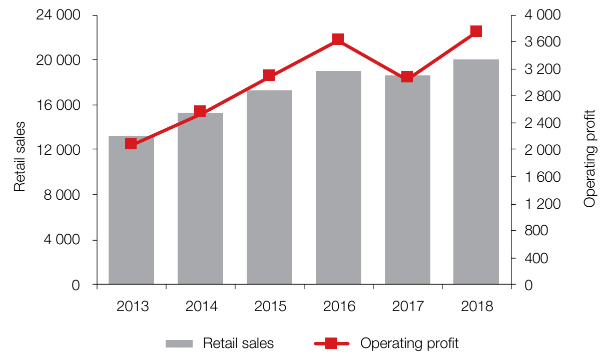
Total assets (R'million) and return on opearting assets (%)



Cash generated and cash at year end (R'million)



Retail sales and operating profit (R'million)



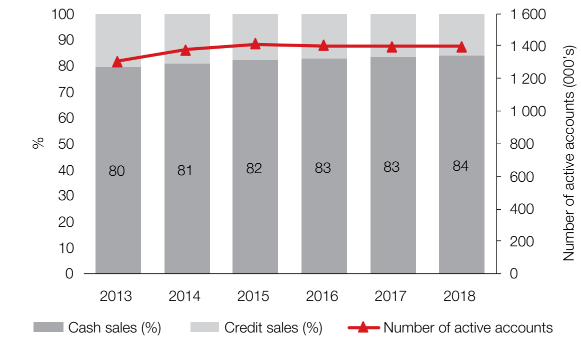
SIX YEAR REVIEW

STORES AND PRODUCTIVITY MEASURES 5

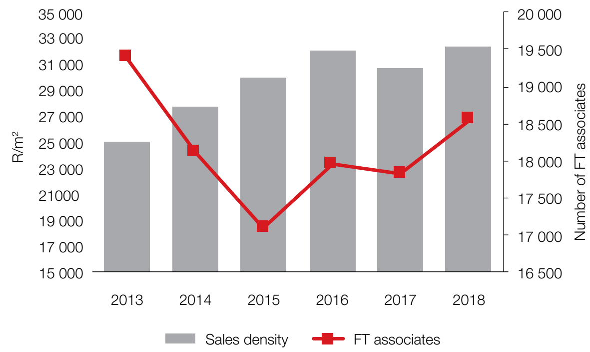
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
Operating statistics							
Depreciation as a % sales [a]		**1.4%**	1.1%	1.0%	1.0%	1.1%	1.2%
Employment costs as a % sales [b]		**11.1%**	10.4%	10.2%	10.5%	11.2%	11.4%
Occupancy costs as a % sales [c]		**7.6%**	7.5%	7.1%	7.1%	7.2%	7.4%
Total expenses as a % sales		**29.4%**	28.3%	26.3%	27.5%	28.8%	29.6%
Number of stores by segment							
MRP Apparel		**481**	470	458	438	404	384
MRP Sport		**105**	92	82	72	61	53
Miladys		**207**	202	198	196	191	189
Total Apparel Stores		**793**	764	738	706	656	626
MRP Home		**171**	168	163	166	158	150
Sheet Street		**294**	284	280	278	265	253
Total Home stores		**465**	452	443	444	423	403
Franchise		**23**	21	19	15	23	26
Total group stores	8.0%	**1 281**	1 237	1 200	1 165	1 102	1 055
FT associates [d]	9.9%	**18 536**	17 822	17 956	17 098	18 104	19 384
Trading area							
- weighted average net m^2		**618 684**	605 979	590 714	572 869	545 032	527 326
- closing average net m^2	9.5%	**621 512**	616 934	594 557	583 558	554 742	535 702
Total sales (R'm)	18.8%	**19 994**	18 575	19 038	17 285	15 227	13 266
Comparable sales growth %		**5.6**	(3.6)	6.3	9.2	10.6	7.3
Retail selling price inflation %		**1.7**	10.7	7.0	7.7	9.7	5.1
Cash sales %		**83.7**	83.3	82.8	81.9	80.8	79.9
Credit sales %		**16.3**	16.7	17.2	18.1	19.2	20.1
Sales per store (R'm)		**16**	15	16	15	14	13
Sales per Full time associates (Rand)		**1 078 678**	1 042 276	1 060 247	1 010 928	841 102	684 383
Sales density excluding sales to Franchise (Rand per weighted average net m^2)		**32 238**	30 654	32 043	30 000	27 752	24 979

Notes:
1. 2016 was a 53 week period.
2. The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.
3. a Depreciation on property, plant and equipment only.
b Employment costs include salaries, wages & other benefits (including STIs), share based payments, restraint of trade expenses, defined contribution pension fund expense, defined benefit pension fund net expense and post retirement medical aid benefits.
c Occupancy costs include land and building lease expenses, including straight line lease adjustments.
d FT: Full time. Prior to F2015, the Full Time Equivalent associate numbers were disclosed. In F2015, this changed to disclosing Full Time associates.

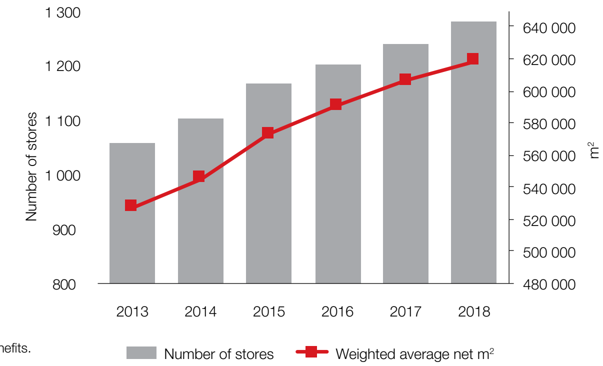
Credit sales and group number of active accounts



Sales density and number of FT associates



Number of stores and trading area



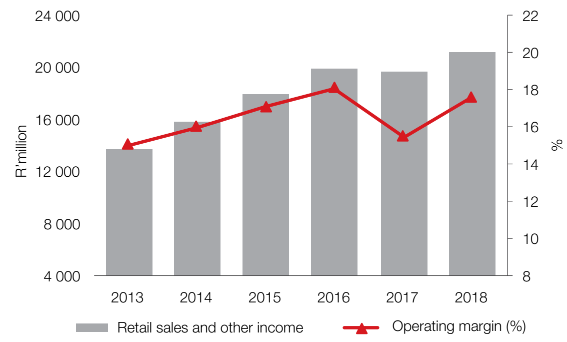
SIX YEAR REVIEW

RETURNS, PROFITABILITY AND SHARE INFORMATION 4 5

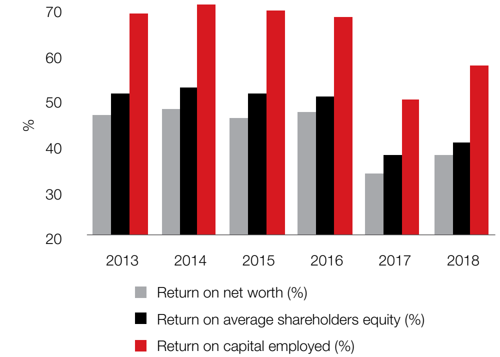
R'm	32 year compound growth %	2018	2017	2016	2015	2014	2013
Productivity ratios							
Net asset turn		**2.7**	2.8	3.4	3.4	3.9	4.0
Gross margin (%)		**43.3**	38.8	40.6	41.1	41.5	41.6
Operating margin (%) *		**17.6**	15.5	18.1	17.1	16.0	15.1
EBITDA margin (%)		**20.3**	17.8	20.1	19.0	17.9	17.0
Profitability and gearing ratios							
Return on net worth (%)		**37.3**	33.6	47.1	45.7	47.6	46.3
Return on average shareholders equity (%)		**40.1**	37.8	50.3	51.4	52.2	51.1
Return on capital employed (%)		**57.0**	49.3	67.6	68.7	70.2	68.0
Return on operating assets (%)		**52.5**	49.3	67.6	68.7	70.2	68.0
Solvency and liquidity ratios							
Current ratio		**3.1**	3.4	2.6	2.5	2.2	2.9
Quick ratio		**2.2**	2.3	1.7	1.8	1.7	2.0
Inventory turn		**5.4**	5.3	5.8	6.5	6.8	6.4
Total liabilities to total shareholders equity		**0.4**	0.3	0.4	0.6	0.7	0.5
Per share performance (cents)							
Headline earnings	21.6%	**1 100.1**	911.4	1 057.8	919.7	765.1	634.8
Diluted headline earnings	21.5%	**1 075.4**	887.9	1 012.9	865.1	715.1	584.2
Dividends	23.1%	**693.1**	667.0	667.0	580.0	482.0	398.0
Operating cash flow		**1 355**	1 006	754	906	1 160	584
Net worth		**2 885**	2 602	2 217	1 989	1 583	1 346
Dividend payout ratio		**63.0**	73.2	63.1	63.1	63.0	62.7
Stock exchange information							
Number of shares in issue ('000)		**258 982**	258 589	253 530	252 449	247 763	245 772
Number of shares on which earnings based ('000)		**258 375**	255 793	252 786	249 990	246 726	244 980
Shares traded ('000)		**426 089**	427 817	325 342	186 184	221 496	375 754
Percentage of shares traded (%)		**164.9**	167.3	128.7	74.5	89.8	153.4
Earnings yield (%)		**3.9**	5.7	6.0	3.7	4.9	5.4
Dividend yield (%)		**2.4**	4.2	3.8	2.3	3.1	3.4
P:E ratio		**25.9**	17.5	16.8	27.4	20.4	18.4
Market capitalisation (R'm)		**73 187**	40 806	45 077	63 792	39 187	29 386
Share price (cents)							
- high		**29 307**	23 973	28 380	26 975	16 585	14 450
- low		**14 395**	13 000	14 126	15 301	11 353	9 575
- closing	25.7%	**28 500**	15 990	17 769	25 196	15 601	11 699
Foreign shareholding at year end (%)		**50.7**	43.2	52.2	54.5	50.2	45.0

Notes:
2016 was a 53 week period.
The 32 year compound growth rates are calculated from the date of acquiring joint control in 1986.
* The basis of computing operating margin has been amended from previously being calculated as operating profit/retail sales to operating profit/retail sales and other income.

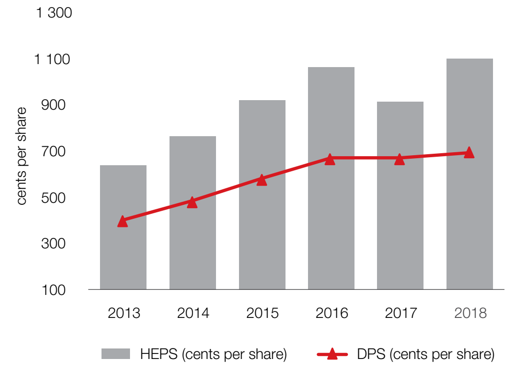
Retail sales and other income and operating margin



Return on net worth, equity and capital



Headline earnings and dividend per share



DIVISIONAL PERFORMANCE

PRINCIPLE: 4

DIVISION

mrp

Retail sales (excluding franchise) rose 11.4% (comparable sales up 8.9%), with over half of the merchandise departments recording double-digit growths. Sales growth exceeded that of Type D retailers per Stats SA in 11 months of the year. Selling price inflation of 2.3% was mainly due to lower markdowns. The number of units sold increased 8.8% to 149m and weighted average space grew 3%. Evidence of our strong social media following is that mrp is the highest ranked SA fashion retailer on Facebook and Instagram and local online sales increased 31.9%. A well-executed merchandise offer translated into improved gross profit margins. Overheads were well-contained resulting in double-digit operating profit growth.

mrphome

Retail sales (excluding franchise) were up 1.0% (comparable sales -0.9%). Low RSP inflation of 0.1% was maintained but unit growth was low at 1.4% as the purchase of homewares remains highly discretionary in the current economic environment. Online sales continued its positive trajectory and rose 0.9%, with the second half growing by 8.4%. Despite an improved sales and operating profit performance in H2, annual operating profits were lower than the prior year.

mrpsport

The division experienced tough trading conditions due to the discretionary nature of its products in a constrained consumer environment. Certain merchandise issues further impacted results. Sales grew 2.7% (comparable sales down 4.5%). Low RSP inflation of 0.7% was insufficient to drive unit sales which were marginally up 2.3%. Non-comparable sales were driven by weighted average space growth of 6.4%. Operating profit declined despite an improved gross margin.

MILADYS

The refocus on the Miladys niche customer delivered strong results. Retail sales increased 8.4% (comparable sales up 8.2%). The division successfully incorporated outsizes into the Miladys range, and together with lower markdowns resulted in RSP inflation of 9.2%. Strong profit growth in both reporting halves was reported as a result of gross profit growing ahead of sales and overheads being well-controlled.

sheet street

Sales growth improved from 2.1% in H1 to 5.4% in H2, resulting in an annual 3.9% growth. RSP inflation was low at 2.0% mainly due to product mix and lower markdowns, while unit sales increased 2.2%. The gross margin percentage improved slightly on the prior year and operating expenses were well managed, resulting in operating profits growing on the prior year.

mrp

	2018	2017	% change
Retail sales - including. franchise (R'm)	**12 192**	10 996	10.9
Comparable sales growth (%)	**8.9**	(4.7)	
Retail selling price inflation (%)	**2.3**	8.3	
Units sold (million)	**148.5**	136.4	8.9
Number of stores	**481**	470	
Trading area - weighted ave net m²	**309 887**	300 841	3.0
Sales density (rand/ weighted ave net m²)	**39 200**	36 255	8.1

mrphome

	2018	2017	% change
Retail sales - including. franchise (R'm)	**3 441**	3 423	0.5
Comparable sales growth (%)	**(0.9)**	(2.4)	
Retail selling price inflation (%)	**0.1**	17.3	
Units sold (million)	**33.7**	33.1	1.8
Number of stores	**171**	168	
Trading area - weighted ave net m²	**133 247**	133 406	(0.1)
Sales density (rand/ weighted ave net m²)	**25 795**	25 512	1.1

mrpsport

	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 408**	1 370	2.7
Comparable sales growth (%)	**(4.5)**	(1.8)	
Retail selling price inflation (%)	**0.7**	13.4	
Units sold (million)	**12.7**	12.4	2.3
Number of stores	**105**	92	
Trading area - weighted ave net m²	**63 833**	60 008	6.4
Sales density (rand/ weighted ave net m²)	**22 049**	22 835	(3.4)

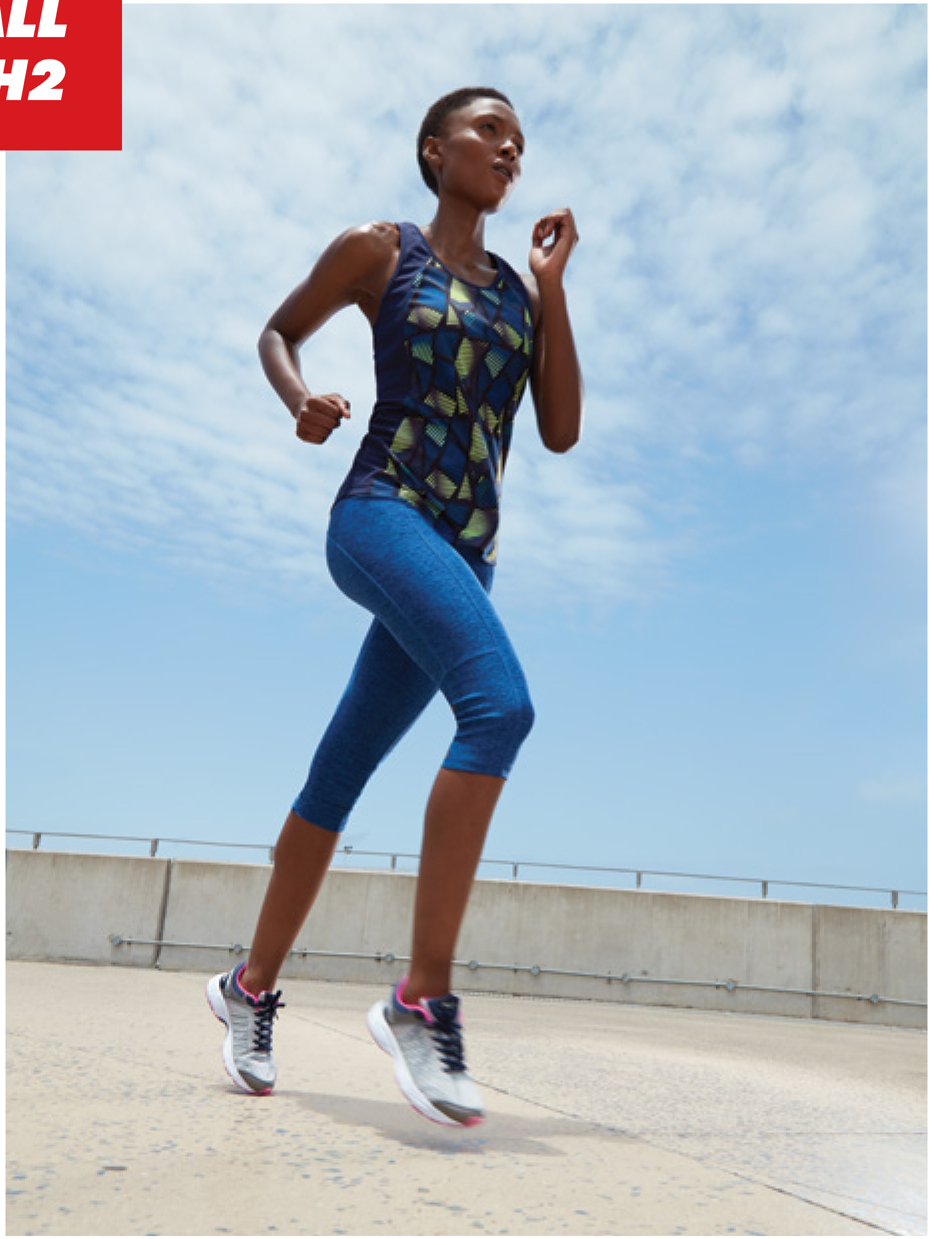
MILADYS

	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 405**	1 296	8.4
Comparable sales growth (%)	**8.2**	(6.9)	
Retail selling price inflation (%)	**9.2**	11.5	
Units sold (million)	**7.1**	7.1	0.0
Number of stores	**207**	202	
Trading area - weighted ave net m²	**60 875**	61 150	(0.5)
Sales density (rand/ weighted ave net m²)	**23 074**	21 192	8.9

sheet street

	2018	2017	% change
Retail sales - including. franchise (R'm)	**1 548**	1 490	3.9
Comparable sales growth (%)	**2.3**	3.3	
Retail selling price inflation (%)	**2.0**	14.2	
Units sold (million)	**17.7**	17.3	2.2
Number of stores	**294**	284	
Trading area - weighted ave net m²	**50 843**	50 574	0.5
Sales density (rand/ weighted ave net m²)	**30 454**	29 452	3.4

PROFIT GROWTH ACHIEVED IN ALL DIVISIONS IN H2



DIVISION

mrpmoney

Interest and charges on credit customer accounts increased 6.5%. Credit sales rose 4.1% and we envision improved growth prospects due to the legislative changes on new account applications, increased consumer confidence, and an improved economic growth rate in our economy. The debtors' book continues to be a high performing one by industry standards. Insurance premium rose 14.2% and there was a good balance between price increases and policy sales, assisted by new product introduction. The cellular division grew revenue 4.3% as we focused on product mix and margins, and a much improved H2, with revenue growth of 14.0%. The company acquired the minority interest in the MRP Mobile MVNO and as operational processes have now improved, this area is set for growth. Hello MRP cellular kiosks were successfully rolled out to 103 stores and will be further extended in the year ahead. Operating profits in the division were well up on the prior year.

	2018	2017	% change
Gross trade debtors (R'm)	**2 134**	1 991	7.2
Total active accounts	**1 396 635**	1 395 755	0.1
Average balance (Rand)	**1 527**	1 426	7.1
% of debtors able to purchase on credit	**89.2**	89.4	-20bps
Retail sales analysis:			
- Cash (%)	**83.7**	83.3	+40bps
- Credit (%)	**16.3**	16.7	-40bps
Net bad debt (net of recoveries) % of debtors	**5.9**	5.3	+60bps
Impairment provision % of debtors	**7.7**	7.3	+40bps

Gross trade receivables per division (R'000)	mrp	mrpHome	mrpSport	Miladys	Sheet Street	**Total 2018**	Total 2017
6 months	454 142	69 801	10 317	60 649	32 359	**627 268**	615 589
12 months	987 115	116 712	27 435	261 795	83 002	**1 476 059**	1 349 148
24 months		30 335				**30 335**	26 031
	1 441 257	216 848	37 752	322 444	115 361	**2 133 662**	1 990 768

STAKEHOLDER ENGAGEMENT

PRINCIPLES: 4 16

Mr Price Group's activities are under-pinned by a stakeholder inclusive approach. For the group to create value for itself, it must be focused on creating value for all its stakeholders to ensure that we invest in long-standing, sustainable partnerships. These form the foundation of Mr Price Group's ability to create value over the short, medium and long-term.

The board holds ultimate responsibility for the group's stakeholder management, ensuring that our approach balances the needs, interests and expectations of stakeholders in the best interests of the organisation, and the stakeholder. The implementation and monitoring of stakeholder engagement is entrusted to the management teams across the group.

Value creation through a stakeholder inclusive approach is only successful if the group views its business as an ecosystem. This is comprised of groups that cooperate to maximise value creation and compete to realise their share of that value. No ecosystem can thrive if one member group continually benefits at the expense of others. We recognise that it would be amiss to apply focus on shareholder value creation at the expense of all other stakeholders. Our aim is to ensure that our engagement with stakeholders intersect at the point of maximum value creation for all parties. This does not mean that we displace shareholder value from the top of the pyramid, but rather ensure that we recognise the strength of the base upon which it sits. Our different stakeholders all have varying levels of influence and involvement in the life of the business. Knowing this, the group aims to achieve consistency in its approach toward all stakeholders and ensure that they receive the appropriate levels of engagement.

The ability to be consistent is achieved by delivering on a set of key principles on which we base our stakeholder approach:

- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Regular and structured engagements that are constructive and co-operative
- Recognition that all stakeholders are also existing or potential customers
- Well defined measurement of stakeholder management

Creating value is key to our partnership with stakeholders, measuring value creation is critical to ensuring that we can be sustainable in delivering value over time. The group has modified its approach over the last year to strengthen relationships with stakeholders by creating more platforms to listen to their needs and views. We recognise that the working relationship we have with stakeholders must be influenced by their feedback. This change in approach will result in a more robust framework being created in the year ahead that will enable better value measurement and result in appropriate action being planned. The group introduced an investor relations department in August 2017, which has resulted in increased engagement with shareholders and analysts. Another platform created to listen to stakeholders is the supplier survey, which gives suppliers an opportunity to share their voice about various aspects of their interaction with us. The necessary action required across the group as a response to stakeholder feedback, will be included in our developing framework in F2019.

The first step in this process has been identifying value creation measurement platforms for each stakeholder, which will result in value creation actions being developed through the framework. The table illustrates this in more detail. Five sections have been carefully thought through to ensure that each one has context in understanding how we view each stakeholder, how we measure value and how we monitor progress over time.

	SHAREHOLDERS & THE INVESTMENT COMMUNITY	CUSTOMERS	ASSOCIATES & PARTNERS (OUR PEOPLE)	SUPPLIERS	GOVERNMENT & COMMUNITY
WHY WE ENGAGE	• To create an informed view of the group • To disclose company performance, prospects and strategy • To educate on retail market trends and issues • To announce dividend policies and share price performance • To inform on our share schemes • To give a view on economic, social and environmental risks	• To understand what customers value • To meet our customers' needs and increase long-term loyalty • To enhance the group's brands and thereby grow market share • To encourage product and quality feedback • To improve customer service levels • To facilitate account queries and payment • To enable e-commerce technical assistance, orders and queries	• Our associates are our most valuable asset and brand ambassadors, as their efforts drive our profitability and the effectiveness of our customer engagement • To enhance their sense of value, commitment and motivation • To align thinking with the group strategy • To receive feedback on areas for workplace and performance improvement	• Suppliers are key to our performance and core to our strategic positioning • To gain visibility into order quantities, factory capacities, product cost and quality • To improve supplier performance • To make known future growth and expectations of the group • To track core competencies • To meet B-BBEE compliance • To improve quick response times	• To fulfill legislative requirements • To undertake national priorities • To contribute to community upliftment • To provide sustainable social impact to our partners
HOW WE ENGAGE	• Annual general meeting • Presentations to Investment Analysts Society, results roadshows and one-on-one meetings • Attendance at investor conferences • Annual integrated report • Pre close calls • SENS announcements, trading updates and press releases • Group website	• In-store interaction • Traditional and social media • Customer and market surveys and panels • Product testing • Inbound and outbound call centres • Advertising campaigns and competitions • Live chat feedback on e-commerce sites • Mystery shopper programme • Club publications • Store account brochures	• Induction programmes • Performance reviews and career planning discussions • Training and development • Culture and climate surveys • Internal media and intranet • Team meetings • Results presentations • Divisional events, including awards events • Whistleblowers' hotline • Share scheme	• Supplier days and supplier survey • Independent focus group • Regular meetings • Performance reviews • Quality audits • Ethical and social audits • DC tours and factory visits and tours • Whistleblowers' hotline • Supplier Ethical Data Exchange • Regional Footwear and Leather Cluster • Southern African Sustainable Textile and Apparel Cluster	• Regular communication with: South African Revenue Services, Department of Labour, Department of Education, Wholesale and Retail, SETA, National credit regulator • Local industry development • Skills development and training • Transformation/Employment equity implementation • Compliance requirements • Energy, water and waste reduction • Education and job creation
VALUE CREATION MEASUREMENT	• Share price growth • Dividend payouts • Return on equity • Total shareholder return	• Value and unit sales growth • Market share • Customer satisfaction feedback • Repeat purchases • New account openings • Facebook fans • Instragram followers • Twitter followers	• Culture survey results • Staff turnover rates • New job creation • Jump Start programme • MRP Academy investment • R36.7m learning and development • B-BBEE level • Long service awards • Exercising share options	• Survey feedback • Supplier day outcomes • Ongoing key delivery metrics • Sedex ranking • Independent reports rating on sustainability measures	• Taxes paid • Track number of units sourced locally • 2 800 tons committed to SCC • MRP Foundation impacts 50 409 learners • 1 870 people employed through Jump Start • Carbon, water and waste measured to continue reduction

Although we have not listed the communities in which we operate, the media, our business partners or all government departments with whom we have relationships, it is important to note that the group acts in a responsible and compliant manner towards these stakeholders.

CHAIRMAN'S REPORT

By Nigel Payne

PRINCIPLES: 3 4 5

The 21.1% increase in diluted HEPS achieved by the group represents a strong recovery from the under-performance in 2017, which was the first earnings decline in 17 years.

This time last year my key message to our stakeholders was: "The board has full confidence in our management team. We have talented people addressing what needs to be improved. Our high performance culture remains strong. We like to win. We remain focused on providing great value to our customers; indeed we exist to add value to their lives".

The operating environment during the period under review was extremely challenging. Economic conditions have improved recently, but not materially so. Improving confidence that South Africa will overcome some major challenges, including unemployment and inadequate education, has largely been offset by more challenging global conditions. Our improved results thus reflect the talents, passion and hard work of thousands of Mr Price people during the year, inspired by our Dreams and Beliefs. Well done and thank you to you all!

The board and executive management, in response to the underperformance in 2017, re-evaluated the foundations of the Mr Price Group, and found them to be firm. We elected to hold the dividend at the previous year's level. We believed that our fashion value model, well executed, would prove to be resilient, as it had been in the past. This has proven to be the case. Our executive and divisional leadership teams did not make excuses, they identified areas where we had underperformed, took ownership of the corrective actions and have delivered the turnaround reflected in these results.

Further commentary is provided in the reports by CEO Stuart Bird and CFO Mark Blair, with full details in our annual financial statements and integrated report.

The impact of rising US interest rates in the coming year will increase stresses in emerging economies,

THE MR PRICE GROUP MANAGEMENT TEAM HAS A CULTURE OF TRANSPARENCY, ACCOUNTABILITY AND DISCIPLINED FINANCIAL MANAGEMENT BUILT OVER MANY YEARS, ATTRIBUTABLE IN LARGE MEASURE TO EVERYONE HAVING AN OWNERSHIP STAKE IN THE BUSINESS.

particularly where debt levels are excessive. Higher oil prices will increase costs whilst reducing disposable incomes. Outperformance in this environment will require tight control over costs, excellence in execution and growing market share.

The Mr Price Group board continues to believe in our Partnership model, whereby those who contribute to our performance share in the results thereof. We are pleased that the vast majority of our management and staff have a beneficial stake in the company. This model is fair to our people, our shareholders and to the company. We applied these concepts last year, with everyone feeling the underperformance, and do so again this year, as detailed in the remuneration report. The board believes that the group's remuneration structures remain appropriate, and that they have been fairly applied during the past year.

We are deeply committed to employment equity and transformation. Details of our achievements and programmes can be found in the integrated report.

The MRP Foundation continues to make a meaningful impact, as evidenced by the 350 000 scholars and 22 000 job trainees who have been impacted by our programmes, which are increasingly being delivered in partnership with other companies, foundations and individual benefactors. Education, job creation and sustainable businesses are the foundations of a successful society. We are proud of these achievements, indeed they are part of our DNA.

The board's primary strategic focus during the year was to position the group in the context of changing retail business models. We continued to strategise how and where to position the Mr Price Group in order to maximise our growth potential, as well as to invest with confidence in the infrastructure and capabilities this will require. We have been cautious in how we have deployed our capital, have not made any big bets, and have maintained our strong balance sheet.

We are fortunate to have a very experienced, diversely skilled board of directors passionately engaged in the business, whose wisdom and insights have helped the group not only to achieve our short-term performance objectives, but also as we strive to realise our vision to become a top performing international retailer. We have benefitted greatly from their experience gained during the full phase of previous business cycles.

I am profoundly grateful to my colleagues on the board for their commitment and for the sound judgement they bring to our deliberations. The Mr Price Group management team has a culture of transparency, accountability and disciplined financial management built over many years, attributable in large measure to everyone having an ownership stake in the business.

We welcomed Brenda Niehaus to the board during the year, and have already benefitted from her contribution, particularly in light of our ongoing technology investment. We said farewell and thank you to John Swain at the AGM after his many years of valuable service on the board.

Despite the challenging economy, and the ongoing political and economic uncertainties, the board remains confident in the future of the group and its ability to remain a leading performer in its sector.

BOARD REPORT

PRINCIPLES: 1 5 6 7 8 9 10 11 12 16

Good corporate governance is key to achieving the group's vision to be a top performing international retailer, and supports the group's values of:

PASSION **VALUE** **PARTNERSHIP**

LEADERSHIP 1

The board of directors (board) recognises that ethical and effective leadership is the starting point of corporate governance. The tone at the top creates the foundation for good governance. Simply put, the group (from its leadership to its store associates, both individually and collectively) should do the right thing to enable delivery of appropriate outputs to those whom its operations impact. The group understands that good governance is aspirational and practices must be continuously monitored, adapted and improved. Critically, governance practices must be aligned to and enable the achievement of group strategy.

The board as a collective and its members as individuals are expected to conduct themselves with integrity, competence, responsibility, accountability, fairness and transparency. This is identified as a key responsibility in the formal board mandate by which the board is bound. This requirement is also highlighted in director letters of appointment and directors are thus contractually required to so act. The detail of how the group conducts business in the right way is contained in the group business code of conduct, with which each associate, including directors, are required to comply. The values of Passion, Value and Partnership (as detailed on page 9), which form the foundation of the business, is the group's internalisation of ethics and the standard of conduct against which each director and the board is measured. The annual assessment of each director and the board includes whether or not the directors and the board have lived the Mr Price values in the delivery of the group's output in the creation of the various capitals. The group's governance framework, which operates in the context, and against the backdrop, of the group's values (brought to life in the business and supplier codes of conduct and the ethics framework) is depicted on page 41.

BOARD STATEMENT 6

The board is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year, and has provided relevant information to stakeholders to satisfy the King IV disclosure requirements.

BOARD OF DIRECTORS 7

STEWART COHEN
Honorary chair
Age: 73 | Appointed: March 1989
Qualifications: BCom, LLB, MBA
Other directorships include: Catregav Holdings (Pty) Ltd, Holdspec Investments (Pty) Ltd, Kovacs Investments 343 (Pty) Ltd

NIGEL PAYNE
Chair
Age: 58 | Appointed: August 2007
Qualifications: CA (SA), MBL
Other directorships include: The Bidvest Group Ltd, Bidcorp Ltd, Vukile Property Fund Ltd, Alexander Forbes Holdings Ltd

STUART BIRD
Chief executive officer
Age: 58 | Appointed: September 2008
Qualifications: CA (SA)

MARK BLAIR
Chief financial officer
Age: 52 | Appointed: March 2006
Qualifications: CA (SA)

BOBBY JOHNSTON
Lead independent, non-executive director
Age: 69 | Appointed: February 1998
Qualifications: CA (SA) | Other directorships include: Eljay Financial Services (Pty) Ltd

MAUD MOTANYANE-WELCH
Independent, non-executive director
Age: 66 | Appointed: September 2008 | Qualifications: Diploma Library Science, WPI fellow
Other directorships include: Kagiso Media Ltd, Jet Education Trust, Leshala Mining (Pty) Ltd

MYLES RUCK*
Independent, non-executive director
Age: 63 | Appointed: July 2007
Qualifications: BBusSc, PMD (Harvard) | Other directorships include: Standard Bank Group Ltd, The Standard Bank of South Africa Ltd, ICBC Bank Argentina

MARK BOWMAN
Independent, non-executive director
Age: 52 | Appointed: February 2017
Qualifications: BCom (Finance) MBA
Other directorships include: Tiger Brands Ltd, Dis-Chem Pharmacies Ltd, Distell Group Limited

DAISY NAIDOO
Independent, non-executive director
Age: 46 | Appointed: May 2012 | Qualifications: CA (SA), MCom (Tax) | Other directorships include: Strate (Pty) Ltd, Hudaco Industries Ltd, Anglo American Platinum Ltd, Barclays Africa Group Ltd, Discovery Health Medical Scheme

NEILL ABRAMS
Alternate director
Age: 53 | Appointed: August 2010
Qualifications: BA, LLB, LLM (Cambridge)
Other directorships include: Ocado Group Plc, Marie Claire Beauty Ltd

KEITH GETZ | Non-executive director
Age: 62 | Appointed: May 2005 | Qualifications: BProc, LLM
Other directorships include: BVPG Consulting (Pty) Ltd, Steak Ranches International BV, Spur International Ltd, Spur Corporation Ltd, Spur Corporation UK Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd

BRENDA NIEHAUS
Independent, non-executive director
Age: 57 | Appointed: February 2018
Qualifications: Advanced Management Programme (Harvard)
Other directorships include: Standard Bank (Mauritius)

STEVE ELLIS
Alternate director
Age: 56 | Appointed: May 2005
Qualifications: CA (SA)
Group Supply Chain Director

* Retiring by rotation at August 2018 AGM

KING IV 5

As the cornerstone of good corporate governance, the meaningful and group-wide application of the King IV corporate governance practices is the starting point towards achieving the desired governance outcomes. In aligning with King IV, the principles of which apply to the reporting period, the group's approach and commitment to corporate governance has not changed. The board and management continue to fully acknowledge the role of good governance across all aspects of the business as a vital component of sustainable value creation.

The shift to King IV was managed as a project, with responsibility for each principle assigned to appropriate functional business areas. The project working group comprised senior representatives of the sustainability (including risk), people (including remuneration), group finance, governance, IT, internal audit and investor relations departments with the chief financial officer as project champion and the company secretary and head of governance as project lead. This inclusive approach ensures a business-wide understanding of the principles and multi-function application of the practices. It also facilitates governance leadership and accountability. The working group benchmarked existing governance practices against King IV practices to identify areas for improvement.

Following this exercise, adjustments were made as follows –

- the board and committee mandates, as well as the internal audit and IT divisional board mandates were updated and approved by the board
- a separate risk and IT committee was formed (primarily due to previously identified business needs but strongly aligned to King IV practices)
- the group's remuneration policy and implementation thereof was updated, simultaneously taking into account shareholder feedback received through engagement prior to the 2017 AGM
- the AGM notice includes separate resolutions for the non-binding approval of the group's remuneration policy and implementation report
- the content of this report has been updated to include the specific disclosure requirements, particularly in relation to remuneration
- the general disclosure in committee reports relating to ethics, risk, compliance and IT governance has been substantively enhanced

While the group already materially applies almost all the practices, the areas to be improved, most of which relate to formalising existing processes, are as follows –

- Periodic independent assessment of adherence to ethical standards (principle 2): formal consideration of periodic independent assessments of adherence to the group's ethical standards
- performance evaluations (principle 9): formal documentation of the current board and committee evaluation process and formal consideration of an externally facilitated performance evaluation (see paragraph below in this regard)
- management evaluation (principle 10): formal documentation of the current evaluation process
- management succession (principle 10): formal documentation of current management evaluation processes
- independent assurance (principles 2, 11, 12, 13): formal consideration of the need to receive periodic independent assurance on the effectiveness of (i) risk management, (ii) the group's technology and information arrangements and (iii) compliance management.

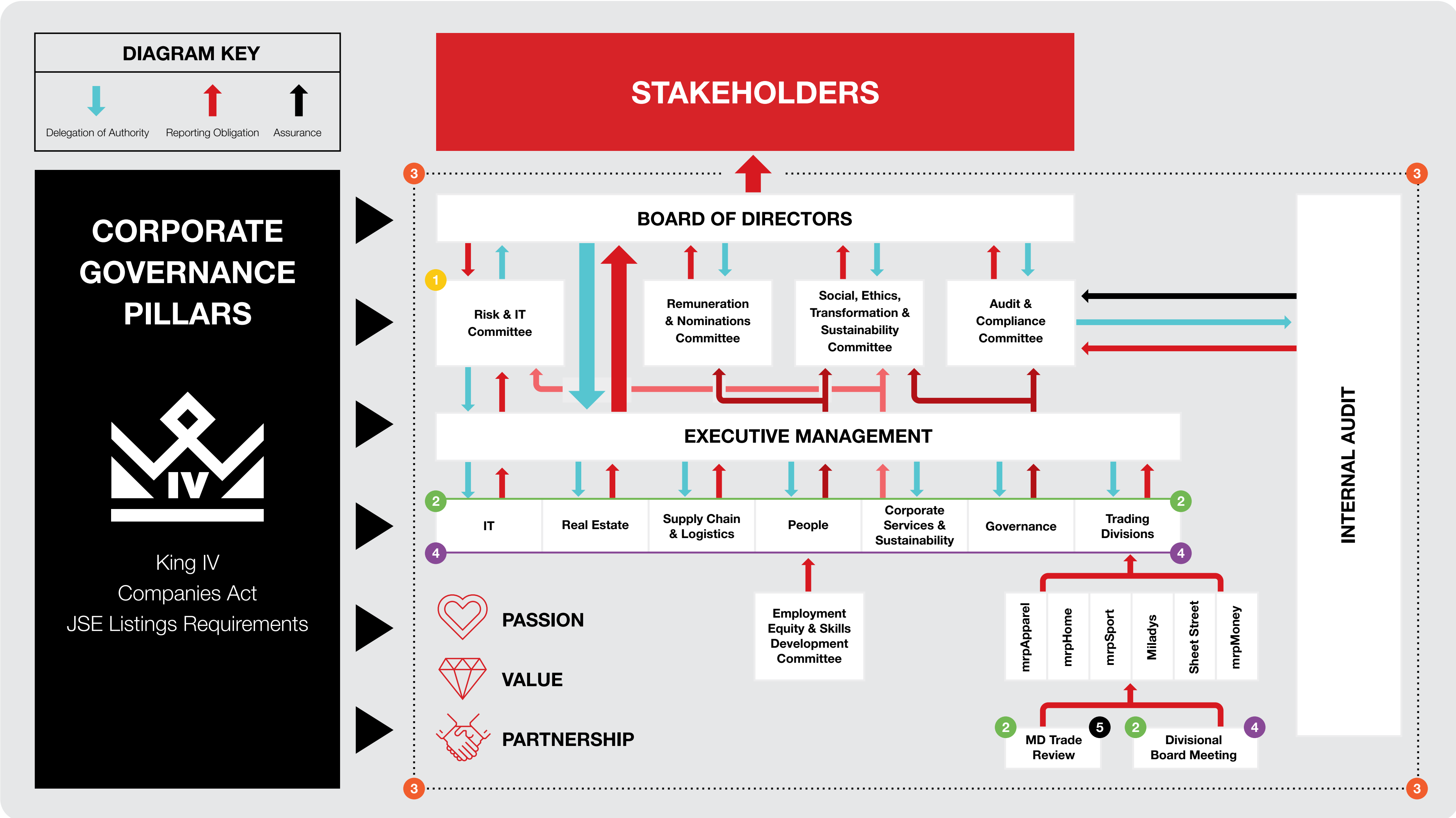
In the above context, the board notes that the practice of having an externally facilitated performance evaluation of the board, its committees, its chair and its individual members at least every 2 years, as recommended in relation to principle 9, is not applied. The board believes the current process (as more fully described on page 43) is robust and meaningful. Instead, the board will consider biennially whether an externally facilitated process should be adopted.

As indicated in the King IV summary on page 7, the board has intentionally not published an application register in support of the move away from "tick-box" governance. The application of King IV and other governance practices has instead been integrated throughout the report, in the same way good corporate governance is integrated with and implicit in everything the group does. The specific disclosures relevant to this report are denoted by the icon. In addition, the number of the related governance principles are referenced in the icon at the start of each section and paragraph headings. The application of King IV as is relevant to the specific committees is referenced in the committee reports.

Additional governance documents located on the group's website: www.mrpricegroup.com

- board mandate
- committee mandates
- policy for the appointment of directors
- policy for the promotion of gender and ethnicity diversity on the board
- outline of board and management committees
- internal audit mandate
- internal audit annual assurance statement
- IT divisional board mandate
- business and supplier codes of conduct
- notice of 2018 AGM

GOVERNANCE FRAMEWORK 16



1 Formed 28 March 2018, first meeting 29 May 2018.

2 Details of attendees at these meetings are included in the board and management committees document on the website: www.mrpricegroup.com.

3 The activities and actions undertaken by the board, its committees, executive management and senior management are in the context of and underpinned by (i) the group values of Passion, Value, Partnership (ii) the group ethics framework and (iii) the business and supplier codes of conduct.

4 Trading division and support services divisional board meetings occur in March, May, August and October

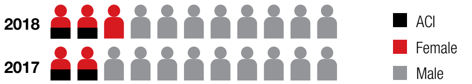
5 MD trade review meetings occur in January, February, April, June, September and December.

BOARD COMPOSITION 7 12

Key changes: John Swain, independent non-executive director, retired by rotation 31 August 2017; Brenda Niehaus appointed as independent non-executive director 8 February 2018.

The group has a unitary board which both leads and controls the group and has primary responsibility for and is the custodian of corporate governance across the group. The philosophy of the group is to maintain a vibrant board that challenges management's strategies and evaluates performance against established benchmarks. The board currently comprises 11 directors including 2 executive directors, 7 independent non-executive directors and 2 non-executive directors. In addition, the chief executive officer and honorary chair each have an alternate director.

Board composition



Director tenure

The average director tenure is 13 years (2017:14 years)

The board is fortunate to have the business co-founder, Stewart Cohen, as honorary chair. Stewart provides regular valuable retail insights and input on strategy and is the embodiment of the group's values of passion, value and partnership. There is a strong representation on the board of retail experience blended with a diversity of experience in other disciplines to strengthen the board's collective business acumen. The group values the long service of a number of its directors and believes that this serves the business well given the cyclical and specialist nature of retail and ensures the retention of valuable corporate knowledge. Notwithstanding, the board acknowledges the need for new membership to provide fresh perspectives and insights on best practice and new appointments will be made (as well as certain consequent resignations) at a measured pace to limit disruption and facilitate business knowledge transfer. Accordingly, having not offered himself for re-election, John Swain retired by rotation after serving as non-executive director of the group for 25 years and chair of the audit and compliance committee for 18 years. The board and management express its heartfelt thanks to John for his invaluable contribution to the business. Brenda Niehaus was appointed in February 2018 and will provide much needed expertise on information and technology governance. In May 2018, Myles Ruck, who is due to retire by rotation at the August 2018 AGM, advised the board that he will not be offering himself for re-election. He will consequently retire at the AGM. Although the board is satisfied with its current composition, for the reasons stated above it will benefit from further gender and ethnicity diversity as well as additional chartered accountant skills following John Swain's retirement. The board, through Remnomco, are actively seeking to appoint additional directors with appropriate skills and in furtherance of achieving the initial voluntary gender and ethnicity diversity targets of 30% female representation and 30% ACI representation as contained in its policy for the promotion of gender and ethnicity diversity on the board. Detail on non-executive director fees is contained in the remuneration and nominations committee report on page 70.

Director independence

Each year, facilitated by the lead independent director (LID) on behalf of Remnomco, each non-executive director completes a formal written self-assessment based on the director independence requirements of the Companies Act, the JSE Listings Requirements and King IV. Directors who have served on the board for 9 years or longer are required to complete an additional self-assessment. The results of these assessments are collated and reported to the special corporate governance meeting of the board for consideration. Although the board is satisfied that each director acts with independence of mind in the best interests of the group, the board is cognisant of the appearance of independence and has again classified as not independent Stewart Cohen due to his material holding in the group's shares and Keith Getz as a function of his role as a professional legal advisor to the group. The board is further satisfied that each of the other long-serving directors exercises objective judgement and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making, and are thus classified as independent.

Board chair

The board considers its chair, Nigel Payne, to be independent. In addition Bobby Johnston is the appointed LID thus ensuring a clear balance of power and that no one director has unfettered decision-making power. The LID is responsible for chairing the annual special corporate governance meeting of the board, facilitating the conduct of the board, committee and company secretary performance evaluations and providing regular formal feedback on progress against matters requiring improvement, and acting as chair where the board chair is conflicted or unavailable.

BOARD COMMITTEES 8 12

Key changes: John Swain retired from ACC and Remnomco 31 August 2017, Mark Bowman appointed member of ACC 14 November 2017, RITC established 28 March 2018 with first meeting 29 May 2018.

The board has delegated particular roles and responsibilities to standing board committees to assist with the effective discharge of its duties. Notwithstanding, the board retains ultimate responsibility for leading and steering the group and applies its collective mind to the information, opinions, recommendations, reports and statements presented by the committees. The board confirms that each of the committees has satisfied its respective responsibilities in accordance with their mandates for the F2018 reporting period.

	Audit & Compliance committee (ACC)*	Remuneration & Nominations committee (Remnomco)*	Social, Ethics, Transformation & Sustainability committee (SETS)	Risk & IT committee (RITC)*
Members	D Naidoo (chair), B Johnston, M Ruck, M Bowman*	M Ruck (chair), K Getz, B Johnston, N Payne, M Bowman*	K Getz (chair), M Motanyane-Welch, D Naidoo, S Bird	N Payne (chair), B Niehaus, D Naidoo, S Bird, M Blair
Permanent invitees	CEO, CFO, External auditor, CAE, Group Corporate Finance Director, Group Supply Chain Director, Head of Governance, IT Director	CEO, CFO, Group People Executive	CFO, Group People Director, Head of Governance, Head of Corporate Services & Sustainability, Legal & Compliance Officer	Group Supply Chain Director, IT Director, Head of Corporate Services & Sustainability, CAE, mrpApparel MD, mrpHome MD, mrpMoney MD, Group Logistics Director
Meetings per year	4	4	4	4
Role & responsibilities	Refer to individual committee reports on pages 46 to 83			Refer to notes below and Risk governance section on pages 44 to 45
F2018 key focus areas				
F2019 key focus areas				
Notes	* J Swain retired 31 August 2017 * M Bowman appointed 14 November 2017 * M Ruck will retire 29 August 2018	* J Swain retired 31 August 2017 * M Ruck will retire 29 August 2018 * M Bowman appointed 29 May 2018 and will assume position as committee chair 29 August 2018		* Formed by the board 28 March 2018, first meeting 29 May 2018. Risk and IT governance oversight previously residing with board and ACC respectively now delegated to RITC

MEETING ATTENDANCE 6 8

The board and its committees meet formally 4 times a year and convene telephonically in January to review the Q3 trading results and approve the trading update for SENS publication and on an ad hoc basis when required. In addition, the March meeting includes a separate and focused consideration of group and division strategies for approval, and a separate corporate governance meeting is held in November. Meeting attendance is consistently high and is detailed alongside for the reporting period. Keith Getz was unable to attend the November 2017 board meeting (but did attend the committee meetings the prior day), his first absence in his 12 year tenure, due to a timing conflict with an overseas meeting commitment. Although non-member director attendance at committee meetings is not reflected in the table, attendance is also consistently high.

Status	Director	Board	AGM	Special Corporate Governance	ACC	Remnomco	SETS
BOARD MEMBERS							
Executive	Stuart Bird	4/4	1/1	1/1			4/4
	Mark Blair	4/4	1/1	1/1			
Non-executive	Stewart Cohen	4/4	1/1	1/1			
	Keith Getz	3/4	1/1	0/1		4/4	4/4[5]
Independent non-executive	Mark Bowman	4/4	0/1	1/1	2/2[8]	N/A [11]	
	Bobby Johnston	4/4	1/1	1/1[2]	4/4	4/4	
	Maud Motanyane-Welch	4/4	1/1	1/1			4/4
	Daisy Naidoo	4/4	1/1	1/1	4/4[3]		4/4
	Brenda Niehaus	1/1[6]	N/A	N/A			
	Nigel Payne	4/4[1]	1/1	1/1		4/4	
	Myles Ruck [12]	4/4	1/1	1/1	4/4	4/4[4]	
	John Swain	2/2[7]	1/1	N/A	2/2	2/2	
Alternate[9]	Neill Abrams	3/4	0/1	1/1			
	Steve Ellis	4/4	1/1	1/1			
MANAGEMENT (AS PERMANENT INVITEES)							
Head of Corporate Services & Sustainability	Verna Botha-Richards						4/4
Group Company Secretary & Head of Governance	Janis Cheadle	4/4	1/1	1/1	4/4	4/4	4/4
IT Director	Antony Hlungwane				4/4 (IT governance portion of meeting only)		
Chief Audit Executive	Suren Roopnarian				N/A[10]		
Group Corporate Financial Director	Mark Stirton				3/3		
Group People Director	Russell van Rensburg					4/4	4/4

1 board chair
2 Special corporate governance meeting chair
3 ACC chair
4 Remnomco chair
5 SETS chair
6 appointed 8 February 2018
7 retired by rotation 31 August 2017
8 appointed as ACC member 14 November 2017
9 alternate directors are not required to attend each meeting
10 appointed 1 April 2018
11 Appointed 29 May 2018 and will assume position as committee chair 29 August 2018
12 will retire 29 August 2018

PERFORMANCE EVALUATIONS 1 9

Key change: evaluation process span reduced from 3 years to 2 years

The performance of the board and its committees is continually monitored through a formal process facilitated by the LID. The process spans a period of 2 years (having been reduced from 3 years in line with King IV practices) which provides sufficient time for considered implementation of remedial action and measureming the effectiveness of same. The performance of the board, each committee, the board and committee chairs, and individual directors (peer and self) is evaluated through this process. A detailed evaluation comprising questionnaires, telephonic and personal interviews with subsequent feedback to the board and committee chairs and management was conducted in Q4 of the 2017 reporting period. Following this, comprehensive 'steps for improvement' documents were prepared, circulated to the relevant chair and/or management for input, and tabled at the May 2017 board and committee meetings. The progress against the identified 'steps' was updated by the LID, relevant chair and/or management and tabled at each of the August 2017, November 2017 and March 2018 meetings. The key areas for improvement being addressed in the current assessment cycle are (i) the requirement for increased skills in, and focus on, IT governance (which has been addressed by the appointment of Brenda Niehaus and the formation of a new RITC), (ii) increased exposure to management and operations (this has been addressed by inviting the MDs of the material trading and support service divisions to meetings to present to, and interact with, the board and committees, including participation in the March divisional and group strategy session, and a standing quarterly informal engagement with the board), (iii) the requirement to address the ageing profile of board and committee membership to ensure succession and progress towards achieving the ethnicity and gender diversification targets (a board refresh is underway), and (iv) execution of the group's international expansion strategy (this is receiving focused attention from management and is an agenda item for discussion at each board meeting; refer to pages 18 to 23 for further strategy detail). The next formal evaluation process will be undertaken in November 2018.

Annually Remnomco, taking into account feedback from the board and honorary chair in the case of the chief executive officer, and the chief executive officer in the case of the chief financial officer, assess the performance of both the chief executive officer and the chief financial officer. The personal performance portion of STI awards recommended by Remnomco for approval by the board are based on the outcomes of this assessment. Remnomco and the board are satisfied with the performance of both executive directors.

The board is satisfied that the adopted process as explained above is robust and meaningful and enables improved performance and effectiveness. The board considers it unnecessary for the process to be externally facilitated but will reassess biennially.

DELEGATION TO MANAGEMENT 10

Authority to implement and execute approved strategy is devolved sequentially as depicted in the governance framework on page 41 and formally to management through the group delegated limits of authority document. These limits of authority are reviewed annually by the board and management to ensure they remain aligned to the group's risk appetite and strategy and appropriately balance governance oversight with operational efficiency. The board is satisfied that holistically the governance framework and delegated limits of authority provide role clarity and contribute towards effective exercise of authority. As part of continuous monitoring and improvement of processes, the formal delegation document will be revised and supplemented during F2019 to refine and further clarify levels of authority across the group to provide an improved balance of accountability between executive and divisional management.

Chief executive officer

Together with the chief financial officer, the chief executive officer exercises executive control over and management of the group and its trading and support services, and to whom all divisional heads report. The chief executive officer had no professional commitments outside the group for the period. The chief executive officer does not have a fixed term contract but has a notice period of 6 months as stipulated in his engagement letter. Succession planning for emergency situations and succession over the long-term is in place.

Company secretary

The performance of the company secretary against the duties and responsibilities set out in the Companies Act, JSE Listings Requirements and King IV was formally reviewed in March 2018 in compliance with paragraph 3.84(h) of the JSE Listings Requirements. The board is satisfied that the company secretary has the competence, qualifications and experience necessary to effectively discharge her responsibilities, and that she has effectively discharged her duties and provided appropriate professional corporate governance guidance on an arms-length basis.

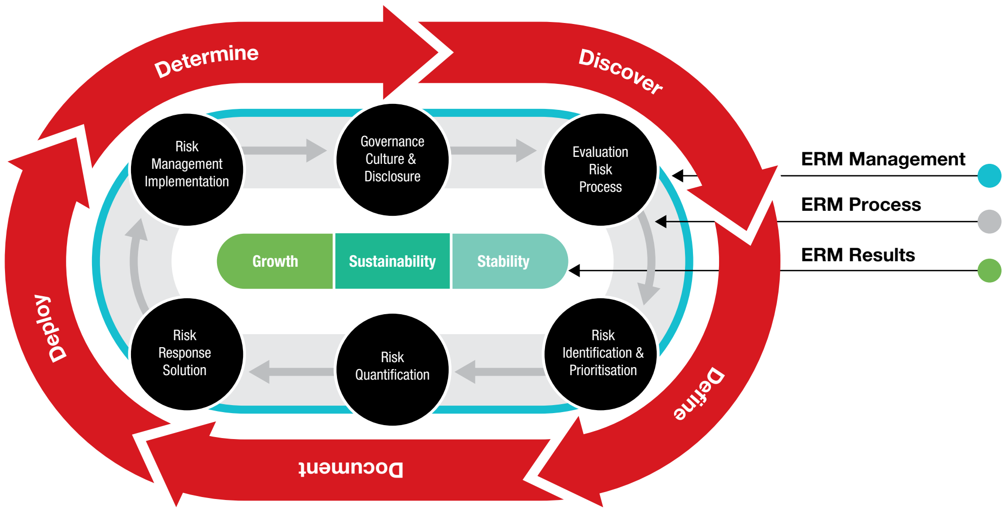
RISK GOVERNANCE 11

Key changes: group risk specialist appointed, RITC established 28 March 2018 with first meeting 29 May 2018

For the reporting period the board was responsible for the management of risk, including IT risk, while the ACC oversees risk in relation to financial reporting. As mentioned above, a RITC was formed in March 2018 and will exercise risk management oversight. The committee held its first meeting in May 2018.

Enterprise risk management (ERM) is a continuous, proactive and dynamic process. It involves associates at every level and requires the application of a portfolio view of risk across the group. By embedding risk management techniques in day-to-day operations, the group is better equipped to identify events affecting its objectives and to manage such events in ways that are consistent with its strategy.

The group maintained a planned, structured and coordinated approach to identifying, assessing and mitigating key risks for the financial year. The ERM process was enhanced following the appointment of a group risk specialist. These enhancements included the transfer of risk management custodianship to the group corporate services and sustainability function, the update of the risk management policy and framework, re-establishment of a dedicated RITC, and the appointment of divisional risk champions. A group ERM training programme was also rolled out.



Management is accountable to the board for designing, implementing, monitoring and improving the systems and processes of risk management and integrating these into the day-to-day activities of the group. Management is also accountable for building the competencies and capacity required for a sustainable business. In addition to reporting on risks in the traditional silo view, the group also considers a portfolio view on risk which is a composite view forming an entity-wide outlook of risk.

Risk appetite is a fundamental concept that provides the context for strategy setting, entrepreneurial behaviour and the pursuit of group objectives. It is informed by the group values and clarifies what risks the group can, or is willing to take and what risks the group will avoid. The board has formally defined its appetite for risk. The board confirms there were no material deviations from the group's risk appetite in the period.

The board is satisfied that the systems and processes in place to govern and manage risk were adequate and that management had generally executed its risk management responsibilities satisfactorily.

Key threats and opportunities were discussed by the board during the year. The board, having considered the group's key risks, was satisfied that strategy and business plans did not give rise to risks not assessed by management and confirms there were no undue, unexpected or unusual risks incurred during the year.

Significant risk management actions for the new year relate to finalising comprehensive risk response plans for the group's major threats and opportunities, embedding a robust project risk management framework and the establishment of an internal best practices process. Testing of documented business continuity and IT disaster recovery plans are also ongoing focus areas.

RISK APPETITE IS A FUNDAMENTAL CONCEPT THAT PROVIDES THE CONTEXT FOR STRATEGY SETTING, ENTREPRENEURIAL BEHAVIOUR AND THE PURSUIT OF GROUP ACTIVITIES.

AUDIT & COMPLIANCE COMMITTEE REPORT

PRINCIPLES: 8 12 13 15

The committee is constituted as a statutory Mr Price Group Ltd committee in respect of its duties in terms of section 94(7) of the Companies Act (71 of 2008), and has been delegated the responsibility to provide meaningful oversight to the following functions: internal and external audit, finance, IT governance and compliance functions. The committee mandate is published on the group's website: www.mrpricegroup.com

The committee members and their qualifications and experience are detailed in the board report on pages 39 and 42.

Purpose and role: 8

The committee provides independent oversight of the effectiveness of the group's assurance functions and services and the integrity of financial statements. In doing so it assists the board to discharge its responsibility to:

- Safeguard the group's assets
- Operate adequate and effective systems of governance, financial risk management and internal controls
- Prepare materially accurate financial reporting information and statements in compliance with applicable legal/regulatory requirements and accounting standards
- Monitor compliance with laws, regulations and adopted non-binding rules, codes and standards, and
- Provide oversight of the external and internal audit functions including the appointment of the external auditor and the chief audit executive (CAE).

The key areas of focus for the reporting period were:

- The impact of mandatory auditor rotation
- The suitability assessment of the external auditor and audit partner
- The interpretation and impact of IFRS 9, 15 and 16
- Appointment of a CAE, and
- Overseeing ongoing regulatory tax and credit matters. Further detail on the SARS and NCR matters are included in the CFO's report on pages 24 to 28 and annual financial statements note 26.

THE COMMITTEE PROVIDES INDEPENDENT OVERSIGHT OF THE EFFECTIVENESS OF THE GROUP'S ASSURANCE FUNCTIONS AND SERVICES AND THE INTEGRITY OF FINANCIAL STATEMENTS.

COMMITTEE STATEMENT 8

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year.

COMBINED ASSURANCE 15

The committee oversees that the assurance arrangements in place are effective. The combined assurance model comprises management, the internal audit function and external audit services. The committee is satisfied that these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes.

Management and reporting 8

Having given due consideration, the committee is of the view that Mark Blair, who is the financial director and carries the title of chief financial officer (CFO), possesses the appropriate expertise and experience to meet his responsibilities and that the group's financial function incorporates the necessary expertise, resources and experience to adequately and effectively carry out its responsibilities.
The committee believes the group has appropriate financial reporting procedures and is satisfied these procedures are operating adequately. This belief is supported by the effectiveness of internal controls being maintained at a high standard which translates into accurate financial and related information presented to stakeholders in the integrated report. There are no known significant internal financial control weaknesses. Significant matters considered in relation to the annual financial statements were the approach to determining both inventory and trade receivables provisioning, assessment of impairments and assumptions used, going concern assumption, quality of earnings and adoption of new IFRS standards and disclosures. Based on supporting information presented by the external auditors including financial analysis, prior history and best practice, the committee is satisfied these matters were adequately addressed.

External audit 8

Ernst & Young Inc (EY) were the group's appointed external auditor for the reporting period. Although EY has been the group's auditors since October 1989, the committee is satisfied EY is independent of the group. In reaching this conclusion, the committee considered (i) the designated partner, Vinodhan Pillay, was assigned to the group audit in F2016, (ii) the group has a clearly defined and strictly followed non-audit services policy; the extent of non-audit services is immaterial and is continuously monitored, with no excessive, unusual or unnecessary engagements noted; and (iii) the appointment of the group corporate finance director at the beginning of the reporting period, now responsible for overseeing the conduct of the external audit and is the main point of contact with the designated partner, mitigates the risk of familiarity between EY and senior management.

The committee believes the group received a high quality of external audit taking into account the standard of audit planning and scope of activities performed, reliance on work performed by other audit firms and the internal audit function, the audit team assigned to the audit, EY's independence, its relationship with stakeholders, and understanding of the business and the extent of non-audit services provided. Particular focus was placed by the committee on EY's reliance on other firms for assurance and it was satisfied this is isolated to the group's insurance cell captive entity audited by PriceWaterhouseCoopers. EY met with the committee prior to the approval of this report to discuss matters of importance to the auditor and the committee regarding the group's financial statements (as detailed under the "Management and reporting" heading), commentary thereon and general affairs.

The group acknowledges the requirements of mandatory firm rotation as prescribed by IRBA effective 1st April 2023. EY's tenure was discussed in light of these changes. The committee agreed to rotate external auditors from the 2021 financial year to align with the rotation of the current audit partner. However, this timing will be influenced by the progress of the significant IT projects and suitability of other audit firms considering current corporate governance issues in which a number of large firms are implicated. A final decision will be made in due course.

The committee chair met with EY's national audit partner and the Africa professional practice director to discuss the accreditation documents submitted by EY for the purposes of conducting the suitability assessment of EY and the designated audit partner in terms of the JSE Listing Requirements. On the basis of the assessment and the high quality of audit, the committee recommends to the board and shareholders that EY be re-appointed as the external auditors and Vinodhan Pillay as the designated auditor for the current financial year (F2019). Further, in making this recommendation, the committee considered the various corporate scandals that came to light in the last year and have tainted a number of the bigger external audit firms. The resolution for the re-appointment of EY as the group's external auditors is on page 135 of the Notice of AGM.

Internal audit

Independence and authority

All matters of internal audit (IA) scope, procedures, frequency, timing, or report content are free from any form of influence. This ensures an independent mind-set necessary in providing objective opinions and feedback. Additionally, in promoting independence, the following deliberate structures, interventions and processes are in place:

- The committee approves the appointment (and removal), contract and remuneration of the CAE
- The CAE reports functionally to the committee and administratively to the CFO
- IA has direct access to the committee chair, as well as free and unrestricted access to all areas within the group, and
- The CAE has a standing invitation to attend any strategy session, risk assessment session, forum, committee, and divisional board meeting.

The independence of IA is formally considered by the CAE and the committee on an annual basis or as and when changes to the organisational positioning occur. It has been determined that IA has remained independent of all operational functions, and the functional reporting to the committee and administrative reporting to the CFO has enabled appropriate organisational positioning. IA applies high professional audit standards through on-going adherence to the Standards for Professional Practice as well as the Codes of Ethics prescribed by the South African Institute of Internal Auditors. The external, independent quality review of the IA function performed in 2017 revealed the function is well established and well run. Recommendations for improvement were considered and where appropriate for our business, implemented. Accordingly, a further review was not performed in F2018 and will be considered in due course. The committee is satisfied the IA function is effective in providing meaningful assurance. The CAE joined the group on 1 April 2018, thus for the period under review there was no incumbent CAE for the period July 2017 to March 2018. The IA function was competently managed during this time by the senior audit manager.

Approach

The function adopts a risk-based integrated audit approach which includes the following steps:

- Mapping of key risks identified to specific audits to arrive at an audit plan
- Recommendation of the annual audit plan and proposed resource needs to the committee for approval
- Keeping appraised of the changing risk environment across the group to ensure a constant review of risks versus the year audit plan and available resources
- Amending the annual audit plan having considered the impact of the changes to ensure achievement of intended assurance conclusions, coverage, scope and the impact of changes from a resource perspective and
- Providing quarterly reporting of the coverage, audit plan changes, audit results and opinions on the level of governance, risk and control across the business and in accordance with planned or amended coverage and scope to the committee, and divisional boards and to management on an on-going basis.

There is a large degree of involvement by IA in information and technology (IT) throughout the group to ensure satisfactory IT governance and assurance. IA is involved in all new major IT systems from an assurance perspective.

Efforts of IA are closely co-ordinated with those of the external audit team to provide the most efficient and effective assurance to the audit committee.

2018 Audit results

IA confirms there are no undue scope limitations or impairments to independence. Sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support the conclusions hereinafter.

Based on the work completed for the period 2 April 2017 to 31 March 2018, conclusions are as follows:

- The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm these are adequate to identify, assess and mitigate key risks and to support the achievement of the group's strategic goals
- Results of reviews performed proved that governance, risk and controls were generally adequate
- Divisional management responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements
- Executive management and the board require, encourage and monitor quality and continuous improvement in the group's governance, risk management and controls
- Follow-up reviews on audits prove commitment to remediate
- Current risk management structures are proven to be reliable albeit formally evolving and
- There have been no significant instances of fraud or misappropriation identified.

EFFORTS OF IA ARE CLOSELY CO-ORDINATED WITH THOSE OF THE EXTERNAL AUDIT TEAM TO PROVIDE THE MOST EFFICIENT AND EFFECTIVE ASSURANCE TO THE AUDIT COMMITTEE.

Refer to page 5 for detail on IA's role in preparing this report.

Annual internal audit assurance statement
"It is the opinion of IA that in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed to meet the group's objectives."

COMPLIANCE 13

Delegated responsibility for guiding and monitoring the group's compliance with applicable legislation, non-binding rules, codes and standards rest with the committee. The group's compliance management framework and compliance policy is approved by the committee, that in turn delegates to senior management, the implementation and execution of compliance management as the first line of defence. The group and divisional compliance functions act as the second line of defence with the internal and external audit functions as the third line of defence.

The group compliance function assists management discharge its regulatory compliance responsibility by providing compliance risk management support. The group compliance function structure includes a group legal and compliance officer and a dedicated legal and compliance manager overseeing compliance at MRP Money, with general oversight by the head of governance. Within the trading and support divisions (other than MRP Money) compliance is managed as part of existing roles as appropriate.

The group legal and compliance function is responsible for the day-to-day management of the compliance function, including co-ordinating the identification and management of compliance risk, identifying and assessing compliance obligations, co-ordinating divisional and functional compliance functions, monitoring, including legislative updates, reporting and record-keeping. Divisional compliance functions implement controls to meet regulatory requirements, as well as monitoring and reporting relevant to their divisions or departments.

Significant group and divisional compliance risks, trends and mitigation measures are formally reported to senior management at quarterly governance board meetings as well as to the board through both the SETS (regarding compliance matters relevant to the committee's area of oversight) and audit and compliance committee meetings.

Annually a declaration of compliance with the Business Code of Conduct which sets out day-to-day operational compliance with a wide scope of legislation, is undertaken across the business. The results of this process are reported to the audit and compliance committee as part of its compliance oversight role. Further detail on this can be found on page 78 under the Ethics heading. Senior managers to whom responsibility for the management of priority legal compliance risks are delegated, conduct annual self-assessments of the effectiveness of such compliance and submit statements of regulatory compliance and adherence to the group compliance policy. These assessments are reviewed by the group's legal and compliance officer who provides a written report to the audit and compliance committee as substantive compliance assurance.

For the reporting period there were no repeated regulatory (including environmental regulatory) penalties, sanctions or fines for contraventions of or non-compliance with the group's statutory obligations. Other than the pending Miladys club fee matter before the National Credit Tribunal and the SARS assessment objections and appeal (both of which are covered in the CFO's report on page 27), where non-compliance has been alleged but not proved, there was no material non-compliance with the group's statutory obligations during the reporting period.

Key focus areas during the reporting period were a proactive and voluntary externally facilitated NCA compliance audit, managing local ownership requirements necessary to obtain trading licenses and permits in African countries, continued B-BBEE compliance, working towards Payment Card Industry (PCI) and data protection compliance in terms of General Data Protection Regulations (GDPR) and the Protection of Personal Information Act (POPI).

Planned areas of future focus include obtaining PCI compliance certification, achieving GDPR compliance and updating the POPI implementation plan in anticipation of the POPI becoming fully effective, implementing NCA compliance best practice, working towards improved B-BBEE compliance, and finalising local development commitments in non-South African countries to facilitate expansion.

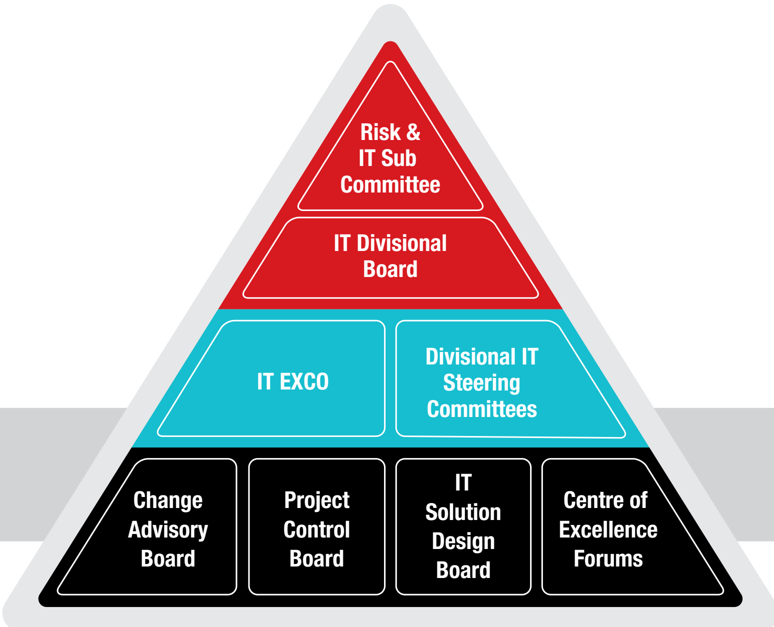
INFORMATION AND TECHNOLOGY GOVERNANCE 12

The committee had delegated oversight of IT governance for the reporting period. From the 2019 financial year the board has delegated this responsibility to the newly established Risk and IT committee. The mrpIT division is responsible for establishing and maintaining effective internal controls over IT to appropriately manage, use and safeguard the group's information through the use of technology aligned with best practice (Control Objectives for Information and Related Technologies) and in support of the achievement of the group's strategies and objectives.

The system of internal IT governance and control is designed to meet the following objectives:

- Strategic alignment: focus on ensuring the linkage between business and IT activities; maintaining and validating the IT value proposition and aligning IT operations with business operations
- Value delivery: execute the value proposition throughout the service delivery cycle to ensure IT supports the strategy, optimising costs and proving its intrinsic value as a business enabler
- Resource management: optimal investment and management of critical IT resources. These include: applications, data, infrastructure and people
- Risk management: regular IT risk awareness campaigns are carried out across the organisation. Compliance with laws and regulations evaluated on an ongoing basis through the use of external and internal partners and tools. Risk mitigation and action plans developed to reduce residual risk to acceptable levels
- Performance measurement: Track and monitor IT strategy implementation, project completion, resource usage, process performance and service delivery

To effectively manage the IT function and ensure IT projects are prioritised according to strategic impact, decisions are made collaboratively and at the appropriate level, a formal structure is in place as depicted below. Further, all IT projects are formally managed by a project management office (PMO) which feeds into this structure.



The threat and management of cyber crime remains of high importance to the committee. With an ever-evolving risk landscape, threats to our business are constantly evaluated against best practice with our external and internal partners aiding to minimise the likelihood of incidence. Opportunities for improvement following a security evaluation are being evaluated and actioned. No material security or other IT incidents were experienced during the reporting period.

The IA function played a key role in monitoring the effectiveness of IT management during the period. The mrpIT internal control environment is currently rated by IA as "adequate". The committee understands the items ranked as "high-risk" form part of management's existing risk register and response plans and will receive continued focus to address the findings.
To deliver maximum value to the group, an IT prioritisation and capacity management plan is being developed and will be implemented by the PMO in the coming financial period. Through this process project lists are being rationalised with tradeoffs made to ensure finite resources are dedicated to core projects which enable and support the group's strategy.

The following key core projects, as strategy enablers, were the focus this financial year, and will require continued focus in the medium-term:

- **Merchandise Planning and ERP (mrpWorld programme)**
- **Value Chain Development**
- **IT Operational projects to support "business as usual"**

Further details on the strategic impact of these projects are included in the strategy section on page 21.

REMUNERATION & NOMINATIONS COMMITTEE REPORT

PRINCIPLES: 3 8 14

The committee is constituted as a committee of the board and has been delegated responsibility for overseeing the remuneration activities of the group and the nominations activities in respect of the board. The committee mandate is available on the group's website www.mrpricegroup.com. The committee members and their qualifications and experience are detailed in the board report on pages 39 and 42.

ROLE 8

The board, ultimately responsible for the remuneration policy and implementation thereof, seeks to deliver the most desirable outcomes and practices which appropriately balance the welfares of all interested stakeholders in a transparent and integrated manner. The committee oversees the group's approach to remuneration to ensure fair, responsible and transparent remuneration in support of the group's strategy. The committee is further responsible for overseeing that remuneration activities are carried out in line with the group's remuneration policy thus ensuring that the intellectual capital required to achieve the group's imperatives is attracted, retained and motivated. In addition, the committee oversees the composition and performance of the board and its committees.

The key areas of focus for the reporting period were:

- Engaging with and responding to shareholder remuneration concerns (further detail is provided on pages 53 and 54 of this report)
- Approving the principles for base salary increases and approval of the remuneration of divisional executives and executive directors
- Reviewing the performance of the divisional executives and executive directors and approving their short-term incentives
- Reviewing share trusts' exercise periods and LTI hurdles and proposing amendments for consideration by shareholders at the AGM (further detail is provided on page 54 of this report and the shareholder resolutions are on page 136 of the AGM notice)
- The ongoing board refresh and the identification and appointment of suitable directors (details of director changes can be found on page 42 in the board report); and
- The transition from King III to King IV (details can be found on page 7 and in the board report on page 40).

COMMITTEE STATEMENT 8

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year and that the remuneration policy achieved its stated objectives. Future areas of focus are covered on page 55.

OUR REMUNERATION STRUCTURES ARE DESIGNED TO STIMULATE AND INCENTIVISE HIGH PERFORMANCE.

The committee's remuneration report is structured as follows:

BACKGROUND STATEMENT 14

Dear shareholder

The remuneration and nominations committee (remnomco) was pleased to be able to consider 2018 remuneration for group management and associates against the backdrop of an excellent set of results. These followed the disappointing 2017 financial year and were achieved in spite of significant headwinds, details of which can be found in the CFO's report.

In rewarding our associates this year, we have not deviated from our conscious and deliberate decision to skew our remuneration towards variable pay. We believe this part of our philosophy is not only responsible, but the fairest to shareholders and employees alike. Nowhere is this better illustrated than in the remuneration paid in the previous (2017) and the current (2018) financial year. In 2017, the failure to achieve meaningful short-term incentive targets resulted in the CEO, the CFO and the bulk of senior management receiving no short-term incentives at all. This meant that, because we only pay guaranteed packages at around the median of our chosen comparator group, the financial impact of short-term incentives on the 2017 results was limited. The much-improved results in 2018 have been rewarded appropriately. To ensure that we are providing remuneration that is fair, appropriate and responsible we conduct our own internal benchmarking exercises and every second year, make use of an external remuneration consultant to confirm our objectivity in discharging our mandate. In addition, we make use (where possible) of market information provided by interviewees from competitors for various positions within the group to confirm that we are not out of line with the market. We subscribe to the view that too much reliance on relative peer analysis could lead to unjustified escalation in senior management remuneration.

Our remuneration structures are designed to stimulate and incentivise high performance. We aim to create partnerships with our associates in their journey of continued growth through market related base pay and benefits, attractive performance driven short-term (bonuses) and long-term (share scheme) incentives and recognition, reward and retention programmes. The core objective of our remuneration policy is to attract, retain and motivate top retail talent to deliver superior results. The historical 32-year compound earnings (21.6%) and dividend (23.1%) growths and our record of key staff retention over the years, provides tangible evidence that our values and approach to remuneration have delivered on this objective.

Remnomco and the group encourages and appreciates feedback from shareholders on remuneration matters. Issues raised are tabled at committee meetings and considered when reviewing policy, implementation of policy and remuneration disclosure. The remuneration policy and implementation reports are both subject to an annual non-binding shareholders advisory vote at the AGM. This meeting is attended by the committee chair, who is available to answer questions regarding the remuneration policy, its implementation and the committee's activities. To the extent that 25% or more votes are cast against this resolution 6, dissenting shareholders will be invited to engage with the remuneration and nominations committee to discuss their concerns. Details of such engagement will be provided in the AGM results announcement as per the listings requirements, if necessary. As in previous years, contact will be made with the group's larger shareholders prior to the AGM to discuss any concerns, including remuneration concerns, on the proposed resolutions. Details of the remuneration related resolutions are in the AGM notice on page 136. At our AGM held on 31 August 2017, we received a non-binding advisory vote of 65,3% in favour of our remuneration policy. Prior to the AGM, we contacted or attempted to contact our larger shareholders (those holding 1% or more) whose aggregate shareholding comprised approximately 63% of the total issued shares of the group and received responses from approximately half by number of shares. In addition, we communicated with two large proxy advisers who had issued recommendations as to how (in their opinion) shareholders should vote.

Key items concerning remuneration raised by those contacted were:

- **Executive director remuneration mix is skewed towards variable pay**
  As stated above, we have taken a conscious and deliberate decision to skew our remuneration philosophy towards variable pay and we choose to generously reward superior performance through our variable pay structures. At the same time our guaranteed pay packages are aimed at around the median of our chosen comparator group – placing a lesser burden on the group's fixed staff costs in

years of underperformance, provided (as tangibly proven in 2017) we are rigid in applying the formula for payment of variable incentives. It makes sense to us to reward generously when the group (and the shareholders) experience successful years, and to contain our fixed cost commitment to reasonable levels (to the benefit of shareholders) in the event performance targets are not met.

- **HEPS is used as a metric in both the short-term incentive (STI) and long-term incentive (LTI) schemes**
  This is a deliberate action on the part of the remnomco. As can be seen in the 2017 financial year, the failure to achieve the challenging HEPS target for the year (together with other factors) contributed to the zero payment of short term incentives. We set different levels of heps targets for STIs and LTIs. Typically, the STI targets are significantly higher on a short-term basis. However, failure to achieve these higher short-term stretch targets should not be carried through to long-term targets. It is important that we reward consistent growth in the annual HEPS of the group – thus the decision to use a realistic, fair and sustainable target for heps growth for the LTI schemes (with no vesting in the event of poor performance).

- **The present value of LTIs is not disclosed**
  We have now disclosed a fair value of long-term awards but have continued to provide sufficient information for investors to do their own calculations of present value based on their own assumptions, which is consistent with our past approach.

- **A 10-year option life is in excess of King III guidelines (King IV not operational for reporting period ended 31 March 2017)**
  Paragraph 173 of the King III report states: "Options or other conditional awards are normally granted for the year in question and in expectation of service over a performance period of not less than three years. Accordingly, shares and options should not vest or be exercisable within three years from the date of grant. In addition, options should not be exercisable more than ten years from the date of grant. For new schemes, it is best practice to restrict the exercise period to less than seven years (presumably from the date of grant)". Thus, in future, total vesting and exercise periods under all applicable schemes will be restricted to a maximum of 7 years. This will align all the schemes to the requirements of King III [and endorsed by the Institute of Directors in Southern Africa (IoD)]. The social, ethics, transformation and sustainability committee (SETS) concur with this action on the basis that it is fair, responsible and equitable to all members of the various schemes.

- **Not all executive forfeitable share plan shares (EFSP) are linked to performance – 50% related to continuous employment**
  It is important to stress that EFSP themselves only account for approximately 15% of total LTIs and only half of these relate to employment conditions. Furthermore, these will only vest if the employee remains in the group's service for 5 years and are therefore aimed at retention. Our scheme (with a meaningful vesting period) is similar to a number of other companies which operate employment related forfeitable share plans and was recommended by external remuneration consultants.

- **A large number of shares were awarded to executive directors to account for a lower share price during the period of review, and to provide additional retention awards. This may lead to "windfall gains" should the share price recover**
  Paragraph 170 of the King III report specifically states: "The regular and consistent granting of share incentive awards and options, generally yearly, is desirable as it reduces the risk of the unanticipated outcomes that arise out of share price volatility and cyclical factors and lessens the possibility and impact of 'underwater' options or excessive windfall gains." The practice notes of the Institute of Directors in Southern Africa (IoD) – PN 170.1 - state further that: "The policy of consistent annual grants has generally found favour in South Africa, compared to the practice of awarding large amounts on grant or promotion with no subsequent annual/'top up' awards." We are following this recommended best practice. Furthermore, it follows logically that, since the awards are consistently calculated based on a rand value per award, more shares will be issued at lower prices. The converse is obviously also true – far fewer shares will be issued when the PE multiple is high. In 2017 a number of options were granted over and above the routine annual allocation for purposes of ensuring the long-term retention of certain senior executives and executive directors. It is and has always been remnomco's intention to use this practice sparingly and only under exceptional circumstances. It is worth noting that since the last major retention schemes were implemented for executives, by far the majority are still in the employment of the group. No once-off retention shares have been issued in the 2018 financial year.

- **Non-executive director (NED) fees are not a base fee plus attendance fee per meeting, as per King III recommendation**
  Effective from the 2019 reporting period the board has authorised the chair of the group, in consultation with the remnomco chair, to deduct up to a maximum of 20% of a non-executive director's annual fee in the event of non-performance (primarily for non-attendance).

- **The level of the honorary chair's fees**
  The honorary chair voluntarily attends all board committee meetings and sits as a trustee on the majority of share trusts. In addition, his vast experience and knowledge enables him to provide valuable input to the senior executives and executive directors. He provides significant input into the strategic thinking on the future of the business he founded. The premium he receives compared to a NED who is also a member of all three of the board committees is just 6.5%, which remnomco believes is wholly justifiable.

The committee (and the board) is acutely aware of the global issue regarding fair and responsible remuneration between management and junior level employees. We believe that our unique and inclusive approach to short and long-term remuneration enables the best possible outcomes, is substantively fair, and is applied consistently throughout the organisation. Our partners share scheme, details of which may be found on page 67 of this report, provides evidence of the ability of all to share in the success of the business. Total dividends received by the associates participating in this scheme amount to R164.6 million. Further, in the context of overall employee remuneration, the group has introduced an internal mechanism for monitoring the ratio of remuneration of the CEO to the average employee across the group.

In remnomco's view the following matters, inter alia, influenced remuneration during the reporting period:

- A necessity to review the efficacy of the executive director and executive share option schemes' vesting performance conditions to balance the welfares of stakeholders in a fair, responsible and transparent manner
- During the year 547 228 share options with a 3-year vesting period lapsed under the general share scheme as a result of not achieving an average annual HEPS growth target of 6.5%, being the required annual average CPI+1% growth target (measured at the previous year-end) (refer page 67)
- During the reporting period, 108 076 share options and 37 833 forfeitable shares both vesting in the 2019 reporting period did not achieve the required annual average HEPS growth targets of 6.4% and 14.8% respectively. The share options have a 3-year vesting period, the forfeitable shares a 5-year vesting period (refer page 67)
- The potential threat of a loss of key staff to competitors
- Disparities in exercise periods across share option schemes resulting in associates participating in the general and senior management share schemes being potentially prejudiced as a result of a limited 90-day exercise period, and limitations on trading as a result of closed periods; and
- The improved financial performance of the group.

Future focus areas
The committee intends to focus on the following key issues in the near future (but not limited to):

- The implementation of further internal and external measurement mechanisms that would support and enhance fair and responsible executive management remuneration in the context of overall employee remuneration
- The implementation of agreed malus and clawback provisions; and
- The review of an additional hurdle for STIs.

We hope the above gives you some appreciation of the group's commitment to a sustainable, fair and responsible remuneration policy which satisfies the requirements of all our stakeholders and we trust we can count on your continued constructive support.

Myles Ruck
Chair of the remuneration and nominations committee

REMUNERATION POLICY 14

The group's remuneration policy is to reward all associates for their contribution to the performance of the business, taking into consideration an appropriate balance between short and long-term benefits. Being a value retailer, the group aims to pay base salaries and benefits around the retail market median and to reward superior performance through STIs and LTIs when targets are achieved. Remuneration levels are also influenced by work performance, experience and scarcity of skills.

Given that performance-related incentives form a material part of remuneration packages thus enabling total remuneration to exceed the market median (based on performance), ongoing performance feedback is vital. Associates participate in performance and career development evaluations on an annual basis, focusing on work achievements versus targets, learning and development needs, values and cultural alignment. Remuneration is not influenced by creed, gender or race, with the emphasis on equal pay for equal work. There is strong alignment of the types of benefits offered to the various levels of permanent associates. The group can justify areas where differentiation has been applied, specifically where consideration has been given to the position's seniority and the need to attract and retain key skills.

All associates sign a letter of employment which stipulates their notice period. The contract may be terminated by either party giving written notice, which ranges from one month for a store or head office associate to six months for executive directors. Despite these provisions, either party may terminate the contract of employment without notice for any cause recognised in law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of dismissal, without the associate having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation of executives for a change of control of the group, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere).

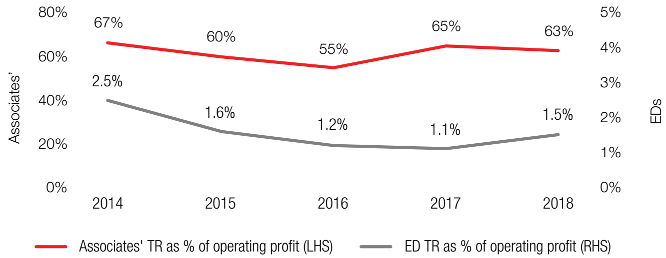
External service providers assist the remuneration and nominations committee from time to time and, where this involves remuneration, appropriate benchmarking comparatives are made. Benchmarking is a robust indicator of fairness although not the sole determinant. Other important factors include experience, level of responsibility, scarcity of skills and personal performance.

Remuneration structure
Total remuneration (TR) and the supporting reward structures are categorised into the following elements:

- Total guaranteed pay (TGP): base pay, benefits and allowances
- Short-term incentives (STIs): variable remuneration in the form of performance-driven incentive bonuses
- Long-term incentives (LTIs): variable remuneration in the form of shares and share options.

Certain MRP Money associates earn commission based income.

Total remuneration (TR) as a % of operating profit[1]



1. historical ED data has been rebased to disclose ED total single figure remuneration. The ED 2014 % increase to 2.5% results from the GFSP award (refer page 69).

Total guaranteed pay
All associates receive a guaranteed pay package based on their roles, experience and individual performance. Increases are based on a review of market data at the time and consideration of individual performance and potential.

Total guaranteed pay elements:

- Base pay - salary and benefits are reviewed at least annually.
- Medical aid membership - offered to all full-time associates employed in South Africa, Botswana, Namibia, Lesotho and Swaziland, but is not a condition of service.
- Retirement benefits - the majority of associates employed in South Africa, Swaziland and Lesotho are members of two funded defined-contribution funds and a defined-benefit fund (closed to new entrants effective from 1997). Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined-contribution funds in those countries, while Zambian associates are members of the Zambian National Pension Scheme Authority. A new umbrella defined contribution retirement fund arrangement will be established in Kenya following the recent acquisition of our franchised business from Deacons (East Africa) PLC. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service. Superannuation contributions are made in respect of Australian associates.

THE GROUP'S REMUNERATION POLICY IS TO REWARD ALL ASSOCIATES FOR THEIR CONTRIBUTION TO THE PERFORMANCE OF THE BUSINESS, TAKING INTO CONSIDERATION AN APPROPRIATE BALANCE BETWEEN SHORT AND LONG-TERM BENEFITS.

The group remunerates new entry level associates, some of whom are sourced through MRP Foundation, at least at the minimum statutory wage. Substantial opportunities exist for associates to move well away from the minimum wage, as early as their first year of employment, through:

- Group growth and expansion creating opportunities for advancement
- The group's long-standing policy to fill vacancies by 'promoting from within'
- A multiplicity of educational and training mechanisms being available to all associates, tailored to their individual requirements
- Associates' own application and initiative
- Short-term and long-term incentive programmes detailed below and elsewhere in this report
- Wealth creation in the form of share price growth via participation in the Mr Price Group Employees Share Investment Scheme (for further information, refer page 60 for relevant link to group website).

In April 2018 our general head office staff, divisional executives, executive directors and non-executive directors received annual increases of 6.0% guided by CPI and retail remuneration market data, while store associates received increases of between 6.0% and 6.6%.

Associates participating in the Mr Price Partners Share Scheme received dividends of up to R7 175 each in the reporting period, depending on their employment date and share quantum awarded.

Short-term incentives

The group offers performance-driven short-term incentive (bonuses) and recognition and reward programmes. Associates across all levels are provided the opportunity to earn well above the market median, through generous incentives that offer a significant proportion of the variable reward at risk for the achievement of challenging stretch targets. Awarding of STI bonuses requires the achievement of budgeted targets and exceeding relevant stretch hurdles (refer to STI detail later in the report).

The programmes are designed to reward all associates for their contribution to group performance in the areas that they can influence:

- Store associates' short-term incentives can amount to the equivalent of three months' salary, assuming all stretch targets are achieved
- Divisional executives' incentive structures (including stretch) incorporate the achievement of key imperatives linked to their respective division's strategy (refer structures on page 59).

Long-term incentives

In line with the group's core value of 'Partnership', share schemes appropriate to all levels of associates are in place.

A key factor of the share schemes is that, in essence, they also incorporate the group's intentions regarding the ownership criteria of broad-based black economic empowerment (B-BBEE). Rather than enter into an ownership deal with external parties, the board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all associates employed in the Southern African Customs Union (SACU) region in its various share and share option schemes. In this way, those responsible for contributing to the group's success become partners in the business and are rewarded for sustained high performance. By associates thinking and acting like owners on group performance, this has led to a substantial transfer of wealth to all levels of associates over the life of the schemes, providing them with increased financial security when they eventually retire from the group.

Junior associates in the SACU receive free shares (the number of which is based on their salary level, percentage allocation and share price) after one year's employment and, in addition, qualify for share options once they reach the qualifying salary level.

Higher level associates in operations and at head office generally participate in the general or senior management share option schemes.

Divisional executives participate in the executive share trust (share option scheme) and executive forfeitable share plan (EFSP) and, in some cases, the group forfeitable share plan (GFSP).

Depending on exceptional circumstances at the time, non-routine awards are occasionally made to retain and motivate key senior associates critical to the success of the group's strategic objectives. No non-routine awards were made in the current reporting period.

EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES

GUARANTEED PAY POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Base pay	To offer competitive market related pay taking into consideration specific role requirements, and levels of skill and experience. To attract and retain high calibre executives capable of crafting and executing the business strategy.	Remuneration is reviewed annually on 1 April. Employment contracts are terminated in the event of a dismissal, without the executive directors having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation for a change of control of the company, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere). No material ex-gratia payments are routinely paid. A notice period of six months is required. The appointment of executive directors is aligned with the Companies Act, 2008. As a result, they do not retire by rotation as per the policy for non-executive directors. Instead, their performance is reviewed annually by the committee.	Pay reviews are influenced by skills, scope of responsibilities and individual performance, including leadership and conduct in line with the group's values. Total remuneration is benchmarked and aligned biennially to the median of a comparator group of JSE listed companies, which was selected using established principles and clear criteria, contemplating, but not limited to, complexity, profitability and turnover. The survey was last performed in October 2016 by remuneration advisors PwC Tax Services and included the following 15 companies in the peer group: • Sector (Pick 'n Pay, the Foschini Group, Massmart, Clicks, Truworths, Woolworths and Shoprite) • Market capitalisation (Tiger Brands, PSG Group, Life Healthcare, Spar Group, Imperial Holdings) • Growth (Coronation, Capitec Bank, Aspen). In non-benchmark years, salary increases are guided by the prevailing consumer price inflation rate and retail remuneration market data.
		DIVISIONAL EXECUTIVES	
		Remuneration is reviewed annually on 1 April. Employment contracts are terminated in the event of a dismissal, without the executive having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation for a change of control of the company, providing neither balloon payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere). No material ex-gratia payments are routinely paid. A notice period of three months is required.	Divisional executives are benchmarked to the median of the PwC REMchannel National (all industries) database, last performed in October 2016 by remuneration advisors, PwC Tax Services. In non-benchmark years, salary increases are guided by the prevailing consumer price inflation rate and retail remuneration market data.
Benefits	Provide a market-competitive suite of benefits.	Retirement funding (RF) – membership of the defined contribution retirement plan. Medical aid (MA) – membership of Discovery Health Executive Plan. Motor vehicle (MV) related allowances.	Company RF contributions are set at 18% of basic salary. MA plan type is at the discretion of the executive. MV benefits reflected below under total single figure remuneration.

SHORT-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Annual performance incentive	To motivate executives to achieve short-term performance goals which relate primarily to earnings, but which also measure the achievement of near-term targets relating to the group's strategic objectives, personal behaviour and leadership. Although challenging targets which support the group's strategic imperatives are set, the incentive schemes are potentially generous and attainable to: • Encourage the achievement of targets that can be directly influenced by superior performance; and • Avoid the company being exposed to undue risk as a result of the executive's behaviour. A substantial proportion of the financial or 'quantifiable' aspects of the award requires outperformance and is therefore at risk. The aim is to ensure that a strong relationship exists between strategy, targets and remuneration linked to the KPIs thus enabling sustainable value creation for shareholders over the long-term. If either the company or individual performance is not at desired levels, incentives will reflect that situation.	The committee aims to ensure that a well-balanced set of measurables are designed, which include: **Measurable group performance** Targets are tailored annually recognising the prevailing economic and trading conditions: • HEPS growth, with a strong element of stretch • Return on equity (ROE) • Key imperatives linked to the business strategy. **Personal performance** This incorporates areas of demonstrated performance, leadership, innovation, effort and teamwork. Measuring these KPIs necessitates judgement and is determined via individual and peer reviews. A poor personal performance evaluation could reduce or eliminate the incentive achieved under measurable group performance. **General** Bonus payments are not deferred and are payable annually in May in cash. Associates must be in the group's employ at year end to receive incentive bonuses, unless due to specific circumstances, the committee has approved alternative arrangements. Incentives do not, at the current time, contain clawback provisions.	**Measurable group performance** For the 2018 reporting period, the quantifiable targets against which the CEO and CFO were measured included: • Growth in headline earnings per share 75% • Return on equity 8% • Achievement of strategic KPIs 17% **Total 100%** The maximum that can be earned in this category is equal to 100% of annual basic salary (ABS). If the group achieves only its budgeted half-year and annual headline earnings per share targets, a maximum award of 25% of ABS is made. The quantifiable targets against which the group supply chain director was measured: • Growth in headline earnings per share 66% • Specific supply chain operational targets 17% • Supply chain strategic KPIs 17% **Total 100%** The maximum potential award is equal to 83% of ABS. If the group achieves its budgeted half-year and annual headline earnings per share targets, a maximum award of 13% of ABS is made. **Personal performance** Personal awards for the CEO and CFO are capped at 100% of ABS. However this will only be achieved in exceptional circumstances and has rarely been paid. The group supply chain director is generally capped at 17% of ABS. The ED remuneration framework is illustrated in the implementation report, on a single total figure basis, under minimum, on-target, maximum and actual performance outcomes.

SHORT-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		DIVISIONAL EXECUTIVES	
Annual performance incentive	The principles which apply to executive directors also apply to divisional directors.		**Measurable divisional performance** A typical incentive structure for trading division executives is as follows: • Divisional operating profit (budget) 25% • Divisional operating profit (stretch) 41% • Achievement of divisional KPIs 17% • Personal performance 17% **Total 100%** Financial targets comprise approximately 66% of total KPIs (at target component 38%, stretch component 62%), while non-financial targets compromise 34% of total KPIs. A typical incentive structure for service division executives is as follows: • Group operating profit (budget) 12% • Group operating profit (stretch) 21% • Achievement of divisional KPIs 50% • Personal performance 17% **Total 100%** Financial targets comprise approximately 33% of total KPIs (at target component 36%, stretch component 64%), while non-financial targets comprise 67% of total KPIs. The above award structures are generally capped at 100% of ABS although, in exceptional circumstances, the CEO may motivate a higher personal performance award thereby potentially exceeding 100% of ABS.
Service bonus	To promote retention, subject to company performance.	All associates participate in a loyalty bonus scheme, payable annually in December at the option of the company.	The benefit commences at the level of 20% of monthly salary per completed year of service up to 80% (after four years). After the completion of 10 years' service, an additional 20% is awarded, with subsequent awards being equal to a month's basic salary.

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS
		EXECUTIVE DIRECTORS	
Background	Partnership and reward for performance are among the group's key philosophies. The group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates. The long-term incentives are to motivate and retain associates critical to the achievement of these goals. To that end, various share and share option schemes have been established to enable all associates the opportunity to share in the long-term success of the group. Given the socio-economic environment in South Africa, we believe that our unique inclusive approach to share ownership enables the best possible outcomes and imbues good corporate citizenship, is a key differentiator and is essential to achieving a sustainable high level of performance. In other companies, long-term incentives are typically reserved for company executives. However, in our case executive directors interest is only 8.8% of total routine long-term incentive awards.	The share option schemes operate on a rolling basis, in that smaller annual awards are made, rather than larger upfront awards. The timing of these awards usually coincides with a tranche vesting. This mechanism spreads the market risk and lessens the possibility and impact of "underwater" options and excessively large windfall gains. All option and share awards are based on an award value, determined by annual guaranteed remuneration (AGR) multiplied by a factor (benchmarked where possible), divided by the share price (lower of either the 30-day VWAP or the closing price the day before the award). Re-pricing of options is not permitted. Options are not awarded to or exercised by key personnel in the executive director share schemes during closed periods. Executive share scheme participants may exercise their options during closed periods subject to adhering to strict criteria prior to entering the closed period. In exceptional circumstances, where supported by remnomco, the board may authorise non-routine LTI awards. Management has the authority to prevent both the award and vesting of share options in circumstances where the individual is determined to have demonstrated poor personal performance. Associates retiring at the age of 65 may retain unvested shares which will vest according to their original timeframes. However, given that associates are entitled to take early retirement from the age of 50, guidelines were established considering the age and years' service of associates retiring before 65. This permits the retention, post-retirement, of unvested options on a sliding scale. Associates can take early retirement from age 50 and retain their options if they have a minimum 25 years' service. This graduates to retirement at 64, requiring 11 years' service. Retirement at 65 does not require a minimum service period. In the Partners Share Scheme, retirement causes the shares to vest unconditionally and the age and length of service guidelines detailed above have also been applied to those associates retiring before 65. In all other retirement or dismissal situations, unvested options and shares will lapse unless the board exercises its discretion and permits the retention of any or all the unvested options and shares. As an associate approaches retirement, and retention becomes less of an issue, the schemes have been designed in such a way that the option awards decrease. The board has the authority to exercise its discretion and allow associates to retain unvested options post resignation. Since the inception of the schemes, the board has granted this on a limited number of occasions, after considering the associate's length of service, resignation circumstances, past service to the group and the vesting period remaining on all unvested awards. Generally, no accelerated vesting of share options is permitted in any LTI scheme. Acceleration, in part, is permitted under the rules of the GFSP due to the restrictive conditions agreed to by both parties.	**Company level** In terms of specific authority received from shareholders, the company may issue 46 548 430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the company has issued 11 775 305 shares and therefore still has 34 773 125 shares that may be issued for this purpose. However, to avoid shareholder dilution, the group's policy to date has generally been to purchase shares on the open market to satisfy the schemes' requirements, as opposed to issuing new shares. The company's partnership approach has resulted in 12 979 associates participating in the various share schemes in operation at year-end (refer page 67). Total long-term incentive award obligations represent 5.5% of the issued share capital, which has reduced substantially over time as a result of the change to the award formula (refer graph on page 67). The board believes that it is not appropriate to include shares allocated under the Partners Share Scheme, which effectively operates as the group's B-BBEE scheme, in this overall participation total. Excluding this scheme, the total number of shares committed under the various equity incentive schemes equates to 3.9% of the issued share capital (refer page 67). **Individual level** The scheme in which associates can participate depends on their position in the group. Long-term incentives are subjected to an annual review to confirm their efficacy and affordability. Further information can be found on the group's website www.mrpricegroup.com/governance/remunerationphilosophy/groupshareschemes. The award value is applied in full to the shares or options offered to the majority of associates. However, in the case of divisional executives and EDs, the award value is split into options and forfeitable shares (refer pages 61 and 62 for further details).

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
			EXECUTIVE DIRECTORS	
Share option schemes	To motivate executives to achieve long-term performance goals contained in the group's strategy. To offer an attractive long-term incentive scheme for potential future executive directors and divisional executives, and to enhance current retention. A strong relationship exists between strategy, targets and remuneration linked to the KPIs thus enabling sustainable value creation for shareholders over the long-term.	Per detail outlined under mechanics on the previous page. Share options vest five years from award date. Share options must be exercised within five years from vesting, failing which, they will lapse. Long-term incentives do not, at the current time, contain performance clawback provisions.	The base face values of total LTIs offered, as a % of annual guaranteed remuneration, are as follows: • Chief executive officer 354% • Chief financial officer 311% • Group supply chain director 150%. The value of shares held at qualifying date annually must be at least equal to three times annual guaranteed remuneration. The high minimum shareholding requirements for executive directors is aligned to the ownership culture of the group. Bonus awards are offered equal to 10% of total awards, based on personal shareholding in the company. The personal shareholding of all executive directors exceeded the required level. The total award is split into share options and forfeitable shares (refer EFSP overleaf) on an approximate 85% and 15% basis respectively. No single participant's interest in routinely awarded long-term incentive plans exceeds 0.4% of the issued share capital (refer page 66). Awards are compared to benchmark every two years.	The committee's intent is not to raise performance hurdles to a level that would cause the schemes to lose their motivational appeal. Should the long-term incentive schemes lose their motivational appeal, the group will have to adopt a less favourable approach of increasing guaranteed pay to retain key associates. However, to protect shareholders from executives being rewarded for poor company performance, average HEPS growth of CPI + 1% over the vesting period must be achieved, failing which the awards will lapse.
			DIVISIONAL EXECUTIVES	
			The basis upon which total routine long-term incentive awards are calculated range from 100% to 250% of annual guaranteed remuneration, depending on the role and level of responsibility.	As per executive directors.

LONG-TERM INCENTIVE POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
		EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES		
Executive forfeitable share plan (EFSP)	The company's advisors, PwC, recommended the implementation of a FSP as the vast majority of companies surveyed had more than one type of long-term incentive scheme operating in parallel. A mix of long-term incentive supports the attraction, motivation and retention elements while continuing to align their interests with that of shareholders. In the event of options being 'out-the-money', FSPs offer more certainty to the recipient as the value is in the share that vests, not growth on strike price, as is the case with options. From a company perspective, FSPs are attractive as shares result in a lower number of instruments than options. Participants can also receive performance related forfeitable shares, which are subject to performance conditions.	Forfeitable shares are free shares awarded to participants, subject to certain conditions. Shares awarded are included in the award value and form part of the rolling nature of long-term incentive schemes. The shares vest 5 years from offer date and must be exercised immediately. Participants receive dividends on the restricted shares from the award date. The shares acquired by the company to fully satisfy these obligations are held by an institutional third party.	FSPs account for approximately 15% of the total share option and share award.	**Employment related award** Half of the EFSP award is linked to continued employment with the company. **Performance related award** Half of the EFSP award is subject to stretch HEPS targets for awards made up to and including November 2015 (refer page 69). For EFSP performance awards allocated effective from November 2016, the board approved a new hurdle structure as follows: HEPS growth < CPI +1%: 100% forfeited HEPS ≥ CPI + 1%: 20% vests, 80% forfeited HEPS ≥ CPI + 2%: 40% vests, 60% forfeited HEPS ≥ CPI + 3%: 60% vests, 40% forfeited HEPS ≥ CPI + 4%: 80% vests, 20% forfeited HEPS ≥ CPI + 5%: 100% vests.
		EXECUTIVE DIRECTORS AND DIVISIONAL EXECUTIVES		
Group forfeitable share plan (GFSP)	To retain the services of executives who are central to the group's growth strategy. It is advantageous to the company and shareholders that the executives are prevented from joining a competitor and taking their intimate knowledge of the company's successful business formula with them.	Participants receive a once-off award of free shares which vest in full after 5 years and must be exercised immediately. Participants receive dividends on the restricted shares from grant date. Participants qualify to retain a portion of shares should they leave the employ of the business before the vesting date, subject to a pro-rata formula. The shares acquired by the company to fully satisfy these obligations are held by an institutional third party.	Award of shares equivalent to between two and three times annual guaranteed remuneration, depending on the executive's position. In total, the scheme has 13 participants, including the CEO and CFO. The supply chain director is subject to previous restraint agreements. No awards were made during the year.	The performance conditions relate to associates entering into a restraint and retention agreement, which: • Requires them to be employed by the company for a period of 5 years from grant date; and • Precludes them from joining a competitor for a period of two years should they leave the company.

NON-EXECUTIVE DIRECTORS

POLICY

COMPONENT	PURPOSE AND LINK TO BUSINESS STRATEGY	MECHANICS	OPPORTUNITY AND LIMITS	PERFORMANCE CONDITIONS
Emoluments	To offer market related fees to attract and retain high calibre non-executive directors.	Fees are related to the skills, experience and time commitment to fulfil the respective requirements of the board and committees. The company does not pay an attendance fee per meeting as historically the attendance at meetings has been good and the board has always felt that directors contribute as much outside of meetings as they contribute in meetings. Fees, exclusive of VAT, are proposed by management and are detailed in the notice of meeting set out in the annual results booklet for approval at the forthcoming annual general meeting (AGM). Fees are paid monthly in cash. Non-executive directors do not have service contracts but receive letters of appointment. Non-executive directors retire by rotation every three years and shareholders vote for their re-appointment at the AGM.	Fees are benchmarked biennially to the median of the same comparator group of companies as selected for executive directors' remuneration. The benchmarking survey was performed in October 2016 by remuneration advisors, PwC Tax Services.	Specific company performance conditions do not apply. The performance of non-executive directors is reviewed annually via peer evaluation. Effective from the 2019 reporting period, the board has authorised the chair of the group, in consultation with the remnomco chair, to deduct a maximum annual amount of 20% of a non-executive director's fee in the event of non-performance (primarily for non-attendance).
Other			Non-executive directors are reimbursed for travel related costs incurred on official company business and receive discounts on purchases made in group stores. No other benefits are received. No contractual arrangements exist relating to compensation for loss of office.	Non-executive directors neither receive short-term incentives nor do they participate in long-term incentive schemes.

NON-EXECUTIVE DIRECTORS CONTRIBUTE AS MUCH OUTSIDE OF MEETINGS AS THEY CONTRIBUTE IN MEETINGS.

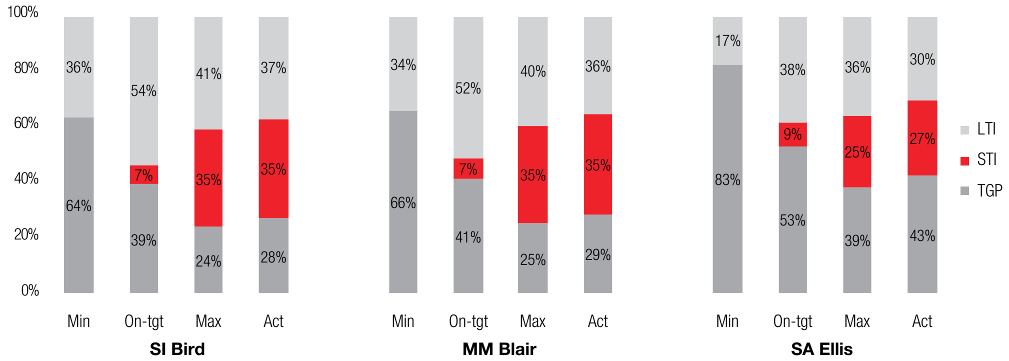
REMUNERATION IMPLEMENTATION REPORT 14

EXECUTIVE DIRECTORS

Summary and analysis of executive director total remuneration

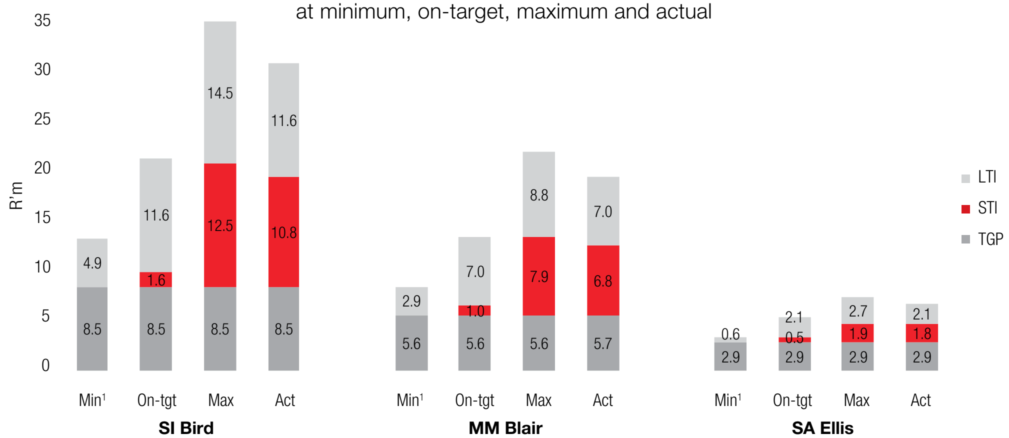
The graphs below reflect ED total remuneration under minimum, on-target, maximum and actual performance outcomes:

ED total remuneration framework (%)
at minimum, on-target, maximum and actual



The framework is presented on a single total figure basis as disclosed under 'emoluments for the year'. The minimum performance outcomes include TGP received in the reporting period, employment related forfeitable shares awarded in the reporting period and dividends received in the reporting period. 'On-target' LTIs include share options. For further detail on the LTI disclosure methodology, refer to 'LTIs disclosed in single figure remuneration' on page 66).

ED total remuneration framework (R'm)
at minimum, on-target, maximum and actual



1. the minimum performance outcome excludes the loyalty bonus which is paid at the discretion of the group (refer page 59)

Salary increases for the 2019 reporting period (effective 1 April 2018), being a 'non-benchmark' year, were guided by the headline consumer price index (CPI). Executive directors received salary increases of 6.0% in line with the general head office staff rate which was guided by the CPI rate at December 2017 and retail remuneration market data.

Salary increases for the 2018 reporting period (effective 1 April 2017), being a 'benchmark' year, were guided by the headline consumer price index (CPI) since executive directors' guaranteed remuneration fell within the tolerance bands. Technical adjustments were therefore not deemed necessary at the time. Accordingly, both the CEO and CFO received salary increases of 6.0%.

Emoluments for the year – TGP, STIs and LTIs (R'000)

Total single figure remuneration

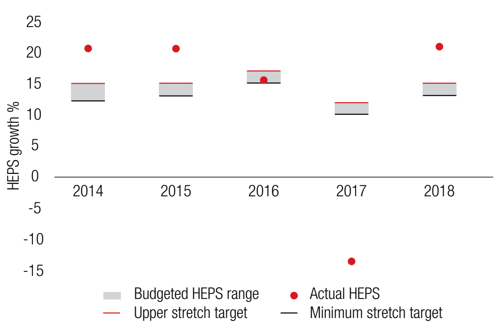
2018	Basic salary	Motor vehicle benefits	Pension contributions	Other benefits	TGP	Short-term incentives[2,3]	Dividends (FSP plans)	Long-term incentives[4,5]	Total
SI Bird[1]	6 271	236	1 281	737	8 525	10 755	1 404	10 185	**30 869**
MM Blair[1]	3 960	355	850	484	5 649	6 791	905	6 123	**19 468**
SA Ellis	1 898	237	426	313	2 874	1 843	119	1 937	**6 773**
Total	**12 129**	**828**	**2 557**	**1 534**	**17 048**	**19 389**	**2 428**	**18 245**	**57 110**

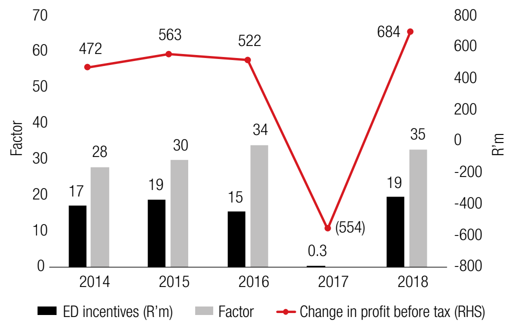
1. considered to be prescribed officers
2. annual loyalty bonus now included under 'other benefits'
3. refer page 65 for further detail on determination of STIs receivable
4. determined using IFRS 2 actuarial valuation or market value at year-end (refer pages 68 and 69)
5. determined based on achievement of performance conditions at reporting period year end for performance related awards made in November 2013, and employment related FSP shares awarded in the current reporting period.

2017	Basic salary	Motor vehicle benefits	Pension contributions	Other benefits	TGP	Short-term incentives[2]	Dividends (FSP plans)	Long-term incentives	Total
SI Bird[1]	5 859	235	1 213	723	8 030	-	1 071	8 621	**17 722**
MM Blair[1]	3 700	336	810	500	5 346	-	703	5 537	**11 586**
SA Ellis	1 773	210	403	288	2 674	298	81	1 876	**4 929**
Total	**11 332**	**781**	**2 426**	**1 511**	**16 050**	**298**	**1 855**	**16 034**	**34 237**

1. considered to be prescribed officers
2. annual loyalty bonus now included under 'other benefits'

Relationship between ED incentives and performance





Short-term incentives

When performance is at the required level, the group generously rewards superior performance through its STI structures which ultimately manifests in the desired shape of the TR structures. STIs comprise financial measures (group HEPS, ROE), strategic KPIs and personal performance.

Over the last five years, the incentive structures required:

- HEPS growth varying between:
  - o 10.2% (2017) - which was the lowest base target in any year, attracting no incentives; and
  - o 17.1% (2016) - which was the highest stretch performance target, attracting on average 15.7 months' incentives: financial targets and KPIs 6.0 months' and personal targets 9.7 months'.
- An average growth in HEPS of 12.8%, which, if not achieved, would have resulted in no incentives being paid under this category.
- Profit before tax to increase at a faster rate than executive directors' incentives. For the period 2014 to 2018, the ratio of increased profit to incentive increased from 28 to 35, however, did not apply in 2017 due to the profit decrease.
- In 2018, each of the three stretch performance levels required an additional profit before tax to cost (additional incentive) ratio of 11.4:1.

Historical HEPS incentive targets vs actual HEPS reported

	2014	2015	2016*	2017	2018
% OF ABS THAT WOULD APPLY FOR ACHIEVING:					
- budgeted HEPS growth	25	25	25	25	25
- stretch target HEPS growth (incl all KPIs)	75	75	75	75	75
ACTUAL HEPS REPORTED (CENTS):	765	920	1 058	911	1 100
Actual HEPS growth (%)	20.4	20.2	15.0	(13.8)	20.7
Headline CPI for the year (%)	6.0	4.0	6.3	6.1	3.8
Real HEPS growth achieved (%)	14.4	16.2	8.7	(19.9)	16.9
% of HEPS based incentive achieved	100	100	33	0	100

*denotes a 53-week trading period

Composition of STIs

2018			**ABS (R'000) Percentage of target achieved**			**STI receivable R'000**			
STI framework			**Bird**	**Blair**	**Ellis**	**Bird**	**Blair**	**Ellis**	**Total**
Target type	Target	Structure	6 271	3 960	1 898				
Financial	HEPS, ROE	10 mths	100%	100%	100%	5 226	3 300	1 044	9 570
Strategic KPIs	-	2 mths	79%	79%	90%	826	521	483	1 830
Financial/KPIs[1]		12 mths	97%	97%	97%	6 052	3 821	1 527	11 400
Personal[2]	-	12 mths	75%	75%	100%	4 703	2 970	316	7 989
Total[1,2]		**24 mths**	**86%**	**86%**	**97%**	**10 755**	**6 791**	**1 843**	**19 389**

The CEO and CFO did not receive STI payments relating to the prior reporting period during the current reporting period as minimum performance targets were not achieved. However, the group supply chain director received an STI payment which related to his valuable contribution and leadership in respect of the new distribution centre project (refer below).

2017			**ABS (R'000) Percentage of target achieved**			**STI receivable R'000**			
STI framework			**Bird**	**Blair**	**Ellis**	**Bird**	**Blair**	**Ellis**	**Total**
Target type	Target	Structure	5 859	3 700	1 773				
Financial	HEPS, ROE	10 mths	0%	0%	0%	-	-	-	-
Strategic KPIs	-	2 mths	0%	0%	0%	-	-	-	-
Financial/KPIs[1]		12 mths	0%	0%	0%	-	-	-	-
Personal[2]	-	12 mths	0%	0%	100%	-	-	298	298
Total[1,2]		**24 mths**	**0%**	**0%**	**17%**	**-**	**-**	**298**	**298**

1. the group supply chain director is generally capped at 83% of ABS
2. the group supply chain director is generally capped at 17% of ABS

Composition of LTIs

The awarding of LTI awards to executive directors on a rolling annual basis at the base face values indicated in the policy is aligned to the ownership culture and values of the group, a proven retention and motivational philosophy for delivering exceptional long-term performance.

The significant level of accountability assigned to executive directors requires commensurate reward across the various remuneration elements. Where group performance and long-term incentive targets have been met or exceeded, this will be reflected in the value of the gain above the strike price. However, where group performance is not at the required levels, the extent of LTI gains will reflect this situation at vesting date or, in the case of options being 'out-the-money' or HEPS minimum hurdles not being achieved, complete forfeiture of the options and shares (refer pages 67 to 69).

LTIs disclosed in single figure remuneration

For purposes of single figure remuneration disclosure, the group's policy is to follow the principle established (and legislated) in the UK where remuneration is reflected as "receivable" in the final reporting period of the applicable performance measurement period. Awards with no performance conditions, other than continued service of the employee, are disclosed in the relevant reporting period in which the awards are made.

2018	Vesting condition	Award date	Vesting date	Performance measurement period	Heps CAGR% required for vesting	Heps CAGR% achieved	Percentage of award vesting	LTIs receivable / awarded at fair value (IFRS 2[1], market value[2]) (R'000)			
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2013/11/22	2018/11/22	2018	6.3%	11.6%	100%	6 717	4 115	1 450	12 282
EFSP	performance related[2]	2013/11/29	2018/11/29	2018	14.8%	11.6%	0%	-	-	-	-
EFSP	employment related[2]	2017/11/28	2022/11/28	2022	na	na	na	3 468	2 008	487	5 963
Total excl dividends								**10 185**	**6 123**	**1 937**	**18 245**
Dividends								1 404	905	119	2 428
Total								**11 589**	**7 028**	**2 056**	**20 673**

1. IFRS 2 fair value actuarial valuation (refer page 68)
2. fair value determined using current reporting period year-end closing share price (refer page 69)

2017											
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2012/11/22	2017/11/22	2017	6.7%	12.6%	100%	6 076	4 067	1 526	11 669
EFSP	employment related[2]	2016/11/22	2021/11/22	2021	na	na	na	2 545	1 470	350	4 365
Total excl dividents								**8 621**	**5 537**	**1 876**	**16 034**
Dividents								1 071	703	81	1 855
Total								**9 692**	**6 240**	**1 957**	**17 889**

1. IFRS 2 fair value actuarial valuation calculated at R46.82 per option
2. fair value determined using current reporting period year-end closing share price of R159.90

LTIs vested and exercised during the reporting period

2018								Gain on options exercised (R'000)			
AWARD TYPE								**Bird**	**Blair**	**Ellis**	**Total**
Share options	performance related[1]	2012/11/22	2017/11/22	2017	6.7%	12.6%	100%	11 066	6 782	2 544	20 392
Total								**11 066**	**6 782**	**2 544**	**20 392**

1. refer page 68

ED participation in awarded LTI's (closing balances)

	SI Bird	MM Blair	SA Ellis
Mr Price Executive Director Share Trust (options)	834 163	490 211	101 725
Mr Price Executive Forfeitable Share Plan (excl GFSP)	103 523	60 986	16 505
	937 686	**551 197**	**118 230**
% of Share Capital (Ords & B Ords)	0.35%	0.21%	0.04%

Remnomco is satisfied that the remuneration policy was complied with in the current reporting period without deviation.

MR PRICE PARTNERS SHARE SCHEME 3

Participants in the partners share scheme are awarded shares instead of share options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months. Participants in this scheme receive dividends bi-annually and are eligible to vote on their shares as shareholders. Half of the trustees overseeing the operation of this scheme were elected by participants, thereby ensuring partners are appropriately informed of the mechanics of the scheme through effective and regular communication to associates. Black ownership in this scheme is 95.5% and the average value of shares held on behalf of each individual associate is R111 190. Associates who became participants between the date of introduction of this scheme and November 2010 were either allocated 1 000 shares or 1 250 shares as an assistant store manager. The value of the latter's shares has grown from R26 000 to R356 250 over time. Further growth will materially impact our partners' lives at retirement, at which stage the shares vest unconditionally. Participants received dividends amounting to R22.8 million over the last year (final 2017 and interim 2018 dividends). Refer to SETS report on pages 72 to 83.

The group has paid out total dividends of R164.6 million to associates participating in the partners share scheme since its inception in 2006.

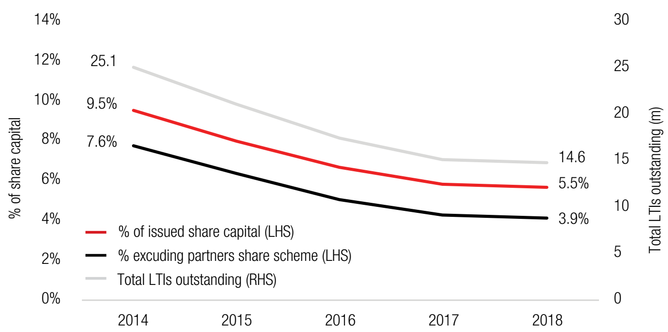
Summary of LTI schemes

TOTAL OPTIONS AND SHARES OBLIGATION			
Trust	**Number of Participants**	**Number of Options/Shares**	
		Total	**Lapsed[1]**
Partners Share Trust	10 627	4 146 033	-
General Staff Share Trust	2 036	3 221 843	108 076
Senior Management Share Trust	227	3 029 747	-
Executive Share Trust	36	1 821 710	-
Executive Director Share Trust	3	1 426 099	-
Executive Forfeitable Share Plan	37	453 724	37 833
Group Forfeitable Share Plan	13	472 012	-
TOTAL	**12 979**	**14 571 168**	**145 909**

1. during the reporting period, 108 076 General share scheme options and 37 833 forfeitable shares both vesting in the 2019 reporting period did not achieve the required annual average HEPS growth targets of 6.4% and 14.8% respectively. The share options have a 3-year vesting period, the forfeitable shares a 5-year vesting period. Lapsed options/shares are included in the relevant scheme totals.

During the year, 547 228 General share scheme options lapsed as a result of not achieving the required annual average HEPS growth target of 6.5% in respect of awards with a 3-year vesting period, the vesting performance condition determined at the end of the previous reporting period.

LTIs outstanding vs issued share capital



Relative to the unhedged commitment of R2.5bn calculated at the year-end share price, the strike price payable by participants in respect of the total obligation is R1.6bn.

DETAILS OF THE INTEREST OF EXECUTIVE DIRECTORS IN LONG-TERM INCENTIVES (Total share options and shares – Mr Price executive director share trust and forfeitable share plans)

Executive director	Date of award		Options/shares held at beginning of year	Options/shares awarded and accepted during year	Options exercised during year	Option price of award	Gain on options exercised during year (R'000)	Options/shares held at end of year	Face value of options/shares (R'000)	Fair value of options[2] and shares[3,4] (R'000)	Vesting date	Expiry date for exercise
SI Bird	22-Nov-12	Options	129 777	-	129 777	R 133.67	11 066	-	17 347	-	22-Nov-17	-
	22-Nov-13	Options	112 271	-	-	R 151.94	-	112 271	17 058	6 717	22-Nov-18	22-Nov-23
	22-Nov-14	Options	90 486	-	-	R 222.60	-	90 486	20 142	7 421	22-Nov-19	22-Nov-24
	22-Nov-15	Options	110 459	-	-	R 200.01	-	110 459	22 093	6 657	22-Nov-20	22-Nov-25
	22-Nov-16	Options	388 845[1]	-	-	R 138.00	-	388 845	53 661	18 746	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	132 102	-	R 188.37		132 102	24 884	10 215	28-Nov-22	28-Nov-27
Total options			**831 838**	**132 102**	**129 777**	**-**	**11 066**	**834 163**	**155 185**	**49 756**		
Total shares			**186 076**	**24 334**	**-**	**-**	**-**	**200 069**	**35 147**	**57 019**		
Total CEO			**1 017 914**	**156 436**	**129 777**	**-**	**11 066**	**1 034 232**	**190 332**	**106 775**		
MM Blair	22-Nov-12	Options	86 870	-	86 870	R 133.67	6 782	-	11 612	-	22-Nov-17	-
	22-Nov-13	Options	68 770	-	-	R 151.94	-	68 770	10 449	4 115	22-Nov-18	22-Nov-23
	22-Nov-14	Options	55 608	-	-	R 222.60	-	55 608	12 378	4 560	22-Nov-19	22-Nov-24
	22-Nov-15	Options	64 784	-	-	R 200.01	-	64 784	12 957	3 905	22-Nov-20	22-Nov-25
	22-Nov-16	Options	224 539[1]	-	-	R 138.00	-	224 539	30 986	10 825	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	76 510	-	R 188.37		76 510	14 412	5 917	28-Nov-22	28-Nov-27
Total options			**500 571**	**76 510**	**86 870**	**-**	**6 782**	**490 211**	**92 794**	**29 322**		
Total shares			**120 541**	**14 094**	**-**	**-**	**-**	**128 301**	**22 395**	**36 564**		
Total CFO			**621 112**	**90 604**	**86 870**	**-**	**6 782**	**618 512**	**115 189**	**65 886**		
SA Ellis	22-Nov-12	Options	32 591	-	32 591	R 133.67	2 544	-	4 356	-	22-Nov-17	-
	22-Nov-13	Options	24 242	-	-	R 151.94	-	24 242	3 683	1 450	22-Nov-18	22-Nov-23
	22-Nov-14	Options	19 733	-	-	R 222.60	-	19 733	4 393	1 618	22-Nov-19	22-Nov-24
	22-Nov-15	Options	15 448	-	-	R 200.01	-	15 448	3 090	931	22-Nov-20	22-Nov-25
	22-Nov-16	Options	23 782	-	-	R 138.00	-	23 782	3 282	1 147	22-Nov-21	22-Nov-26
	28-Nov-17	Options	-	18 520	-	R 188.37		18 520	3 489	1 432	28-Nov-22	28-Nov-27
Total options			**115 796**	**18 520**	**32 591**	**-**	**2 544**	**101 725**	**22 293**	**6 578**		
Total shares			**15 326**	**3 412**	**-**	**-**	**-**	**16 505**	**3 344**	**4 706**		
Total Group Supply Chain Director			**131 122**	**21 932**	**32 591**	**-**	**2 544**	**118 230**	**25 637**	**11 284**		
Total options			**1 448 205**	**227 132**	**249 238**	**-**	**20 392**	**1 426 099**	**270 272**	**85 656**		
Total shares			**321 943**	**41 840**	**-**	**-**	**-**	**344 875**	**60 886**	**98 289**		
TOTAL			**1 770 148**	**268 972**	**249 238**	**-**	**20 392**	**1 770 974**	**331 158**	**183 945**		

1. includes additional 'non-routine' retention awards
2. IFRS 2 fair value actuarial valuation
3. fair value determined using current reporting period year-end closing share price
4. refer page 69 for details of forfeitable shares

DETAILS OF THE INTEREST OF EXECUTIVE DIRECTORS IN LONG-TERM INCENTIVES (Shares - forfeitable share plans)

Executive director	Date of award	Shares granted	Share price at award date	Face value (R'000)	Fair value (R'000)[1]	Vesting / exercise date	Heps CAGR% required for vesting[2]	Shares lapsed during year	Shares held at end of the year
SI Bird									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	10 341	R 155.97	1 613	2 947	29-Nov-18	-	-	10 341
- performance related share award	29-Nov-13	10 341	R 155.97	1 613	-	29-Nov-18	14.8%	10 341	-
- employment related share award	22-Nov-14	8 334	R 228.78	1 907	2 375	22-Nov-19	-	-	8 334
- performance related share award	22-Nov-14	8 334	R 228.78	1 907	2 375	22-Nov-19	14.2%	-	8 334
- employment related share award	22-Nov-15	10 173	R 200.01	2 035	2 899	22-Nov-20	-	-	10 173
- performance related share award	22-Nov-15	10 173	R 200.01	2 035	2 899	22-Nov-20	14.3%	-	10 173
- employment related share award	22-Nov-16	15 917	R 138.00	2 197	4 536	22-Nov-21	-	-	15 917
- performance related share award	22-Nov-16	15 917	R 138.00	2 197	4 536	22-Nov-21	note 3	-	15 917
- employment related share award	28-Nov-17	12 167	R 188.37	2 292	3 468	28-Nov-22	-	-	12 167
- performance related share award	28-Nov-17	12 167	R 188.37	2 292	3 468	28-Nov-22	note 3	-	12 167
Mr Price Group FSP (GFSP)	29-Nov-13	96 546	R 155.97	15 059	27 516	29-Nov-18	-	-	96 546
		210 410		**35 147**	**57 019**			**10 341**	**200 069**
MM Blair									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	6 334	R 155.97	988	1 805	29-Nov-18	-	-	6 334
- performance related share award	29-Nov-13	6 334	R 155.97	988	-	29-Nov-18	14.8%	6 334	-
- employment related share award	22-Nov-14	5 121	R 228.78	1 172	1 459	22-Nov-19	-	-	5 121
- performance related share award	22-Nov-14	5 121	R 228.78	1 172	1 459	22-Nov-19	14.2%	-	5 121
- employment related share award	22-Nov-15	5 967	R 200.01	1 193	1 701	22-Nov-20	-	-	5 967
- performance related share award	22-Nov-15	5 967	R 200.01	1 193	1 701	22-Nov-20	14.3%	-	5 967
- employment related share award	22-Nov-16	9 191	R 138.00	1 268	2 619	22-Nov-21	-	-	9 191
- performance related share award	22-Nov-16	9 191	R 138.00	1 268	2 619	22-Nov-21	note 3	-	9 191
- employment related share award	28-Nov-17	7 047	R 188.37	1 327	2 008	28-Nov-22	-	-	7 047
- performance related share award	28-Nov-17	7 047	R 188.37	1 327	2 008	28-Nov-22	note 3	-	7 047
Mr Price Group FSP (GFSP)	29-Nov-13	67 315	R 155.97	10 499	19 185	29-Nov-18	-	-	67 315
		134 635		**22 395**	**36 564**			**6 334**	**128 301**
SA Ellis									
Mr Price Group Executive FSP (EFSP)									
- employment related share award	29-Nov-13	2 233	R 155.97	348	636	29-Nov-18	-	-	2 233
- performance related share award	29-Nov-13	2 233	R 155.97	348	-	29-Nov-18	14.8%	2 233	-
- employment related share award	22-Nov-14	1 817	R 228.78	416	518	22-Nov-19	-	-	1 817
- performance related share award	22-Nov-14	1 817	R 228.78	416	518	22-Nov-19	14.2%	-	1 817
- employment related share award	22-Nov-15	1 423	R 200.01	285	406	22-Nov-20	-	-	1 423
- performance related share award	22-Nov-15	1 423	R 200.01	285	406	22-Nov-20	14.3%	-	1 423
- employment related share award	22-Nov-16	2 190	R 138.00	302	624	22-Nov-21	-	-	2 190
- performance related share award	22-Nov-16	2 190	R 138.00	302	624	22-Nov-21	note 3	-	2 190
- employment related share award	28-Nov-17	1 706	R 188.37	321	487	28-Nov-22	-	-	1 706
- performance related share award	28-Nov-17	1 706	R 188.37	321	487	28-Nov-22	note 3	-	1 706
		18 738		**3 344**	**4 706**			**2 233**	**16 505**
TOTAL		**363 783**		**60 886**	**98 289**			**18 908**	**344 875**

1. fair value determined using current reporting period year-end closing share price of R285.00
2. HEPS CAGR% achieved was 11.6%
3. for EFSP performance awards allocated effective from November 2016, the board approved a revised hurdle structure that required HEPS growth over the vesting period in excess of CPI as follows: HEPS growth < CPI+1%: 100% forfeited, HEPS ≥ CPI+1%: 20% vests, 80% forfeited, HEPS ≥ CPI+2%: 40% vests, 60% forfeited, HEPS ≥ CPI+3%: 60% vests, 40% forfeited, HEPS ≥ CPI+4%: 80% vests, 20% forfeited, HEPS ≥ CPI+5%: 100% vests

NON-EXECUTIVE DIRECTORS

Non-executive directors fee increases for the 2018 financial year (effective 1 April 2017), being a 'benchmark' year, were based on the benchmarking survey performed. Since non-executive directors emoluments at a total individual level fell within the tolerance bands, no immediate technical adjustments were deemed necessary. Non-executive directors therefore received fee increases of 6.0% (excl VAT), guided by CPI, in line with that awarded to head office associates, divisional executives and executive directors.

With respect to the 2019 financial year (effective 1 April 2018), being a 'non-benchmark' year, non-executive directors received salary increases of 6.0% (excl VAT), guided by CPI, in line with that awarded to the majority of associates, divisional executives and executive directors. The shareholder resolution for the approval of non-executive director remuneration is in the AGM notice on page 136.

Emoluments for the year (Rands)

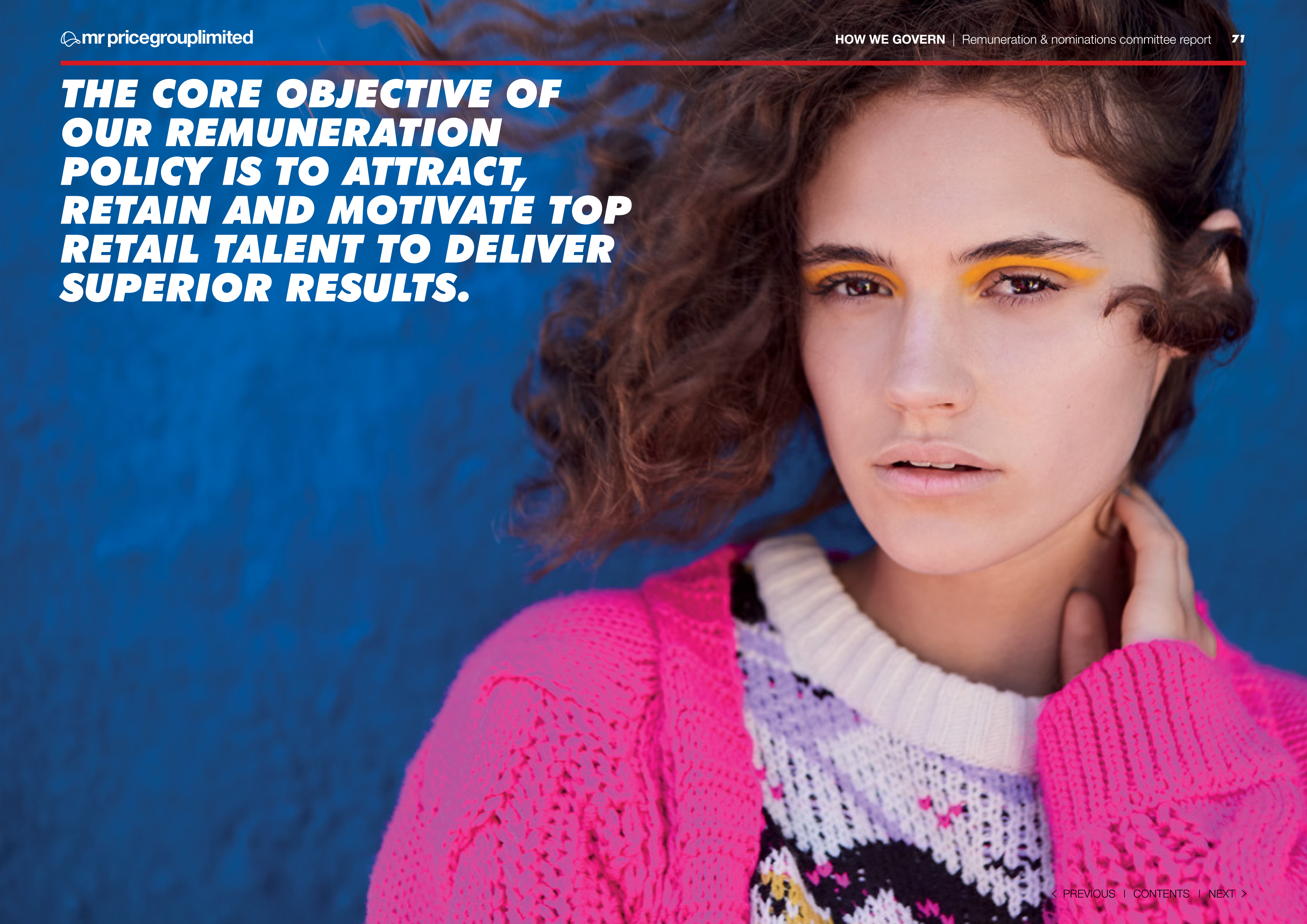
	2018	2017	% Change
SB Cohen	703 600	663 750	6.0%
K Getz	583 700	550 700	6.0%
M Motanyane	439 050	414 200	6.0%
D Naidoo[1]	656 350	534 250	22.9%
MR Johnston[2]	638 400	682 400	(6,4%)
NG Payne	1 407 150	1 327 500	6.0%
MJD Ruck[3]	655 800	538 500	21.8%
M Bowman[4]	402 708	27 438	-
B Niehaus[5]	50 896	-	-
WJ Swain[6]	237 833	538 500	(55.8%)
	5 775 487	**5 277 238**	**9.4%**

1. Daisy Naidoo was appointed to the social, ethics, transformation and sustainability committee effective 23 March 2017
2. Bobby Johnston relinquished his role as chair of the remuneration and nominations committee effective 31 March 2017
3. Myles Ruck was appointed chair of the remuneration and nominations committee effective 1 April 2017
4. Mark Bowman was appointed to the board effective 28 February 2017, and to the audit and compliance committee effective 14 November 2017
5. Brenda Niehaus was appointed to the board effective 8 February 2018
6. John Swain retired from the board effective 31 August 2017

Current and proposed emoluments

	2018 ACTUAL		2019 PROPOSED			
	Chair	Member	Chair	Increase	Member	Increase
MAIN BOARD	**R**	**R**	**R**	**%**	**R**	**%**
- Director	1 407 150	349 000	1 491 600	6.0%	369 950	6.0%
- Honorary chair	703 600	-	745 800	6.0%	-	-
- Lead independant director	-	416 600	-	-	441 600	6.0%
Audit and compliance committee	217 300	128 900	230 350	6.0%	136 650	6.0%
Remuneration & nominations committee	177 900	92 900	188 575	6.0%	98 475	6.0%
Social, ethics, transformation and sustainability committee	141 800	90 050	150 300	6.0%	95 450	6.0%
Risk and IT committee	-	-	-	-	119 300	-
Risk and IT committee - IT specialist member*	-	-	-	-	269 300	-

*This fee relates to Brenda Niehaus and comprises the annual committee member fee and an additional fee of R150 000 in respect of additional IT governance oversight responsibilities delegated to her.



THE CORE OBJECTIVE OF OUR REMUNERATION POLICY IS TO ATTRACT, RETAIN AND MOTIVATE TOP RETAIL TALENT TO DELIVER SUPERIOR RESULTS.

SOCIAL, ETHICS, TRANSFORMATION & SUSTAINABILITY COMMITTEE REPORT

PRINCIPLES: 1 2 3 4 8 13 16

The committee is constituted as a statutory committee in respect of its duties in terms of section 72(4) and regulation 43(1) of the Companies Act (71 of 2008) and a committee of the board in respect of additional duties assigned to it. The committee mandate is available on the group's website www.mrpricegroup.com. The committee members, their qualification and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 38 to 45.

ROLE 8

The committee is responsible for fulfilling the functions set out in the Companies Act and provides oversight of and reporting on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. It reviews and monitors the transformation and environmental practices of the group and ensures the group responsibly and ethically creates shared value in the achievement of its vision and strategy.

The group's desire to be a responsible corporate citizen is reflected in its purpose. The group's purpose is to offer value to customers that allows the group to unlock worth to its partners (associates, suppliers and communities) that in turn enables it to meaningfully contribute to communities and the environment in which it operates. Unlocking worth to partners has a multiplier effect on customers and builds the market to facilitate future sales and growth opportunities. Doing good business now facilitates doing better business in future. The creation of shared value is enabled by incorporating social and environmental imperatives into the group's business strategy and ways of working (group culture). This ensures these initiatives receive the required focus and resources and that being a good corporate citizen is part of the day-to-day business. Further details of the group's vision, purpose and values are on page 9 of the report and the group's strategy is on pages 18 to 23.

The key areas of focus of the committee for the reporting period were: (i) monitoring and assessing the group's transformational progress and the measures in

DOING GOOD BUSINESS NOW FACILITATES DOING BETTER BUSINESS IN THE FUTURE.

place to support achieving the group's transformation and employment equity goals; (ii) monitoring and assessing group compliance with applicable laws, regulations and adopted non-binding rules, codes and standards, including anti-corruption legislation, in conjunction with the audit and compliance committee; (iii) monitoring the group's environmental and social sustainability strategy and execution including the corporate social investment programmes undertaken by the MRP Foundation and (iv) monitoring the group's B-BBEE status. Detail on the group's activities in responsibly creating shared value is provided in this report.

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2018 financial year. The committee chair will be available at the AGM to answer questions relating to the committee's statutory obligations.

SOCIAL

OUR PEOPLE 3 16

The group's strategic competitive advantage with regards to people has been built on our strong culture. People who are driven by passion, guided by value and committed to partnership have enabled our success as an organisation. We strive to be a first-choice destination for retail talent and a sought-after international employer. Our employee value proposition aims to attract, develop and retain global top talent who aspire to an exciting career in fashion value retailing.

CAPACITY BUILDING

Driven by our ambitions to grow locally and internationally, we continuously invest in the development of human capacity. We pay high attention to creating workplaces consisting of vibrant, energised and motivated associates encouraged to go beyond the ordinary; believing every successfully motivated and developed associate reinforces the group's competitiveness in the global retail arena.

While we strive to grow, develop and retain our own talent, we are also constantly searching for people who enjoy working in a fast-paced, progressive and changing environment and who thrive on high performance. This approach is consistent across our international locations and is reflected in our human capital management practices.

We continue to give full attention to executive succession plans and the growth of our leaders. Focused instructor-led, e-learning and on-the-job training is provided and encouraged for all associates. With improvements in processes, systems and technologies, extensive training is conducted on new ways of working.

ASSOCIATE ENGAGEMENT

We monitor and respond to the climate within our working environments closely using online engagement, on-boarding and exit surveys. Our group-wide engagement survey is followed-up by feedback sessions and focus groups designed to listen to the needs of associates, co-create solutions and identify business improvement and leadership development opportunities.

Direct communication with associates occurs through frequently held *Comm Times* and regular internal broadcasts. Digital communication platforms ensure associates have access to engaging content related to their employment experience with the company. A key emphasis is placed on communication with new associates to ensure they have access to the information needed to set them up for success. Close working relationships between managers and associates are valued with importance placed on providing associates with information relating to their work performance and career management.

PERFORMANCE RECOGNITION AND REWARD

Central to our values is to reward high performance and instil a culture of celebration and recognition.

Our group thrives on happy, motivated employees. We incentivise and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually with performance discussions conducted as required during the year. All associates within the Southern African Customs Union (SACU) region are invited to participate in the Mr Price Group share or share option schemes after fulfilling the specific employment tenure requirements of that scheme. As these employees are part-owners in the group, we refer to them as partners or associates. Further details are contained in the remuneration report on pages 52 to 71 and on the group's website.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. Group results are presented to associates bi-annually. A highlight is the award of the Mr Price Group "Running Man" statue presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the group's culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered exceptional performance or innovation during the year, thereby setting new standards and becoming role models.

HUMAN CAPITAL MANAGEMENT (HCM) POLICIES AND SYSTEMS

Our HCM policies are designed to contribute to the motivation and retention of our people and are easily accessible to all associates. Specific HCM policies are reviewed as required and a full HCM policy review is conducted every two years.

We continue to transform our HCM capabilities to cater for our growth and people development by seeking to optimise our workforce management, talent management, employee administration, human resource business intelligence, reward management and payroll systems.

Our Talent Management System (Cornerstone) has been enhanced to include Applicant Tracking for talent acquisition and the Learning Management module (LMS) will be extended to all of our stores. Associate On-boarding, and Performance Management will be deployed to head office and senior operations associates in the new year. We continue to improve on business intelligence solutions that provide people managers with relevant human capital metrics to facilitate accurate cost analysis, decision-making and risk mitigation.

Turnover at senior management and executive levels is low, indicating the group's ability to retain key associates. Our stringent pre-employment assessments for store and key positions, including numeracy and behavioural attributes, ensure the required skill levels are maintained across the group.

ASSOCIATE DEVELOPMENT

Talent acquisition

Developing and retaining home-grown talent is a strategy that has served the group well and will continue to be our core focus area. However, sourcing the right retail skills externally is increasingly important and we constantly search for and attract top talent through our ability to offer an outstanding training ground for career retailers, a compelling working experience and the promise of exciting future company growth.

To achieve this, we profile our employment proposition to potential associates through our careers website and social networking platforms or via direct involvement with schools, colleges and universities. Internationally we partner with local service providers in the search for top talent, but maintain the responsibility for socialising new associates into our culture and ways of working.

New associates attend induction programmes introducing their job-specific requirements and we use this opportunity to introduce the core values and the benefits of belonging to an exciting working environment.

CAREER AND PERSONAL DEVELOPMENT

We offer outstanding career opportunities and associates are actively encouraged to pursue their ambitions within our dynamic and evolving working environments. Business growth and new skill requirements frequently creates new roles associated with organisation and infrastructure improvements. Most roles are filled internally, drawing from the pool of retail talent across the group.

Personal growth and career development is discussed with each associate annually. Line managers are responsible for ensuring these discussions result in meaningful development plans.

MANAGEMENT AND LEADERSHIP GROWTH

The group recognises and rewards leadership innovation and leaders are encouraged to be forward thinking in their approach while also building high performing teams with positive and constructive attitudes. We encourage an entrepreneurial mind-set among managers as the foundation of the group's success as a progressive retailer and employer.

The growth and development of our leaders and managers is supported by personal and career development discussions, leadership assessments and regular performance feedback. Succession planning in all divisions is actively monitored to ensure the constant availability of high quality managers and executives.

We partner with credible training professionals and business schools, locally and internationally, to design and facilitate internal leadership programmes catering for peer group needs within the demands of our busy day-to-day working environments.

Our productive relationship with the Wholesale and Retail Sector Education and Training Authority (SETA) has led to numerous managers being selected for the SETA's International Leadership Development Programme and Retail Management Development Programme.

TALENT DEVELOPMENT

Recognising that attracting, developing and retaining world-class retailers is critical to our competitiveness and long-term sustainability, we strive to improve the quality and delivery of training through our MRP Academy. The academy's success is founded on specialist learning and development programme managers working closely with our faculty of internal subject matter experts that are instrumental in developing and facilitating business-focused learning interventions.

Our well supported Trainee Buyer and Planner programmes have been updated and are being adopted in all trading divisions. These ensure a solid pipeline of critical merchant skills, and a consistency of competence across the group. New Trainee programmes for IT, location planners, store managers and logistics are being crafted to build our pipeline in these critical areas.

Learnerships remain a critical part of the development strategy, as they build our talent pipeline and give associates opportunities to gain a formal qualification. We had 577 associates registered on learnerships during the last financial year, 97% of whom are from previously disadvantaged backgrounds.

All existing e-learning programmes as well as new programmes are currently being updated. All new courses are developed in shorter, bite-size modules and can be delivered across multiple platforms, including mobile.

KEY ACHIEVEMENTS IN TALENT DEVELOPMENT	2018	2017	2016	2015
Investment in learning and development	**R36 654 735**	R37 288 003	R34 783 011	R38 469 092
Total annual number of hours allocated to learning	**218 388**	200 623	232 437	159 276
Average learning and development days per person	**1.4**	1.4	1.8	1.2
Previously disadvantaged individuals as a percentage of total participants in learning and development	**95%**	95%	94%	95%
Females as a percentage of total participants in learning and development	**72%**	74%	73%	72%
Previously disadvantaged associates as a percentage of total of associates trained through e-learning	**98%**	97%	97%	97%
Previously disadvantaged associates as a percentage of associates on learnerships	**97%**	92%	93%	97%

EMPLOYEE RELATIONS

Treating our associates fairly is at the heart of our company's values. We are committed to a workplace free from discrimination, compliant with all relevant labour law and centred on open communication channels between managers and associates. This ensures that workplace grievances are avoided or speedily resolved. The company has maintained a low referral rate to the Commission for Conciliation, Mediation and Arbitration (CCMA) and has an excellent success rate for matters arbitrated.

EMPLOYMENT LEGISLATION

Specialist employee relations practitioners guide our line management in interpreting and applying legislation in the workplace. Internationally we partner with local firms to conduct research into employment practices to ensure compliance as required by individual countries. We have maintained active membership of the National Retail Association that facilitates representation to the National Economic Development and Labour Council (Nedlac) and participate in discussions of national interest.

WELLNESS

Group wellness initiatives, facilitated through our wellness forum, provide associates with access to services promoting individual health and well-being, including financial wellness.

On-site health screening is available at our support centre through our nursing provider and these services, including HIV testing, are offered at store level. Currently we have 2 520 associates covered by medical aid that includes a low-cost entry-level medical plan for store associates.

HEALTH AND SAFETY

Safe working practices are encouraged throughout our businesses and are closely monitored. In the year under review no major associate or customer accidents were reported.

OUR CUSTOMERS 3 16

Our customers are key partners in our business and are the focus of the group's purpose. Customer health and safety and consumer protection form part of compliance management and is the responsibility of each of the trading divisions. The customer's voice is a valuable one to which the group pays special attention. Customers are engaged daily, both informally and formally, through various channels including social media, traditional marketing, the customer call centre, interaction with store associates and participation in customer surveys.

The group is a member of the Consumer Goods Council of South Africa and engages with the Ombudsman (CGCSO) in resolving consumer complaints. The group strives to manage consumer complaints effectively and efficiently and the number of complaints referred by customers to the CGCSO is minimal. Associates are required to engage with customers in accordance with the group's business code of conduct and in a respectful and ethical manner. The group is also a member of the National Clothing Retail Federation of South Africa (NCRF) and works together with other clothing retailers on matters materially impacting clothing retailers and our customers. The group, together with other clothing retailers, successfully challenged the National Credit Regulator (NCR) to ensure that affordable credit is available to all customers. Further details are on page 27.

OUR CORPORATE SOCIAL INVESTMENT (CSI)

The group reinvests 1% of net profit after tax from the South African operations into the communities in which it operates by making a donation to MRP Foundation. This registered non-profit organisation (NPO) focuses on youth development with the vision of young people breaking the cycle of poverty and inequality by reaching their full potential. The focus of MRP Foundation remains on education (MRP Foundation Schools) and skills development (Jump Start).

KEY ACHIEVEMENTS OF MRP FOUNDATION PER YEAR	2018	2017	2016	2015
Group donation to MRP Foundation	**R28 177 838**	R22 259 933	R27 560 965	R21 726 130
Percentage of MRP Foundation funded by group	**72%**	66%	74%	60%
MRP Foundation funds invested into education[1]	**R18 036 573**	R14 755 143	R12 098 100	R19 369 892
MRP Foundation funds invested into skills development[1]	**R16 360 427**	R15 800 069	R19 014 444	R12 927 683
Previously disadvantaged individuals as a percentage of total participants in programmes	**99%**	100%	100%	100%
Number of learners who have benefitted from school programmes	**50 409**	36 395	65 236	60 727
Number of young adults who have benefitted from Jump Start programmes	**4 210**	4 913	3 687	3 697
Percentage Jump Start programme participants placed into jobs (refer to Jump Start section on page 77)	**45%**	41%	49%	60%

Note
1. MRP Foundation funds invested include external donations, in addition to the R28m donated by the group.

mrpfoundation

MRP Foundation finds strategic solutions to positively impact South Africa's socio-economic landscape through relationship building with key stakeholders around education and skills development. This year MRP Foundation achieved BEE Level 1 Compliance status. For further information on the activities of MRP Foundation, refer to www.mrpfoundation.org.

MRP FOUNDATION MODEL

How we do what we do:
- Passionately
- Creating value for all
- In partnership

What we do:
- Hard skill development
- Soft skill development
- Connection to job markets

Critical enablers:
- Sustainable business model
- Relationship management

MRP Foundation is a developmental organisation that drives social change and upliftment in the lives of children and youth from low-income communities, with measurable impact. It is founded on a sustainable business mindset, to ensure funding is used cost effectively to achieve maximum impact. Strong governance, financial controls and monitoring and evaluation ensure visibility of programme deliverables and associated spend within agreed parameters.

mrp foundation schools

EDUCATIONAL ENVIRONMENTS WHERE LEARNER POTENTIAL IS UNLOCKED.

MRP Foundation has developed a holistic school model and the strategy is to scale up the number of schools in each of the regional clusters from the new financial year.

The approach to holistic school development involves building staff capacity and supporting the running of a well-functioning government school. This includes teacher development in content knowledge and curriculum delivery, development of school leadership to ensure good governance and involving parents and the community to create a successful learning environment. The sustainability of quality education is prioritised.

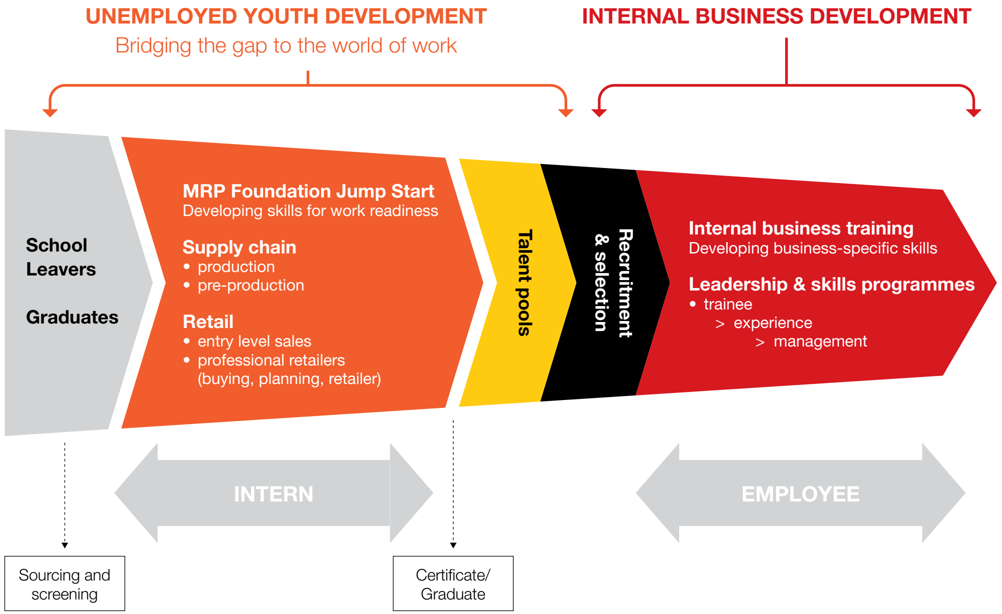
MRP Foundation views the development of a child within the school context as broader than academic development. The programme addresses additional development areas like creative, physical and relational needs through interventions in arts and culture, sports and physical education, physical environment, educational technology, life skills and work readiness. All programme components are aligned to complement the Curriculum Assessment Policy Statement (CAPS) as the national curriculum.

mrp foundation jumpstart

SKILLS DEVELOPMENT FOR UNEMPLOYED YOUTH.

Jump Start incorporates job readiness programmes for unemployed youth (school-leavers and graduates) in both retail and manufacturing that enables them to enter the job market better prepared.

Programmes are developed for the industry, by the industry, and aim to bridge the growing gap between school leavers/graduates and the world of work. Candidates successfully completing the programme have the potential to access employment opportunities in the group as well as other participating companies with access to the database of employable people.



The programmes provide both employer partners and learners with a dynamic and versatile delivery of learning, specifically informed by and tailored to the demands of the industry.

A measure of success is the number of candidates who successfully complete the Jump Start programme and are employed and therefore careful attention is paid to matching employer partner demands to the supply of suitable Jump Start candidates and not to train people where there are no job prospects.

The diagram below reflects the approach followed to create a talent pipeline for MRP Foundation Employer Partners including Mr Price Group.

In **Jump Start Supply Chain**, the number of suppliers engaging in the upskilling of production candidates has been limited. This is in keeping with the strategy to ensure suitable supplier development is carried out prior to MRP Foundation involvement in any required skills development to ensure that the supplier has capacity to absorb at least 50% of successful production candidates.

The **Jump Start Retail** entry level programmes develop the skills of unemployed youth for jobs in the local retail sector at entry level positions, such as store associate, distribution centre (DC) associate and call centre associate. In the past year 4 194 delegates completed work experience and 1 870 were employed into various employment contracts within the group (additional delegates were employed by other retailers). The decrease on employment rates is being addressed through improved individual engagements with each employer partner to determine appropriate targets by region in addition to linking targets to respective employment equity demographics. A key focus is matching employer partners demands to the supply of suitable Jump Start candidates and not to train people where there are no job prospects. This ensures employable youth and employment opportunities are matched.

The **Professional Retailers** Internship was piloted this year with the aim of positioning the retail industry as a career opportunity for recent graduates and establishing a critical skills pipeline for retail-specific roles like buying, planning and store management. The calibre of delegates is a key focus to ensure candidates have the willingness and competence to enter a career in retail - 33 interns started the programme and 16 graduated at the end of October 2017 with a 100% employment rate.

ETHICS 1 2 13

The group's long standing and embedded beliefs of Passion, Value, Partnership form the backdrop of the group's objective to ensure ethical practices that filter throughout the business from the group's vision and strategy to day-to-day activities. Further detail on these values can be found on page 9. The directors actively practice ethical leadership, and are always required to act with integrity, competence, responsibility, accountability, fairness and transparency. The tone at the top, including the board, executive management and senior business leadership, is a key contributor to achieving a tangible ethical culture. Further detail on ethical leadership can be found in the board report on pages 38 to 45.

Ethics is governed by the board and through delegation to the SETS committee. The SETS committee directs the group's approach to ethics by approving codes of conduct and policies to give effect to this to address key ethical risks and set the tone for interaction with internal and external stakeholders and society. The SETS committee also provides ongoing oversight of the management of ethics to ensure what happens in practice aligns with policy.

In turn, the management of ethics is delegated by the SETS committee to management. All associates must practice organisational ethics on a daily basis in the form of appropriate business conduct, decision-making and relationships with stakeholders. The group's approach to ethics is formalised in the Business and Supplier Codes of Conduct applicable to all associates, directors, suppliers and persons acting on behalf of or representing the group. Training on these Codes of Conduct is conducted during associate and director induction programmes, leadership programmes and supplier onboarding processes. They are also frequently communicated and referred to and are available on the group's website and associate intranet.

The ethics officer reports ethics management. The SETS committee-approved group ethics management framework will formalise and enhance the group's ethics management practices. The ethics officer monitors general ethics compliance and is supported by the internal audit department and external professional advisors where necessary. The group has an active fraud hotline used by associates to report fraudulent activity and other general non-ethical behaviour. The fraud hotline will be rebranded and re-launched as an ethics hotline in F2019 and made available to suppliers, customers and associates. Annually a declaration of compliance with the Business Code of Conduct is undertaken across the business, focusing on executive and senior management as well as associates who engage with and have the ability to influence relationships with suppliers or professional advisors. The outcome is reported to the audit and compliance committee (as part of its compliance oversight role) and the SETS committee, and any concerns investigated by the ethics officer and internal audit. For the reporting period no material issues were noted.

There is high level and frequent reporting on ethics to management through the quarterly governance divisional board meetings attended by senior management of the trading and support service divisions, as well as to the board through the SETS committee. This reporting includes statistics and trends regarding ethics issues reported to the fraud hotline, ethics feedback from group culture surveys, results of the annual Codes of Conduct declarations, and other material ethics issues.

The key ethics focus areas for the reporting period were the formal appointment of the ethics officer, general review of current organisational ethics governance and management, and update of the Codes of Conduct including the gift policy to align with ethical best practices and clarify and enhance the group's stance on anti-bribery and corruption.

Planned ethics focus areas for F2019 are implementing of the formal ethics framework; drafting an ethics strategy and implementation plan; relaunching the fraud hotline facility as an ethics hotline and increased meaningful reporting on organisational ethics.

TRANSFORMATION 4 13 16

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) COMMITMENT

The group is committed to meeting the requirements of B-BBEE and the spirit of transformation. The significant changes introduced under the Revised Codes of Good Practice have challenged both the group and its local merchandise supply base. Despite these challenges, the group has achieved B-BBEE compliance with an increased total number of BEE points this year. The local merchandise supply base is working to achieve compliance against the Revised Codes but a delay in attaining the certification lowered the preferential procurement points this year.

This resulted in the minimum number of points under the enterprise and supplier development element of the scorecard not being achieved thereby triggering a level discounting from level seven to level eight. Increased focus and investment will be applied to this element to prevent the future application of the penalty level.

SCORECARD

ELEMENT	WEIGHTING POINTS	POINTS F2017	POINTS F2018
Ownership	25	10.93	12.62
Management control (includes employment equity)	19	5.44	5.49
Skills development	25	10.86	16.91
Enterprise and supplier development (includes preferential procurement)	40	20.53	18.88
Socio-economic development	5	5	4.87
TOTAL POINTS	**114**	**52.76**	**58.77**
Compliance level achieved		Level 8	Level 8

OWNERSHIP

The group's international shareholding of 50.7% negatively affects the group's potential local ownership points. However a comprehensive exercise was conducted this year to understand the group's entire shareholding down to individual shareholder level. This has contributed to an improvement in points achieved under this element. Furthermore, associates have the opportunity to share in the group's success by participating in the various share schemes. Participants in the Partners Share Scheme hold 4.4m shares and received dividends of R22.7m during the year. Refer to the remuneration report on pages 52 to 71 for additional information.

SKILLS DEVELOPMENT – ASSOCIATES

Refer to the talent development section on page 75.

SKILLS DEVELOPMENT – UNEMPLOYED PEOPLE

The group's strategic partnership with MRP Foundation provides a training ground for work experience through Jump Start. The group also participated in an unemployed learnership programme for 134 black youth with disabilities to facilitate skills development and hope for these young people.

EMPLOYMENT EQUITY (EE)

The group recognises the value in diversity and need for its workforce to be representative of South Africa's national and regional demographics. It is committed to employing and developing people from designated groups to further its employment equity objectives. The group's philosophy is to encourage associates to achieve their full potential by applying for and securing growth opportunities within the group as these arise. There is a strong focus on diversity and inclusion in all organisational culture and leadership initiatives to help our associates identify with unconscious bias and ensure a vibrant and representative workforce.

The committee reviews and assesses, while the board ratifies, appropriate employment equity goals and targets. A new employment equity committee has been convened with improved top and senior management representation as well as critical and core positions across the group. The intention is to drive the transformation agenda and enable the achievement of our 2020 employment equity goals. The committee meets regularly to discuss progress; identify and recommend steps to overcome barriers to affirmative action and ensure adherence to relevant legislation.

The group is in its first year of its new employment equity plan (2018 – 2020 plan) and is pleased to note it is progressing well towards achieving its 2020 targets to goals.

TOTAL WORKFORCE PROFILE - MARCH 2018

OCCUPATIONAL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	10	-	-	-	4	-		**15**
Senior management	4	1	5	38	1	3	5	34	1	3	**95**
Professionally qualified	44	13	62	128	34	23	68	151	5	6	**534**
Skilled technical	658	154	174	109	1 890	669	333	408	7	12	**4 414**
Semi-skilled	2 785	380	125	18	7 425	1 416	364	76	11	27	**12 627**
Unskilled	61	-	-	-	119	1	-	-	-	-	**181**
TOTAL PERMANENT	**3 553**	**548**	**366**	**303**	**9 469**	**2 112**	**770**	**673**	**24**	**48**	**17 866**
Temporary employees	107	27	3		268	29	4	3	-	-	**441**
GRAND TOTAL	**3 660**	**575**	**369**	**303**	**9 737**	**2 141**	**774**	**676**	**24**	**48**	**18 307**
ACI as % of total	Male	94%			Female	95%				Total	**94%**

DISABLED WORKFORCE PROFILE - MARCH 2018

OCCUPATIONAL	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	**-**
Senior management	-	-	-	-	-	-	-	-	-	-	**-**
Professionally qualified	-	-	-	1	-	-	-	-	-	-	**1**
Skilled technical	1	-	1	2	6	1	2	3	-	-	**16**
Semi-skilled	3	-	-	-	4	3	-	-	-	-	**10**
Unskilled	55	-	-	-	85	-	-	-	-	-	**140**
TOTAL PERMANENT	**59**	**-**	**1**	**3**	**95**	**4**	**2**	**3**	**-**	**-**	**167**
Temporary employees	-	-	-	-	-	-	-	-	-	-	**-**
GRAND TOTAL	**59**	**-**	**1**	**3**	**95**	**4**	**2**	**3**	**-**	**-**	**167**
ACI as % of total	Male	95%			Female	97%				Total	**96%**

ENTERPRISE AND SUPPLIER DEVELOPMENT (INCLUDES PREFERENTIAL PROCUREMENT)

Supplier development

The group applies robust due diligence processes to ensure all investments meet the definition of B-BBEE supplier development criteria; have a strong business case and are sustainable and meaningful to the partners.

The partnership with the Sustainable Cotton Cluster (SCC) and the financial support provided to qualifying farmers continued this year with the purpose of reigniting the local cotton growing industry. This initiative has increased the economic wealth of black cotton farmers; created jobs and improved cotton farming standards. For further information refer page 81.

Enterprise development

The partnership with The Clothing Bank (TCB) is now four-years strong and continues to be a success story of economic empowerment win-win for all partners.

A registered NPO and public benefit organisation, TCB channels donated stock through an enterprise development programme. The programme initially focused on unemployed mothers, but has been extended to include men as well as a group of sewers and cobblers. The programme aims to break the cycle of poverty and for the participants to become self-sufficient through training and mentorship centred on basic business and life skills. The amount of stock donated to TCB has increased significantly and exceeded 1 million units since inception in 2014. In the reporting period, over 897 entrepreneurs were supported by TCB's programme. Further information on TCB and its activities can be found at www.theclothingbank.co.za.

Preferential procurement

Procurement practices across the group are continuously reviewed with the expectation of B-BBEE compliance from all local South African suppliers. The challenge remains finding suitable local manufacturing capacity, capability, competency and compliancy to produce the required merchandise and address the need for more local production to more swiftly respond to changing customer needs. Refer to the value chain section below where the efforts to support a local supply base are highlighted - 76.1m units (R3.6bn) was sourced from South Africa this year.

SOCIO-ECONOMIC DEVELOPMENT

The group's donation to MRP Foundation meets the socio-economic development requirements set out in the BEE scorecard. The strategic importance of the foundation's activities is discussed above and further information can be found at www.mrpfoundation.org.

SUSTAINABILITY 2 3 4 16

The group's sustainability is focused on creating shared value and embedding good social and environmental practices within the business and its value chain.

VALUE CHAIN

In 2017 a value chain development strategy was developed focusing on building a sustainable, competitive and efficient value chain. While there is a focus on the group's global value chain, South Africa has been prioritised and innovative solutions are being tested with local key suppliers and in partnership with other organisations and relevant government departments.

Responsible sourcing

Suppliers are expected to comply with the group's Supplier Code of Conduct, which includes requirements regarding the environment, labour, ethics, and health and safety regulations. The Supplier Code of Conduct is located on our website at www.mrpricegroup.com.

The group has a Responsible Sourcing Guide to assist trading divisions in assessing, monitoring and evaluating responsible practices within their supply chains. Key resources within the group are trained to assist divisions in executing this.

There's been an increased focus on ethical trade globally which the group supports. Buyers are trained on ethical trading principals and the associated risks of procuring clothing, footwear and textile products globally. We encourage our merchants to collaborate with suppliers in achieving the goal of responsible sourcing practices.

Since January 2017, 50 assessments have been carried out at 39 sites in SACU against a benchmark and required standards on cost control, flexibility, reliability, quality, efficiencies and labour standards (21 benchmarks and 29 labour standard assessments). Gaps were identified and a phased implementation plan activated. Improvements were recorded on health and safety standards as well as priority performance areas in relation to production capability. Implementation of these development areas will continue into F2019 and beyond in collaboration with our suppliers.

GLOBAL PARTNERSHIPS

The group has membership in the following organisations with the aim to work together to develop sustainable solutions for the business and industry at large.

Supplier Ethical Data Exchange (SEDEX)

Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains. The database is a valuable tool to map suppliers and factories as well as record supplier business ethics, labour, health and environmental practices to enable the risk assessment of suppliers in accordance with these metrics. For further information refer to www.sedexglobal.com.

The group's global supply chain mapping has progressed well as the number of suppliers with Sedex membership has increased from 301 (base year of 2015) to 914 in F2018. The first-tier mapping covers approximately 85% of all trade suppliers with which the group places orders and the mapping of second-tier suppliers (manufacturing sites) is progressing well and remains a key focus area for the resource teams, as visibility and transparency are required to ensure supply chains are sustainable, efficient, effective and compliant.

Ethical Trading Initiative (ETI)

The ETI is a leading global alliance of companies, trade unions and NGOs promoting respect for worker rights. The group is committed to ethical trade and has partnered with ETI to participate in collectively tackling the many issues that cannot be addressed by companies working in isolation. The group reports annually to ETI on its progress. The group achieved full membership status in 2017 for its progress and commitment to the implementation of ETI principles. For further information refer to www.ethicaltrade.org.

LOCAL PARTNERSHIPS

Sustainable Cotton Cluster (SCC)

The group is committed to developing the South African cotton industry and has partnered with the SCC to secure a sustainable local cotton value chain (BCI standards) to unlock value for all stakeholders (from the farmer to the consumer). This is a remarkable move towards business, government and civil society working together to address national priorities by creating jobs and unlocking potential in the country. The group is proud to have been involved as the foundation retail member.

This year the group procured 2 800 tons of cotton from South African farmers (of which 514 are small-scale farmers) and has beneficiated a total 2 096 tons into towels, t-shirts and other products. Several of our suppliers are participating in the programme and have made commitments to source the cluster cotton.

The support provided to South African cotton farmers assisted the SCC in an estimated 37 133 tons of BCI standard cotton harvested in 2017/18 production year with a subsequent growth of 139%. A facility of R16.6m was approved to assist small scale farmers further with seed, fertiliser and other input costs.

While great strides have been made to grow sustainable cotton in South Africa, work to unlock further bottlenecks within the value chain has prohibitted the group from expanding this programme.

The knowledge gained through this initiative has encouraged the group to explore the procurement of sustainable cotton products beyond South Africa. A target of 80% sustainable cotton sourced by F2023 has been set.

For further information on the cluster's activities, refer to https://sustainablecottoncluster.wordpress.com and www.cottonsa.org.za.

KwaZulu-Natal Clothing and Textile Cluster (KZNCTC)

The KZNCTC is a public-private partnership between the government, learning institutions and the local clothing, textiles, footwear and leather industry. The KZNCTC works with the KwaZulu-Natal value chain to develop competitiveness from raw material production to retail. It is an industry-driven initiative drawing on the experience and leadership of member firms. For more information refer to www.kznctc.org.za.

The partnership with the KZNCTC has been valuable as the group has been exposed to new thinking, knowledge sharing opportunities and invaluable research. This year the group partnered with the KZNCTC in developing and testing a supplier due diligence tool to promote industry-wide compliance to social, economic and environmental standards and will facilitate adopting manufacturing best practices.

ENVIRONMENTAL

Commitment

The group's purpose to add value to customers' lives and worth to partners' lives, while caring for the communities and environments in which we operate defines the group's environmental commitment. This provides guidance for the group's environmental framework by describing the values in the partnership with society and the planet and the group's impact on natural capital. Understanding and responding to the significant environmental impacts is an ongoing process.

Reduce, Reuse, Recycle

The group is committed to the principles of reduce, reuse and recycle, a globally accepted waste hierarchy.

This year, the aspect of REFUSE has been introduced, which means to first refuse any unnecessary elements such as unnecessary packaging or single-use items. Further to this, the recent requirements of Section 28 of the Waste Act, which requires producers to subscribe to and implement an appropriate Industry Waste Management Plan for specific packaging and certain goods, has seen the group taking the necessary steps to register and develop a response plan.

ENERGY

Lighting

Opportunities to reduce energy usage through more efficient lighting technology, energy monitoring, energy awareness and user behaviour have been undertaken at store level, the new DC as well as at the group's head office.

Energy usage is a key sustainability indicator and major operational expense. Since 2013 (baseline year) the group's carbon footprint has been reduced by approximately 38.5 million kWh (38 311 tons CO_2 emissions).

The group has benefited from various initiatives to reduce electricity costs and positively impact on the environment. The roof-top solar photovoltaic (PV) systems at the group head office and new DC continue to run successfully, achieving continuous environmental and electricity cost saving. The PV systems have generated 565 249 kWh hours in this financial year. The retrofitted stores also consistently reduce environmental and electricity usage. Stores with installed meters are monitored on a live system where any exceptions or issues can be addressed immediately ensuring ongoing efficiency.

Heating and cooling systems

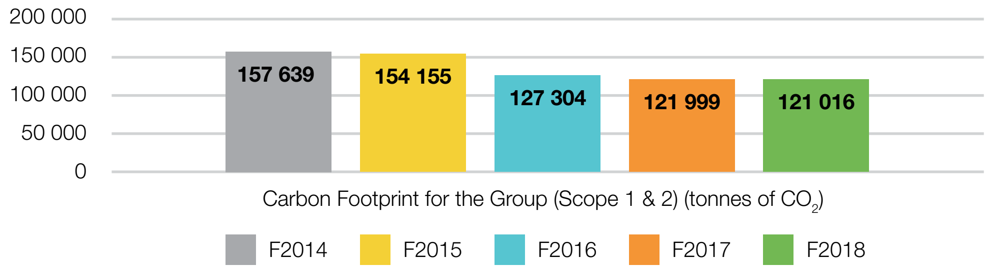
A new heating, ventilation and air-conditioning system was implemented at the head office complex to further improve energy efficiency.

Fuel usage

The group's contracted courier is continuously looking at efficiency opportunities for delivering group's merchandise around the country. Idling cut-off systems have been installed and the vehicles run on efficient technology relating to fuel consumption and routes.

Carbon footprint

The graph below represents the group's South African carbon footprint (tonnes of CO_2) based on scope one and scope two emissions (including stores, head office and DC).



CO_2 emissions in this year have been influenced by the following:

- Change in the emission factor from 1.01 in 2017 to 0.99 in 2018
- New stores opened this year
- The new DC in Hammarsdale was commissioned with a 131% increase in the kWh usage due to an increased size and mechanisation over the old facility
- Financial Services expanded to additional office space with a 15% increase in the kWh usage.

WATER

Water is a significantly impacted resource in South Africa and globally, as highlighted by the Cape Town water crisis, meaning that individuals, companies and the government must proactively address this scarce resource.

The group's direct water consumption needs are being tracked at head office locations and is in progress at stores. Currently 85% of the group's stores are in shopping centres and rely on landlords for water and sanitation requirements. Landlords are being engaged to understand response plans and risk mitigations. The group's new DC in Hammarsdale is totally self-sufficient, with a 2.5 million litre water catchment tank to provide its water needs.

It is acknowledged that the primary water impacts are in the group's upstream and downstream value chains. The downstream production process of the clothing and textile industry is substantial, but the group is working on mapping its entire supply chain to better understand impacts and to then work with suppliers to investigate their water footprint. Upstream impacts pertain to consumer usage through washing and there remains an opportunity to increase awareness at a customer level around water use and impacts.

OTHER ACTIVITIES

Other reduction activities that yield environmental and cost savings include:

- Reduced use of paper and related consumables at head office and stores
- Electronic till slip option in stores
- Paperless administration at stores
- Standardised carton sizes enabling better reuse of cardboard boxes
- Elimination of plastic straws and
- Removal of polystyrene cups and containers from the group canteen.

AWARENESS

Associates

The group launched its sustainability communication, Together We Do Good, in October 2017 to associates. The ethos of this messaging is to create awareness and buy-in from all associates that to effect sustainable change, we have to do this together. The positioning has been well received and the roll-out to external stakeholders is in progress.

Community awareness

MRP Foundation's Schools Programme has an environmental element to teach learners about the environment. The programme creates awareness and action around environmental sustainability in schools and the surrounding communities and supports education for sustainable development in the national curriculum. Through the Together We Do Good communication the messaging will go out to our communities.

PARTNERSHIPS

Partnerships are critical to the group's success and sustainability journey.

The group's WWF Corporate Network Partnership provides thought leadership and is a critical friend to ensure the group considers material environmental impacts.

The group participates on the BUSA environmental committee to keep informed of environmental legislation.

CORPORATE CITIZENSHIP TRACK RECORD

PRINCIPLES: 4 11

The following key indicators have been identified to measure the group's social and environmental progress. Refer to the six year review for the group's economic progress.

	Unit	2018	2017	2016[4]	2015	2014	2013
SOCIAL & RELATIONSHIP AND INTELLECTUAL							
Total number of people employed		**18 536**	17 822	17 956	17 098	18 104	19 384
Staff turnover[1]	%	**31.0**	34.0	26.2	32.7	20.1	21.5
Black staff as a % of total permanent staff	%	**95**	94	93	93	91	94
Promotions of black people as a % of total promotions	%	**92**	90	92	91	82	87
Investment in people learning and development	R'm	**36.7**	37.3	34.8	38.5	33.8	30.8
Black people participating in learning and development	%	**95**	95	94	95	90	88
Corporate social investment	R'm	**28.2**	22.3	27.6	23.5	18.8	16.7
Enterprise and supplier development investment[2]	R'm	**59.2**	48.6	11.9	36.0	28.0	23.2
NATURAL[3]							
Carbon emissions (estimated) (in SA)	Tonnes	**121 016**	121 999	127 304	154 155	157 639	210 786
Electricity consumed (Kwh in SA)	Million	**118.7**	116.6	122.2	142.3	158.1	Not reported

1 Primarily store associates, and has historically been below industry norms.
2 The reduction in investment in 2016 is due to changes in the qualifying criteria under the new B-BBEE Codes of Good Practice.
3 Refer to page 82 for further information.
4 2016 was based on 53 weeks

TOGETHER WE DO GOOD

mr price group limited

2018

ANNUAL FINANCIAL STATEMENTS

2 April 2017 - 31 March 2018

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The preparation and presentation of the annual financial statements and all information included in this report are the responsibility of the directors. The annual financial statements were prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards, as issued by the Accounting Practices Board and its successors, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. In discharging their responsibilities, both for the integrity and fairness of these statements, the directors rely on the internal controls and risk management procedures applied by management.

Based on the information and explanations provided by management and the internal auditors and on comment by the independent auditor on the results of their statutory audit, the directors are of the opinion that:

- the internal controls are adequate
- the financial records may be relied upon in the preparation of the annual financial statements
- appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been applied; and
- the annual financial statements fairly present the results and the financial position of the company and the group.

The annual financial statements are prepared on the going concern basis and nothing has come to the attention of the directors to indicate that the company and the group will not remain a going concern.

These annual financial statements as at 31 March 2018 have been prepared under the supervision of the chief financial officer, Mr MM Blair CA (SA).

The annual financial statements of the company and the group were approved by the Board on 31 May 2018 and are signed on its behalf by:

NG Payne
Chairman

SI Bird
CEO

COMPANY SECRETARY STATEMENT

I hereby certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

J Cheadle
Company secretary
31 May 2018

REPORT OF THE DIRECTORS

NATURE OF BUSINESS

The main business of the group is omni-channel retail distribution through 1 258 corporate-owned, 23 franchised stores in Africa and its online channels. The retail chains focus on clothing, footwear, sportswear, sporting goods, accessories and homewares.

CORPORATE GOVERNANCE

The directors subscribe to the values of good corporate governance as set out in the King IV report on Corporate Governance for South Africa 2016 (King IV). By supporting King IV the directors have recognised the need to conduct the business with integrity and to account to stakeholders in accordance with International Financial Reporting Standards. Refer to board report on pages 38 to 45 and King IV on a page on page 7.

RETAIL CALENDAR

The group reports on the retail calendar of trading weeks incorporating trade from Sunday to Saturday each week. Accordingly the results for the financial year under review are for a 52 week period from 2 April 2017 to 31 March 2018 (2017: 52 week period from 3 April 2016 to 1 April 2017).

FINANCIAL RESULTS

The financial results of the company and the group are set out in the statements of comprehensive income on page 101.

DIVIDENDS

Ordinary and B ordinary dividends

It is the group's policy to make two dividend payments each year, an interim in December and a final in June.

Interim: A cash dividend of 279.0 cents per share (2017: 228.2 cents per share) was made payable on 11 December 2017 to shareholders registered on 8 December 2017.

Final: A cash dividend of 414.1 cents per share (2017: 438.8 cents per share) has been declared payable on 25 June 2018 to shareholders registered on 22 June 2018.

CONSOLIDATED ENTITIES

The aggregate amount of group profits and losses after taxation attributable to consolidated entities was:

R'm	2018	2017
Profits	**142**	115
Losses	**(134)**	(97)
	8	18

NET SHAREHOLDERS' EQUITY

Authorised and issued share capital

There were no changes to authorised share capital. During the year, 1 599 847 B ordinary shares were converted to ordinary shares.

SUBSEQUENT EVENTS

The acquisition of 12 Kenyan franchise stores from Deacons East Africa Plc was completed on 18 May 2018 for a consideration of R16 million. The stores are being rebranded and merchandised and will re-open for trade as corporate owned stores.

Other than this, no events, material to the understanding of this report, have occurred between the financial year end and the date of this report.

DIRECTORATE

John Swain retired as an independent non-executive director and as a member of both the audit and compliance and remuneration and nomination committees on 31 August 2017.

Brenda Niehaus was appointed as an independent non-executive director on 8 February 2018.

Particulars of the present directors and company secretary are provided on pages 39 and 44 of the integrated report. None of the directors have long-term service contracts with the company or any of its consolidated entities.

Myles Ruck, non-executive director, chair of the remuneration and nominations committee (remnonco) and member of the audit and compliance committee, has advised the board of directors that he will not offer himself for re-election at the August 2018 AGM and will accordingly retire by rotation.

Mark Bowman was appointed as a member of remnomco on 29 May 2018.

EMOLUMENTS

Details of emoluments paid to executive and non-executive directors are set out in the remuneration report on pages 52 to 71 and note 9 and note 23.

INTEREST IN SHARES OF THE COMPANY

At the financial year end, the directors were interested in the company's issued shares as follows:

ORDINARY SHARES

	2018					2017				
	Direct Beneficial	Indirect Beneficial	Held By Associate	**Total**	%	Direct Beneficial	Indirect Beneficial	Held By Associate	**Total**	%
Stuart Bird	480 794	-	-	480 794	0.19%	397 460	119 000	-	516 460	0.20%
Mark Blair	254 635	-	400	255 035	0.10%	198 771	71 770	400	270 941	0.11%
Stewart Cohen	65 875	-	44 588	110 463	0.04%	15 875	-	44 588	60 463	0.02%
Steve Ellis	162 992	-	-	162 992	0.06%	72 179	87 401	-	159 580	0.06%
Keith Getz	-	-	20 000	20 000	0.01%	-	-	20 000	20 000	0.01%
Bobby Johnston	-	-	91 250	91 250	0.03%	-	-	91 250	91 250	0.04%
John Swain						-	611 670	-	611 670	0.24%
TOTAL				**1 120 534**	0.44%				**1 730 364**	0.68%
Total issued share capital				**256 795 727**					**255 195 880**	

B ORDINARY SHARES

	2018					2017				
	Direct Beneficial	Indirect Beneficial	Held By Associate	**Total**	%	Direct Beneficial	Indirect Beneficial	Held By Associate	**Total**	%
Stewart Cohen	-	3 500 000	-	3 500 000	42.97%	500 000	3 500 000	500 000	4 500 000	46.18%
Bobby Johnston	-	-	46 504	46 504	0.57%	-	-	46 504	46 504	0.48%
TOTAL				**3 546 504**	43.54%				**4 546 504**	46.65%
Total B ordinary issued share capital				**8 145 234**					**9 745 081**	

Notes:

1 The following shares which were reflected as "indirect beneficial" and have now been reclassified as "direct beneficial": (i) Stuart Bird 119 000 shares (ii) Mark Blair 71 770 shares and (iii) Steve Ellis 87 401 shares

2 The following B Ordinary Shares were converted to Ordinary shares during the 2018 financial period:

2.1 Tracey Chiapinni-Young converted: (i) 69 000 on 24 April 2017, (ii) 200 000 on 16 May 2017 and (iii) 330 847 on 7 July 2017

2.2 Cynthia Cohen converted 500 000 on 17 November 2017

2.3 Stewart Cohen converted (i) 250 000 on 2 February 2018 and (ii) 250 000 on 6 March 2018

Consequently, the issued B ordinary share capital has reduced by 1 599 847 to 8 145 234 B Ordinary shares and the issued Ordinary share capital has increased by 1 599 847 to 256 795 727

3 The 4 598 730 B ordinary shares not detailed above are held by:

3.1 Trusts (1 397 618 shares) of which Bobby Johnston's major children are beneficiaries. Bobby Johnston has no direct or indirect beneficial ownership in these shares and has relinquished all voting rights thereto

3.2 Laurie Chiappini (3 200 912 shares)

3.3 Alastair McArthur (200 shares)

4 John Swain retired as a director on 31 August 2017

5 There have been no changes in the above interests between the year end and the date of approval of these annual financial statements.

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 414.10 cents per share has been declared for the 52 weeks ended 31 March 2018. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 331.28 cents per share. The dividend withholding tax rate is 20%.

Annual dividends per share increased by 3.9% to 693.10 cents and the final dividend per share of 414.10 cents is 5.6% lower than the comparable period. In the current year dividends have been based on a dividend payout ratio of 63% of HEPS, consistent with the 2016 financial year. However, the treatment in 2017 (annual dividends were maintained at the prior year's level of 667.00 cents per share despite an earnings decline) has impacted the current year's dividend growth rates.

The issued share capital at the declaration date is 256 795 727 listed ordinary and 8 145 234 unlisted B ordinary shares. The tax reference number is 9285/130/20/0.

The salient dates for the dividend will be as follows:

Last date to trade 'cum' the dividend	**Tuesday**	**19 June 2018**
Date trading commences 'ex' the dividend	**Wednesday**	**20 June 2018**
Record date	**Friday**	**22 June 2018**
Payment date	**Monday**	**25 June 2018**

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 20 June 2018 and Friday, 22 June 2018, both dates inclusive.

The dividend was approved on behalf of the board on 30 May 2018 in Durban by:

NG Payne
Chairman

SI Bird
Chief executive officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mr Price Group Limited

OPINION

We have audited the consolidated and separate annual financial statements of Mr Price Group Limited ("the group"), which comprise the consolidated and separate statements of financial position as at 31 March 2018, and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate cash flows for the 52 weeks then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 94 to 133.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 March 2018, the consolidated and separate financial performance and its consolidated and separate cash flows for the 52 weeks then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2008.

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 Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in South Africa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 of 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.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the 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.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Inventory provisioning: The inventory provision considers management's expectations of inventory on hand that will be sold below cost, or not sold at all. We focused in this area as the inventory provision includes assumptions and estimates which requires the application of management judgement. The future saleability and effect of fashion trends and seasonal changes takes into account the prior year's operating environment and time to market, which are the areas that requires the most significant assumptions in the determination of the inventory provision. We have considered the relevance of historic data with respect to prior year inventory sold below cost or not sold at all, given that the timing of the delivery into stores of certain seasonal goods had changed in the current year. We refer to note 2 (critical account estimates and judgements) and note 7 (Inventories) in the annual financial statements for the related disclosure.	**Our procedures included, amongst others, the following:** • We tested management's assumptions relating to fashion trends and seasonal changes applied in the inventory provision by assessing the accuracy of the data, which uses historical information and trends applied against the current inventory ageing profile. • In assessing the future saleability of inventories, we understood management's process and its effect on the provisioning. This has further been compared to other retailers within the South African retail environment for reasonableness. • In assessing the future saleability of inventories, we evaluated the provision against write off rates by comparing these to historical data trends. We also considered the current macro-economic trading conditions and its effect on the inventory provisioning. • We reperformed the calculation to assess the mathematical accuracy and the accuracy of the data used in the calculation. • We assessed the completeness and accuracy of the disclosures relating to the provision to assess compliance with IFRS disclosure requirements in note 7.
Trade receivables provisioning: The impairment provision represents management's estimate of trade receivables that may not be recovered post the reporting period. There is significant judgement applied in determining the trade receivables provision, particularly regarding the estimation of the future cash collections included in the provision model. The variables which impact the future cash collections include the impact of expected recoveries, debt reviews and macro-economic risk factors. We have considered the impact of the macro-economic factors applied to the model, amongst others, in management's assessment are the inflationary pressure or relief and the household debt service costs, to determine if they are reflective of the current outlook of the economic environment. We refer to note 2 (critical account estimates and judgements) and note 8 (trade and other receivable) of the financial statements for the related disclosure.	**Our procedures included, amongst others, the following:** • We involved our actuarial experts, who assessed the assumptions applied within the provisioning model. Our experts performed an independent recalculation of the impairment provision. • We performed an assessment of the changes in the ageing profile of the trade receivables and the write off of debts within 18 months of initiation to determine the impact on the credit quality of customers and the impact on the level of provisioning. In addition we assessed the impact of the credit granting process on the provision of the current debtors. • We assessed the completeness and accuracy of the disclosures relating to the provision to assess compliance with IFRS disclosure requirements in note 8.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Taxation Mr Price Group Limited is exposed to direct and indirect taxation from taxation authorities in various countries in which it operates. Management's assessment of these exposures require significant estimation and judgement, which considers the advice of external taxation professionals and senior counsel. We refer to note 2 (critical account estimates and judgements) and notes 16, 20 and 26 of the financial statements for the related disclosure.	**Our procedures included, amongst others, the following:** • We involved our internal tax specialists to evaluate the recognition and measurement of the current tax liabilities and assets. This included analysing the current tax calculations for compliance with the relevant tax legislation and principles at a statutory level, as well as assessing the consolidated tax computations. • We assessed tax risks, legislative developments and the status of ongoing local tax authority audits. • We inspected relevant communication from the respective tax authorities and the advice from external taxation professionals and senior counsel. • We assessed the assumptions made regarding uncertain tax positions to assess whether the basis used to recognise appropriate provisions is based on the most probable outcome and is appropriate. • We evaluated the group's judgements in respect of estimates of tax exposures, recoverable amounts and contingencies. • We considered the adequacy of the group's disclosures in notes 16, 20 and 26 regarding tax positions and recognised deferred tax assets.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the Companies Act, 2008, and for such internal control as management determines 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, management is responsible for assessing the group'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 management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE 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 ISA's 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's 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 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 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 to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion;
- Communicate with those charged with governance 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;
- Provide those charged with governance 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 those charged with governance, 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.

OTHER INFORMATION

The group's directors are responsible for the other information. The other information comprises the chief financial officer's report, the audit and compliance committee report, approval of the annual financial statements, company secretary statement, report of the directors and final cash dividend declaration as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other sections of the integrated annual report, were obtained prior to the date of this report. Other information does not include the consolidated and separate annual financial statements and our auditor's opinion 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, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firm, has been the auditor of Mr Price Group Limited for thirty six years. Ernst & Young Inc. was appointed as auditor of ORRCO Retail Limited in 1982. ORRCO Retail Limited was later renamed Speciality Stores in 1989, and in 2000 to Mr Price Group Limited. We confirm that we are independent in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors and other independence requirements applicable to the independent audit of Mr Price Group Limited.

The engagement partner on the audit resulting in this independent auditor's report is Vinodhan Pillay.

Ernst & Young Inc.
Director – Vinodhan Pillay
Registered Auditor
Chartered Accountant (SA)

1 Pencarrow Crescent, La Lucia Ridge Office Estate, Durban, 4000
31 May 2018

SHAREHOLDER INFORMATION

For the year ended 31 March 2018

SHAREHOLDER'S DIARY

May/June	Announcement of annual results and declaration of final dividend to shareholders
June	Publication of 2018 annual integrated report
	Settlement of final dividend to shareholders
August	Annual general meeting of shareholders
November	Publication of interim report covering the 26 weeks ended 29 September 2018
	Announcement of interim dividend to shareholders
December	Settlement of interim dividend to shareholders

	ORDINARY SHARES				B ORDINARY SHARES			
HOLDINGS	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
1 – 1000	17 192	78.23	4 665 525	1.82	1	20.00	200	0.00
1001 - 10 000	3 669	16.70	10 985 474	4.28				
10 001 - 100 000	859	3.91	25 889 412	10.08				
100 001 - 1 000 000	216	0.98	66 652 771	25.95	1	20.00	944 148	11.59
1 000 001 and over	39	0.18	148 602 545	57.87	3	60.00	7 200 886	88.41
	21 975	100.00	**256 795 727**	100.00	**5**	100.00	**8 145 234**	100.00

CATEGORY	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Pension funds	333	1.52	67 352 924	26.23				
Unit Trusts/ Mutual Funds	510	2.32	90 672 812	35.31				
Nominee companies and corporate bodies	20 834	94.81	76 834 930	29.92	2	40.00	3 999 974	49.11
Individuals and trusts	289	1.31	15 975 945	6.22	3	60.00	4 145 260	50.89
Staff share schemes	9	0.04	5 959 116	2.32				
	21 975	100.00	**256 795 727**	100.00	**5**	100.00	**8 145 234**	100.00

PUBLIC AND NON-PUBLIC SHAREHOLDERS

At 31 March 2018 the percentage direct or indirect shareholdings of public and non-public shareholders in the listed ordinary shares of the company was as follows:

	NUMBER OF SHAREHOLDERS	%
Public shareholders	21 955	99.91
Non-public shareholders	20	0.09
Holders holding more than 10%	-	-
Directors of the company or its subsidiaries	8	0.04
Other associates restricted from trading shares in closed periods	3	0.01
Trustees of employees' share schemes or retirement benefit schemes*	9	0.04

MAJOR SHAREHOLDERS

To the company's best knowledge and belief, the following shareholders or fund managers held discretionary beneficial interest and / or administered client portfolios amounting to 5% or more of the issued ordinary shares of the company at 31 March 2018:

	BENEFICIAL HOLDING		PORTFOLIO ADMINISTRATION DISCRETIONARY	
	%	Shares	%	Shares
Public Investment Corporation Limited	12.33	31 654 224	13.39	34 397 698
BlackRock Inc.	5.16	13 246 829		

Details of the beneficial interest in B ordinary shares are reflected in the report of the directors, pages 88 to 89.

STATEMENT OF ACCOUNTING POLICIES

For the year ended 31 March 2018

The annual financial statements have been prepared on the historic cost and going concern basis, except where indicated otherwise in a policy below. The annual financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS'), Interpretations issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 of South Africa. The consolidated financial statements are presented in Rands and all values are rounded to the nearest million (R million), except when otherwise indicated.

The consolidated financial statements comprise the financial statements of the group and its consolidated entities as at 31 March 2018. The group reports on the retail calendar of trading weeks incorporating trade from Sunday to Saturday each week. Accordingly the results for the financial year under review are for a 52 week period from 2 April 2017 to 31 March 2018 (2017: 52 week period from 3 April 2016 to 1 April 2017).

The consolidated financial statements provide comparative information in respect of the previous period. Unless otherwise indicated, any references to the group include the company.

1. CONSOLIDATION

Consolidated entities (which include special purpose entities such as staff share trusts) are defined as entities over which the group has the power to govern the financial and operating policies of the entity so as to gain benefit from its activities. 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. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation. The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. In the company financial statements investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

In the group financial statements the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill.

Intercompany transactions, balances and unrealised gains/losses on transactions between group companies are eliminated.

Changes in the group's ownership interests in subsidiaries that do not result in the group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the group's interests and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

2. FAIR VALUE MEASUREMENT

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 to 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 is 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 levels in the hierarchy by re-assessing 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. Fair values of financial instruments measured at amortised cost are disclosed in note 27.

3. PROPERTY, PLANT AND EQUIPMENT

Capitalised leased office buildings are recognised at the fair value of the buildings at date of commencement of the lease agreement, or if lower, the present value of the minimum lease payments. The buildings are depreciated over the shorter of the period of the finance lease and the useful life of the buildings.

Buildings occupied in the normal course of the business are recognised at cost less accumulated depreciation and impairment losses. Furniture, fittings, equipment, vehicles, computer equipment and improvements to leasehold premises are stated at historic cost less accumulated depreciation and any accumulated impairment and are depreciated, on the straight-line basis to their expected residual values, over the estimated useful lives of the assets concerned which are as follows:

Furniture, fittings, equipment and vehicles

- Furniture and fittings	6 to 8 years
- Vehicles	5 to 6 years
- Other equipment	6 to 14 years
- Computer equipment	3 to 5 years
- Improvements to leasehold premises	Over period of lease premises subject to a maximum of 10 years
- Buildings	40 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, and only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The assets' expected residual values, estimated useful lives, and depreciation policy are reviewed, and adjusted if appropriate, on an annual basis. Changes in the estimated useful life or expected pattern of consumption of future benefits embodied in the asset are accounted for by changing the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

4. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

Computer software

Acquired software not regarded as an integral part of hardware is capitalised at historic cost and is amortised on the straight-line basis over its estimated useful life (2 to 10 years), from the date of its being commissioned into the group. All other costs that are directly associated with the production of identifiable software controlled by the group, and that are expected to generate economic benefits exceeding 1 year, are recognised as part of the cost of the intangible assets. Direct costs include the software development employee costs. Costs associated with developing software are recognised as an expense as incurred if it is not expected that they will provide future economic benefits to the group.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired consolidated entity or operation at date of acquisition, and is carried at cost less accumulated impairment losses.

5. IMPAIRMENT AND DERECOGNITION OF NON-FINANCIAL ASSETS

Assets, other than financial assets, goodwill and intangible assets not yet brought into use, are tested for indicators of impairment on an annual basis. Should such an indicator exist, the asset is then tested for impairment.

Separately recognised goodwill and intangible assets not yet brought into use are tested for impairment annually or more frequently if changes in circumstances indicate that the carrying amount may be impaired.

The amount of the impairment is determined by assessing the recoverable amount of the asset or cash generating unit to which the asset relates. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other fair value indicators. Where the recoverable amount of the asset or cash generating unit or group of cash generating units is less than the carrying amount, an impairment loss is recognised in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognised previously. Impairments are reversed in the income statement in the period that the indicator of such reversal is in existence, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairments to goodwill are never reversed. The derecognition of a non-financial asset takes place upon disposal or when it is no longer expected to generate any further economic benefits. Any derecognition gain/loss is recorded in the income statement in the period of derecognition.

6. INVENTORIES

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the following basis:
- The cost of merchandise purchased for resale is determined using the weighted average method; and
- Consumables are valued at invoice cost on a first-in, first-out basis.

Costs include the charges incurred in bringing inventories to their present location and condition and are net of discounts from suppliers. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

7. TAXATION

The taxation expense represents the sum of current taxation and deferred taxation. Taxation rates that have been enacted or substantively enacted by the reporting date are used to determine the taxation balances.

Current taxation

Current income taxation assets and liabilities for the period are measured at the amount expected to be recovered from or paid to the taxation authorities. The taxation currently payable is based on the taxable profit for the year, which differs from the profit for the year in the income statement as it excludes both items of income or expense that are taxable or deductible in other years and those items that are never taxable or deductible. Current income taxation relating to items recognised directly in equity is also recognised in other comprehensive income or equity and not in profit or loss.

Deferred taxation

Deferred taxation is provided for all temporary differences (other than temporary differences created on initial recognition which are not part of a business combination and at the time of the transaction no taxation or accounting effect has been recognised and goodwill for which amortisation is not deductible for accounting purposes) arising between the tax bases of assets and liabilities and their carrying amounts on the statement of financial position. Deferred taxation relating to items recognised outside profit and loss is recognised outside profit and loss. Deferred taxation items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxation assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that future taxable profit will be available to allow all or part of the deferred taxation asset to be utilised. Deferred taxation is provided on temporary differences arising on investments in consolidated entities and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and deferred taxation liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value-Added Tax (VAT)

Expenses and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Revenue and income are recognised net of the amount of VAT, except:

- When the VAT due on the sale or income is not payable to the taxation authority, in which case the full amount is recognised as revenue or income as applicable.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Dividend Withholding Tax (DWT)

DWT is a tax levied on the beneficial owner of the shares instead of the company. The tax is withheld by the company and is paid over to the South African Tax Authority 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 company. Amounts not yet paid over to the South African Tax Authority are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

8. PROVISIONS

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Where the effect of discounting to present value is material, provisions raised are adjusted to reflect the time value of money. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

9. REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be reliably measured. Revenue is shown net of estimated customer returns, discounts and VAT and after eliminating sales within the group. Revenue is measured at the fair value of the consideration received or receivable, and is recognised when it is probable that the economic benefits associated with the transaction will flow to the group and the amount of revenue can be reliably measured. Revenue is shown net of estimated customer returns, discounts and VAT and after eliminating sales within the group.

Revenue is recognised when there is evidence of an arrangement, collectability is probable, and the delivery of the product or service has occurred. In certain circumstances revenue is split into separately identifiable components and recognised when the related components are delivered in order to reflect the substance of the transaction. The consideration of each component is allocated on a relative fair value basis.

Retail sales

Retail sales comprise net income from the sale of merchandise and are recognised when the significant risks and rewards of ownership pass to the customer. It is the group's policy to sell its products to the retail customer with a right to return within a specified period. Accumulated experience is used to estimate and provide for such returns.

Premium income

Premiums are recognised when due in terms of the relevant contract and are shown before the deduction of commission and claims, which are recognised in administrative and other operating expenses.

Service fee revenue

Revenue from a contract to provide services is recognised in the month in which the service charge accrues. Service fee revenue is derived from the provision of information technology and debtor management services.

Club fees

Club fees are recognised in the month in which the customer charge accrues.

Interest

Interest received is recognised on a time proportion basis at the effective interest rate as imputed in the contract.

Rental income

Rental income in respect of operating leases is recognised on a straight-line basis over the lease period.

Dividend income

Dividend income includes the value of cash dividends received and surpluses distributed by a staff share trust and cumulative preference dividends distributed by a consolidated entity. Dividends are recognised when the right to receive payment has been established.

Fees

Fees represent fee income from consolidated entities in respect of various administrative and operating functions performed on their behalf. Fees are recognised when the charge accrues.

Prepaid airtime sales

Prepaid airtime sales are recognised once the significant risks and rewards of ownership pass to the customer.

Contracts

Contract products are defined as arrangements with multiple deliverables. Revenue from the handset is recognised when the handset is delivered. Monthly service revenue received from the customer is recognised in the period which the service is delivered. Airtime revenue is recognised on the usage basis commencing on activation date. Unused airtime is deferred in full and recognised in the month of usage or on expiry of the airtime.

Retail Voice and Data

Service arrangements include subscription fees, typically monthly revenue, which are recognised over the subscription period. Revenue related to local, long distance, network-to-network, roaming and international call connection services is recognised when the call is placed or the connection provided.

10. LEASES

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease. Contingent rentals (including turnover clause rentals) arising under operating leases are recognised as an expense in the period in which liability is accrued. The resulting difference arising from the straight-line basis and contractual cash flows is recognised as an operating lease obligation or asset.

11. BORROWING COSTS

Borrowing costs are capitalised where they are directly attributable to the acquisition, construction or production of a qualifying asset. All other borrowing costs are expensed in the period in which they occur.

12. DIVIDENDS TO SHAREHOLDERS

Dividends in respect of equity instruments are recorded in the period in which the dividend is paid and are charged directly to equity.

13. FOREIGN CURRENCIES

Functional and presentation currency

Items included in the financial statements of the group's foreign consolidated entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Rands, which is the group's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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 items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies

The results and position of consolidated entities that have a functional currency that differs from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income statement items are translated at the average rate for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of other comprehensive income. Financial assets are reviewed annually for any evidence of impairment and any impairment loss is recognised immediately in the income statement.

On disposal of the consolidated entity, the accumulated exchange differences in other comprehensive income are recognised in the income statement.

14. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when the group becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Subsequent measurement is made in accordance with the specific instrument provisions of IAS 39 Financial Instruments: Recognition and Measurement. Where a legally enforceable right of offset exists for recognised financial assets and liabilities, and the group intends to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related asset and liability are offset.

Long-term receivables

Long-term receivables are classified as a 'loan or receivable' and are recorded at fair value at inception using the effective interest rate implicit in the cash flows of the receivable. This effective interest rate is established by considering the market rate of interest for a similar investment on the date of each contribution. The long-term receivables are carried at amortised cost.

Trade and other receivables

Trade receivables, which generally have 6 to 12 month terms are recognised and are initially recognised at fair value subsequently measured at amortised cost, namely the original invoice amount plus associated costs and interest charges to date, less any impairment allowance for uncollectible amounts, and are classified as 'loans and receivables'. Provision is made when there is objective evidence that the group will have difficulty collecting the debts. Various economic factors and changes in the delinquency of payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within selling expenses.

Bad debts are written off in the income statement when it is considered that the group will be unable to recover the debt and it has been handed over for collection. Subsequent recoveries of amounts previously written off are credited against selling expenses in the income statement.

Other receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method and are carried net of any accumulated impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, net of bank overdrafts. Cash and cash equivalents are classified as receivables originated by the enterprise and are measured at amortised cost.

Derivative financial instruments

The group uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently measured at fair value, which is calculated with reference to current forward exchange contracts with equivalent maturity periods. Gains or losses arising from fair value adjustments are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in OCI.

Hedging

At the inception of a hedge relationship, the group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in the cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Cash flow hedges
For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the income statement.

The group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. Refer to note 27.3 for more details.

When the hedged item results in the recognition of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial cost or other carrying amount of the non-financial asset or liability. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

Trade and other payables
Trade payables, which are primarily settled on 30 day terms, are initially measured at cost, being the fair value of the consideration to be paid in the future for goods and services rendered. These are subsequently measured at amortised cost using the effective interest rate method.

Other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Loans and borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Financial guarantees
Financial guarantees are initially recognised at their fair value and are subsequently measured at the higher of:
- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised.

Amounts owing by/to consolidated entities
Consolidated entity balances are initially recognised at the fair value of the consideration received, and are subsequently measured at amortised cost using the effective interest rate method. Current amounts owing are settled on 30 day terms.

Impairments and derecognition
Financial assets are reviewed annually for any evidence of impairment. Provision is made for impairment if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

For loans and receivables, 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 credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount is reduced and the amount of the loss is recognised in the income statement. If the loan has a variable rate, the discount rate for measuring any impairment loss is the current effective interest rate under the contract. If considered practical, the impairment may be measured on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed in the income statement.

15. REINSURANCE

The group assumes insurance risk in the normal course of business. Reinsurance assets represents balances due from registered insurance companies. Amounts receivable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that as a result of which the group may or may not receive all outstanding amounts due under the terms of the contact and the event has a reliably measurable impact on the amounts that the group will receive from the insurer. Any related impairment loss is recorded in the income statement. Reinsurance liabilities represent balances due to registered insurance companies. Amounts payable are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurer's policies and are in accordance with the related reinsurance contract.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered a direct business/activity of the group, taking into account the product classification of the reinsurance business. Premiums and claims, assets and liabilities, are presented on a gross basis for the assumed reinsurance. Reinsurance assets and liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

16. EMPLOYEE BENEFITS

Short-term employee benefits
Short-term employee benefits are recognised in the period of service. Short-term employee benefits paid in advance are treated as prepayments and are expensed over the period of the benefit.

Post-retirement benefits
Defined benefit retirement fund and post-retirement medical aid fund
The costs of providing benefits under the defined retirement benefit fund and the obligation for post-retirement medical aid benefits (which is limited to members of the defined benefit retirement fund) is determined using the projected unit credit actuarial valuation method. Actuarial gains or losses, which can arise from differences between expected and actual outcomes, or changes in actuarial assumptions, are recognised immediately in other comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit.

The defined benefit fund asset reflected in the statement of financial position represents the present value of the defined benefit asset as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. The asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan. Past service costs are recognised immediately to the extent that benefits have already vested, and are otherwise amortised on a straight-line basis over the average period until the benefits become vested.

Defined contribution retirement fund
Payments to defined contribution retirement funds are expensed as they accrue in terms of services provided by employees.

Share-based payments
The group operates share incentive schemes for the granting of non-transferable options or shares to associates (employees). Equity-settled share-based payments in terms of the schemes are measured at

fair value (excluding the impact of any non-market vesting conditions) at the date of the grant, which is expensed over the period of vesting of the grant, with a corresponding adjustment to equity. Fair value is actuarially determined using a binomial valuation model. At each reporting date the estimate of the number of options that are expected to vest is revised, and the impact of this revision is recognised on a cumulative catch-up basis in the income statement, with a corresponding adjustment to equity. Assumptions used in the respective valuations are detailed in note 9.5. Upon vesting, the amount remaining in the share-based payment reserve relating to any such vested tranche is transferred within equity to retained earnings.

Performance incentives

The group recognises a liability and expense for performance incentives which include a component based on formulae which take into consideration the profit for the year and other operational targets.

17. TREASURY SHARES

Shares in Mr Price Group Limited held by the staff share trusts are classified as treasury shares and are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised as equity. Voting rights related to these shares are restricted for the company only on resolutions applicable to the share trusts. Share options exercised during the reporting period are settled with treasury shares.

18. SEGMENTAL REPORTING

The group's retailing operations are reported within three operating segments, namely the Apparel, Home and Financial Services and Cellular segments. Group service divisions are reported in the Central Services segment. The group presents information about geographical areas based on retail sales and other income. The information reported is similar to the information provided to the management to enable them to assess performance and allocate resources.

19. COST OF SALES

Cost of sales comprise the direct cost of merchandise sold and incorporates the cost of distribution, inventory losses and provisions for markdowns less discounts received from suppliers.

20. SELLING EXPENSES

Selling expenses comprise the costs incurred in the marketing and advertising of merchandise, store operations and the provision of credit, airtime and mobile facilities.

21. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

These expenses comprise costs related to the operation of the support functions within the group other than those included in selling expenses.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 March 2018

		GROUP		COMPANY	
R'm	Notes	2018 31 March	2017 1 April	2018 31 March	2017 1 April
Assets					
Non-current assets		2 628	2 577	2 634	2 490
Property, plant and equipment	3	2 092	2 130	2 023	2 042
Intangible assets	4	433	356	402	323
Consolidated entities	5			143	73
Long-term receivables and other investments	6	18	23	2	4
Defined benefit fund asset	28	63	48	63	48
Deferred taxation assets	16	22	20	1	-
Current assets		7 491	6 338	7 206	5 935
Inventories	7	2 215	2 102	2 061	1 945
Trade and other receivables	8	2 369	2 207	2 295	2 098
Derivative financial instruments	27	1	14	1	14
Re-insurance assets	14	146	129	146	129
Current amounts owing by consolidated entities	5			641	592
Taxation		4	63	-	55
Cash and cash equivalents	24.8	2 756	1 823	2 062	1 102
Total assets		10 119	8 915	9 840	8 425
Equity and liabilities					
Equity attributable to equity holders of the parent		7 455	6 741	7 269	6 370
Issued capital*	9	-*	-	-*	-
Capital reserves	10	308	317	264	267
Treasury share transactions	11	(1 398)	(1 306)	(2 164)	(2 134)
Retained income		8 791	7 845	9 262	8 257
Foreign currency translation reserve	12	(153)	(95)		
Defined benefit fund actuarial gains and losses	13	2	(3)	2	(3)
Cash flow hedge reserve	27	(95)	(17)	(95)	(17)
Non-controlling interests	5	-	(12)		
Total Equity		7 455	6 729	7 269	6 370
Non-current liabilities		257	335	218	273
Lease obligations	15	185	192	174	187
Deferred taxation liabilities	16	1	59	-	58
Long-term provisions	17	29	7	2	2
Long-term liabilities	30	13	51	13	-
Post retirement medical benefits	28	29	26	29	26
Current liabilities		2 407	1 851	2 353	1 782
Trade and other payables	18	1 982	1 713	1 896	1 635
Derivative financial instruments	27	133	31	133	31
Re-insurance liabilities	14	38	41	38	41
Current amounts owing to consolidated entities	5			45	23
Current provisions	17	11	10	2	4
Current portion of lease obligations	15	25	11	23	9
Taxation	24.3	182	6	180	-
Bank overdraft	24.8	36	39	36	39
Total liabilities		2 664	2 186	2 571	2 055
Total equity and liabilities		10 119	8 915	9 840	8 425

*less than R1 million

CONSOLIDATED INCOME STATEMENTS

for the year ended 31 March 2018

		GROUP		COMPANY	
R'm	Notes	2018 31 March	2017 1 April	2018 31 March	2017 1 April
Revenue		21 347	19 763	20 780	19 754
Retail sales and other revenue		21 185	19 679	20 623	19 676
Retail sales		19 994	18 575	19 483	18 088
Interest on trade receivables		365	351	364	350
Income from consolidated entities				137	725
Premium income		257	225	253	221
Club fees		23	22	22	22
Airtime and related mobile revenue		418	401	256	187
Other revenue		128	105	108	83
Finance interest received		162	84	157	78
Costs and expenses		17 453	16 631	16 878	16 030
Cost of sales		11 582	11 365	11 462	11 197
Selling expenses		4 492	3 995	4 054	3 593
Administrative and other operating expenses		1 379	1 271	1 362	1 240
Profit from operating activities	19	3 732	3 048	3 745	3 646
Finance costs		2	2	2	2
Finance interest received		162	84	157	78
Profit before taxation		3 892	3 130	3 900	3 722
Taxation	20	1 111	867	1 083	837
Profit after taxation		2 781	2 263	2 817	2 885
Attributable to:					
Non-controlling interests*	5	-	-		
Equity holders of the parent		2 781	2 263		
Profit attributable to shareholders		2 781	2 263	2 817	2 885
Earnings per share	21	cents per share	cents per share	% change	
Basic		1 076.4	884.6	21.7	
Headline		1 100.1	911.4	20.7	
Diluted basic		1 052.2	861.8	22.1	
Diluted headline		1 075.4	887.9	21.1	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

R'm	Notes	GROUP 2018 31 March	GROUP 2017 1 April	COMPANY 2018 31 March	COMPANY 2017 1 April
Profit attributable to shareholders		**2 781**	2 263	**2 817**	2 885
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Currency translation adjustments	12	**(58)**	(83)		
Net (loss)/gain on hedge accounting		**(115)**	96	**(115)**	96
Deferred taxation thereon		**37**	(28)	**37**	(28)
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit fund actuarial gains	13	**7**	3	**7**	3
Deferred taxation thereon		**(2)**	(1)	**(2)**	(1)
Total comprehensive income for the year attributable to shareholders, net of taxation		**2 650**	2 250	**2 744**	2 955
Attributable to:					
Non-controlling interests*		**-**	-		
Equity holders of the parent		**2 650**	2 250	**2 744**	2 955
Total comprehensive income for the year attributable to shareholders, net of taxation		**2 650**	2 250	**2 744**	2 955

* less than R1 million

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the year ended 31 March 2018

R'm	Notes	GROUP 2018 31 March	GROUP 2017 1 April	COMPANY 2018 31 March	COMPANY 2017 1 April
Cash flows from operating activities					
Operating profit before working capital changes	24.1	**3 861**	3 081	**3 732**	3 644
Working capital changes	24.2	**7**	(251)	**(16)**	(248)
Cash generated from operations		**3 868**	2 830	**3 716**	3 396
Interest on trade receivables		**365**	351	**364**	351
Net finance income received		**160**	82	**155**	76
Taxation paid	24.3	**(891)**	(689)	**(862)**	(654)
Net cash inflows from operating activities		**3 502**	2 574	**3 373**	3 169
Cash flows from investing activities					
Net inflows/(outflows) in respect of long-term receivables	24.4	**5**	(4)	**2**	2
Acquisition of other investment		**-**	(1)	**-**	(1)
Replacement of intangible assets		**(23)**	(25)	**(23)**	(25)
Additions to intangible assets		**(106)**	(71)	**(103)**	(68)
Replacement of property, plant and equipment		**(111)**	(121)	**(108)**	(118)
Additions to property, plant and equipment		**(221)**	(588)	**(201)**	(572)
Proceeds on disposal of property, plant and equipment		**1**	1	**1**	1
Net cash outflows from investing activities		**(455)**	(809)	**(432)**	(781)
Cash flows from financing activities					
Proceeds from issue of shares	11	**-**	-	**-**	403
Repurchase of shares	11	**-**	-	**-**	(454)
Decrease in net current amounts owing to/by consolidated entities	24.5	**-**	-	**(27)**	(78)
Net (outflow)/inflow in respect of long-term liability	24.7	**(51)**	15	**-**	-
Dividends to shareholders	24.6	**(1 893)**	(1 688)	**(1 902)**	(1 723)
Grants to staff share trusts		**-**	-	**(40)**	(422)
Acquisition of non-controlling interest		**(1)**	-	**-**	-
Treasury share transactions		**(108)**	335	**-**	-
Net cash outflows from financing activities		**(2 053)**	(1 338)	**(1 969)**	(2 274)
Net increase in cash and cash equivalents		**994**	427	**972**	114
Cash and cash equivalents at beginning of the year		**1 784**	1 419	**1 063**	940
Exchange losses		**(58)**	(62)	**(9)**	9
Cash and cash equivalents at end of the year	24.8	**2 720**	1 784	**2 026**	1 063

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

		ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT													
		CAPITAL RESERVES				TREASURY SHARE TRANSACTIONS									
R'm	Notes	Share capital*	Share premium	Participants in staff share investment trust	Share-based payments reserve	Treasury shares at cost	Deficit on treasury share transactions	Taxation relating to grants to share trusts	Foreign currency translation reserve	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	Retained income	Total	Non-controlling interests	Total Equity
GROUP															
Balance at 2 April 2016		**-**	**12**	**45**	**241**	**(1 017)**	**(958)**	**227**	**(12)**	**(5)**	**(85)**	**7 184**	**5 632**	**(12)**	**5 620**
Total comprehensive income									(83)	2	68	2 263	**2 250**	-	**2 250**
													-		**-**
Profit for the year												2 263	**2 263**	-	**2 263**
Other comprehensive income:									(83)	2	68	-	**(13)**	-	**(13)**
Currency translation adjustments	12								(83)				**(83)**		**(83)**
Net gain on hedge accounting	14										96		**96**		**96**
Deferred taxation thereon											(28)		**(28)**		**(28)**
Defined benefit fund actuarial gains	13									3			**3**		**3**
Deferred taxation thereon	13									(1)			**(1)**		**(1)**
Conversion of B ordinary to ordinary share capital	9.4	-*	-*										**-**		**-**
Treasury shares acquired	11					(422)							**(422)**		**(422)**
Taxation relating to grants to share trusts	11							100					**100**		**100**
Effect of consolidation of staff share trusts	11			(7)		7							**-**		**-**
Deficit on treasury share transactions	11						(304)						**(304)**		**(304)**
Recognition of share-based payments					112								**112**		**112**
Share-based payments reserve released to retained income for vested options					(86)							86	**-**		**-**
Treasury shares sold	11					1 061							**1 061**		**1 061**
2016 final dividend to shareholders	22											(1 089)	**(1 089)**		**(1 089)**
2017 interim dividend to shareholders	22											(599)	**(599)**		**(599)**
Balance at 1 April 2017		**-***	**12**	**38**	**267**	**(371)**	**(1 262)**	**327**	**(95)**	**(3)**	**(17)**	**7 845**	**6 741**	**(12)**	**6 729**
Total comprehensive income									(58)	5	(78)	2 781	**2 650**	-*	**2 650**
Profit for the year												2 781	**2 781**	-*	**2 781**
Other comprehensive income									(58)	5	(78)	-	**(131)**	-*	**(131)**
Currency translation adjustments	12								(58)				**(58)**		**(58)**
Net loss on hedge accounting											(115)	-	**(115)**		**(115)**
Deferred taxation thereon											37		**37**		**37**
Defined benefit fund actuarial losses	13									7			**7**		**7**
Deferred taxation thereon	13									(2)			**(2)**		**(2)**
Conversion of B ordinary to ordinary share capital	11	-*	-*										**-**		**-**
Treasury shares acquired	11					(285)							**(285)**		**(285)**
Taxation relating to grants to share trusts	11							10					**10**		**10**
Effect of consolidation of staff share trusts	11			(6)		6							**-**		**-**
Deficit on treasury share transactions	11						(139)						**(139)**		**(139)**
Recognition of share-based payments					87								**87**		**87**
Share-based payments reserve released to retained income for vested options	9				(90)							90	**-**		**-**
Treasury shares sold	11					316							**316**		**316**
Non-controlling interest acquired												(32)	**(32)**	12	**(20)**
2017 final dividend to shareholders	22											(1 157)	**(1 157)**		**(1 157)**
2018 interim dividend to shareholders	22											(736)	**(736)**		**(736)**
Balance at 31 March 2018		**-***	**12**	**32**	**264**	**(334)**	**(1 401)**	**337**	**(153)**	**2**	**(95)**	**8 791**	**7 455**	**-**	**7 455**

*less than R1 million

R'm	Notes	Share capital*	Share premium	Participants in staff share investment trust	Share-based payments reserve	Treasury shares at cost	Deficit on treasury share transactions	Taxation relating to grants to share trusts	Foreign currency translation reserve	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	Retained income	Total
		ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT											
		CAPITAL RESERVES				TREASURY SHARE TRANSACTIONS							
COMPANY													
Balance at 2 April 2016		**-**	**-**	**-**	**241**	**(1 767)**	**(221)**	**227**	-	**(5)**	**(85)**	**7 009**	**5 399**
Total comprehensive income										2	68	2 885	**2 955**
Profit for the year												2 885	**2 885**
Other comprehensive income										2	68	-	**70**
Defined benefit fund actuarial gains	13									3			**3**
Deferred taxation thereon	13									(1)			**(1)**
Net gain on hedge accounting											96		**96**
Deferred taxation thereon											(28)		**(28)**
Conversion of B ordinary to ordinary share capital	9.4												**-**
Grants to staff share trusts	11					(422)							**(422)**
Repurchase and cancellation of shares	10						(51)						**(51)**
Taxation relating to grants to share trusts	11							100					**100**
Recognition of share-based payments					112								**112**
Share-based payments reserve released to retained income for vested options					(86)							86	**-**
2016 final dividend to shareholders	22											(1 118)	**(1 118)**
2017 interim dividend to shareholders	22											(605)	**(605)**
Balance at 1 April 2017		**-***	**-**	**-**	**267**	**(2 189)**	**(272)**	**327**	**-**	**(3)**	**(17)**	**8 257**	**6 370**
Total comprehensive income										5	(78)	2 817	**2 744**
Profit for the year												2 817	**2 817**
Other comprehensive income										5	(78)		**(73)**
Defined benefit fund actuarial losses	13									7			**7**
Deferred taxation thereon	13									(2)			**(2)**
Net loss on hedge accounting											(115)		**(115)**
Deferred taxation thereon											37		**37**
Conversion of B ordinary to ordinary share capital	11	-*	-*										**-**
Grants to staff share trusts	11					(40)							**(40)**
Taxation relating to grants to share trusts	11							10					**10**
Recognition of share-based payments	9				87								**87**
Share-based payments reserve released to retained income for vested options					(90)							90	**-**
2017 final dividend to shareholders	22											(1 163)	**(1 163)**
2018 interim dividend to shareholders	22											(739)	**(739)**
Balance at 31 March 2018		**-***	**-**	**-**	**264**	**(2 229)**	**(272)**	**337**	**-**	**2**	**(95)**	**9 262**	**7 269**

*less than R1 million

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. ADOPTION OF NEW STANDARDS AND CHANGES IN ACCOUNTING POLICIES

The following new standards and interpretations that were applicable were adopted during the year and did not lead to any changes in the group's accounting policies. There were other amendments issued by the IASB which came into effect for the current financial period which were not applicable to the group.

Statement, interpretation or standard	Effective for annual periods beginning
IAS 7 Disclosure Initiative – amendments	1 January 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - amendments	1 January 2017

1.2 STANDARDS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following statements, interpretations and standards were in issue but not yet effective:

Statement, interpretation or standard	Effective for annual periods beginning
• IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
• IFRS 2 Classification and Measurement of Share-based Payment Transactions - amendments	1 January 2018
• IAS 40 Transfers of Investment Property - amendments	1 January 2018
• Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018

The directors anticipate that the adoption of the above mentioned standards in future periods will have no material financial impact on the financial statements of the group and will only result in additional disclosure requirements. These statements, interpretations and standards will be adopted at the respective effective dates. IFRS 9, 15, 16 and 17 are discussed below

IFRS 9 Financial Instruments (effective for annual periods beginning 1 January 2018)

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets which will mainly impact the MRP Money division.

The new impairment models reflects expected credit losses (ECL) based on forward-looking information, as opposed to incurred credit losses under IAS 39. The group engaged with independent consultants in building the new IFRS 9 impairment models. The new impairment models are not expected to have a material financial impact on the existing impairment provision previously recognised in terms of IAS 39.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures in respect of its financial instruments, particularly in the year of initial adoption (F2019).

The impact of IFRS 9 based on F2018 data on opening retained earnings for F2019 is less than 0.25% of current retained earnings. The group will use the modified retrospective approach.

IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning 1 January 2018)

IFRS 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The fundamental principle of the standard is that revenue recognised reflects the consideration to which the company expects to be entitled in exchange for the transfer of promised goods or services to the customer. The new five-step approach requires revenue to be recognised based on the satisfaction of performance obligations.

Retail trading business

Due to the nature of the business, the timing of recognition is not expected to materially impact the revenue of the retail trading businesses (mrp, mrpHome, mrpSport, Sheet Street and Miladys).
Management has assessed the key areas of impact being rights of returns and gift voucher breakage on the group's financial statements, both of which are considered immaterial. It is anticipated that there will be changes to the disclosures in the financial statements in the year of implementation.

Mobile business

MRP Mobile revenue is only 1% of group retail sales and other income for F2018 and the change in standard is not expected to materially impact the group.
Management has assessed revenue from mobile contracts that will be allocated to separate components of the contract based on separate performance obligations and standalone selling prices and the resulting changes in timing and amount of revenue recognised.

The impact of IFRS 15 based on F2018 data on opening retained earnings for F2019 is less than 0.25% of current retained earnings. The impact on current assets and current liabilities has also been assessed as less than 0.5% of those balances. The group will use the modified retrospective approach.

IFRS 16 Leases (effective for annual periods beginning 1 January 2019)

IFRS 16 requires that a lessee recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Depreciation is recognised on the right-of-use asset and interest is recognised on the lease liability, replacing the straight-line operating lease expense. Assets and liabilities arising from a lease are initially measured on a present value basis. There are recognition exemptions for short-term leases and leases of low-value items.

The group has completed initial assessments of the potential impact on its consolidated financial statements. Additional fields have been added to the current lease management system for information required to calculate the present value of the lease liability and the right-of-use asset. A report of the lease liability per store is in development. The actual impact of applying IFRS 16 on the financial statements in the period of initial application (F2020) will depend on future economic conditions, the composition of the group's lease portfolio at that date, the group's latest assessment of whether it will exercise any lease renewal options and the extent to which the group chooses to use practical expedients and recognition exemptions.

The impact will be significant for the group as at the end of F2018 there are 1 258 stores and the group's future minimum rentals payable under non-cancellable leases amounted to R4 billion, on an undiscounted basis (refer note 15). The changes will impact the statement of financial position and statement of comprehensive income line items, including but not limited to, property, plant and equipment, lease obligations, operating lease expense, depreciation and finance costs, as well as key metrics such as return on assets and earnings before interest, taxation, depreciation and amortisation (EBITDA).

IFRS 17 Insurance Contracts (effective for annual periods beginning 1 January 2021)

IFRS 17 prescribes a single accounting model under which insurance contracts are measured using current estimates. The main features of the new accounting model for insurance contracts are:

- Combining current measurement of future cash flows with the recognition of profit over the period that services are provided under the contract
- Presenting insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses
- Requiring an entity to make an accounting policy choice of whether to recognised all insurance finance income or expenses in profit or loss or to recognise some of that income or expenses in other comprehensive income.

The group will commence impact assessments on this standard in F2019 in preparation for the standard being effective in F2022.

2. SIGNIFICANT ACCOUNTING ESTIMATES

Estimation uncertainty

The key assumptions concerning the future and other key sources of information uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

Employee benefits actuarially determined

The costs of the defined benefit pension fund plan, the post-retirement medical benefit fund and share-based payments are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in notes 9.4, 9.5 and 29.5). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

Provision for net realisable value of inventories

The provision for net realisable value of inventories represents management's estimate of the extent to which merchandise on hand at the reporting date will be sold below cost. This estimate takes into consideration past trends, evidence of impairment at year end and an assessment of future saleability, which takes into account fashionability and seasonal changes.

Provision for impairment of trade receivables

The provision for impairment of trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors, which are likely to impact recoverability.

Income taxes

The group is subject to income tax in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. 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 whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fittings, equipment and vehicles		Computer equipment		Improvements to leasehold premises		Land		Buildings		Leased buildings		Total	
R'm	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
GROUP														
Net carrying amount at beginning of the year	**1 421**	1 084	**120**	122	**22**	24	**172**	166	**395**	278	**-**	-	**2 130**	1 672
Cost or carrying amount	**2 482**	2 075	**258**	318	**51**	60	**172**	166	**400**	282	**27**	27	**3 390**	2 928
Accumulated depreciation and impairment	**(1 061)**	(991)	**(138)**	(198)	**(29)**	(36)	**-**	-	**(5)**	(4)	**(27)**	(27)	**(1 260)**	(1 256)
Current year movements														
Additions	**248**	547	**32**	36	**50**	2	**-**	6	**2**	118	**-**	-	**332**	709
- external development/acquistion	**248**	267	**32**	36	**50**	2	**-**	-	**2**	-	**-**	-	**332**	305
- items capitalised to work in progress*		280					**-**	6	**-**	118			**-**	404
Disposals and scrapping	**(30)**	(11)	**(6)**	(1)	**(1)**	-	**-**	-	**-**	-	**-**	-	**(37)**	(12)
Reclassification	**(135)**	-	**15**	-	**-**	-	**11**	-	**54**	-	**-**	-	**(55)**	-
Impairments and write downs	**1**	(11)	**(1)**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(11)
Exchange differences	**(5)**	(13)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(5)**	(13)
Depreciation	**(214)**	(175)	**(43)**	(35)	**(6)**	(4)	**-**	-	**(10)**	(1)	**-**	-	**(273)**	(215)
Net carrying amount at end of the year	**1 286**	1 421	**117**	120	**65**	22	**183**	172	**441**	395	**-**	-	**2 092**	2 130
Made up as follows:														
Net carrying amount	**1 286**	1 421	**117**	120	**65**	22	**183**	172	**441**	395	**-**	-	**2 092**	2 130
Cost or carrying amount	**1 893**	2 482	**242**	258	**90**	51	**183**	172	**456**	400	**-**	27	**2 864**	3 390
Accumulated depreciation and impairment	**(607)**	(1 061)	**(125)**	(138)	**(25)**	(29)	**-**	-	**(15)**	(5)	**-**	(27)	**(772)**	(1 260)
COMPANY														
Net carrying amount at beginning of the year	**1 343**	985	**120**	118	**22**	24	**172**	166	**385**	267	**-**	-	**2 042**	1 560
Cost or carrying amount	**2 356**	1 938	**252**	311	**39**	49	**172**	166	**385**	267	**27**	27	**3 231**	2 758
Accumulated depreciation and impairment	**(1 013)**	(953)	**(132)**	(193)	**(17)**	(25)	**-**	-	**-**	-	**(27)**	(27)	**(1 189)**	(1 198)
Current year movements														
Additions	**225**	528	**32**	36	**50**	2	**-**	6	**2**	118	**-**	-	**309**	690
- external development/acquistion	**225**	248	**32**	36	**50**	2	**-**	-	**2**	-	**-**	-	**309**	286
- items capitalised to work in progress*		280						6		118				404
Disposals and scrapping	**(12)**	(11)	**(6)**	(1)	**(1)**	-	**-**	-	**-**	-	**-**	-	**(19)**	(12)
Reclassification	**(135)**	-	**15**	-	**-**	-	**11**	-	**54**	-	**-**	-	**(55)**	-
Impairments and write downs	**(1)**	(2)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(1)**	(2)
Depreciation	**(197)**	(157)	**(41)**	(33)	**(6)**	(4)	**-**	-	**(9)**	-	**-**	-	**(253)**	(194)
Net carrying amount at end of the year	**1 223**	1 343	**120**	120	**65**	22	**183**	172	**432**	385	**-**	-	**2 023**	2 042
													-	
Made up as follows:														
Net carrying amount	**1 223**	1 343	**120**	120	**65**	22	**183**	172	**432**	385	**-**	-	**2 023**	2 042
Cost or carrying amount	**1 783**	2 356	**237**	252	**80**	39	**183**	172	**441**	385	**-**	27	**2 724**	3 231
Accumulated depreciation and impairment	**(560)**	(1 013)	**(117)**	(132)	**(15)**	(17)	**-**	-	**(9)**	-	**-**	(27)	**(701)**	(1 189)

* The cumulative balance of work in progress that is not subject to depreciation at year end amounts to R46 million (2017: R1.2 bn).
Details of buildings: Remaining extent of Erf 4749 Bethlehem District, Bethlehem Province, Free State, in extent of 3538 square metres.Remaining extent of Erf 249 Cliffdale District, KwaZulu Natal Province, in extent of 19.5 ha.
Impairments and reversal of impairment relate to Australia store fixtures.

4. INTANGIBLE ASSETS

	Computer software		Customer lists		Goodwill		Trademarks		Total	
R'm	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
GROUP										
Net carrying amount at beginning of the year	**328**	347	**-**	-	**28**	26	**-**	-	**356**	373
Cost or carrying amount	**440**	444	**26**	26	**28**	26	**18**	18	**512**	514
Accumulated amortisation and impairment	**(112)**	(97)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(156)**	(141)
Current year movements										
Additions arising from	**129**	96	**-**	-	**-**	-	**-**	-	**129**	96
- external development/acquisition	**20**	18	**-**	-	**-**	-	**-**	-	**20**	18
- internal development	**16**	20	**-**	-	**-**	-	**-**	-	**16**	20
- items capitalised to work in progress^	**93**	58							**93**	58
Disposals and scrapping	**(35)**	2	**-**	-	**-**	-	**-**	-	**(35)**	2
Reclassification	**55**	-	**-**	-	**-**	-	**-**	-	**55**	-
Impairment	**(14)**	(74)	**-**	-	**-**	-	**-**	-	**(14)**	(74)
Exchange differences	**-**	-	**-**	-	**(3)**	2	**-**	-	**(3)**	2
Amortisation	**(55)**	(43)	**-**	-	**-**	-	**-**	-	**(55)**	(43)
Net carrying amount at end of the year	**408**	328	**-***	-*	**25**	28	**-***	-*	**433**	356
Made up as follows:										
Net carrying amount	**408**	328	**-***	-*	**25**	28	**-***	-*	**433**	356
Cost or carrying amount	**524**	440	**26**	26	**25**	28	**18**	18	**593**	512
Accumulated amortisation and impairment	**(116)**	(112)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(160)**	(156)
COMPANY										
Net carrying amount at beginning of the year	**322**	342	**-**	-	**1**	1	**-**	-	**323**	343
Cost or carrying amount	**431**	438	**26**	26	**1**	1	**18**	18	**476**	483
Accumulated amortisation and impairment	**(109)**	(96)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(153)**	(140)
Current year movements										
Additions arising from	**126**	93	**-**	-	**-**	-	**-**	-	**126**	93
- external development/acquisition	**17**	15	**-**	-	**-**	-	**-**	-	**17**	15
- internal development	**16**	20	**-**	-	**-**	-	**-**	-	**16**	20
- items capitalised to work in progress	**93**	58							**93**	58
Disposals and scrapping	**(35)**	2	**-**	-	**-**	-	**-**	-	**(35)**	2
Reclassification	**55**	-	**-**	-	**-**	-	**-**	-	**55**	-
Impairment	**(14)**	(73)	**-**	-	**-**	-	**-**	-	**(14)**	(73)
Amortisation	**(53)**	(42)	**-**	-	**-**	-	**-**	-	**(53)**	(42)
Net carrying amount at end of the year	**401**	322	**-***	-*	**1**	1	**-***	-*	**402**	323
Made up as follows:										
Net carrying amount	**401**	322	**-***	-*	**1**	1	**-***	-*	**402**	323
Cost or carrying amount	**512**	431	**26**	26	**1**	1	**18**	18	**557**	476
Accumulated amortisation and impairment	**(111)**	(109)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(155)**	(153)

* Less than R1 million

^ The cumulative balance of work in progress that is not subject to amortisation at year end amounts to R187 million (R2017: 217 million)
The impairment was as a result of the change in approach in ERP implementation in the central services segment. This was based on the value in use determined on a discounted cash flow basis.

5. CONSOLIDATED ENTITIES AND MATERIAL PARTLY-OWNED SUBSIDIARIES

5.1 CONSOLIDATED ENTITIES

	COMPANY	
R'm	2018	2017
Carrying value of shares	25	5
Ordinary shares at cost	25	5
Carrying value of long-term loans	118	68
Long-term loans at cost	119	69
Impairment provisions	(1)	(1)
The loans are unsecured, bear interest at rates of up to South African prime per annum and have no fixed dates of repayment.		
	143	73
Net current amounts owing by consolidated entities	596	569
Current amounts owing by consolidated entities	641	592
Current amounts owing to consolidated entities	(45)	(23)
Current accounts are interest free and are settled within 12 months or on demand.		
	739	642

5.2 MATERIAL PARTLY-OWNED SUBSIDIARY

Financial information of subsidiary that had an external non-controlling interests is provided below:
The group acquired the 45% non-controlling interest on 2 January 2018.

	MRP MOBILE (PTY) LTD	
%	2018	2017
Proportion of equity interest held by non-controlling interests	-	45

On 2 January 2018, the group acquired the remaining 45% of the issued share capital from the non-controlling shareholder in MRP Mobile (Pty) Ltd, together with the outstanding loans owed, increasing the group's shareholding from 55% to 100%.

The purchase price payable is as follows:

R'm	
Long-term portion (note 30)	13
Current portion (note 18)	6
	19

6. LONG-TERM RECEIVABLES AND OTHER INVESTMENTS

6.1 LONG-TERM RECEIVABLES

	GROUP		COMPANY	
R'm	2018	2017	2018	2017
Enterprise development loan	1	3	1	3
Total loan to accredited supplier	3	5	3	5
Less: amount to be received in the next financial year transferred to trade and other receivables	(2)	(2)	(2)	(2)
MRP Mobile long-term receivables	16	19	-	-
Total receivables	56	89	-	-
Less: amount to be received in the next financial year transferred to trade and other receivables	(40)	(70)	-	-
Total long-term receivables	17	22	1	3

6.1 LONG-TERM RECEIVABLES (CONTINUED)

The company loaned R10 million to a long-standing supplier as part of an enterprise development initiative to assist in the construction of a new footwear factory with enhanced capacity. The loan bears no interest and is repayable in monthly instalments of R131 080. The monthly instalment commenced in January 2013 and increases annually by 7.0%.

The MRP Mobile long-term receivable refers to the portion of the handset debtor that is due beyond the next 12 months. The debtor is recognised when the handset is delivered to the customer and is amortised over the expected contract term.

6.2 OTHER INVESTMENT

R'm	2018	2017	2018	2017
Unlisted equity investment	**1**	1	**1**	1
Total long-term receivables and other investments	**18**	23	**2**	4

7. INVENTORIES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Merchandise purchased for resale	**2 186**	2 077	**2 041**	1 926
Consumable stores	**29**	25	**20**	19
	2 215	2 102	**2 061**	1 945
The write-down of inventories provided for in the valuation of merchandise purchased for resale was:	**186**	185	**179**	173

8. TRADE AND OTHER RECEIVABLES

8.1 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Gross trade receivables	**2 184**	2 083	**2 137**	2 008
Impairment provision	**(170)**	(161)	**(164)**	(148)
Trade receivables (net)	**2 014**	1 922	**1 973**	1 860
Prepayments	**218**	186	**206**	173
Other receivables	**137**	99	**116**	65
	2 369	2 207	**2 295**	2 098

The ageing of the gross trade receivables is as follows:

R'm	Days from transaction				
Current	30	**1 665**	1 587	**1 625**	1 528
Status 1	60	**289**	283	**287**	277
Status 2	90	**100**	93	**98**	90
Status 3	120	**61**	56	**60**	53
Status 4	150	**40**	39	**39**	35
Status 5	180	**29**	25	**28**	25
		2 184	2 083	**2 137**	2 008

Interest is charged on outstanding accounts in accordance with the National Credit Act (NCA).

The group has provided for receivables in all ageing status levels based on estimated irrecoverable amounts from the sale of merchandise, determined by reference to past default experience.

Before accepting any new credit customer, the group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer, while ensuring compliance with the requirements of the NCA. Limits and scoring are reviewed at least annually in accordance with the requirements of the NCA and upon request by a customer. Due to the nature of the business, there are no customers that represent more than 5% of the total balance of trade receivables. The group does not have any balances which are past due date and have not been provided for, as the provisioning methodology applied takes the entire debtor population into consideration.

8.2 MOVEMENT IN THE IMPAIRMENT PROVISION

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Balance at beginning of the year	**(161)**	(147)	**(148)**	(142)
Impairment losses net of reversals	**(9)**	(14)	**(16)**	(6)
Balance at end of the year	**(170)**	(161)	**(164)**	(148)

In determining the recoverability of trade receivables, the group considers any changes in credit quality of the receivables up to reporting date. The concentration of credit risk is limited, as the customer base is large and unrelated. As a result of the external credit scoring system applied, and the individual credit limits assigned, trade receivables that are neither past due nor impaired are considered to be fully recoverable. The ageing profiles of the impairment provision are as follows:

R'm	Days from transaction	**2018**	2017	**2018**	2017
Current and impaired	0 - 30	**11**	12	**11**	10
Past due and impaired					
Status 1	31 - 60	**26**	27	**25**	25
Status 2	61 - 90	**28**	28	**26**	25
Status 3	91 - 120	**35**	34	**34**	31
Status 4	121 - 150	**37**	35	**35**	32
Status 5	151 - 180+	**33**	25	**33**	25
		170	161	**164**	148

8.3 OTHER RECEIVABLES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
The expected maturity for other receivables is as follows:				
On demand	**31**	42	**24**	7
Less than three months	**52**	37	**45**	51
Three months to one year	**54**	20	**47**	7
	137	99	**116**	65

9. SHARE CAPITAL

9.1 AUTHORISED

	GROUP		COMPANY	
R'000	**2018**	2017	**2018**	2017
323 300 000 ordinary shares of 0.025 cent each	**81**	81	**81**	81
19 700 000 B ordinary shares of 0.300 cent each	**59**	59	**59**	59
Total authorised share capital	**140**	140	**140**	140

9.2 ISSUED

	GROUP		COMPANY	
R'000	**2018**	2017	**2018**	2017
Ordinary				
256 795 727 (2017: 255 195 880) ordinary shares of 0.025 cent each	**64**	64	**64**	64
B ordinary				
8 145 234 (2017: 9 745 081) B ordinary shares of 0.300 cent each	**24**	29	**24**	29
Total issued share capital	**88**	93	**88**	93

9.3 B ORDINARY SHARES

The B ordinary shares are unlisted and are convertible into ordinary shares on a one-for-one basis at the instance of the B ordinary shareholders. The voting rights attached to the ordinary and B ordinary shares are in the same ratio as the par value of the respective shares. In the event of a poll, ordinary shareholders are entitled to one vote per share and B ordinary shareholders to 12 votes per share.

9.4 SHARE TRUSTS AND SHARE PURCHASE SCHEMES

The company operates five share trusts and two forfeitable share plans for the benefit of associates, including executive directors, employed by the company and its consolidated entities. In terms of the deeds of trust, ordinary shares in Mr Price Group Limited may be acquired by the trust or awarded under the schemes for the benefit of associates in the group, including directors. These share schemes are more fully detailed in the remuneration report on pages 52 to 71.

9.4.1 SHARE TRUSTS AND SHARE PURCHASE SCHEMES

Five share trusts were established in November 2006, to replace The Mr Price Group Share Option Scheme and two forfeitable share plans (FSP) were introduced during 2014. Details of these plans are as follows:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Group total
AWARD TYPE	Options	Options	Options	Options	Shares	Shares	Shares	
Options/shares at 2 April 2016	1 973 139	1 908 180	3 095 127	5 267 661	4 303 182	503 430	245 841	17 296 560
New options/shares granted	637 166	814 497	1 080 659	1 277 413	670 249	-	138 490	4 618 474
Surrendered by participants	-	(224 173)	(317 025)	(504 789)	(722 460)	(11 849)	(18 304)	(1 798 600)
Options/shares exercised	(1 162 100)	(581 750)	(870 190)	(2 496 795)	(22 804)	(5 078)	-	(5 138 717)
Options/shares at 1 April 2017	1 448 205	1 916 754	2 988 571	3 543 490	4 228 167	486 503	366 027	14 977 717
New options/shares granted*	227 132	325 717	762 166	1 307 904	618 333	-	101 838	3 343 090
Surrendered by participants	-	(74 581)	(206 746)	(944 293)	(606 162)	(8 695)	(14 141)	(1 854 618)
Options/shares exercised	(249 238)	(346 180)	(514 244)	(685 258)	(94 305)	(5 796)	-	(1 895 021)
Options/shares at 31 March 2018	1 426 099	1 821 710	3 029 747	3 221 843	4 146 033	472 012	453 724	14 571 168
* New options/shares were granted during the current year at a strike price of (R per share):	R188.37	R155.04 - R188.37	R172.82 - R275.12	R149.75 - R188.37	-	-	-	
The strike price was determined by the lower of the 30 day volume-weighted average price and the closing share price on the business day prior to the award.								

The vesting periods of the options/shares are detailed on page 113.
The earliest opportunity at which share options are exercisable falls within financial years ending:

NUMBER OF OPTIONS/SHARES BY FINANCIAL YEAR:	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Group total
2019	205 283	316 299	515 484	334 248	N/A	402 156	76 724	1 850 194
2020	165 827	202 969	376 897	4 530	N/A	23 657	67 020	840 900
2021	190 691	235 933	446 037	633 784	N/A	46 199	78 124	1 630 768
2022	637 166	740 792	946 576	1 211 377	N/A	-	130 018	3 665 929
2023	227 132	325 717	744 753	1 037 904	N/A	-	101 838	2 437 344
	1 426 099	1 821 710	3 029 747	3 221 843	N/A	472 012	453 724	10 425 135

WEIGHTED AVERAGE PRICE BY FINANCIAL YEAR:	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Group total
2019	R152.94	R137.91	R147.19	R124.45	N/A	N/A	N/A	
2020	R222.60	R222.78	R220.87	R118.38	N/A	N/A	N/A	
2021	R200.01	R200.01	R199.20	R193.62	N/A	N/A	N/A	
2022	R138.00	R138.74	R139.00	R151.98	N/A	N/A	N/A	
2023	R188.37	R187.11	R188.43	R181.73	N/A	N/A	N/A	

Shares are expected to vest unconditionally in the Mr Price Partners Share Trust in 39 years.

9.4.1 SHARE TRUSTS AND SHARE PURCHASE SCHEMES (CONTINUED)

The table below details the executive directors share incentives:

	TOTAL EXECUTIVE DIRECTORS' SHARE OPTIONS AND SHARES					TOTAL EXECUTIVE DIRECTORS' FORFEITABLE SHARE PLANS			
Executive director	Options/shares held at beginning of year	Options/shares awarded and accepted during year	Options exercised during year	Gain on options exercised during year (R'm)	Options/shares held at end of year	Shares granted	Shares lapsed during year	Shares held at end of the year	Fair value of options and shares (R'm)
SI Bird	1 017 914	156 436	129 777	11	1 034 232	210 410	10 341	200 069	107
MM Blair	621 112	90 604	86 870	7	618 512	134 635	6 334	128 301	66
SA Ellis	131 122	21 932	32 591	2	118 230	18 738	2 233	16 505	11
Total	1 770 148	268 972	249 238	20	1 770 974	363 783	18 908	344 875	184

9.5 SHARE-BASED PAYMENTS

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Share-based payments relating to equity-settled share-based payment transactions in terms of the long-term incentive	**87**	112	**87**	112

Share-based payments are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of the grant, which is expensed over the period of vesting. The fair value of each option grant is estimated at the date of the grant using an actuarial binomial option pricing model.

The assumptions supporting inputs into the model for options granted during the year are as follows:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust
Weighted average strike price	R188.37	R187.11	R187.80	R180.29	R0.00
Expected volatility (%)	30.28	31.31-31.37	30.99-31.55	30.88-31.55	N/A
Expected option life	5 years	5 years	5 years	5 years	39 years
Risk free interest rate (%)	8.75	7.95-8.34	7.59-8.34	7.68-8.34	6.00-10.74
Expected dividend yield (%)	4.00	4.00	4.00	4.00	N/A

The expected volatility was determined, based on the historical volatility of the company's share price over the expected lifetime of each grant. The expected life of the options has been determined taking into account the restrictions on non-transferability and exercise and management's best estimate of probable exercise behaviour.

The risk-free rate used is the yield on zero-coupon South African government bonds which have a term consistent with the expected option life.

In the calculation of the initial fair value of the options, allowance is not made for non-market conditions (such as forfeitures and leavers) during the vesting period. Adjustment for these conditions is made in the annual expense charge, with an allowance for forfeitures being made in the vesting period at rates varying between 0% and 15% compounded per annum.

The assumptions supporting inputs into the model for the forfeitable share plans which have an expected option life of 5 years are as follows:

	PROBABILITY	% SHARES RETAINED
Participants still employed after 1 years	100%	10%
Participants still employed after 2 years	92%	20%
Participants still employed after 3 years	85%	30%
Participants still employed after 4 years	85%	40%
Participants still employed after 5 years	85%	100%

9.6 THE MR PRICE GROUP EMPLOYEES SHARE INVESTMENT TRUST

The company administers a staff share purchase scheme which facilitates the purchase of shares in the company for the benefit of employees, including executive directors, employed by the company and its consolidated entities. The acquisition of shares is funded by contributions from participants (employees) while the company is authorised to provide additional funding of up to 15% of the contributions made, which is expensed as an associate cost in the year incurred. In terms of guidance issued by the JSE Limited, the company has consolidated the trust as it was created to incentivise and reward the employees of the group. In the trust's annual financial statements it has Mr Price Group Limited shares to be delivered to the participants in the future. These shares are registered in the name of the trust and not the employees. In addition, the financial statements show a liability for the shares to be transferred to employees upon their request. In the group financial statements the Mr Price Group Limited shares are reflected as treasury shares as they have not yet been transferred to the employees, while the amounts received for the shares to be transferred to employees are treated as equity transactions.

9. SHARE CAPITAL (CONTINUED)

9.7 UNISSUED SHARE CAPITAL

The unissued share capital required for the purposes of carrying out the terms of the various share trusts and schemes is under the control of the directors until the conclusion of the forthcoming annual general meeting.

10. CAPITAL RESERVES

	GROUP		COMPANY	
R'm	2018	2017	2018	2017
10.1 SHARE PREMIUM ACCOUNT	**12**	12	**-***	-*
10.2 PARTICIPANTS IN STAFF SHARE INVESTMENT TRUST (NOTE 9.6)	**32**	38		
Beginning of the year	**38**	45		
Net movement for the year	**(6)**	(7)		
10.3 SHARE-BASED PAYMENTS RESERVE	**264**	267	**264**	267
Beginning of the year	**267**	241	**267**	241
Recognition of share-based payments for the year	**(3)**	26	**(3)**	26
Share-based payments for options/shares granted in prior years	**103**	99	**103**	99
Share-based payments for options/shares granted in current year	**11**	12	**11**	12
Adjustment for forfeitures	**(27)**	1	**(27)**	1
Share-based payments reserve transferred to retained income for options that have vested from inception to date	**(90)**	(86)	**(90)**	(86)
TOTAL CAPITAL RESERVES	**308**	317	**264**	267

*less than R1 million

The above equity account represents cumulative share based payment charges that have been credited to equity net of transfers to retained income for options that have vested.

11. TREASURY SHARE TRANSACTIONS

	GROUP		COMPANY	
R'm	2018	2017	2018	2017
5 959 116 (2017: 6 351 679) ordinary shares in Mr Price Group Limited held by staff share trusts	**(334)**	(371)		
- Balance at beginning of the year	**(371)**	(1 017)		
- Treasury shares acquired	**(285)**	(422)		
- Treasury shares sold	**316**	1 061		
- Mr Price Group Employees Share Investment Trust (note 9.6)	**6**	7		
Deficit on treasury share transactions	**(1 401)**	(1 262)	**(272)**	(272)
- Balance at beginning of the year	**(1 262)**	(958)	**(272)**	(221)
- Current year movement arising from the take-up of vested options	**(139)**	(304)	**-**	(51)
Taxation relating to grants to share trusts	**337**	327	**337**	327
- Balance at beginning of the year	**327**	227	**327**	227
- Current year movement	**10**	100	**10**	100
Grants by company to staff share trusts			**(2 229)**	(2 189)
- Balance at beginning of the year			**(2 189)**	(1 767)
- Grants made during the year			**(40)**	(422)
	(1 398)	(1 306)	**(2 164)**	(2 134)

1 583 019 treasury shares were acquired by the staff share trusts at an average of R180.55.
1 905 028 treasury shares were sold by the staff share trusts at an average of R166.13.

12. FOREIGN CURRENCY TRANSLATION RESERVE

	GROUP	
R'm	**2018**	2017
Beginning of the year	**(95)**	(12)
Currency translation adjustments for the year	**(58)**	(83)
Balance at end of the year	**(153)**	(95)

The foreign currency translation reserve comprises the cumulative translation adjustments arising on the consolidation of the foreign subsidiaries in Botswana, Nigeria, Ghana, Zambia, Australia and Kenya.

13. DEFINED BENEFIT FUND ACTUARIAL GAINS AND LOSSES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Beginning of the year	**(3)**	(5)	**(3)**	(5)
Current year actuarial gains	**7**	3	**7**	3
Deferred taxation thereon	**(2)**	(1)	**(2)**	(1)
End of the year	**2**	(3)	**2**	(3)

Refer to note 28 for details of the recognition of defined benefit fund actuarial gains and losses.

14. REINSURANCE ASSETS AND LIABILITIES

The company retails insurance products to custmers. The principal risk that the insurance cells face is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the cells is to ensure that sufficient reserves are available to cover these potential liabilities.

The main risks that the insurance cells are exposed to are as follows:

- Mortality risk: the risk of loss arising due to policyholder death experience differing from that expected;
- Morbidity risk: the risk of loss arising due to policyholder health experience dffering from that expected;
- Expense risk: the risk of loss arising from expense experience differing from that expected; and
- Policyholder decision risk: the risk of loss arising due to policyholder experiences (lapses and surrenders) differing from that expected.

14. REINSURANCE ASSETS AND LIABILITIES (CONTINUED)

The risk structure per product is as follows:

Guardrisk Insurance Company Limited (Cell number 136)
Mr Price Group Limited bears 100% of the risk for all products, which consists of: Lost card protection, Identity Theft and the group's motor vehicle cell.

Guardrisk Life Limited (Cell number 048)
Mr Price Group Limited bears 100% of the risk for all products which consists of: Customer Protection, 360 Degrees Protection, Medinet Critical Illness, A2B Commuter Personal Accident, Her Health, Group Funeral.

Guardrisk Insurance Company Limited (Cell number 316)
MRP Mobile (Pty) Ltd bears 100% of the risk for all insurance products which consists of: Customer Protection and Mobile Device Protection.

The reinsurance assets and liabilities are made up of the following components:

	GROUP AND COMPANY	
R'm	**2018**	2017
Reinsurance asset		
Cash and cash equivalents	**146**	129
	146	129

Receivables are measured at amortised cost and the carrying amounts approximate their fair value. All balances are current.

	GROUP AND COMPANY	
R'm	**2018**	2017
Reinsurance liability		
Unearned premium provision	**1**	1
Outstanding claims	**3**	3
IBNR reserve	**20**	16
Taxation liability	**14**	21
	38	41
Movement in reinsurance liabilities		
Balance at beginning of the year	**40**	29
Outstanding claims	**3**	2
IBNR reserve	**16**	13
Taxation liability	**21**	14
(Decrease)/increase in the year	**(3)**	11
Balance at end of the year	**37**	40
Outstanding claims	**3**	3
IBNR reserve	**20**	16
Taxation liability	**14**	21
Unearned premium provision		
Balance at beginning of the year	**1**	1
Premuim received	**257**	222
Premuim recognised	**(257)**	(222)
Balance at end of the year	**1**	1

14. REINSURANCE ASSETS AND LIABILITIES (CONTINUED)

Sensitivity analysis

Reinsurance liabilities are subject to changes in variables that could affect the value of the liability due. The effect of any sensitivity is considered immaterial. Outstanding claims, unearned premuim provision and the taxation liability are measured at amortised cost and are based on actual amounts due to third parties. The Incurred But Not Reported (IBNR) reserve is maintained in accordance with legislation governing financial service providers. The long-term cell maintains an IBNR reserve equal to a claim factor (minimum 33%) applied to 3 months of net premuims (i.e. gross premuims less commissions and administration fees). The short-terms cells are required to maintain a solvency ratio equal to 25% of net premiums as a solvency reserve and an IBNR reserve equal to 7% of the annual risk premium. As these reserves are governed by legislation only changes in such legislation would lead to the changes in the reserve. At year end no such changes were proposed by the financial services board, however the following sensitivity has been performed on the IBNR reserve.

Long-term cell reserve adjusted to be a claims factor (minimum 32%) applied to 2 months of net premiums. Short-term cell solvency reserve adjusted to equal 24% of net premuims and an IBNR equal to 6% of the annual risk premuim.

	GROUP AND COMPANY	
R'm	**2018**	2017
Impact on IBNR	**(6)**	(5)

Long-term cell reserve adjusted to be a claims factor (minimum 34%) applied to 4 months of net premiums. Short-term cell solvency reserve adjusted to equal 26% of net premiums and an IBNR equal to 8% of the annual risk premium.

	GROUP AND COMPANY	
R'm	**2018**	2017
Impact on IBNR	**6**	5

During the year a dividend of R122 million (2017: R106 million) was paid by the cells to the company.

Premium income and claims history:

	2018	2017	**2016**	2015
Premium income (R'm)	**261**	225	199	177
Number of claims	**3 509**	2 775	3 535	3 709
Claim costs (R'm)	**20**	17	15	15
Claim costs as a percentage of premium income	**7.7%**	7.6%	7.5%	8.3%

15. LEASE OBLIGATIONS

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Straight line operating lease liability	**210**	203	**197**	196
Less: amounts due for settlement within 12 months	**(25)**	(11)	**(23)**	(9)
Total long-term portion of lease obligations	**185**	192	**174**	187

Operating lease commitments

The group has entered into operating leases on store premises, with lease terms between one and ten years. The group has the option, under some of its leases, to lease the premises for an additional term of one to ten years.

Future minimum rentals payable under non-cancellable leases, which predominantly relate to land and buildings, are as follows:

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Within one year	**1 335**	1 373	**1 229**	1 158
After one year but less than five years	**2 557**	2 326	**2 367**	2 142
More than five years	**111**	111	**109**	99
	4 003	3 810	**3 705**	3 399

16. DEFERRED TAXATION

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Attributable to:				
Post retirement medical aid	**(4)**	(3)	**(4)**	(3)
Fair value adjustments on financial instruments	**(37)**	(5)	**(37)**	(5)
Prepayments	**48**	45	**47**	45
Provisions	**(191)**	(133)	**(186)**	(133)
Property, plant and equipment	**135**	77	**130**	77
Other temporary differences	**16**	31	**35**	48
Share based payments	**(201)**	(176)	**(201)**	(176)
Defined benefit fund asset	**16**	14	**16**	14
Grants to staff share trusts	**254**	246	**254**	246
Straight line operating lease liability	**(57)**	(57)	**(55)**	(55)
	(21)	39	**(1)**	58
Beginning of the year	**39**	(129)	**58**	(115)
Movements during the year	**(60)**	168	**(59)**	173
Prepayments	**3**	4	**2**	4
Provisions	**(58)**	12	**(53)**	12
Property, plant and equipment	**58**	77	**53**	77
Other temporary differences	**(15)**	16	**(13)**	22
Share based payments	**(25)**	(31)	**(25)**	(31)
Defined benefit fund actuarial gains	**2**	2	**2**	2
Grants to staff share trusts	**8**	57	**8**	57
Straight line operating lease liability	**-**	3	**-**	2
Fair value adjustments on financial instruments	**(32)**	28	**(32)**	28
Post retirement medical aid	**(1)**	-	**(1)**	-
End of the year	**(21)**	39	**(1)**	58
Deferred taxation liabilities	**1**	59	**-**	58
Deferred taxation assets	**(22)**	(20)	**(1)**	-
	(21)	39	**(1)**	58

17. PROVISIONS

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Onerous lease contracts				
Balance at beginning of the year	**17**	17	**6**	2
Provision raised/(utilised) during the period	**23**	-	**(2)**	4
Balance at end of the year	**40**	17	**4**	6
Long-term	**29**	7	**2**	2
Current	**11**	10	**2**	4
	40	17	**4**	6

The provision for onerous lease contracts represents the present value of the future lease payments that the group is presently obligated to make under non-cancellable onerous operating lease contracts, less profits expected to be earned on the lease, including estimated revenue (including revenue from sub-leases). The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from one to five years.

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Trade payables	**819**	760	**835**	784
Other payables	**1 163**	953	**1 061**	851
	1 982	1 713	**1 896**	1 635

Included in other payables is R6 million being the current portion of the purchase price payable on the acquisition of the non-controlling interest in MRP Mobile (Pty) Ltd (refer note 5.2 and 30). Other payables also includes provisions for incentives, leave pay and turnover rentals.

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are settled on terms that vary between date of ownership plus 10 days and 30 days from statement, depending on the procurement source.

Other payables are non-interest bearing and are settled on average 30 days from statement.

19. PROFIT FROM OPERATING ACTIVITIES

R'm	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Arrived at after (crediting)/charging the following:				
Income from consolidated entities			**(137)**	(725)
Dividend income			**(21)**	(632)
Fees			**(116)**	(93)
Amortisation of intangible assets (page 107)	**55**	43	**53**	42
Associate costs	**2 355**	1 996	**2 223**	1 884
Salaries, wages and other benefits	**2 117**	1 747	**1 992**	1 641
Share-based payments (note 9.5)	**87**	112	**87**	112
Defined contribution pension funds expense	**154**	138	**147**	132
Defined benefit pension fund net expense	**(3)**	(1)	**(3)**	(1)
Current service cost	**3**	3	**3**	3
Interest cost	**7**	7	**7**	7
Expected return on fund assets	**(13)**	(11)	**(13)**	(11)
Auditors' remuneration	**9**	8	**8**	6
Audit fees	**9**	7	**8**	6
Other services	**-**	1	**-**	-
Consulting fees	**23**	27	**19**	21
Technical services	**19**	23	**19**	21
Administrative and other services	**4**	4	**-**	-
Depreciation of property, plant and equipment (page 106)	**273**	215	**253**	194
Impairment/write off of intangible assets (page 107)	**14**	74	**14**	73
Impairment/write off of property, plant and equipment	**-***	11	**1**	2
Movement in provisions (note 17)	**23**	-	**(2)**	4
Net loss on disposal and scrapping of property, plant and equipment	**71**	10	**52**	10
Net loss on foreign exchange	**50**	50	**50**	50
Transactions	**50**	50	**50**	50
Operating lease rentals	**1 536**	1 424	**1 390**	1 266
Land and buildings	**1 506**	1 391	**1 360**	1 233
Equipment	**21**	23	**21**	23
Motor vehicles	**9**	10	**9**	10

* Less than R1 million

20. TAXATION

20.1 SOUTH AFRICAN AND FOREIGN TAXATION
20.1.1 SOUTH AFRICAN TAXATION

R'm	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
This year	**1 084**	841	**1 074**	830
Current				
Normal taxation	**1 098**	907	**1 088**	898
Securities transfer tax	**-**	1	**-**	1
Deferred				
Current year temporary differences	**(14)**	(67)	**(14)**	(69)
Prior years	**(5)**	(15)	**(5)**	(15)
Current	**17**	(93)	**17**	(93)
Deferred	**(22)**	78	**(22)**	78
20.1.2 FOREIGN TAXATION				
This year	**32**	41	**14**	22
Current	**34**	47	**14**	22
Deferred	**(2)**	(6)	**-**	-
Total taxation	**1 111**	867	**1 083**	837

In addition to the above, current normal taxation and deferred taxation amounting to R16.2 million (2017: R157.4 million charged) and R6.7 million (2017: R56.9 million credited) respectively have been charged and credited to equity relating to the grants to staff share trusts (refer note 11). Deferred income taxation of R30.0 million (2017: R29.0 million charged) has been credited to the statement of comprehensive income. Refer to note 26 for contingencies.

20.2 RECONCILIATION OF TAXATION RATE

	GROUP		COMPANY	
%	**2018**	2017	**2018**	2017
Standard rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
Expenses not allowed	**0.4**	-	**0.1**	-
Exempt income	**(0.6)**	(0.7)	**(0.7)**	(5.4)
Prior year underprovision	**(0.1)**	(0.5)	**(0.1)**	-
Unrecognised deferred tax assets	**1.1**	0.8	**-**	-
Other	**(0.3)**	0.1	**0.5**	(0.1)
Effective tax rate	**28.5**	27.7	**27.8**	22.5
The estimated taxation losses of consolidated entities available for set-off against future taxable income are:	**253.3**	160.8		

21. EARNINGS PER ORDINARY AND B ORDINARY SHARE

21.1 RECONCILIATION OF EARNINGS

The calculation of basic and headline earnings per share is based on:

	GROUP AND COMPANY	
R'm	**2018**	2017
Basic earnings - profit attributable to shareholders	**2 781**	2 263
Loss on disposal, scrapping and impairment of property, plant and equipment and intangible assets	**85**	95
Taxation thereon	**(24)**	(27)
Headline earnings	**2 842**	2 331

21.2 NUMBER OF SHARES

The weighted average number of shares in issue amount to 258 375 442 (2017: 255 792 780).

21.3 DILUTION IMPACT

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, which currently comprise share options and shares. A calculation is made in order to determine the number of shares that could have been issued at fair value (determined as the average annual market price of the shares) based on the monetary value of the subscription rights attached to outstanding options.

	GROUP AND COMPANY	
SHARES	**2018**	2017
Number of shares per basic earnings per share calculation	**258 375 442**	255 792 780
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	**5 930 423**	6 751 138
Number of shares for calculation of diluted earnings per share	**264 305 865**	262 543 918

22. DIVIDENDS TO SHAREHOLDERS

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Ordinary and B ordinary shares	**1 157**	1 089	**1 163**	1 118
Prior year final dividend: 438.8 cents per share (2017: 419.0 cents per share)	**1 163**	1 118	**1 163**	1 118
Dividend paid by Mr Price Partners Share Trust	**14**	15	**-**	-
Less: dividend received on shares held by staff share trusts	**(20)**	(44)	**-**	-
	736	599	**739**	605
Current year interim dividend: 279.0 cents per share (2017: 228.2 cents per share)	**739**	605	**739**	605
Dividend paid by Mr Price Partners Share Trust	**9**	7	**-**	-
Less: dividend received on shares held by staff share trusts	**(12)**	(13)	**-**	-
Total net dividend to shareholders	**1 893**	1 688	**1 902**	1 723

In respect of the current year, the board of directors propose that on the 25 June 2018, a cash dividend of 414.10 cents per share be paid to shareholders who are registered on the "Record date" of 22 June 2018. This dividend has not been reflected as a liability in these financial statements. The total estimated dividend to be paid by the company is R1.1 billion.

23. DIRECTORS' EMOLUMENTS

The emoluments received by the directors from the company were:

R'm	Basic salary	Motor vehicle benefits	Pension contributions	Other benefits	TGP^	Short-term incentives	Dividends (FSP plans)	Long-term incentives	**Total 2018**	Total 2017
SI Bird	6	-*	1	1	8	11	1	10	**31**	18
MM Blair	4	-*	1	-*	6	7	1	6	**19**	12
SA Ellis	2	-*	-*	-*	3	2	-*	2	**7**	5
Total	**12**	-*	**2**	**1**	**17**	**20**	**2**	**18**	**57**	34

* Less than R1 million

^ Total guaranteed package

Refer to remuneration report on page 64.

23. DIRECTORS' EMOLUMENTS (CONTINUED)

The emoluments received by the non-executive directors from the company were:

Rand	**2018**	2017
SB Cohen	703 600	663 750
K Getz	583 700	550 700
M Motanyane	439 050	414 200
D Naidoo	656 350	534 250
MR Johnston	638 400	682 400
NG Payne	1 407 150	1 327 500
MJD Ruck	655 800	538 500
M Bowman	402 708	27 438
B Niehaus	50 896	-
WJ Swain	237 833	538 500
	5 775 487	**5 277 238**

24. NOTES TO THE STATEMENTS OF CASH FLOWS

24.1 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Profit before taxation	**3 892**	3 130	**3 900**	3 722
Adjustments for:				
Depreciation of property, plant and equipment	**273**	215	**253**	194
Amortisation of intangible assets	**55**	43	**53**	42
Loss on disposal and scrapping of property, plant and equipment	**71**	10	**52**	10
Impairment of property, plant and equipment	**-***	11	**1**	2
Impairment of intangible assets	**14**	74	**14**	73
Movement in re-insurance asset	**(17)**	(30)	**(17)**	(29)
Movement in re-insurance liability	**(3)**	11	**(3)**	11
Net finance income	**(160)**	(82)	**(155)**	(76)
Interest on trade receivables	**(365)**	(351)	**(364)**	(351)
Other non-cash items	**101**	50	**(2)**	46
Straight line operating lease liability movement	**7**	(14)	**1**	(9)
Share option expenses	**87**	112	**87**	112
Other	**7**	(48)	**(90)**	(57)
	3 861	3 081	**3 732**	3 644

*less than R1 million

24.2 WORKING CAPITAL CHANGES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Increase in trade and other receivables	**(152)**	(54)	**(180)**	(49)
(Increase)/decrease in inventories	**(134)**	103	**(131)**	96
Increase/(decrease) in trade and other payables	**293**	(300)	**295**	(295)
	7	(251)	**(16)**	(248)

24.3 TAXATION PAID

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Amounts unpaid at beginning of the year	**(18)**	(125)	**3**	(109)
Taxation	**(57)**	4	**(55)**	6
Deferred	**39**	(129)	**58**	(115)
Amounts charged to the income statements	**1 111**	867	**1 083**	837
Taxation	**1 149**	862	**1 119**	828
Deferred	**(38)**	5	**(36)**	9
Amounts charged to equity	**(45)**	(71)	**(45)**	(71)
Taxation	**(10)**	(100)	**(10)**	(100)
Deferred taxation	**(35)**	29	**(35)**	29
Amounts unpaid at end of the year	**(157)**	18	**(179)**	(3)
Taxation	**(178)**	57	**(180)**	55
Deferred taxation	**21**	(39)	**1**	(58)
Amounts paid	**891**	689	**862**	654

24.4 NET INFLOWS IN RESPECT OF LONG-TERM RECEIVABLES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Loan to accredited supplier	**2**	2	**2**	2
Increase in MRP Mobile long-term receivables	**3**	(6)		
Net amounts paid	**5**	(4)	**2**	2

24.5 AMOUNTS OWING TO/(BY) CONSOLIDATED ENTITIES

	COMPANY	
R'm	**2018**	2017
Current amounts owing to consolidated entities advanced	**22**	11
Current amounts owing by consolidated entities repayment	**(49)**	(89)
	(27)	(78)

24.6 DIVIDENDS TO SHAREHOLDERS

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Dividends to ordinary and B ordinary shareholders	**1 902**	1 723	**1 902**	1 723
Less: dividends on shares held by staff share trusts	**(32)**	(57)		
Add: dividends paid by Partners Share Trust	**23**	22		
	1 893	1 688	**1 902**	1 723

24.7 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

R'm	2017	Cash flows	Non-cash - purchase price payable	2018
Long-term loan	51	(51)		-
Financial liability	-	-	13	13
Total liabilities from financing activities	**51**	**(51)**	**13**	**13**

24.8 BANK BALANCES AND OTHER CASH

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Bank balances and other cash	**2 756**	1 823	**2 062**	1 102
Bank overdrafts	**(36)**	(39)	**(36)**	(39)
Cash and cash equivalents	**2 720**	1 784	**2 026**	1 063

25. CAPITAL EXPENDITURE

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
The capital expenditure authorised by the directors of the company or its consolidated entities but not provided for in the financial statements amounts to	**557**	526	**532**	501
of which contracts have been placed for	**93**	170	**93**	170

The above capital expenditure is expected to be financed from future cash flows.

26. CONTINGENCIES AND COMMITMENTS

26.1

During the 2009 financial year, the company was advised by South African Revenue Service (SARS) that it intended holding the company accountable as the deemed importer in relation to the underpayment of import duties in 2005 and 2006 by one of its previous suppliers to the value of R43.6m. The company submitted a formal response to SARS's letter on 18 September 2009. SARS responded to the company's denial of liability on 24 April 2015, more than five years later, and demanded that the company settle the alleged liability, the value of which had been revised to R74.4m. A formal appeal against SARS was filed in October 2015. The matter has been stayed pending further action from SARS. No correspondence has been received to date.

26.2

In May 2017 the litigation was instituted by the National Credit Regulator (NCR) in the National Credit Tribunal (NCT) to declare the group to have acted in contravention of the National Credit Act in relation to Miladys Club fee charges. The NCR requested that the NCT order the group to refund all club fees to customers from 2007 to date and pay a fine of 10% of the group's annual turnover. The group opposed the referral and applied to stay the proceedings pending the outcome of a similar matter between Edcon and the NCT. The high court recently ruled in favour of Edcon and the group is optimistic that the Miladys matter will have a similar outcome.

26.3

During the 2018 financial year, the company received an assessment from SARS relating to the disallowance of certain deductions claimed in the 2014 year of assessment. The assessment amounted to additional income tax of R65.1m, including interest and penalties charged to 31 March 2018 amounting to R33.1m. The assessed tax may result in a reallocation of deferred tax to current tax of R59.5m and additional current tax of R5.6m. The overall potential impact on the income statement (including interest and penalties) therefore amounts to R38.7m.

The company, supported by senior counsel's opinion, has appealed the decision of the Commissioner to disallow the company's objection to the assessment. No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is remote.

27. FINANCIAL RISK MANAGEMENT

The group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The board of directors carries the ultimate responsibility for the overseeing of the group's risk management framework and is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the group.

27.1 CAPITAL AND TREASURY RISK MANAGEMENT

The group which is a primarily cash-based business, monitors capital through a process of analysing the underlying cash flows, which in turn drives the residual capital structure, consisting of share capital, share premium, reserves and retained income as quantified in the statement of changes in equity. The group manages its capital to ensure that it will be able to maintain healthy capital ratios in order to sustain its business and maximise shareholder value. Any adjustments are made in light of economic conditions and may include adjusting dividend cover or returning capital to shareholders.

Due to its level of net cash resources, the group has no material borrowings. Cash reserves are available to meet current working capital and capital investment requirements.

The treasury function is administered at group level where strategies for the funding of working capital requirements and capital expenditure projects are implemented, taking into account cash flow projections and expected movements in interest rates. The group has a policy of remaining highly liquid in order to have the available cash flow to fund expansion of existing businesses and any possible new ventures.

27.2 INTEREST RATE RISK MANAGEMENT

The group is exposed to interest rate risk from the variable rate applicable to its cash and cash equivalents. Interest rate risk is managed through the investment of cash and cash equivalents in the appropiate mix of short-term instruments with counterparties who possess a high quality credit standing.

An interest sensitivity analysis detailing a 50bps adjustment to the effective interest for cash and cash equivalents has been set out below:

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
+0.5%	**12**	6	**10**	5
-0.5%	**(12)**	(6)	**(10)**	(5)

The applicable interest rates during the period were as follows:

	COMPANY	
%	**2018**	2017
Average		
Repo interest rate	**6.82**	7.00
Prime interest rate	**10.32**	10.50
Closing		
Repo interest rate	**6.50**	7.00
Prime interest rate	**10.00**	10.50

27.3 FOREIGN EXCHANGE RISK MANAGEMENT

The treasury function, administered centrally, is responsible for the overall review and management of the group's foreign exchange risk. Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The group's exposure to the risk of changes in foreign exchange rates relates primarily to the group's operating activities and the group's net investments in foreign subsidiaries. Foreign exchange risk is managed through the adoption of a framework which governs, amongst other things; the current exposure, the decision to hedge an exposure, identification of the hedged item, checking effectiveness of hedge and the applicable hedge ratio.

27.3.1 INVESTMENT IN FOREIGN OPERATIONS

The group is directly exposed to exchange rate fluctuations through its investments in operations outside South Africa. All amounts lent to consolidated entities are rand denominated. The group's investment exposure to currency fluctuations is limited to subsidiaries in Australia, Botswana, Nigeria, Ghana, Kenya and Zambia as the other countries in which the group is invested have currencies that are pegged to the South African rand. The group's sensitivity to a 10% increase and decrease in the rand against the pula, naira, cedi, kenyan shilling and kwacha respectively does not have a significant impact.

27.3.2 TRANSACTIONS IN FOREIGN CURRENCIES

The group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted purchases.

When a derivative is entered into for the purpose of being a hedge, the group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting payable that is denominated in the foreign currency.

Foreign exchange forward contracts are measured at fair value through OCI. These are designated as hedging instruments in cash flow hedges of forecast purchases in USD. These forecast transactions are highly probable. The terms of the foreign currency forward contracts approximate the terms of the expected highly probable forecast transactions.

The below tables presents information relating the to group's commitment to purchase foreign currency at year end.

At year end forward exchange contract commitments were:

GROUP AND COMPANY	Current commitment US$'m	Exchange rate R/US$ - average contract rate	Rand Equivalent at contract rate R'm	Exchange rate R/US$ - year end revaluation rate	Fair value adjustment R'm
2018					
- Asset	**9**	**11.88**	**104**	**12.03**	**(1)**
- Liability	**82**	**13.58**	**1 111**	**11.95**	**133**
	91	**13.42**	**1 215**	**11.96**	**132**
2017					
- Asset	30	13.10	393	13.58	14
- Liability	43	14.26	613	13.53	(31)
	73	13.78	1 006	13.55	(17)

27.3.2 TRANSACTIONS IN FOREIGN CURRENCIES

At year-end outstanding foreign creditors were:

GROUP AND COMPANY	Current commitment US$'m	Exchange rate R/US$ - average transaction rate	Rand Equivalent at contract rate R'm	Exchange rate R/US$ - year end closing rate	Fair value adjustment R'm
2018					
- Asset	**15**	**11.99**	**176**	**11.84**	**2**
- Liability	**7**	**11.73**	**79**	**11.84**	**(1)**
	22	**11.90**	**255**	**11.84**	**1**
2017					
- Asset	17	12.90	227	13.58	12
- Liability	1	14.32	5	13.58	-*
	18	12.93	232	13.58	12

*less than R1 million

The applicable spot rates of exchange during the period were as follows:

	GROUP AND COMPANY	
	2018	2017
USD - Average	**13.01**	14.05
USD - Closing	**11.84**	13.58

Presented below is the reconciliation of the amounts added to/(subtracted from) the hedging reserve loss as disclosed under other comprehensive income:

	GROUP AND COMPANY	
R'm	**2018**	2017
Opening balance	**17**	85
Mark-to-market adjustments	**275**	225
Amounts reclassified to the income statement on the ineffective portion of open hedges	**-**	(14)
Amounts reclassified to the cost of the non-financial asset recognised	**(160)**	(307)
Deferred tax	**(37)**	28
Closing balance	**95**	17

All cash flow hedges of the expected future purchases in 2019 were assessed to be highly effective. During the prior year an amount of R14 million was reclassifed from OCI to the income statement relating to the portion of hedging instruments that was considered ineffective. At the reporting date no hedge or portion thereof were considered to be ineffective and as a result as at 31 March 2018, a net unrealised loss of R115 million (2017: R96 million), with a related deferred tax asset of R37 million (2017: R28 million) was included in OCI in respect of these contracts.

The amounts retained in OCI at 31 March 2018 are expected to mature and affect the statement of profit or loss in 2019. The expected maturity of the group's foreign currency commitments are as follows:

GROUP AND COMPANY US$'m	On demand	Less than three months	Three months to one year	One to five years	Total
2018					
Forward exchange contracts accounted for as hedges under IAS 39	**-**	**71**	**20**	**-**	**91**
Foreign trade creditors at year-end	**2**	**20**	**-**	**-**	**22**
	2	**91**	**20**	**-**	**113**
2017					
Forward exchange contracts accounted for as hedges under IAS 39	-	58	15	-	73
Foreign trade creditors at year-end	1	17	-	-	18
	1	75	15	-	91

27.3.2 TRANSACTIONS IN FOREIGN CURRENCIES

The group's sensitivity to a movement in exchange rates related to the forward exchange contracts held as well as the outstanding foreign creditor over the financial year and its related impact on profit and equity is presented in the table below:

		GROUP AND COMPANY		GROUP AND COMPANY	
(Decrease)/increase		Profit before tax	Other comprehensive income	Profit before tax	Other comprehensive income
R'm		**2018**	**2018**	2017	2017
Rate variance - US$					
Forward exchange contracts accounted for as hedges under IAS 39	+10%	-	(122)	-	(101)
	-10%	-	122	-	101
Foreign trade creditors at year end	+10%	26	-	(23)	-
	-10%	(26)	-	23	-
Total	+10%	**26**	**(122)**	(23)	(101)
	-10%	**(26)**	**122**	23	101

27.4 CREDIT RISK MANAGEMENT

Credit risk is concentrated principally in periodic short-term cash investments, in trade receivables, long-term receivables and loans to consolidated entities. The group deposits short-term cash surpluses only with major banks of high quality credit standing. The granting of credit to trade debtors is controlled with statistical scoring models and performance parameters which are reviewed on a regular basis. The maximum exposure in respect of trade receivables and the group's risk management policies regarding trade receivables are disclosed in note 8.

The credit risk assessment of financial assets that are neither past due nor impaired are performed regularly with reference to external credit ratings (where available) or based on the historical default rates related to the specific counterparty. The table below summarises the group's internal rating of financial assets as well as the key inputs into the rating selection.

FINANCIAL ASSETS	CREDIT RISK ASSESSMENT	KEY CONSIDERATIONS
Long-term receivables and other investments	Low	Long-term receivables consist of an enterprise development loan (EDL) and long-term trade receivables (LTR). The EDL is assessed as a low credit risk based on the group's history with the counterparty who is also a trusted trade partner and has not defaulted/delayed any payment since inception of the loan. The LTR has been assessed as low as the group has a well established credit policy under which each individual is assessed for creditworthiness based on information provided (both by the applicant and credit bureau data), statistical scoring models, performance data and an assessment of affordability. Credit exposure per individual is reviewed regularly and adjusted accordingly, if required.
Trade and other receivables	Low	Refer to note 8.1
Derivative financial instruments	Low	The group limits its exposure to credit risk through dealing with well-established financial institutions with high credit standings, and thus management does not expect any counterparty to fail to meet its obligations.
Cash and cash equivalents	Low	

27.4 CREDIT RISK MANAGEMENT

The analysis below details the group's sensitivity to a 1% increase and decrease in the interest rate charged to debtors and its effect on income for the year.

		GROUP		COMPANY	
R'm		**2018**	2017	**2018**	2017
Rate variance	+1%	**21**	20	**21**	20
	-1%	**(21)**	(20)	**(21)**	(20)

At 31 March 2018 the group did not consider there to be any significant concentration of credit risk for which it had not adequately provided.

27.5 LIQUIDITY MANAGEMENT

The group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows. The group has significant cash reserves and minimal borrowings which enables it to borrow funds externally should it require to do so to meet any working capital or possible expansion requirements. As a consequence, banking legislation which requires fees to be paid relative to the size of the facility, the group has only entered into limited loan facility arrangements to the extent that fees are not payable. The year end position was as follows:

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Total facilities	**425**	445	**425**	445
Less: drawn down portion	**(36)**	(39)	**(36)**	(39)
Total undrawn banking facilities	**389**	406	**389**	406

Based on the group's existing cash resources and expected future cash flows, there is no foreseeable need to enter into borrowings. Furthermore, due to the group's strong financial position, should further borrowings be required, the group should be able to obtain any necessary funding within a short period, subject to bank approval.

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Actual borrowings outside the group at year end were	**(36)**	(90)	**(36)**	(39)
At year end bank balances were	**2 756**	1 823	**2 062**	1 102
Net cash resources were	**2 720**	1 733	**2 026**	1 063

The table below details the group's expected maturity for its non-derivative financial liabilities and reflects undiscounted amounts:

GROUP **R'm**	On demand	Less than three months	Three months to one year	One to five years	Total
2018					
Trade and other payables	**301**	**1 398**	**277**	**-**	**1 976**
Purchase price payable (note 5.2)	**-**	**3**	**6**	**14**	**23**
	301	**1 401**	**283**	**14**	**1 999**
2017					
Trade and other payables	394	1 094	224	-	1 712
	394	1 094	224	-	1 712
COMPANY **R'm**					
2018					
Trade and other payables	**254**	**1 370**	**266**	**-**	**1 890**
Purchase price payable (note 5.2)	**-**	**3**	**6**	**14**	**23**
	254	**1 373**	**272**	**14**	**1 913**
2017					
Trade and other payables	331	1 094	210	-	1 635
	331	1 094	210	-	1 635

The group expects to meet its obligations from existing cash reserves and from operating cash flows.

27.6 CATEGORY AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments as disclosed on the statement of financial postion are accounted for using the policies applicable and are catergorised below. 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; and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

27.6 CATEGORY AND FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

GROUP 2018 R'm	Fair value measurement using	Loans and receivables	Derivatives accounted for as hedges	Amortised cost	Total
Financial Assets		18	1	-	19
Long-term receivables and other investments	Level 2	18	-	-	18
Derivative financial instruments	Level 2	-	1	-	1
Financial Liabilities		-	(133)	(13)	(146)
Long-term liabilities	Level 3	-	-	(13)	(13)
Derivative financial instruments	Level 2	-	(133)	-	(133)
Total		**18**	**(132)**	**(13)**	**(127)**

GROUP 2017 R'm	Fair value measurement using	Loans and receivables	Derivatives accounted for as hedges	Amortised cost	Total
Financial Assets		23	14	-	37
Long-term receivables and other investments	Level 2	23	-	-	23
Derivative financial instruments	Level 2	-	14	-	14
Financial Liabilities		-	(31)	(51)	(82)
Long-term liabilities	Level 2	-	-	(51)	(51)
Derivative financial instruments	Level 2	-	(31)	-	(31)
Total		23	(17)	(51)	(45)

COMPANY 2018 R'm	Fair value measurement using	Loans and receivables	Derivatives accounted for as hedges	Amortised cost	Total
Financial Assets		2	1	-	3
Long-term receivables and other investments	Level 2	2	-	-	2
Derivative financial instruments	Level 2	-	1	-	1
Financial Liabilities		-	(133)	(13)	(146)
Long-term liabilities	Level 3	-	-	(13)	(13)
Derivative financial instruments	Level 2	-	(133)	-	-
Total		**2**	**(132)**	**(13)**	**(143)**

COMPANY 2017 R'm	Fair value measurement using	Loans and receivables	Derivatives accounted for as hedges	Amortised cost	Total
Financial Assets		4	14	-	18
Long-term receivables and other investments	Level 2	4	-	-	4
Derivative financial instruments	Level 2	-	14	-	14
Financial Liabilities		-	(31)	-	(31)
Long-term liabilities		-	-	-	-
Derivative financial instruments	Level 2	-	(31)	-	(31)
Total		4	(17)	-	(13)

The fair value of forward exchange contracts is measured using Level 2 techniques. The significant inputs into the Level 2 fair value of forward exchange contracts are yield curves, market interest rates and market foreign exchange rates. There have been no transfers between the levels during the year. Long-term liabilities relate to the purchase price payable on the acquisition of MRP Mobile which is measured at the present value of purchase price payable discounted at 12.9%p.a. The prior year long-term liability related to an outstanding loan which was settled in the current year (refer note 5.2).

28. RETIREMENT BENEFITS

28.1 PENSION SCHEMES

28.1.1 MEMBERSHIP

The funds are registered in terms of the Pension Funds Act and provide for pensions and related benefits for all permanent employees. Membership is compulsory after the first year of service. Membership details are disclosed in the remuneration report on pages 52 to 71.

28.1.2 CONTRIBUTIONS

Group defined benefit fund
Pensions are based on length of service and highest average annual salary earned over two years during the last 10 years of employment. The members are required to contribute to the funds mainly at the rate of 7.0% of their pensionable remuneration while the employer is required to contribute mainly at the rate of 7.0%.

Group defined contribution fund
The members are required to contribute to the funds mainly at the rate of 7.5% of pensionable remuneration and the employer is required to contribute mainly at the rate of 11.0%.

28.1.3 VALUATIONS

Defined benefit pension fund

	GROUP AND COMPANY	
R'm	**2018**	2017
The funded status of the defined benefit retirement fund, actuarially calculated annually at reporting date in terms of IAS 19, is as follows:		
Benefit obligation	**(58)**	(67)
Plan assets	**121**	115
Net benefit plan asset	**63**	48

The amounts recognised in the income statement are detailed in note 19.

The following main assumptions were used in performing the calculation:

- Discount rate - 11.30% per annum (2017: 11.10% per annum)
- Inflation - 8.00% per annum (2017: 8.60% per annum)
- Future salary increases - 9.00% per annum (2017: 9.60% per annum)

28.1.3 VALUATIONS (CONTINUED)

	GROUP AND COMPANY	
R'm	**2018**	2017
Movements in the present value of the defined benefit obligation in the current period were as follows:		
Defined benefit obligation at beginning of the year	**67**	68
Current service cost	**3**	3
Member contributions	**1**	1
Interest cost	**7**	7
Actuarial gain	**(11)**	(6)
Benefits paid	**(8)**	(5)
Risk premiums	**(1)**	(1)
Defined benefit obligation at end of the year	**58**	67
Movements in the present value of the plan assets in the current period were as follows:		
Fair value of plan assets at beginning of the year	**115**	109
Expected return on assets	**13**	11
Contributions	**3**	3
Risk premiums	**(1)**	(1)
Benefits paid	**(8)**	(5)
Actuarial gain	**(1)**	(2)
Fair value of plan assets at end of the year	**121**	115
%		
The estimated asset composition of the fair value of total plan assets is as follows:		
Cash	**10.2**	8.3
South African equities	**40.4**	42.0
South African bonds	**15.5**	14.4
South African property and other	**10.4**	9.0
International assets	**23.5**	26.3
	100.0	100

28.1.3 VALUATIONS (CONTINUED)

The following sensitivities relate to the impact on the defined benefit obligation for 2018:

	GROUP AND COMPANY	
	2018	2017
	+1%	+1%
The effect of an increase or decrease of 1% in the assumed discount rate as follows:	**(17.3%)**	(19.4%)
	+1%	+1%
The effect of an increase or decrease of 1% in the assumed inflation rate as follows:	**19.5%**	20.5%

Due to the valuation above being based on a number of assumptions, the defined benefit obligation could vary from the amounts disclosed, depending on the extent to which actual experience differs from the assumptions adopted.

The estimated defined benefit cost for 2019 financial year is as follows: a current service cost of R159.4 million (2018: R146.9 million), an expected return on plan assets of R13.8 million (2018: R13.0 million) and an interest cost of R6.9 million (2018: R7.7 million). The estimated contributions are R160.7 million.

Defined contribution funds

The defined contribution funds are valuation exempt. The actuarial function remains present through an Enhanced Financial Assessment (EFA) process, which is a quarterly actuarial assessment that looks at the financial soundness of the Fund; and sets out the allocations of contributions to the Fund. The report includes a comparison of the total assets to the total liabilities of the Fund in order to determine the funding level. The most recent EFA reports as at 31 December 2017 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

28.2 POST RETIREMENT MEDICAL BENEFITS

The obligation of the group to pay medical aid contributions for members who have retired is no longer part of the conditions of employment for new associates. A limited number of pensioners and current associates who remain members of the defined benefit pension fund are entitled to this benefit. The entitlement to the benefit for current associates is dependent upon the associate remaining in service until retirement age. An actuarial valuation, in terms of IAS 19, of the group's liability at 31 March 2018 for this future benefit was undertaken. Valuations are undertaken every three years. The main assumptions used in performing these valuations are reviewed annually. Any detection of a material variation in a main assumption would give rise to a new valuation. The obligation for post retirement medical aid benefits is unfunded. The following main assumptions were used in performing the valuation at 31 March 2018:

28.2 POST RETIREMENT MEDICAL BENEFITS (CONTINUED)

Liability was based on current membership
Health care cost inflation - 9.2% per annum (2017: 9.2% per annum)
Discount rate - 9.8% per annum (2017: 9.8% per annum)
Average retirement age - 62 years (2017: 62 years)
Continuation at retirement - 100% (2017:100%)

Activity during the year was as follows:

	GROUP AND COMPANY	
R'm	**2018**	2017
Benefit obligation at beginning of the year	**26**	26
Net increase in provision during the year	**3**	-
Benefit obligation at end of the year	**29**	26

The effect of an increase or decrease of 1% in the assumed healthcare cost inflation is as follows:

	+1%	-1%
Aggregate of the current service cost and interest cost	**19.5%**	19.5%
Accrued liability at year end	**18.0%**	18.0%

The effect of an increase of decrease of 1% in the assumed discount rate is as follows:

Accrued liability at year end	**(14.3%)**	(14.3%)

The effect of an increase of decrease of 1 year in the assumed expected retirement age is as follows:	1 year older	1 year younger
Accrued liability at year end	**(3.8%)**	(3.6%)

29. RELATED PARTY TRANSACTIONS

29.1 COMPENSATION OF KEY MANAGEMENT PERSONNEL

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Short-term employee benefits	**63**	79	**63**	79
Post employment pension benefits	**10**	10	**10**	10
Share-based payments	**28**	27	**28**	27
	101	116	**101**	116

29. RELATED PARTY TRANSACTIONS

29.2 DIRECTORS

Refer to note 9 and note 23 in respect of transactions with directors.

The above compensation includes amounts paid to executive senior management personnel and excludes amounts paid to directors as disclosed in the remuneration report and note 9.4.1 and note 23.

29.3 TRANSACTIONS WITH RELATED PARTIES

The following transactions were entered into with individuals, who meet the definition of close family members to key management personnel, or entities over which such individuals are deemed to have a controlling influence:

Related Party - BVPG, firm of attorneys of which Mr K Getz, a non-executive director, is a partner.
Legal fees of R0.7m (2017: R1.1m).

29.4 PARTICIPANTS IN STAFF SHARE TRUSTS

Refer to notes 9 and 11 in respect of transactions with participants in the staff share trusts.

29.5 POST RETIREMENT BENEFIT FUNDS

Refer to notes 28.1 and 28.2 in respect of transactions with post retirement benefit funds.

29.6 INTER-GROUP TRANSACTIONS

The following transactions occurred between the company and its consolidated entities:

	COMPANY	
R'm	**2018**	2017
Sales	**823**	810
Administration fees received	**116**	93
Mr Price Group (Namibia) (Pty) Ltd	**47**	25
Specialty Stores (Botswana) (Pty) Limited	**59**	56
Mr Price (Lesotho) (Pty) Ltd	**8**	4
MRP Zambia Limited	**3**	8
Dividends received	**21**	632
Mr Price Executive Director Share Trust	**1**	3
Mr Price Executive Share Trust	**1**	3
Mr Price Senior Management Share Trust	**1**	4
Mr Price General Staff Share Trust	**2**	14
Mr Price Partners Share Trust	**4**	466
Millews Fashions (Johannesburg) (Pty) Ltd	**12**	-
Mr Price Group (Namibia) (Pty) Ltd	**-**	63
Specialty Stores (Botswana) (Pty) Limited	**-**	69
Mr Price (Lesotho) (Pty) Ltd	**-**	10

30. LONG-TERM LIABILITIES

	GROUP		COMPANY	
R'm	**2018**	2017	**2018**	2017
Long-term loan (note 5.2)	**-**	51	**-**	-
Other long-term payables (note 5.2)	**13**	-	**13**	-
	13	51	**13**	-

The long-term loan was acquired by the group as part of the acquisition of the minority shareholding in MRP Mobile (Pty) Ltd (refer note 5.2). The loan has no set date of repayment and bears interest at a rate determined at the discretion of the directors and is currently interest free.

Other long-term payables is the long-term portion of the purchase price payable on the acquisition of the minority shareholding in MRP Mobile (Pty) Ltd (refer note 5.2).

31. SUBSEQUENT EVENTS

The acquisition of 12 Kenyan franchise stores from Deacons East Africa Plc was completed on 18 May 2018 for a consideration of R16 million. The stores have been rebranded and merchandised and re-opened for trade as corporate owned stores.

The amounts for assets and liabilities assumed at the date of acquisition:

R'm	Fair value
Plant and equipment	19
Inventory	-*
Trade payables	(3)
Net identifiable assets acquired	16

*less than R1 million

Legal fees relating to the acquisition that will be recognised is R0.1m.
The above fair values have been measured on a provisional basis.

Other than this, no events, material to the understanding of this report, have occurred between the financial year end and the date of this report.

32. SEGMENTAL REPORTING

Business segments

IFRS 8 requires operating segments to be identified on the basis of internal reporting about components of the group that are regularly reviewed by the chief operating decision makers (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executives.

For management purposes, the group is organised into business units based on their products and services, and has four reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
- The Home segment retails homewares;
- The Financial Services and Mobile segment provides Financial products and services as well as Mobile services; and
- The Central Services segment provides services to the trading segments including information technology, internal audit, human resources, group real estate and finance.

Segment performance is evaluated based on operating profit or loss. Net finance income and income taxes are managed on a group basis and are not allocated to operating segments.

	APPAREL		HOME		FINANCIAL SERVICES AND MOBILE		CENTRAL SERVICES		ELIMINATIONS		TOTAL	
R'm	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Revenue	**15 027**	13 685	**5 002**	4 914	**1 141**	1 064	**80**	571	**(65)**	(555)	**21 185**	19 679
External	**15 027**	13 685	**5 002**	4 914	**1 141**	1 064	**15**	16	**-**	-	**21 185**	19 679
Internal	**-**	-	**-**	-	**-**	-	**65**	555	**(65)**	(555)	**-**	-
Profit from operating activities	**2 713**	1 994	**785**	822	**425**	387	**(191)**	(155)	**-**	-	**3 732**	3 048
Net finance income											**160**	82
Profit before taxation											**3 892**	3 130
Taxation											**1 111**	867
Profit after taxation											**2 781**	2 263
Divisional assets	**2 465**	2 371	**787**	771	**2 281**	2 120	**4 586**	3 653	**-**	-	**10 119**	8 915
Divisional liabilities	**1 511**	1 244	**546**	518	**150**	159	**463**	271	**(6)**	(7)	**2 664**	2 185
Capital expenditure	**198**	190	**69**	82	**20**	11	**174**	523	**-**	-	**461**	806
Depreciation and amortisation	**144**	127	**52**	44	**8**	7	**124**	79	**-**	-	**328**	257

33. GEOGRAPHICAL SEGMENTS

	SOUTH AFRICA		INTERNATIONAL		TOTAL	
R'm	**2018**	2017	**2018**	2017	**2018**	2017
Revenue	**19 850**	18 381	**1 335**	1 298	**21 185**	19 679
Assets	**9 860**	8 228	**259**	687	**10 119**	8 915
Capital expenditure	**439**	787	**22**	19	**461**	806

	NOTES	ISSUED CAPITAL 2018 SHARES	ISSUED CAPITAL 2017 SHARES	CARRYING VALUE OF SHARES 2018 R'm	CARRYING VALUE OF SHARES 2017 R'm	INDEBTEDNESS LESS IMPAIRMENT PROVISIONS 2018 R'm	INDEBTEDNESS LESS IMPAIRMENT PROVISIONS 2017 R'm
Operating subsidiaries							
Specialty Stores (Botswana) (Pty) Limited	1	100	100	**-***	-*	**61**	47
Mr Price (Lesotho) (Pty) Limited	2	1 000	1 000	**-***	-*	**10**	10
Mr Price Group (Namibia) (Pty) Limited	3	100	100	**-***	-*	**28**	33
Mr Price Chain Stores International Limited (Nigeria)	4	500 000	500 000	**2**	2	**108**	132
Mr Price Chain Stores International Limited (Ghana)	5	480 000	480 000	**2**	2	**78**	71
MRP Zambia Limited	6	5 000	5 000	**-***	-*	**64**	67
Millews Fashions (Johannesburg) (Pty) Limited	7	28 000	28 000	**-***	-*	**3**	4
Associated Credit Specialists (Pty) Limited	8	100	100	**-***	-*	**4**	3
MRP Mobile (Pty) Limited	9	100	100	**-***	-*	**113**	79
MRP Retail Australia (Pty) Limited	10	100	100	**-***	-*	**223**	178
MRP Retail Kenya Limited	11	100 000	-	**-***	-*	**10**	-
MRP Foundation NPC		-	-	**-**	-	**-**	-
Share Trusts							
Mr Price Group Staff Share Trust and Share Purchase Scheme						**-**	-
Mr Price Group Employees Share Investment Trust						**-***	-*
Mr Price Executive Director Share Trust						**4**	2
Mr Price Executive Share Trust						**3**	2
Mr Price Senior Management Share Trust						**2**	1
Mr Price General Staff Share Trust						**17**	6
Mr Price Partners Share Trust						**-***	-*
Dormant subsidiaries							
Raava Jewellers (Namibia) (Pty) Limited		**100**	100	**1**	1	**-**	-
Hughes Extension 17 Township (Pty) Limited		**100**	100	**-***	-*	**-**	-
TOTAL				**5**	5	**728**	635

*less than R1 million

Notes:
1. Operates mrp, mrpHome, mrpSport, Miladys and Sheet Street stores in Botswana.
2. Operates mrp, mrpHome, Miladys and Sheet Street stores in Lesotho.
3. Operates mrp, mrpHome, Miladys, Sheet Street and mrpSport stores in Namibia.
4. Operates mrp stores in Nigeria.
5. Operates mrp stores in Ghana.
6. Operates mrp and mrpHome stores in Zambia.
7. Develops and leases premises to group operations.
8. Recovers overdue debts from credit customers.
9. Operates as a celluar MVNO (mobile virtual network operator) only in South Africa.
10. Operates mrp and mrpHome stores in Australia.
11. Operates mrp and mrpHome stores in Kenya.

At 31 March 2018, the company owns 100% of the equity and preference share capital (where applicable) of all subsidiaries and cell captives, having acquired the remaining 45% of MRP Mobile (Pty) Ltd on 2 January 2018.

ADMINISTRATION AND CONTACT DETAILS

COMPANY SECRETARY AND REGISTERED OFFICE
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Tel: 031 310 8000

INVESTOR RELATIONS
Matthew Warriner
Upper level, North Concourse, 65 Masabalala Yengwa Avenue, Durban, 4001.
PO Box 912, Durban, 4000.
Tel: 031 310 8000

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd,
Rosebank Towers, 15 Biermann Avenue,
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DOMICILE AND COUNTRY OF INCORPORATION
Republic of South Africa

SPONSOR
Rand Merchant Bank

REGISTRATION NUMBER
1933/004418/06

INDEPENDENT AUDITOR
Ernst & Young Inc.

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mrpHome		031 310 8809	031 328 4138	mrphome.com
mrpSport		031 310 8545	031 306 9347	mrpricesport.com
Sheet Street		031 310 8300	031 310 8317	sheetstreet.co.za
mrpFoundation		031 310 8242	031 328 4609	mrpfoundation.org
Corporate		031 310 8000	031 304 3725	mrpricegroup.com
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	miladys.co.za
mrpMoney mrpMobile	380 Dr Pixley KaSeme Street, Durban, 4001 PO Box 4996, Durban, 4000	031 367 3311 0800 000 430	031 306 0164	mrpmoney.co.za mrpmobile.com
Whistle Blowers	PO Box 51006, Musgrave, 4062	0860 005 111		whistleblowing.co.za
Customer Care		0800 212 535		
Account Services		0861 066 639		

NOTICE OF ANNUAL GENERAL MEETING

PRINCIPLES: 7 8 14

Notice is hereby given that the 85th annual general meeting of shareholders will be held in the boardroom of the company, Upper Level, North Concourse, 65 Masabalala Yengwa Avenue, Durban on Wednesday 29 August 2018 at 14h30. The following business will be conducted and resolutions proposed, considered and, if deemed fit, passed with or without modification. For clarification, the following abbreviations are used in this notice:

act	the Companies Act (71 of 2008)
AGM	annual general meeting
the company	Mr Price Group Limited
group	Mr Price Group Limited and its consolidated entities
King IV	King IV Report on Corporate Governance for South Africa 2016
listings requirements	the Listings Requirements of the JSE Limited
MOI	the Memorandum of Incorporation of the Company
notice	this notice of AGM
remuneration report	remuneration report as contained in the remuneration and nominations committee report on page 53
report	the 2018 annual integrated report of which this notice of AGM forms part

1. ORDINARY RESOLUTION 1 – ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS

"Resolved that the annual financial statements for the year ended 31 March 2018, incorporating the report of the directors and the audit and compliance committee report, having been considered, be and is hereby adopted."

The annual financial statements are on pages 87 to 133 of the report.

2. ORDINARY RESOLUTIONS 2.1 AND 2.2 – RE-ELECTION OF DIRECTORS RETIRING BY ROTATION 7

"Resolved, each by way of a separate vote, that the following non-executive directors who retire by rotation in terms of the MOI, but being eligible, offer themselves for re-election, be and are hereby re-elected:

2.1 Daisy Naidoo; and

2.2 Maud Motanyane-Welch."

Myles Ruck advised the board in May that he will not offer himself for re-election and will accordingly retire by rotation at the AGM. See page 42 of the report for details of board composition.

Brief profiles of the above directors are set out in appendix 1 on page 138.

3. ORDINARY RESOLUTION 3 – CONFIRMATION OF APPOINTMENT OF NON-EXECUTIVE DIRECTOR 7

"Resolved that the appointment of Brenda Niehaus as a non-executive director of the company on 8 February 2018 be and is hereby ratified and confirmed."

See page 42 of the report for details of board composition. A brief profile of the above directors are set out in appendix 1 on page 138.

4. ORDINARY RESOLUTION 4 – RE-ELECTION OF INDEPENDENT AUDITOR 8

"Resolved that, as approved by the audit and compliance committee and recommended to shareholders, Ernst & Young Inc. be and are hereby re-elected as the independent registered auditor of the company and that Mr V Pillay be appointed as the designated registered auditor to hold office for the ensuing financial year."

Further detail on the audit and compliance committee's assessment of the auditor and audit partner and the approach to auditor rotation can be found on pages 47 and 48 of the report.

5. ORDINARY RESOLUTIONS 5.1 TO 5.3 – ELECTION OF MEMBERS OF THE AUDIT AND COMPLIANCE COMMITTEE 8

"Resolved that, subject to the passing of ordinary resolution 2.1, the following independent non-executive directors be and are hereby elected, each by way of a separate vote, as members of the audit and compliance committee of the company with effect from 30 August 2018 until the conclusion of the next AGM of the company:

5.1 Bobby Johnston;

5.2 Daisy Naidoo; and

5.3 Mark Bowman."

Brief profiles of the above directors are set out in Appendix 1 on page 138. Details of the committee's activities can be found on pages 46 to 51 of the report, and details of committee meeting attendance is on page 43 of the report.

6. **ORDINARY RESOLUTION 6 - NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY** 14

"Resolved that, by way of a non-binding advisory vote, the remuneration policy of the company, as contained in the remuneration and nominations committee report in the report, be and is hereby endorsed."

To the extent that 25% or more votes are cast against this resolution 6, dissenting shareholders will be invited to engage with the remuneration and nominations committee to discuss their concerns. Details of such engagement will be provided in the AGM results announcement as per the listings requirements, if necessary. The remuneration and nominations committee report is on pages 52 to 71 of the report, with the remuneration policy on pages 55 to 63.

7. **ORDINARY RESOLUTION 7 - NON-BINDING ADVISORY VOTE ON THE REMUNERATION IMPLEMENTATION REPORT** 14

"Resolved that, by way of a non-binding advisory vote, the remuneration implementation report of the company, as contained in the remuneration and nominations committee report in the report, be and is hereby endorsed."

To the extent that 25% or more votes are cast against this resolution 7, dissenting shareholders will be invited to engage with the remuneration and nominations committee to discuss their concerns. Details of such engagement will be provided in the AGM results announcement as per the listings requirements, if necessary. The remuneration and nominations committee report is on pages 52 to 71 of the report, with the remuneration implementation report on pages 64 to 70.

8. **ORDINARY RESOLUTION 8 – ADOPTION OF THE SOCIAL, ETHICS, TRANSFORMATION AND SUSTAINABILITY COMMITTEE REPORT** 8

"Resolved that the social, ethics, transformation and sustainability committee report as set out in the report be and is hereby adopted."

The committee report is on pages 72 to 84 of the report.

9. **ORDINARY RESOLUTION 9 – SIGNATURE OF DOCUMENTS**

"Resolved that any one director or the secretary of the company be and is hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening this AGM at which this ordinary resolution will be considered."

10. **ORDINARY RESOLUTION 10 – CONTROL OF UNISSUED SHARES**

"Resolved that the authorised but unissued ordinary shares of the company be placed under the control of the directors until the next AGM, subject to a maximum of 5% of the shares in issue (equating to 12 839 786 ordinary shares), to be allotted, issued and otherwise disposed of on such terms and conditions and at such time/s as the directors may from time to time in their discretion deem fit; subject to the provisions of the act and excluding an issue of shares for cash as contemplated in the listings requirements."

statement of board's intention

This resolution is for purposes other than the issuing of shares for the approved share schemes, for which authority has already been obtained from shareholders, and corporate actions which are subject to the listings requirements. At this point in time, the directors of the company have no specific intention to give effect to the provisions of this ordinary resolution.

11. **ORDINARY RESOLUTION 11 – AMENDMENTS TO SHARE OPTION SCHEMES' EXERCISE PERIODS** 14

"Resolved that, as recommended by the remuneration and nominations committee and approved by the board of the company and the trustees of the share option schemes, the:

11.1 Mr Price General Staff Share Trust and rules exercise period be increased from 90 days to 2 years;
11.2 Mr Price Senior Management Share Trust and rules exercise period be increased from 90 days to 2 years;
11.3 Mr Price Executive Share Trust and rules exercise period be reduced from 5 years to 2 years; and
11.4 Mr Price Executive Director Share Trust and rules exercise period be reduced from 5 years to 2 years,
with effect from the award of any options as and from 1 November 2018."

reason and effect

The purpose of this resolution is to align all share option schemes' exercise periods, the maximum combined vesting and exercise period being no more than 7 years from award date. New share option awards will thus comprise a vesting period of 5 years and maximum exercise period of 2 years. The social, ethics, transformation and sustainability committee supports these proposed amendments on the basis that they are fair, responsible and equitable to all participants of the various schemes and appropriately balance the welfares of all stakeholders. Further detail on long-term incentives and the various share trusts can be found in the report of the remuneration and nominations committee on pages 52 to 71 of the report.

In the event that ordinary resolution 11 is passed, the relevant share option scheme trust deeds and/or rules will be amended accordingly so as to correctly accommodate, from a technical perspective, the applicable clauses arising from the passing of resolution 11. The existing share trust deeds and rules (including the amendments arising in the event of the passing of resolution 11) will be available for inspection by the shareholders of the company at the company's principal place of business for a period of not less than 14 days prior to this AGM alternatively are available upon request from the company secretary by email (jcheadle@mrpg.com).

12. **ORDINARY RESOLUTION 12 – AMENDMENTS TO SHARE OPTION SCHEMES' PERFORMANCE CONDITIONS** 14

"Resolved that, as recommended by the remuneration and nominations committee and approved by the board of the company and the trustees of the relevant share option schemes, the:

12.1 Mr Price Executive Share Trust and rules performance condition be amended, with effect from the award of any option as and from 1 November 2018, from annual average HEPS growth of not less than 1% above annual average CPI growth over the vesting period, to the following vesting structure:

- HEPS growth < CPI+1%: 100% forfeited
- HEPS growth ≥ CPI+1%: 33% vests, 67% forfeited
- HEPS growth ≥ CPI+2%: 66% vests, 34% forfeited
- HEPS growth ≥ CPI+3%: 100% vests, 0% forfeited
- HEPS growth ≥ CPI+10%: 125% vests
- HEPS growth ≥ CPI+15%: 150% vests, and

12.2 Mr Price Executive Director Share Trust and rules performance condition be amended, with effect from the award of any option as and from 1 November 2018, from annual average HEPS growth of not less than 1% above annual average CPI growth over the vesting period, to the following vesting structure:

- HEPS growth < CPI+1%: 100% forfeited
- HEPS growth ≥ CPI+1%: 33% vests, 67% forfeited
- HEPS growth ≥ CPI+2%: 66% vests, 34% forfeited
- HEPS growth ≥ CPI+3%: 100% vests, 0% forfeited
- HEPS growth ≥ CPI+10%: 125% vests
- HEPS growth ≥ CPI+15%: 150% vests."

reason and effect

The purpose of this resolution is to bring about further alignment and uniformity in long-term incentive scheme performance conditions that would give rise to the most desirable outcomes which appropriately balance the welfares of all stakeholders, without placing undue risk and cost on the company in the event of low or undesirable performance. Further detail on long-term incentives and the various share trusts can be found in the remuneration and nominations committee report on pages 52 to 71 of the report.

In the event that ordinary resolution 12 is passed, the relevant share option scheme trust deeds and/or rules will be amended accordingly so as to correctly accommodate, from a technical perspective, the applicable clauses arising from the passing of resolution 12. The existing share trust deeds and rules (including the amendments arising in the event of the passing of resolution 12) will be available for inspection by the shareholders of the company at the company's principal place of business for a period of not less than 14 days prior to this meeting alternatively are available upon request from the company secretary by email (jcheadle@mrpg.com).

13. **SPECIAL RESOLUTION 1 – REMUNERATION OF NON-EXECUTIVE DIRECTORS** 14

"Resolved, as a special resolution, that the VAT exclusive annual remuneration of each non-executive director of the company be approved each by way of a separate vote, with effect from 1 April 2018 as follows:

1.1	independent non-executive chair of the board	R1 491 600
1.2	honorary chair of the board	R 745 800
1.3	lead independent director of the board	R 441 600
1.4	non-executive directors	R 369 950
1.5	audit and compliance committee chair	R 230 350
1.6	audit and compliance committee members	R 136 650
1.7	remuneration and nominations committee chair	R 188 575
1.8	remuneration and nominations committee members	R 98 475
1.9	social, ethics, transformation and sustainability committee chair	R 150 300
1.10	social, ethics, transformation and sustainability committee members	R 95 450
1.11	risk and IT committee members*	R 119 300
1.12	risk and IT committee - IT specialist **	R 269 300

* The board chair, as the chair of this committee, earns a "bundled fee" and as such does not earn a separate committee chair fee

** This fee relates to Brenda Niehaus and comprises the annual committee fee of R119 300 and an additional fee of R150 000 in respect of the added IT governance oversight responsibilities delegated to her by the board and committee. Details of IT projects and IT governance can be found on pages 21 and 50.

Details of the board of directors and director classification is on pages 42 and 43 of the report. Further details on non-executive director remuneration is on page 70 in the remuneration report.

reason and effect

In order to effect payment of remuneration to non-executive directors for their services as such, the act requires shareholder approval by way of special resolution. This resolution grants the company the authority to pay the market-related and benchmarked remuneration detailed above, which includes a 6% increase as recommended by the company's remuneration and nominations committee following input from the executive directors and people director of the company.

14. **SPECIAL RESOLUTION 2 – GENERAL AUTHORITY TO REPURCHASE SHARES**

"Resolved, as a special resolution, that the board of directors of the company be and is hereby authorised, by way of a renewable general authority, to approve the purchase from time to time of its own issued ordinary shares by the company, or approve the purchase of ordinary shares in the company by any subsidiary of the company upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but always subject to the provisions of the act, the MOI and the listings requirements, when applicable, and any other relevant authority, provided that:

a) a resolution has been passed by the board of directors confirming that the board has authorised the general repurchase, that the company and its subsidiaries passed the solvency and liquidity test as set out in section 4 of the act, and that since the application of such test, there have been no material changes to the financial position of the group;
b) the authority hereby granted shall be valid only until the next AGM or for 15 months from the date of this special resolution, whichever period is the shorter;
c) the general repurchase of shares will be affected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
d) repurchases may not be made at a price greater than 10% above the weighted average of the market value of the company's shares over the 5 business days immediately preceding the date of the repurchase of such ordinary shares by the company. The JSE should be consulted for a ruling if the company's securities have not traded in such 5 business day period;
e) the acquisition of ordinary shares in aggregate in any one financial year does not exceed 5% of the company's issued ordinary share capital as at the beginning of that financial year;
f) the company or subsidiaries are not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the listings requirements unless they have in place a repurchase programme where the dates and quantities of the company's securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. The company must instruct an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
g) when the company has cumulatively repurchased 3% of the initial number of the relevant class of securities, and for each 3% in aggregate of the initial number of that class acquired thereafter, an announcement in compliance with paragraph 11.27 of the listings requirements will be made;
h) at any point in time, the company will only appoint one agent to effect any repurchase(s) on its behalf;
i) any such general repurchases are subject to exchange control regulations and approval at that point in time;
j) any such general repurchase will be subject to the applicable provisions of the act (including sections 114 and 115 to the extent that section 48(8) is applicable to that particular repurchase); and
k) the number of shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 5% in the aggregate of the number of issued shares in the company at the relevant times."

reason and effect
The purpose of this resolution is to authorise the company and any of its subsidiaries, by way of general approval, to acquire the company's issued shares on the terms and conditions and in such amounts to be determined from time to time by the directors of the company, subject to the limitations set out above.

statement of board's intention
The directors of the company have no specific intention to effect the provisions of this special resolution but will continually review the group's position. Any consideration to effect the provisions of the special resolution will take into account the prevailing circumstances and market conditions.

statement of directors
As per the listings requirements, the company's directors undertake that, having considered the effect of repurchasing the maximum number of shares (as contemplated in special resolution no. 2), they will not implement any such repurchase unless:

a) the company and the group are in a position to repay it's debts in the ordinary course of business for a period of 12 months following the date of the general repurchase;
b) the assets of the company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the company and the group for a period of 12 months following the date of the general repurchase;
c) the share capital and reserves of the company and the group are adequate for ordinary business purposes for a period of 12 months following the date of the general repurchase; and
d) the available working capital is adequate to continue the ordinary business purposes of the company and the group for a period of 12 months following the date of the general repurchase.

additional disclosure in terms of paragraph 11.26 of the listings requirements
The listings requirements require the following disclosures, which are provided elsewhere in the report, as set out below:
- major shareholders of the company - page 93
- share capital of the company - page 111

directors' responsibility statement
The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to the abovementioned resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the abovementioned resolution contains all information required by law and the listings requirements.

material change
There have been no material changes in the financial or trading position of the company and the group since the date of signature of the audit report and the date of this notice.

15. SPECIAL RESOLUTION 3 – FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED COMPANY

"Resolved, as a special resolution, that the directors, in terms of and subject to the provision of section 45 of the act, be and are hereby authorised to cause the company to provide any financial assistance to any company or corporation which is related or inter-related to the company."

reason and effect
The purpose of this special resolution is to enable the company to provide financial assistance, as defined by the act, to local and international subsidiary companies affecting the group's operations. The directors confirm that:
- the authority granted by special resolution 3 will be solely and strictly employed to provide financial assistance to the local and international subsidiary companies of the company, for operational purposes;
- no loans or financial assistance will be granted to a director or prescribed officer (as defined in the act) of the company or its subsidiaries; and
- notification of financial assistance approved by the board in terms of this authority will be provided to shareholders, as required by section 45(5) of the act.

16. TO TRANSACT SUCH OTHER BUSINESS AS MAY BE TRANSACTED AT AN AGM

voting and proxies
Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration are entitled to attend and vote at the meeting and are entitled at any time to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a shareholder. For administrative purposes only, proxy forms may be delivered to the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or be posted to the transfer secretaries at PO Box 61051, Marshalltown, 2107 to be received by 14h30 on Monday, 27 August 2018, being not less than 48 hours before the time fixed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Alternatively proxy forms may be handed to the chairperson of the AGM prior to a proxy exercising a shareholder's rights. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration.

The directors of the company confirm, in accordance with section 58 of the act, that a proxy of a shareholder is entitled to participate in and speak and vote at the meeting provided that a copy of the instrument appointing the proxy is delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of a shareholder at a shareholders meeting.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:
- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Consistent with the provisions of the act and aligned with good corporate governance, all resolutions will be voted via a poll and not a show of hands. On a poll, every shareholder of the company holding an ordinary share has one vote for every ordinary share held in the company by such shareholder and every shareholder holding a B ordinary share has 12 votes per share for every B ordinary share held in the company by such shareholder.

Voting percentages required for the passing of resolutions:
- ordinary resolutions 1 to 10: more than 50% of votes cast
- ordinary resolutions 11 to 12: 75% majority of votes cast
- special resolutions 1 to 3: at least 75% of votes cast

participation in the meeting
The board of directors of the company has determined, in accordance with section 59 of the act, that the record date for the purpose of determining which shareholders of the company are entitled to (i) receive notice of the AGM is Friday 22 June 2018 and (ii) attend, participate in and vote at the AGM is Friday 24 August 2018. Only shareholders who are registered in the securities register of the company on Friday 24 August 2018 will be entitled to participate in and vote at the AGM. Accordingly, the last day to trade in order to be entitled to attend, participate in and vote at the AGM is Tuesday 21 August 2018.

In compliance with the provisions of the act, shareholders may participate (but not vote) in the meeting by way of teleconference call. To obtain dial-in details, shareholders or their proxies must contact the company secretary by email (jcheadle@mrpg.com) by no later than 14h30 on Monday 27 August 2018. Note that shareholders will be billed separately for the dial in call by their telephone service providers.

Voting will not be possible via the teleconference call and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in this notice of AGM.

Equity securities held by a Mr Price Group Limited share trust or scheme will not have their votes at the AGM taken into account for the purposes of resolutions proposed in terms of the listings requirements. In addition, shares held as treasury shares in terms of the act may not vote on any resolutions.

Meeting participants (including proxies and teleconference call participants) are required to provide identification reasonably satisfactory to the company secretary before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

shareholders are encouraged to attend the AGM

By order of the board
Janis Cheadle
Company secretary
31 May 2018

APPENDIX 1

7

ORDINARY RESOLUTION 2: PROFILES OF NON-EXECUTIVE DIRECTORS RETIRING BY ROTATION AND STANDING FOR RE-ELECTION

Daisy Naidoo

Qualifications:	B Com, Post Grad Diploma (Acc), M Com (Tax), CA (SA)
Date of appointment to the board:	16 May 2012
Position held:	Independent non-executive director
Committee membership:	Chair audit and compliance committee Member of the social, ethics, transformation and sustainability committee Member of the risk and IT committee
Other directorships include:	Anglo American Platinum Ltd, Hudaco Industries Ltd, Strate (Pty) Ltd, Barclays Africa Group Ltd, Discovery Health Medical Scheme

Daisy started her career at Ernst & Young, where she completed her articles. She was then employed by SA Breweries (Durban) as a financial planner before moving to Deloitte & Touche (Durban) as an assistant tax manager – Corporate Taxation.

Daisy then gained almost a decade's worth of deal making experience, including heading the debt structuring unit at Sanlam Capital Markets.

She currently serves on the audit, social and ethics, remuneration and nominations committees of the boards she is appointed to and is the lead independent director at Hudaco Industries Ltd. She was appointed to the Tax Court as an accountant member serving a 5 year term and is the chief risk advisor to Vantage Mezzanine Fund.

Daisy is a member of SAICA and the IOD.

The board supports Daisy's re-election.

Maud Motanyane-Welch

Qualifications:	Diploma Library Science
Date of appointment to the board:	1 September 2008
Position held:	Independent non-executive director
Committee membership:	Member of the social, ethics, transformation and sustainability committee
Other directorships include:	Jet Education Trust, Kagiso Media Ltd, Leshala Mining (Pty) Ltd

Maud worked as a journalist for many years and edited Tribute, the foremost Black lifestyle magazine in the late 80's. Her knowledge of fashion and beauty is extensive, honed when she lived in the South of France, Holland and London. In London she studied health and beauty at the renowned Ray Cochrane College of Beauty and later interior decorating at the KLC School of Design in Chelsea Habour.

Her first venture into business was Jikelele Media, a TV programme distribution company with offices in Holland and Los Angeles. Her clients were mostly in the SADC region, allowing her to remain connected to South Africa in the twelve years she lived in Europe. She was a board member and shareholder of Worldwide African Investments, one of the first black run, post-apartheid investment companies.

In 2002 Maud started LeisureWorks, an upmarket health and beauty spa in Fourways Johannesburg, which she subsequently sold in 2007. Her interest in the media remains and from 2006 - 2014 she chaired the board of Kagiso Media, stepping down as chair when the company delisted but remaining a non-executive director. She has also served on the boards of Urban Brew Studios and Soweto TV.

Maud is passionate about education and transformation. She was one of the founding board members of the Historic Schools Restoration Project and she plays a pivotal transformation role on the boards she serves.

The board supports Maud's re-election.

ORDINARY RESOLUTION 3: PROFILE FOR CONFIRMATION OF APPOINTMENT OF NON-EXECUTIVE DIRECTOR BRENDA NIEHAUS

Brenda Niehaus

Qualifications:	Advanced Management Programme (Harvard)
Date of appointment to the board:	8 February 2018
Position held:	Independent non-executive director
Committee membership:	Member of the risk and IT Committee
Other directorships include:	Standard Bank (Mauritius)

Brenda has 34 years of IT experience within the financial industry, both locally and internationally, and has successfully delivered a diverse portfolio of large strategic programmes including several core banking transformation programmes.

After completing the Advanced Management Program, she joined the Standard Bank Group. During her career at Standard Bank, her responsibility for IT expanded over 16 countries across the continent. In 2013, Brenda was appointed as the group chief technology officer for group technology shared services and in 2014, she was appointed as group chief information officer, a position she held until September 2017. She is currently the senior IT board advisor for the Standard Bank Group.

The board supports the confirmation of Brenda's appointment.

ORDINARY RESOLUTION 5: PROFILES OF AUDIT & COMPLIANCE COMMITTEE MEMBERS

Daisy Naidoo (Chair)
Detailed above. The board supports Daisy's election.

Bobby Johnston

Qualifications:	CA (SA)
Date of appointment to the board:	1 February 1998
Position held:	Lead independent director
Committee membership:	Chairman of the special corporate governance meeting of the board Member of the remuneration and nominations committee Member of the audit and compliance committee
Other directorships include:	Eljay Financial Services (Pty) Ltd

Bobby ran a stockbroking/jobbing business for 20 years before selling out to FNB. His main business was selling OTC options but was involved in the entire process of stockbroking including portfolio management, exchange control, mergers and takeovers and restructurings.

He is the past chairman of JSE Ltd during the deregulation of the JSE from a co-op type structure to that of demutualised corporate structure. He was intimately involved in all stock exchange affairs including involvement with the Listings Division, the move to electronic trading on the JET trading system and the development of the electronic settlement platform and mechanisms, particularly the netting of transactions. After deregulation, he was involved in the audit and risk committees as well as acting as chair of the investment of funds committee relating to the investment of all JSE funds, and resigned as a director in 2014. Bobby resigned as chairman and a director of Strate (Pty) Ltd in October 2016 after being involved in all aspects of the business for 20 years.

He remains involved in the enforcement committee of the Financial Sector Conduct Authority dealing with stock market miscreants.

Bobby has lectured to aspirant stockbrokers on issues such as Securities Transfer Tax, Dividends Tax, Listings Requirements, Securities Lending and Borrowing and all other aspects of stock exchange business and practice especially covering settlement and administration of custodial assets. He is currently the administrator of about 40 charitable and family trusts and about 30 companies. He can be described as a "business generalist with an accounting background".

The board supports Bobby's election.

Mark Bowman

Qualifications:	B Com (Finance), MBA
Date of appointment to the board:	28 February 2017
Position held:	Independent non-executive director
Committee membership:	Member of the audit and compliance committee Member of the remuneration and nominations committee
Other directorships include:	Tiger Brands Ltd, Dis-Chem Pharmacies Ltd, Distell Group Ltd

Mark has over 20 years FMCG experience with SABMiller and has been involved in various areas across beverage operations including logistics and planning, production, corporate strategy and IT. He served as managing director of the Polish operation before being appointed as managing director of SABMiller Africa in October 2007. During his time at SABMiller, Mark has had extensive experience with Africa operations M&A and entering new markets.

Mark's retail experience is further enhanced through his non-executive directorships with Tiger Brands Ltd, Dis-Chem Pharmacies Ltd and Distell Group Ltd.

The board supports Mark's election.

FORM OF PROXY

for use by Mr Price Group Limited Ordinary Shareholders

(Registration number 1933/004418/06) (Incorporated in the Republic of South Africa) ('Mr Price' or 'the Company')

For use by Mr Price ordinary shareholders ('ordinary shareholders') at the 85th AGM of the company to be held in the boardroom of Mr Price Group Limited at Upper Level, North Concourse, 65 Masabalala Yengwa Avenue, Durban, on Wednesday 29 August 2018 at 14h30.

I/We ______________________________

of address ______________________________

Telephone number ______________ Cellphone number ______________

e-mail address ______________________________

being the holder/s of [ ] ordinary shares in the company, hereby appoint:

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

3. the chairman of the meeting,

____

as my/our proxy to attend, speak and vote for me/us and on my/our behalf or to abstain from voting at the annual general meeting of the company and at any adjournment thereof, as follows (see note 3 and instruction 2 overleaf):

Insert an 'X' or the number of ordinary shares you wish to vote.

	IN FAVOUR	AGAINST	ABSTAIN
Ordinary resolution 1 Adoption of the annual financial statements			
Ordinary resolution 2.1 to 2.2 Re-election of directors retiring by rotation			
2.1 Daisy Naidoo			
2.2 Maud Motanyane-Welch			
Ordinary resolution 3 Confirmation of appointment of Brenda Niehaus as non-executive director			
Ordinary resolution 4 Re-election of independent auditor			
Ordinary resolution 5.1 to 5.3 Election of members of the audit and compliance committee			
5.1 Bobby Johnston			
5.2 Daisy Naidoo			
5.3 Mark Bowman			
Ordinary resolution 6 Non-binding advisory vote on the remuneration policy			
Ordinary resolution 7 Non-binding advisory vote on the remuneration implementation report			
Ordinary resolution 8 Adoption of the SETS committee report			
Ordinary resolution 9 Signature of documents			
Ordinary resolution 10 Control of authorised but unissued shares			
Ordinary resolution 11 Amendments to share option schemes' exercise periods			
Ordinary resolution 12 Amendments to share option schemes' performance conditions			
Special resolutions 1.1 to 1.12 Non-executive director remuneration:			
1.1 Independent non-executive chair of the board R1 491 600			
1.2 Honorary chair of the board R 745 800			
1.3 Lead independent director of the board R 441 600			
1.4 Non-executive directors R 369 950			
1.5 Audit and compliance committee chair R 230 350			
1.6 Audit and compliance committee members R 136 650			
1.7 Remuneration and nominations committee chair R 188 575			
1.8 Remuneration and nominations committee members R 98 475			
1.9 Social, ethics, transformation and sustainability committee chair R 150 300			
1.10 Social, ethics, tansformation and sustainability committee members R 95 450			
1.11 Risk and IT committee members R 119 300			
1.12 Risk and IT committee member - IT specialist R 269 300			
Special resolution 2 General authority to repurchase shares			
Special resolution 3 Financial assistance to related or inter-related companies			

Signed at ______________ on ______________ 2018

Signature/s ______________________________

Assisted by me (where applicable) ______________________________

Please read the notes and instructions provided on pages 137 and 140.

Rights of an ordinary shareholder to appoint a proxy:

In compliance with the provisions of section 58(8)(b)(i) of the act a summary of the rights of an ordinary shareholder to be represented by proxy, as set out in section 58 of the act, are set out below:

- an ordinary shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder of the company.
- a proxy appointment must be in writing, dated and signed by the ordinary shareholder appointing a proxy and, subject to the rights of an ordinary shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.
- a proxy may delegate the proxy's authority to act on behalf of an ordinary shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- the form of proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of an ordinary shareholder at a shareholders meeting.
- the appointment of a proxy is suspended at any time and to the extent that the ordinary shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as an ordinary shareholder.
- the appointment of a proxy is revocable by the ordinary shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the ordinary shareholder as of the later of:
  - (a) the date stated in the revocation instrument, if any; and
  - (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph.
- if the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the act or the MOI to be delivered by the company to the ordinary shareholder, must be delivered by the company to:
  - (a) the ordinary shareholder, or
  - (b) the proxy or proxies, if the ordinary shareholder has
    - (i) directed the company to do so in writing; and
    - (ii) paid any reasonable fee charged by the company for doing so.
- a proxy is entitled to exercise, or abstain from exercising, any voting right of the ordinary shareholder without direction, except to the extent that the MOI of the company or the form of proxy provides otherwise. See further instruction 2 to the form of proxy in this regard.

Instructions on signing and lodging this form of proxy:

1. An ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space/s provided overleaf, with or without deleting 'the chairman of the meeting', but any such deletion must be initialled by the ordinary shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the meeting. The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. An ordinary shareholder's voting instructions to the proxy must be indicated by the insertion of an 'X' or, alternatively, the number of ordinary shares such ordinary shareholder wishes to vote, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she thinks fit in respect of all the ordinary shareholder's ordinary shares. An ordinary shareholder or his/her proxy is not obliged to use all the ordinary shares held by the ordinary shareholder, but the total number of ordinary shares voted, or those in respect of which abstention is recorded, may not exceed the total number of ordinary shares held by the ordinary shareholder.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. The completed form of proxy may, for administrative purposes only, be lodged with the transfer secretaries of the company: Computershare, Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa, (PO Box 61051, Marshalltown, 2107), to be received by them not later than Monday 27 August 2018 at 14h30.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such ordinary shareholder wish to do so.
7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The chairman of the meeting may accept any form of proxy which is completed, other than in accordance with these instructions, provided that the chairman is satisfied as to the manner in which an ordinary shareholder wishes to vote.

mr price grouplimited

mr price group limited