mr price group limited

2019

Annual Integrated Report

1 April 2018 - 30 March 2019

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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.

King IV

King IV Principles

The Six Capitals

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

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

I **Intellectual**
The intangibles that constitute our product and service offering and provide our competitive advantage.

H **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.

S **Social & Relationship**
The key and long-term relationships that we have cultivated with customers, suppliers and business partners.

N **Natural**
The resources that are used in the production of goods and the store environment.

Stakeholders

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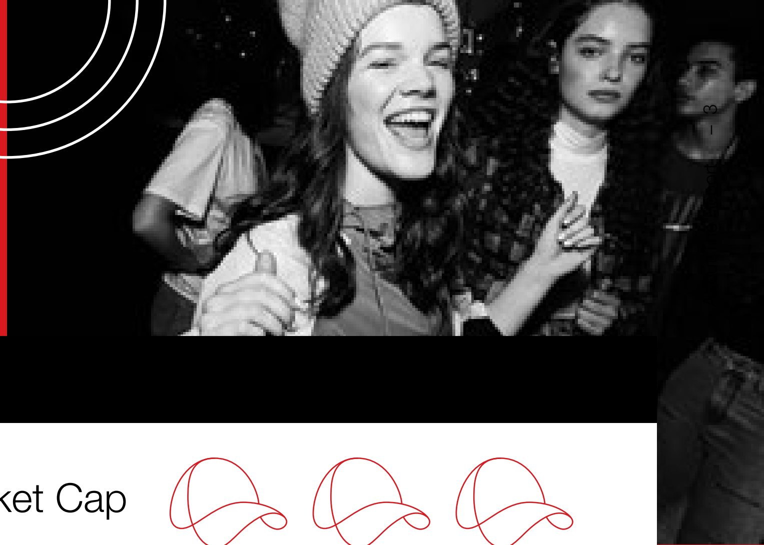


MARKET STATISTICS

Share Price (R)
190

DPS c
736.2
HEPS c
1168.6

54.2% ROCE
Return On Capital Employed

25.7% TSR
Total Shareholder Return
10 year CAGR

Market Cap
R47 billion

PERFORMANCE

Gross Space
745 662m²
People
18 900+

17.6%
Operating Margin

Units sold
220 million

Debtors Accounts
1.4 million

Retail Sales and Other Income
R22.4 billion
Free Cash Flow
R2.4 billion

ACHIEVEMENTS

JSE Ranking
37

36 million
visits to divisional websites

>600 000 Instagram followers
>1.9 million Facebook followers

#1 Fashion retailer in SA

Scope & Boundary

Principles: 5 15 16

We have pleasure in presenting the 2019 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

This report provides a consolidated view of the group's performance for the 52-week period ended 30 March 2019. It includes the financial results of Mr Price Group Limited trading in South Africa, Australia, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland, Zambia, Kenya, Poland 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 six 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 and considered process by both senior management and the board and its committees.

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 business model on pages 14 to 15, 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.

Materiality

Our report focuses on issues which the board and management believe are material to the group and could impact the group's ability to create and sustain value. We have aimed to demonstrate the connectivity between these material matters and our business model, strategy, risks, key performance indicators, remuneration policies and prospects. The material matters are reviewed on an ongoing basis to ensure that they remain relevant and management assumes the responsibility for the approval of these material matters, 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 organisations 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

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 102 to 104. The disclosures within the social, ethics, transformation & sustainability committee report (pages 82 to 95) 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 acknowledges its responsibility for ensuring the integrity of the annual integrated report and collectively reviewed and assessed the content thereof.

The 2019 annual integrated report was approved for release to stakeholders by the board on 11 June 2019.

NG Payne	**MM Blair**	**M Stirton**
Chairman	CEO	CFO

King IV

Principle: 5

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.

Recent scandals involving poor corporate governance within major organisations reaffirms the group's view that underestimating the impact of poor corporate governance ultimately equates to poor business. The outcomes based and holistic approach of King IV requires corporate governance to be integrated into the daily aspects of business to achieve the realisation of an ethical culture, good performance, effective control and legitimacy.

King IV disclosures in this report

The board has purposefully not published an application register in support of the move away from "tick-box" governance. In the same way that good corporate governance is integrated with and implicit in everything the group does, the application of King IV and other governance practices has instead been integrated throughout the report. The specific King IV disclosures included in the content of this report and in the specific committee reports are denoted by the icon. In addition, the principles covered by each section of the report are included at the start of each section. The group has endeavored 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.

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. Details of the group's application of the King IV principles are on page 50 of the board report. As a quick reference guide the primary King IV disclosure items can be located on the following pages throughout this report.

King IV quick reference guide:

Who We Are

Cash-Based, Omni-Channel, Fashion-Value Retailer

- Targeting younger customers in the mid to upper LSM categories
- Retailing predominantly own-branded merchandise

Cash as a percentage of total sales

84.2%
MRPG

58.8%
Competitor Avg

Vision

Principles: 2 4

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
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.

Competitive Edge

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 volume 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 exposure 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

External Environment

Principles: 3 4

The following indicators highlight how difficult trading conditions were in FY2019. A weak macroeconomic environment was unsupportive of business. All indicators as highlighted by the red arrows were worse than the prior year. Consumers were highly constrained and forced to make purchasing trade-offs, lowering their basket spend. Unfortunately the outlook for FY2020 is similar.

Economic and Consumer Overview

▲ Increase vs prior year
▼ Decrease vs prior year

SA Economy

		Prior year
GDP growth ▼	-3.2%	-2.7%
Unemployment rate ▼	27.6%	27.2%
CPI average ▼	4.2%	4.1%
Exchange rate average ▼	R14.01	R11.94

Business

		Prior year
Business confidence ▼	28 index points	44 index points
Retail sales growth ▼	+3.3%	+6.5%
Consumer credit index ▼	48 index points	55 index points
Real wage growth* ▼	0.0%	+2.6%

Consumer

		Prior year
Consumer confidence ▼	2 index points	26 index points
Disposable income* ▼	+1.5%	+3.0%
Household expenditure* ▼	+3.2%	+3.7%
Consumer financial vulnerability index ▼	51.2 index points	52.6 index points

Time period: Q1 2019 unless otherwise stated
* Q4 2018

Source: SARB, Stats SA, BER, Transunion, Momentum/Unisa

Store Footprint

1 323 total owned stores
633 813m² total net traded area

Brand	Stores	Average store size	Total trading area
mrp	512 stores	638m²	326 494m²
mrphome	179 stores	727m²	130 044m²
mrpsport	112 stores	577m²	64 611m²
sheet street	306 stores	170m²	51 896m²
MILADYS	214 stores	284m²	60 768m²

Store breakdown

South Africa
1 205 total stores

453	mrpApparel
158	mrpHome
107	mrpSport
284	Sheet Street
203	Miladys

Rest of the world
4 total stores

1	mrpApparel
3	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Africa and Franchise

Botswana
24 total stores

11	mrpApparel
3	mrpHome
1	mrpSport
7	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

Kenya
11 total stores

6	mrpApparel
5	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Namibia
41 total stores

18	mrpApparel
6	mrpHome
4	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
13 total stores

8	mrpApparel
2	mrpHome
0	mrpSport
3	Sheet Street
0	Miladys

Franchise
18 total stores

16	mrpApparel
2	mrpHome
0	mrpSport
0	Sheet Street
0	Miladys

Our Divisions

Principles: 4

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.

Apparel

Division	mrphome	sheet street	mrpmoney
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.	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.
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 and 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.	

Home | **Financial Services & Cellular**

Business Model

Principles: 3 4

Governance Framework

Strategic Pillars	Number of key targets*	Number of key trade-offs*	Capitals	Stakeholders
Growth Extend earnings through local and international growth.	7	6	F M I H	
Build high performing brands Build strong customer relationships by delivering an ongoing experience of surprising and delighting.	3	5	F M I H S	
Operations Continually strive for world class methods and systems.	2	2	F M I H	
People Maintain an energised environment with empowered and motivated people.	3	3	F I H S	
Sustainability Subscribe to high ethical standards and sustainable business practices.	4	3	F M I H S N	

*Refer to pages 24 to 29

Available Resources and Key Relationships

H Human capital
- Established culture (dreams & beliefs)
- 18k+ associates
- R40.8m spent on associate learning and development
- Remuneration paid to associates of R2.4bn

I Intellectual capital
- Established Mr Price brand
- The Mr Price Way: Established buying, planning and supply chain processes
- Mr Price fashion value formula
- Real estate feasibility framework
- 33 years historic data available to aid decision-making

M Manufactured capital
- Mr Price developed customised systems
- 1 323 stores covering 745 662m^2
- Advanced e-commerce capabilities servicing 36 million website visits
- Trading in 15 countries
- Highly mechanised 57 000m^2 DC

F Financial capital
- R3.2bn cash available
- Credit facilities of R457m available
- New capital invested of R424m
- Working capital outflow of R490m

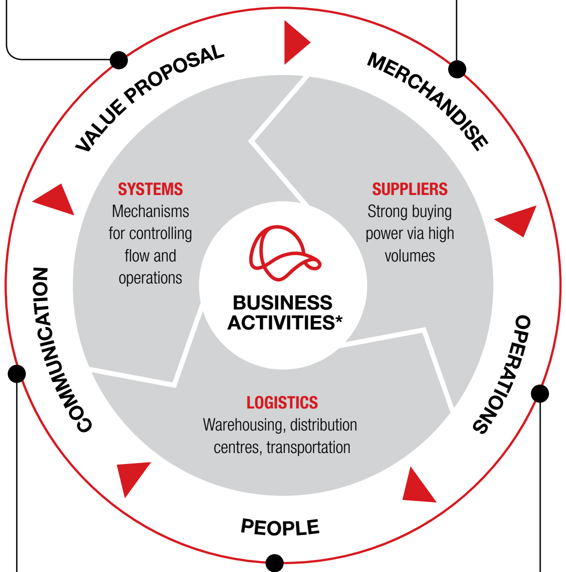
S Social and relationship capital
- R15m external MRP Foundation donations
- >1.9m followers on Facebook; >600k on Instagram; >19m YouTube views
- Over 30 years of established track record with landlords and suppliers

N Natural capital
- 1 561 tons of recycled plastic used as cushion inners
- 24 tons of plastic packaging removed from duvet covers
- 558 989 kWh of power derived from solar
- Paperless administration saved 2 687km of paper

Business Activities

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

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



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

- Positional
- Promotional
- Aligned to brand personality

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

* Refer to pages 20 to 21

Outputs

Over the period, the group continued to deliver value to our customers through wanted product at everyday low prices.

We actively sought to minimise waste (refer pages 94 to 95) throughout our business activities to ensure that we conscientiously reduced the impact on the communities and environment in which we operate.

Outcomes

H Human capital
- Passionate associates aligned to core values
- Skills attraction and retention
- 2.4% increase in associates
- Upskilled workforce and increased pipeline of leaders

I Intellectual capital
- 17th most valuable brand in South Africa^
- New micro-express store formats created
- Trading densities up 3.0%
- Gross and operating margins per square meter improved

M Manufactured capital
- Improved returns from operating assets
- 220m units sold
- 1.4% weighted average space growth
- 82 new stores added

F Financial capital
- R1 916m dividends paid
- 54.2% return on capital employed
- Low gearing
- Positive HEPS growth of 6.2%
- Improved profitability, solvency and liquidity ratios

S Social and relationship capital
- Corporate social investment of R29.5m
- 36.7% of units sourced from RSA
- 638 suppliers with Sedex membership
- Growing social media position aligned with needs of our core customers
- Strategic business relationships retained
- Positive impact of investment in local community and South Africa's social and economic landscape

N Natural capital
- Carbon footprint decreased from 121 016 CO_2e to 112 102 CO_2e
- Steady progress on the creation of a sustainable value chain which is transparent, efficient and compliant
- The group and the environment have benefited from various initiatives undertaken

^ Kantar Millward Brown

King IV Outcomes

Ethical culture | Good performance | Effective control | Legitimacy

Stakeholder Engagement

Principles: 4 16

Our stakeholders

The group's processes, activities and products sold are not done in isolation, but in a sustainable connection to a wide group of stakeholders. The group identifies its key stakeholders through ongoing engagement with all internal and external parties. Consequently, we are deeply connected to the environment within which we operate and the societies we serve. Our ability to deliver value depends on these relationships and the contributions and activities of our stakeholders. By providing for their needs and meeting their expectations we create value for our stakeholders and the group.

We believe understanding our role in society greatly influences our approach to stakeholder engagement. The group's success is linked to thriving communities and a healthy environment, compelling us to take a more transformative approach that creates shared and sustainable value for ourselves and our stakeholders.

The board has ultimate responsibility for the group's stakeholder engagement efforts. The process of engaging with stakeholders is decentralised to form part of the operations of our various divisions and support functions. Stakeholder engagement is guided by our values of passion, value and partnership. Each business area is required to report regularly on its stakeholder engagements to the board.

Getting to know and collaborating with our stakeholders and understanding and responding to their expectations are key elements of the group's strategy. Our approach to dialogue and transparency allows us to fulfil the goal of creating value in a sustainable manner and is key to facing the challenges and opportunities in our business activities. To determine the specific relationship strategy with each stakeholder and establish the objectives and communication channels to be used, we continually identify and review our relationship with each one. The diagram to the right highlights the stakeholders identified as integrated partners to the organisation and illustrates how our interdependent relationships create value.

Customers
This is our biggest stakeholder group who remain at the centre of our strategic approach. They are the primary source of the group's revenue.

Associates (our people)
Value is created and the business delivers profitably because of over 18 000 associates who live out our values of value, passion and partnership.

Suppliers
We have over 500 suppliers across all of the group's divisions. Our partnership approach to our supplier engagement is key to nurturing these relationships which enable the business to succeed.

Shareholders
Account for the ownership of 258m shares. Shareholders are 93% institutional and 7% retail. The shareholder base is split almost evenly between local and offshore.

Government & Community
We work closely with key government bodies to ensure that we maximise our impact on the communities within which we operate.

Stakeholder engagement requires more than communicating to stakeholders. It requires communicating through structured, interactive and proactive processes with the aim to create sustainable strategies and value for diverse individuals and groups including the organisation itself. Stakeholder value creation is a long-term outcome of a systematic approach by the group to work with identified stakeholders and manage how stakeholder interests and power impacts the organisation's strategy, operations and reputation. Stakeholder engagement should provide opportunities for learning with and from stakeholders. This involves using criticism, feedback and dialogue as value-creation opportunities for the stakeholders involved.

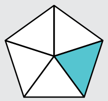
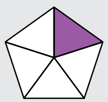
The table below outlines how the group has understood the different needs and expectations of its identified material stakeholders; how we engage and how value creation is measured along with the actual shared value creation over the last year. The strategic pillar associated with the relevant stakeholder group has been highlighted as well as the quality of the relationship based on feedback received from each stakeholder.

Quality of relationship

The quality of our relationship with our stakeholders is determined by the feedback mechanisms in place to help us understand their needs and expectations. This in turn enables us to deliver on increased value creation. The key below represents our internal grading on the quality of our relationships with each one, which is determined by a robust feedback tool that is currently used to engage with each respective stakeholder.

- ●○○○○ No current relationship
- ●●○○○ Existing relationship but lots of work to be done to improve
- ●●●○○ Established relationship with evident value creation but still room for improvement
- ●●●●○ High quality, mutually beneficial relationship with some room for improvement
- ●●●●● Significant relationship, high value creation, mutually beneficial

Stakeholders	Needs & expectations leading to value creation	How we engage	How we measure value and value created
Shareholders **Strategic Pillars** **Relationship Quality** ●●●●○	• Consistently delivered short and long-term returns from the business • Regular dividend payout • Transparent and timeous disclosure of company performance, investments and strategy • Responsible management ensuring sustainable long-term performance • Education on retail market trends and issues • Strong delivery on sustainability outcomes from the business • An adequate free float of shares for trade	• Direct engagement on proposed resolutions prior to the AGM • Annual general meeting • Full-year and half-year results presentations and roadshows • One-on-one meetings with investors, analysts and fund managers • Attendance at investor conferences • Annual integrated report • SENS announcements and trading updates • Dedicated investor relations team and investor website page: www.mrpricegroup.com/mr-price-group-investor-relations	• ROE: 37.5% • ROA: 26.8% • Dividend payout ratio: 63% • HEPS growth: 6.2% • TSR: 25.7% (10 year CAGR) • Number of investor engagements: 167 one on one meetings/calls
Customers **Strategic Pillars** **Relationship Quality** ●●●●○	• Quality product at affordable prices meeting their expectations for a strong fashion-value offering • Customer service reflecting our value of passion • Responsibly sourced product • Sustainable approach to plastic use • Opportunity to give back to the community • Share feedback with the group on product and their experience • Access to affordable credit • Convenient online platform	• Traditional and social media marketing • Store windows • Customer surveys through10 dedicated channels • Inbound and outbound call centres • Advertising campaigns and competitions • Live chat feedback on e-commerce sites • Mystery shopper programme • Club publications • Store account brochures	• Market share - StatsSA: all divisions outperformed Type D retailers • Customer engagement and satisfaction surveys: 264 277 customer responses • Instagram followers: >600 000 (No.1 fashion retailer) • Facebook fans: >1.9m • >25.6m website visits • Donations to MRP Foundation: R2.8m customer donations • Credit accounts and usage: 15.8% of sales through 1.4m active accounts

Stakeholders	Needs & expectations leading to value creation	How we engage	How we measure value and value created
Associates  **Strategic Pillars** **Relationship Quality**	• Market related compensation • Long-term growth opportunities as the business develops • Training and development programmes to increase their skill sets • Clear vision and direction from management regarding the trajectory of the business • Acknowledgment of diversity through fair opportunities and compensation • Feedback on areas for workplace and performance improvement	• Induction programmes • Performance reviews and career planning discussions • Training and development • Culture and climate surveys • Internal media and intranet • Team meetings • Associate results presentations • Divisional events including awards events • Whistleblowers' hotline staff share schemes	• Culture survey results: qualitative feedback covering all associate matters • Head office leadership programme (LEAD): 143 participants • JumpStart work experience: 4 664 participants with a 60% employment rate • Learning and development investment: R40.8m • Number of hours allocated to learning: 202 077 hours • Exercising share options: 1.6m shares
Suppliers  **Strategic Pillars** **Relationship Quality**	• Ethically sourced product aligned with international safety standards • Manage risk by gaining visibility into value chain • Improve supplier delivery and quality performance • Have better knowledge of the group's future growth and expectations • Dual feedback loop ensuring both suppliers and the group have a voice • Meet B-BBEE compliance • Improve quick response times	• Supplier workshops • Supplier survey • Independent focus groups • Regular meetings and ongoing communication • Performance reviews • Quality audits and product testing • Factory, social and technical audits • Factory visits • Whistleblowers' hotline • Supplier Ethical Data Exchange (Sedex) • Southern African Sustainable Textile and Apparel Cluster • KwaZulu-Natal Clothing and Textile Cluster • Regional Footwear and Leather Cluster	• Code of conduct compliance: 87% of suppliers signed the code of conduct • Supplier survey feedback: qualitative feedback covering all supplier matters • Sedex membership: 638 suppliers with active Sedex membership • Factory worker reporting tool: 26 local factories • ETI membership : Improver status maintained • South African Cotton Cluster (SACC): R3.9m in input loans to 263 small-scale cotton farmers • South African cotton lint produced: 587 tons • Supplier performance: launch of supplier grading tool
Government & Community  **Strategic Pillars** **Relationship Quality**	• Fulfil legislative requirements • Undertake national priorities • Contribute to community upliftment • Provide sustainable social impact to our partners	• Engagement with: South African Revenue Service, Department of Labour, Department of Education, Wholesale and Retail SETA, NCRF, • 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	• Engagement with relevant government body: Regular meetings held with government stakeholders across the business • Taxes: R1.2bn paid • Transformation targets: level 8 B-BBEE • Local sourcing: 36.7% of total units • Plastic reduction: 24 tons of plastic removed from duvet covers. 1 561 tons of recycled plastic used in inners for cushions • MRP Foundation schools: 98 new primary schools brought onboard • MRP JumpStart production: 76 people completed JumpStart production with a 99% employment rate. 17 people completed the professional retailers programme with 88% employment in local manufacturing • Environmental impact: Carbon, water and waste reduction continued. Carbon emission factor reduced to 0.97; 2 687km of paper saved

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.

Capitals: F I H S
Strategic Pillars

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 JumpStart programmes provide a sustainable pipeline of retail talent to our operations.

Capitals: F I H
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.

Capitals: F M I H S N
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.

Capitals: F M I H S N
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, Australia and Poland.

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.

Capitals
F M
H S

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.

Capitals
F M I
H S N

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 DC is capable 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.

Capitals
M I

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.

Capitals
I
S N

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.

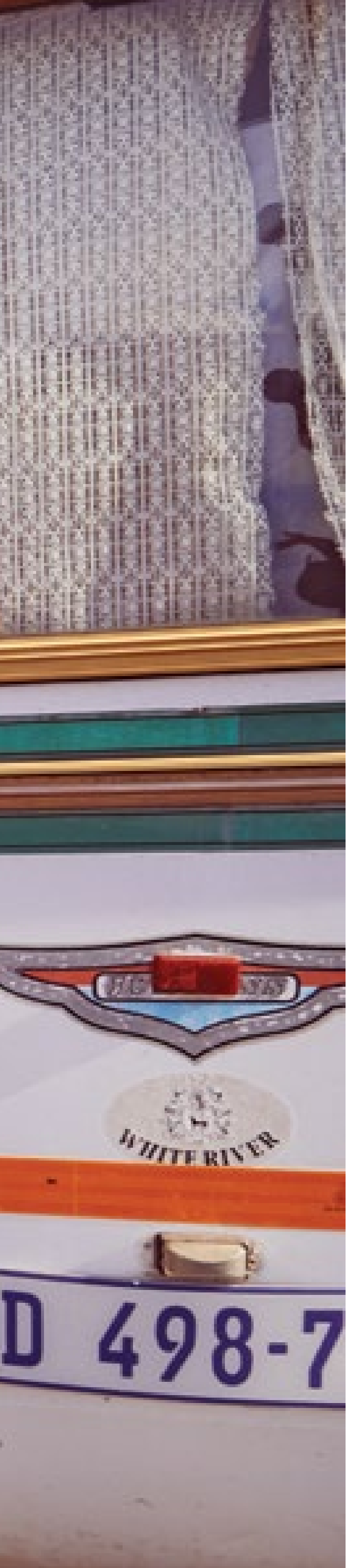
There has been increased focus on building sustainable, competitive value chains and suppliers are expected to comply with the group's supplier code of conduct. The group interacts with suppliers according to high professional and ethical standards (refer page 89).

How We Did

CEO's Report

Principles: 3 4 5

I am pleased to report, despite the poor health of our economy and knock-on effect on consumer health and confidence, our five retail chains delivered annual operating profit increases. Our financial services divisions profits declined marginally by 1.3% in a difficult credit environment. Our retail sales exceeded R20 billion and our profit before tax R4 billion for the first time. Headline earnings per share grew 6.2%.



Our long-term performance continues to outperform the market, highlighted by our 33 year compound annual growth rate in earnings per share of 21.1%, proving the resilience of our business model. This track record is a tribute to the efforts of all our past and present associates and business partners, for which the board and I are extremely grateful.

The 2019 financial year was an eventful one in which former CEO Stuart Bird retired. I am thankful, not only for Stuart's leadership over the years, but also for the institution he has built and I have inherited. The period following my appointment in January 2019 focused on implementing the leadership structure capable of executing our future plans. I am excited about the impact Mark Stirton (chief financial officer), Nicci Lyne (chief retail officer) and Arn de Haas (chief operating officer) will have on the group in their new roles, having a combined retail experience in the company of 45 years. There have also been changes to certain divisional leadership structures and I am proud these all fully support our company's promote from within philosophy.

A major focus area in the year ahead will be our growth agenda. This involves establishing a clear view of the place we shall occupy in the rapidly evolving retail landscape and will be informed by our own experiences and views and supported by detailed research and stakeholder engagement. Despite the local economy slowing down in recent years, we have a strong understanding of the local trading environment and consumer behaviour and plan to further leverage our infrastructure and grow market share. Our growth plans also entail carefully considered international growth. However, we shall not put our debt-free balance sheet and healthy cash generation at risk by pursuing large-scale acquisitions that can potentially divert management's attention away from the core business.

The national elections in May delivered a positive outcome, which I hope will lead to reformed economic policies that encourage business growth and job creation. If these are achieved, consumers will benefit and the retail sector will emerge from a downward cycle, as it has done previously.

We shall continue to invest significantly in South Africa, not just in capital expenditure, but in the welfare of society and our associates. We are proud founding members of the Sustainable Cotton Cluster (aimed at developing a sustainable local cotton industry) and the SA SME Fund (a private sector initiative to stimulate entrepreneurship by investing in high potential small and medium enterprises and providing high-quality mentorship and support). In conjunction with MRP Foundation, we shall continue our commitment to driving social change and upliftment so young people can break the cycle of poverty and inequality through education and skills development. More details can be found later in the annual integrated report.

Success depends on us having clarity of purpose; maintaining our discipline; being paranoid about focusing on the areas and opportunities of high impact; identifying trade-offs and executing at a superior level. This will be enabled by developing, guiding and harnessing the talents and energy of our associates, who in turn subscribe to our non-negotiable value system of Passion, Value, Partnership. Irrespective of our status in the company, we are unified by our goals of protecting our unique DNA and culture and surprising and delighting our customers.

Mark Blair
Chief executive officer

"We shall continue to invest significantly in South Africa, not just in capital expenditure, but in the welfare of society and our associates."

Group Strategy, Material Matters & Key Risks

Principles: 4 11

Our vision is to become a top performing international retailer.

We are driven by our purpose to add value to our customers lives and worth to our partners lives, while caring for the communities and environment in which we operate. Our vision is to be a top performing international retailer. To enable these ambitions, the group has developed a strategy which requires sustainable value creation over the short, medium and long-term and ensures clarity and focus amongst relevant stakeholders.

In developing our strategy, we consider both opportunities and risks, which are informed by the ever changing consumer and retail environments. Our long term strategy considers the global trends which will increase demand in the retail chains we manage and markets in which we operate. In assessing these trends and opportunities, the group is required to allocate resources and capital to high opportunity or priority areas, which often requires having to make trade-offs. This requires us to carefully consider which will suit our business model and will be pursued, and which will not.

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’.

Growth

Extend earnings through local and international growth

Targets for FY2019	Capitals	Stakeholders	Performance Against Targets: Outputs	Performance Against Targets: Outcomes
Maintain sales growth trajectory and increase market share	F		Retail sales were R20.9bn, up 4.4%. Comparable store sales increased 1.6%. South African sales grew 3.8%, ahead of Type D retailers per STATS SA of 2.7%	Sales growth achieved in a muted local retail trading environment. Market share maintained in MRP Apparel, Miladys, and home sector (reduction in Sheet Street offset by gain in MRP Home).
Introduce quality new space and exit from unproductive space	F M		Targeted space growth was 4% (2.5% net of closures and reductions). 82 new stores were opened and 11 expanded. New space added increased 4.8% at year end (weighted average 3.1%), and after closures and reductions net space increased by 2.0% (weighted average 1.4%).	Expanded store footprint with good performance metrics. Multi-faceted space opportunity that is not dependent upon one store type or one trading division.
Maintain profit wedge (growth in profits exceed growth in revenues)	F		Although gross profit growth of 4.6% was lower than revenue growth of 5.8%, leverage was driven by expenses only increasing 4.0%. Profit after tax was up 7.2%	Profit wedge achieved by profit growth exceeding revenue growth.
Grow mobile and cellular revenues and profits, via MRP Mobile	F I H		Revenue increased 62.1% and operating profit by 58.0%.	Profitable revenue growth and earnings diversification.
Focus on cash sales and grow credit sales responsibly	F I		Cash and credit sales grew 6.1% and 2.2% respectively. Net bad debt ratio of 7.3%.	Maintained cash focus and avoided opening accounts for low credit scoring applicants.
Increase the contribution of international sales to total sales. Improve performance in foreign territories, bed down Kenyan acquisition and open a MRP Home test store in Poland	F M I		Sales in non-South African corporate owned stores up 12.3%, higher than the 3.8% in South African stores. Bedded down acquisition of 12 franchise stores in Kenya. Australian test stores were closed in April 2019. Opened test store in Poland in October 2018.	Contribution of revenue from "external markets" increased from 7.5% to 8.0% of group sales, which is not a significant diversification of risk.
Identify appropriate markets and formats for expansion	F M I		International research initiated and will continue into next year. Potential acquisition opportunities reviewed did not meet our criteria.	Planned reduction in reliance on one key market.

Key trade-offs made:

- Merchandise margins in biggest division impacted by decision to clear excess inventory
- New trading space opportunities foregone due to decision made to focus on quality space and trading densities
- Credit sales growth constrained by our stringent account opening requirements
- Did not pursue revenue growth in Australia at the expense of profitability and further working capital
- Did not acquire offshore retail businesses as opportunities did not align with our requirements
- Avoided committing resources to potential markets which could not achieve sufficient scale

Focus areas for FY2020:

- Grow new trading space (closing basis) ~2.6% (3.9% net of space reductions). Open ~70 stores
- Increased focus on comparable store profitability. Cost reduction plans delivered
- Improve inventory management and cash generation
- Invest in and grow online
- Improve performance in African stores
- Following the appointment of a new business director on 1 April 2019, research local and international markets for growth opportunities

Build High Performing Brands

Build strong customer relationships by delivering an ongoing experience of surprising and delighting our customers

Targets for FY2019	Capitals	Stakeholders	Performance Against Targets: Outputs	Performance Against Targets: Outcomes
Wanted Merchandise • Ensure clear market positioning in all markets (fashion value model) to grow market share • Focus on needs of the core customer and the fundamental success factors of our business model - differentiated & category dominant private label assortments and appropriate balance of fashion & core merchandise	F I H S		Generally good product execution across most businesses, evidenced by market share gains and all divisions improving their GP% (except MRP Apparel in Q4). Lower markdowns than last year. Sold 220m units, an increase of 0.2%. MRP Apparel executed well in H1 but in H2 the merchandise offer was too wide and therefore lacked depth. Category dominance and clarity of offer suffered.	On a group basis, we understood the needs of our target customers and successfully executed our merchandise offers. Protected our market positioning and delivered on our promise to our customers. Received several accolades: MRP Apparel: GenNext 2018 – 'Coolest clothing store'. Sheet Street: Daily News Your Choice Awards – Best Linen Store; Sowetan Shopper Survey/ Retail Awards - 2nd in homeware category. Ask Africa Orange Index – 3rd in Home & Décor sector. MRP Home: Kasi Star Brands Awards -1st in Homeware & Décor category; The Sowetan/ Sunday Times (Tiso Blackstar) Shopper Survey Awards - 1st in Homeware & Décor category.
Communication • Integrated marketing strategy. Build on leading social media position. • Convey strong brand personality via multiple touchpoints to target market, ensuring consistent and seamless engagement • Develop a single view of the customer (CRM) • Implement Powercurve automated credit decision engine) and Inquba (enhanced customer communication)	I S		MRP Apparel has the highest number of Facebook followers (~1.2m) and Instagram followers (454 000) amongst the local competitor set. The division has continued to strengthen its omni-channel experience, as evidenced by its online sales growth of 30.2% and 62% of mrp.com and app users browse online before shopping in store. 50% of their online orders are click and collect, while 20% of online shoppers made an additional purchase while in store. MRP Home has 440 000 Facebook fans and 150 000 Instagram followers Group online sales increased 32.1%. Online showroom via in-store kiosk in 46 MRP Home stores. MRP Sport online sales up 43.8%. CRM – single view of store card customers achieved. New credit decision engine implemented. Inquba – first project deliverable is live, balance by end June 2019.	Social media position, aligned with needs and expectations of our core customers, continued to strengthen. 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 and a seamless online and store experience. Well placed to further capitalise on the increasing trend of online shopping.
Innovation • Lead with technology to re-inforce our brand	F M I		Mobile POS now accounts for 13.7% of MRP Apparel transactions and has improved checkout times. mrpEmpower: 1 578 tablets deployed in stores has improved communication, merchandising and training. Cellular kiosks in 216 stores.	Further differentiation achieved with competitors; stronger relationships with our tech-savvy target customer

Key trade-offs made:

- Avoided certain specific investment in online, which requires an appropriate level of investment and clear ROI
- Could not achieve desired market positioning in Australia, resulting in operations being closed and impairments
- Online sales growth at the expense of store growth
- Customer Relationship Management (CRM) system due to other areas requiring priority of investment
- Cellular kiosks not extended to all stores

Focus areas for FY2020:

- Grow market share, particularly MRP Apparel by improving product execution category dominance, category extensions 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
- Further enhancement of the customer's seamless omni-channel experience, including MRP Money
- Review of foreign markets, including supply chain, operational processes and fashion value positioning to improve profitability
- Further implement CRM strategy

Operations

Continually strive for world class methods and systems

Targets for FY2019	Capitals	Stakeholders	Performance Against Targets: Outputs	Performance Against Targets: Outcomes
Distribution Centre (DC) • Stabilise DC following move to new location • Realise planned efficiencies	F M I H		DC operational and systems' stabilisation achieved. Efficiency realisation will continue into next year. DC costs as a percentage of sales was lower than the two previous financial years.	Provides an infrastructure to enable increased efficiency, accuracy and speed to market (positively impacting sales and margins) and being capable of handling the group's long-term growth.
Leading IT Solutions • Achieve project milestones regarding new merchandise planning and ERP systems • Review project prioritisation • Implement expanded IT management structure to support execution • Develop a data management blueprint • Ongoing focus on cyber threats • Approve the mandate of the newly established risk & IT committee and monitor key risks	M I		During the period, an extensive IT project prioritisation exercise was undertaken. IT activities were then compared to available IT and business capacity, which resulted in lower priority items being culled and in some instances, project timelines being re-scheduled. The management structure was strengthened and a senior programme manager and dedicated business owner appointed. Data management blueprint not completed. An independent cyber security capability assessment was undertaken. Recommendations are being addressed and the incident response policy implemented. There were no major IT security breaches during the year. Risk & IT committee mandate approved and key risk monitored on an ongoing basis.	Delay in delivering enhanced capabilities to maximise sales and margins in current markets and support international growth.

Key trade-offs made:

- Certain DC efficiency opportunities could not be addressed due to focus on stabilisation following go-live
- IT prioritisation resulted in certain projects being removed from the project list

Focus areas for FY2020:

- Continued realisation of DC efficiencies – throughput productivity, inventory accuracy and on-time in-full deliveries
- Implement expanded IT management structure and continually review project prioritisation
- Ongoing enhancement of IT security
- Achieve identified project milestones with regard to the retail modernisation programme, including merchandise planning and ERP systems
- Data management blueprint to be developed

People

Maintain an energised environment with empowered and motivated people

Targets for FY2019	Capitals	Stakeholders	Performance Against Targets: Outputs	Performance Against Targets: Outcomes
Continue to build our talent pipeline and review leadership capacity and succession planning to support the attainment of the group's strategy	I, H		Executives – several new appointments made to create leadership capacity and strengthen delivery, including a chief retail officer, chief operating officer and a new business director. 143 senior associates are currently on the group's LEAD programme, aimed at equipping leaders with transformational people skills.	Increased skills and capacity to enable operational and strategic execution. Development programmes extends the pool of transformational leaders.
Achieve employment equity targets	F, H, S		Achieved employment equity targets contained within our FY2020 plan. 95% 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.
Enhance the integrated performance process linked to reward	F, H, S		Initial step to strengthen the reward process, which included rationalise job titles and grading all roles was completed.	Improvement in reward structures to ensure equity across the group to ensure that those that can materially impact performance have clear objectives and are remunerated in line with the group's philosophy, which placed more emphasis on variable pay and less on guarantee.

Key trade-offs made:

- Strengthened leadership structure will be more costly than previously, however should create value in the short, medium and long term
- Development programmes are targeted and are not across the board
- Lower guaranteed remuneration (pay at market median) in favour of variable remuneration based on company and individual performance

Focus areas for FY2020:

- Continue to enhance the integrated performance process linked to reward
- Continue to build our talent pipeline and strengthen succession planning. Review of organisational structures employed by the group, supporting clarity and a value business
- Appoint a leading chief information officer
- Consider the people skills and structural requirements to support the recently appointed CEO's strategy

Sustainability

Subscribe to high ethical standards and sustainable business practices

Targets for FY2019	Capitals	Stakeholders	Performance Against Targets: Outputs	Performance Against Targets: Outcomes
Suppliers Strategically review our resource model and strengthen our supplier capabilities: • Get closer to the point of manufacture to assess social and environmental compliance • Eliminate hidden or duplicated costs • Improve on-time in-full (OTIF) deliveries • Accelerate dual and direct sourcing	F I S N		The resourcing strategy work has been substantially completed and will be considered fully in the new year. Successfully increasing visibility by eliminating third parties where they are unnecessary in the procurement process. The number of suppliers with Sedex membership increased from 301 in FY2015 to 638 in FY2019 with active Sedex membership. OTIF deliveries have decreased and there is scope for significant improvement. New supplier grading tool introduced should positively impact OTIF deliveries. Near sourced, quick response capability is being developed in order to allow the business to respond better to in-season product sales. The need for dual sourcing has been assessed and will not be prioritised in the near future.	Steady progress is being made on the creation of a sustainable value chain which is agile, transparent, efficient and compliant.
Develop The Local Industry Enhance sustainable business practices and partnerships in the local industry Continue to further improve our B-BBEE compliance	M I S		During FY2019, the group sourced 104.2m units totalling R5.0bn from local suppliers. This represented 36.7% of total input units, or 46.2% including other African territories. Founding retailer of South African Cotton Cluster (SACC) – procured 587 tons of cotton lint from South African farmers in FY2019 and have made ongoing commitments. The group purchased 4 999 362 t-shirts and towels containing SA cotton secured through the SACC. Member of KZN Clothing and Textile Cluster - participated and implemented activities to develop the local industry. B-BBEE level 7 accreditation achieved. An improvement from level 8 in FY2018.	Positively influence the local economy via local procurement. Supported the SACC objectives to promote local RSA beneficiation, economic development and employment. The support provided to farmers assisted in an estimated 47 004 tons of cotton harvested in the 2018/2019 production year, a growth of 26.6%.
Partner With Communities Positively impact South Africa's socio-economic landscape through relationship building with key stakeholders around education & skills development. Extend the 'Together We Do Good' journey to external stakeholders	H S		The group donation to MRP Foundation up 5% to R29.5m. The MRP Foundation schools model currently impacts 96 495 South African learners per annum. Jump Start retail programmes – 4 664 delegates completed work experience in FY2019 with 60% employment rate. 'Together We Do Good' sustainability communication extended to external customers through divisional communication ensures buy in.	Our investment in the local community has positively affected RSA's socio-economic landscape, with 96 495 learners being impacted in FY2019. The JumpStart retail programme has enabled us and other participating companies to increase skills and employment, with 12 489 of the 35 885 candidates trained since inception being employed.
Protect Our Planet Improve resource efficiencies and address climate change	F N		Since the 2014 baseline year the carbon footprint has been reduced by 45.6m 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 82% and the DC's of 92%, paperless administration activities and reduced electricity consumption, partly via the head office and DC photovoltaic systems which generated 558 989 kWh during the year.	The group and the environment have benefitted from various initiatives undertaken.

Key trade-offs made:

- Local procurement opportunities are lost due to lack of technical manufacturing abilities or productivity
- Our agility can be compromised by our low-cost sourcing from territories with long shipping times
- B-BBEE supplier development points are focused on micro businesses, therefore we lose potential points due to our large volume buys to obtain competitive pricing

Focus areas for FY2020:

- Finalise the strategic review of our resource model. Increase agility and shorten lead times
- Continued execution of the value chain objectives to strengthen our supplier capability
- Continue to explore environmental improvements
- Continue to monitor and improve Broad-Based Black Economic Empowerment compliance

Material Matters

Our material matters are evident in our key risks and opportunities and represent the issues that have the most significant impact on the group's ability to create value for our stakeholders over the short, medium and long-term. In determining these matters, which are not constant, and may change, consideration is given to the group's market positioning, the competitive and economic environments, the interests of key stakeholders and the long term business strategy. In order to define our material matters, we adopt the following process:

Identify
Identify the matters that may impact our ability to grow earnings and operate in a sustainable manner. Reference is made to our vision, strategy and values.

Rank
Rank the matters identified in order of potential impact on the business and its stakeholders.

Apply and validate
Shape the business short term business plans and long term strategy based on the prioritised matters.

Assess
Continually assess the material matters for change and ensure that the business strategy comprehensively addresses these, thereby ensuring the strategy remains relevant.

The following are the material matters which are likely to impact our ability to create value:

The challenging retail environment

Our largest market, South Africa has experienced a prolonged period of low economic growth. Unemployment remains unacceptably high and real wage growth has slowed. Government decisions have negatively impacted foreign investors views and our currency, the Rand, has reacted by displaying both weakness and volatility, further impacting the prices of imported goods and the fuel price.

Consumers are struggling financially and spending choices are not in favour of discretionary items. Consumer confidence is low and access to credit has been tightened. Competition has intensified by the numbers of retailers servicing this market and the heightened level of promotional activity and discounts. Consumers have responded by spending on more basic needs, frequenting a higher number of retailers and at times delaying purchases.

Our Risks
- Exchange rates impact the cost of imported merchandise
- Ability to increase comparable store sales ahead of cost growth
- More challenging to balance investment in long term growth and short term earnings

Our Opportunities
- Differentiation via fashion value product assortment, and omni-channel innovation
- Utilise our balance sheet strength to diversify by introducing new retail concepts, and investing offshore
- More stringent identification of trade-offs and increased efficiency by thinking organisation-wide instead of in business unit silo's
- Increased levels of consumer spending if newly elected government delivers on their promise of prioritising economic growth

Partner performance

Our performance is strongly influenced by the performance of our significant suppliers including landlords and merchandise and service providers.

Our Risks
- The strength of our resourcing base is key. On-time in-full delivery performance and supplier B-BBEE committment generally requires improvement
- Product lead times are longer than desired

Our Opportunities
- Landlords are under pressure from online retail, lower turnover rentals in a stagnant economy, and in some cases, arrangements with Edcon. We continue to engage on our business strategy and ensure our rentals are reflective of industry trends, our retail scale and ability to increase foot-traffic in trading location
- Reconsider resourcing strategy to improve agility via shortened lead times, especially on fashion product. Run leaner inventory levels and chase replenishment of high performing product
- Further develop our partnership commitment

The increasing role of technology

Businesses are becoming increasingly reliant on technology to increase efficiency, differentiate and provide insights. Increasing digitisation increases the risk of cyber attacks, lost data, fraud, and disruption form trading. Disruptive business models are emerging, focused on satisfying customers' needs. The trend of online sales growth exceeding store growth is expected to continue.

Our Risks

- Illegal penetration into our systems causing financial or information loss or business disruption
- Disruptive business models can impact our revenue growth if we were to ignore them
- Unwarranted or overinvestment – careful consideration must be given to which technologies to adopt

Our Opportunities

- Evaluate and prioritise investment to transition into an agile data led organisation and drive profitable revenue growth
- Increased efficiency via speed and lower payroll costs
- Capitalise on our strong online and omni-channel capabilities

Building and retaining a high performing team

Our ability to outperform is highly dependent on the experience, technical skills, leadership abilities and attitude of our associates, who gel together as a high performing team and embrace our unique culture.

Our Risks

- Loss of key associates to emigration, competitors or other industries, thereby losing vital experience and knowledge
- Inability to attract top talent
- Our culture is diluted or lost

Our Opportunities

- A high performing company and attractive working environment will attract top talent
- Focused development and retention efforts, including role rotation and succession plan strengthening

The quality of our decisions and execution

In an evolving retail world, and a challenging retail environment, there are both significant risks and an abundance of opportunities. Our ability to capitalise on these requires extensive stakeholder engagement, detailed research and input from advisory partners. In FY2020 our newly appointed CEO will initiate a thorough strategic assessment of our current position and desired future state, both locally and abroad. Our ability to create value for our stakeholders will be influenced materially by the strategic choices we make and how well we execute our operational and strategic goals.

Our Risks

- Invest in the wrong business format or territory
- Evaluation of business partners is flawed and ongoing relationship is jeopardised
- Incorrect strategic calls result in a loss of capital, poor operating results and a loss of key associates

Our Opportunities

- Thorough evaluation of local growth opportunities provides further growth opportunities which can leverage off our existing infrastructure
- New high growth opportunities identified, contributing positively to earnings while reducing reliance on one key market
- Extensive development opportunities for associates in an international business

Top 10 Risks

The group is committed to effective risk management in pursuit of its business and strategic objectives, with the overall aim of increasing stakeholder value. Risk management is an integral part of our daily operations, strategy and governance. An essential element of risk management is achieving an appropriate balance between minimising the risks associated with any business activity and capitalising on opportunities, thereby maximising the potential reward. Detailed information on the role of the Risk and IT Committee, risk governance and the risk management framework is contained in their report on pages 60 to 63.

Our top risks are those which can impact our long term strategy and therefore have a direct impact on future revenue, earnings and assets, as follows:

Strategy

The risk of making incorrect strategic decisions.

The group's ability to create stakeholder value is heavily influenced by the business strategy and therefore the human and capital resources it deploys.

The company has a well established strategic planning process which involves senior and executive management. The strategy is deliberated at board level annually and performance against objectives is evaluated quarterly. Due to the recent change in company leadership, the CEO will lead a comprehensive re-assessment of the group's strategy in the new financial year. This will entail extensive stakeholder engagement and research, in existing and new potential markets. A thorough business case will be required for identified opportunities, of which return on assets and cash flow generation will be critical.

Disruption

The risk of not being able to trade optimally as a result of the non-availability of critical resources or external services to the group.

The company's ability to trade will be compromised by a prolonged period of non-availability of IT systems, human capital, electricity or merchandise flow. This would negatively impact earnings, market share and associate retention as our remuneration philosophy is to reward performance via short and long term incentive schemes.

Disruption scenarios are considered throughout the risk management process and include recovery plans in the event they do occur. Gap assessments identify areas for improvement. Key IT systems are continually monitored for uptime, performance and capacity. Automated backups are scheduled and stored offsite. Our partnership approach includes regular engagement with our associates and forms the foundation of effective relationships.

Execution

The risk that the strategy is not delivered or that operationally we do not remain true to the core principles of our business model.

The benefits of a clear strategy and well defined business model requirements will be diluted if we do not execute well in these areas.

An expanded executive team is in place effective 1 April 2019, which will enhance operational and strategic delivery. A significant execution risk relates to the products assortments we offer to customers. Our processes are well defined, however periods of underperformance have historically coincided with straying from these foundations. These disciplines will be further hard coded into the relevant touchpoints.

Reputation

The risk that our associates, or parties with whom the company transacts, conducts themselves in a manner that damages the company.

The company seeks to be a model corporate citizen and has a zero tolerance for those that do not act in accordance with its value system or rules of engagement. Financial or reputational harm can be caused by the actions of our partners resulting in loss of funds or customer support.

All associates and suppliers are required to sign and adhere to our code of conduct and this is incorporated by reference into the agreed contractual terms of engagement. All parties must comply with both the written word and the spirit of the code. Any issues are generally dealt with operationally, however escalation protocols will result in main board involvement if necessary.

People and culture

The risk that our people are not engaged, and do not thrive in a performance based culture or subscribe to our value system of passion, value, partnership.

Our business culture, which is central to our success, is one of performance - ordinary people doing extraordinary things, has to be preserved at all cost. Our value system defines how we engage and applies equally to all structures in the organisation.

Well established induction and training materials are in place. Reward structures and succession plans will continue to be refined, while the group's growth strategy will further enhance associate career development prospects. Due to the magnitude of change in the business, further focus is being applied to a reduction and prioritisation of new initiatives and project, which require CEO and CFO approval.

Regulatory environment

The risk of loss or penalties as a result of non-compliance.

The high level of regulatory change in our key market continues. Regrettably these changes are sometimes ill-considered by legislators and implemented despite stakeholder feedback. The company is then required to ensure compliance with all existing and new regulations – an extensive process which absorbs significant resources: effort, time, systems development, oversight and budget. In certain territories, increased and onerous regulations may impact our ability to effectively trade.

Regulatory compliance is guided and monitored by the group governance function, with overall responsibility for implementation resting on the business unit managing directors. The board social ethics transformation and sustainability committee has the responsibility of monitoring company activity relating to, inter alia, the Constitution, the law, regulations and legal standards.

Technology

The risk that we unable to develop and maintain secure yet agile platforms appropriate to the operational and strategic needs of the company.

The group requires efficient and effective systems to support its 'value' business model, drive earnings and support its strategy. In the absence of this, manual processes are potentially error prone, require increased headcount and inhibit us from scaling business opportunities.

The company has increased its investment in IT systems and management structures to improve execution of its retail modernisation programme, which includes merchandise planning and ERP systems. Governance structures include: divisional board, IT prioritisation forum, ERP Steercom, group risk and IT committee. Delivery in this area is a top priority.

Information security and cyber resilience

The risk of financial loss or reputational damage as a result of inaccurate or lost data, a breach in security of customer information or an illegal penetration into the group's systems.

Due to advancements in the information technology arena, risks are continually escalating. The prevention of cyber-attacks is becoming more complex, requiring multiple layers of protection to create an environment that is sufficiently hardened, thereby safeguarding company assets and information, and ensuring un-interrupted trade.

An information security strategy and framework is in place and an IT security committee established. Anti-malware defence has been deployed and there is point to point encription in the store transactional environment. Ongoing vulnerability testing and remediation is in place. This area has been identified as a key focus area for the systems team, which is being guided and monitored by appropriate forums, including the group risk and IT committee. The business is looking to appoint a dedicated chief information security officer.

Competitive landscape

The risk of not anticipating or timeously responding to changes in the competitive landscape.

In the face of intensifying competition, the group's future success will be heavily influenced by its sustainable competitive advantages, which includes differentiation and innovation.

Through our value model, we maintain a relevant and competitive offering that provides our customers with wanted items at an affordable price. To deliver on our promise to 'surprise and delight' our customers, we require a value mind-set in all activities and a low cost infrastructure. Maintaining our value proposition while still innovating and investing for the future requires great discipline and identifying trade-offs. Intense focus on our customer experience and ongoing investment in digitisation and omni-channel are key focus areas and will be augmented by outcomes of the group's strategy process.

Sustainability

The risk of not building a sustainable business for the future.

The group's view is that nothing is possible without people, but nothing lasts without institutions. In order to achieve our vision, our responsibility is to ensure we have a built to last organisation, which meets key stakeholder expectations and a strategy rooted in longevity and purpose.

The board social ethics transformation and sustainability committee monitors company activities in relation to these matters. The independent sustainability team provides insights to enable business leadership to make informed strategic choices and are informed by market successes and best practice, research and benchmarking, stakeholder engagement, risk interventions and pilot testing. They then ensure that activities contributing to longevity are understood and actioned by the business at large. A roadmap was developed to assess the risks and opportunities in one of the most critical areas of global apparel retailing being their value chains as this is central to our future success.

CFO's Report

Principles: 3 4 5 13 16

Whilst our trading results are pleasing in the prevailing retail environment, they fell below our own expectations. We have noted several encouraging opportunities to capitalise upon in the next financial year despite being acutely aware that trade will remain challenging. We are confident that if we deliver on our purpose of providing great value to customers at everyday low prices, we will continue to gain market share in this climate.

Value creation through the use of our financial capital

The following summary of performance demonstrates how the group's financial capital has been increased, utilised and transformed through its operating and investing activities in the 2019 reporting period.

Material matters

The group remains predominantly an African retailer subject to the challenges and opportunities presenting themselves on the continent. South Africa, our largest market constituting 92.2% of the group's retail sales, has been left in a state of uncertainty for most of the reporting period.

Slow economic growth and the absence of firm policy-making remains a major concern. A stronger more unified African National Congress (ANC) post its win in the recent national elections is anticipated to provide much needed clarity. This should encourage economic growth attracting more permanent direct foreign investment, resulting in fixed capital formation and private sector confidence, to spur much needed job creation and in turn consumer spending.

Retail is highly dependent on the consumer psyche. Ramaphoria, the term coined for the hope that ensued post the election of Cyril Ramaphosa as ANC president in February 2018, resulted in the country's consumer confidence index rising to a high of 26 in the first quarter of 2018.

However, this was not sustained with consumer hope dashed for much of 2018 by headlines of deep-set corruption and the poor fiscal health of the country's state lead enterprises. The country's revenue services were consequently affected, placing additional pressure on South Africa's budget deficit, projected to be 4.5% of GDP. Rising debt levels and the interest-servicing costs associated, now standing at 55.8% of GDP, remain a concern.

The government passed a one percentage point increase in the value added tax (VAT) rate in April 2018 to aid revenue collections. However, this, together with rising petrol prices and an increase in the repo rate in November 2018 by 0.25%, all weighed heavily on a distressed consumer whose real wage growth as per the last quarter of 2018 was flat against 3.2% in the prior year.

The US/China trade wars have been harsh on emerging markets. A risk-off investment posture by the international investment community has resulted in large outflows from South Africa's bond and equity markets. The major casualty has been the ZAR/USD exchange rate where the local currency depreciated 23.5% against the dollar over the financial period and inversely affected the prices of the group's foreign sourced inventory. RSP inflation was contained at low to mid-single digits for the year despite impacts of increased VAT and a weaker exchange rate.

The group's retail presence across Africa continues to be viewed with a medium to long-term investment horizon, recognising as these economies develop and populations grow, a fashion value brand such as Mr Price will be well-positioned to capture the hearts and minds of these populations. The purchase of the Kenyan operations from our franchisee in May 2018, the entry of Sheet Street into Zambia and the appointment of new franchisees in Tanzania, the Democratic Republic of Congo (DRC) and Uganda have helped expand the group's continental presence.

Further afield our Australia operations ceased trading on 30th April 2019. Organic growth has proved difficult and was compounded by a depressed retail market. Several store format types and pricing strategies were tested however the sales case could not be proven with consistency in order to warrant further investment. The directors of Australia evaluated the company's ability to trade in the absence of financial support and concluded that the entity needed to be placed into administration. These operations will be classified as discontinued for the FY2020 financial period. The MRP Home division continues testing the Polish market with one store. Product acceptance has been fair to date however broader awareness is needed for volumes to pick up.

The group's audited annual financial statements should be utilised for a more comprehensive analysis of its performance over the financial period.

Trading performance

Financial summary		2019	2018	% Change
Revenue	R'm	**22 585**	21 347	5.8
Profit from operating activities	R'm	**3 938**	3 732	5.5
Group operating margin	%	**17.6**	17.6	
Profit attributable to shareholders	R'm	**2 982**	2 781	7.2
Headline earnings per share	cents	**1 168.6**	1 100.1	6.2
Diluted headline earnings per share	cents	**1 142.3**	1075.4	6.2
Dividend per share	cents	**736.2**	693.1	6.2

The group continues to reward its shareholders with exceptional returns ratios. Return on assets (ROA) was 26.8% and return on equity (ROE) was 37.5%.

The groups total shareholder return (TSR) on a ten year basis is 25.7%.

In April 2019 the group announced its secondary listing on South Africa's alternate stock exchange A2X, becoming the first retailer in the country to do so. Shareholders will enjoy the benefits of the platform's lower transaction fees, effectively enhancing the net yield per trade.

The Mr Price brand equity remains high, ranked the 17th most valuable brand in South Africa by Kantar Millward Brown in their latest published report.

The group's JSE top 40 ranking is 37 and our ExQ (Exponential Organisations) rank was 13.

Headline earning per share (HEPS) increased 6.2%. The group maintained its dividend pay-out ratio of 63%, distributing 736.2 cents to shareholders for a 3.9% dividend yield. The company's average free float was 95% for the period, with over 317m shares traded in FY2019 at an average price of R231.64.

Retail sales and other income grew 5.6% to R22.4bn. Retail merchandise sales grew 4.4%, ahead of Type D retailers for the same period of 3.4%, while revenue from other income grew 24.7%. The group's sales performance by segment are: Apparel up 3.8%, Home up 5.9% and Financial Services and Cellular up 25.9% (refer divisional overview on pages 44 to 45).

Ecommerce continues to grow ahead of bricks sales, up 32.1% on last year.

All three MRP brands achieved high double digit growths with high social media engagement levels achieved.

Online basket size exceeds store basket on average by 50%. The group understands the strategic importance of this channel, with continued investment into this space to ensure we are well positioned.

Cash remains the predominant tender type at 84.2% of the group's retail sales. High cash conversion through market leading stock turns allowed the group to generate free cash flows of R2.4bn in FY2019, with closing cash reserves up 15.9% to R3.2bn. The free cash flow conversion ratio remains high at 80.9%. Interest revenue earned on average cash reserves over the period was R224m at a 7.3% yield.

Credit sales including Cellular grew 2.2%, impacted by a deteriorating credit landscape as noted by TransUnion. Its latest credit report indicated a 6% growth in new accounts three months or more in arrears. The group's credit appetite remains conservative, implementing tighter credit scorecards mid-year in response to rising bad debt write-offs that increased to 7.3% (LY 5.9%) of the debtors' book. Account applications rose 6.9% on the prior year but approvals only rose 1.0% as a result of the scorecard changes that inversely impacted book growth.

Revenue from Mobile (the group's mobile virtual network operation) and its in-store cellular kiosks increased by 9.8% and 399.7% respectively. The latter was aided by the rollout of over 200 kiosks into stores in the existing footprint. These products and services have pleasing sales and profitability densities, delivering value to customers while earning their place within the store environment.

Retail merchandise selling price inflation increased 5.1% in FY2019 impacted by the one percentage point hike in VAT in April 2018, with units increasing 0.2%. Comparative sales grew 1.6% with new gross space growth of 3.1% and weighted average space growth of 1.4%. The group now trades from 1 323 stores, growing its store footprint 5.2% by adding 82 stores over the financial period.

Gross margins declined 40 bps to 42.9%. Merchandise gross margins were almost flat at 43.6% (LY 43.7%). Five of the group's six trading divisions improved margins over the period. MRP Apparel's gross margin improved for nine months, but a challenging fourth quarter driven by markdowns impacted margin growth. Mobile and cellular margins declined 150bps to 19.1% due to the kiosks rollout into new stores where lower margins on handsets and associated products diluted margins. The introduction of the on-biller product in the next financial period will allow the group to improve its cellular margins made in-store by enabling it to curate its own data and voice prepaid offerings.

Overheads were 27.3% of retail sales and other income (RSOI), a well-contained growth of 4.0%, slightly behind sales and gross profit growth and providing positive operating leverage for the year. Overhead growth was supported by lower variable remuneration incurred due to performance targets not achieved. Rental negotiations remain highly contested as the weaker retail climate has provided opportunities for improved rental renewals terms. The state of Edcon and its future remains topical in this regard. A R60.1m asset impairment was incurred on intangible assets held in work in progress. and related to write-down of past IT development work which became obsolete as technology advancements impacted future usability.

Operating profit before interest and tax increased 5.5% to R3.9bn. Operating margins remained flat on the prior year at 17.6%.

The group tax rate slightly improved on the prior year at 28.3% (LY 28.5%) and this aided positive leverage lifting profit attributable to shareholders by 7.2% to R3bn.

The group continues to maintain a conservative tax posture. It is committed to fully complying with relevant regulatory obligations in line with its broader social responsibilities and stakeholders' expectations and will continue to act with integrity in all tax matters in line with the group's tax code of conduct. This includes disclosing relevant facts to tax authorities in all countries in which it operates and is done under a policy of full transparency based on open and honest relationships with those authorities.

The group continues to pursue clarity and predictability on tax matters, wherever feasible. It seeks to protect shareholder value in line with its broader fiduciary duties. The group will not seek to establish artificial arrangements not linked to genuine business requirements that would not stand up to scrutiny by the relevant tax authorities. It will not artificially transfer profits from one jurisdiction to another to minimise tax payments or pay more tax than is properly due under a reasonable interpretation of the law and on receipt of a lawful demand.

Statement of financial position

The group's balance sheet remains healthy as indicated by the following key solvency and liquidity ratios:

	2019	2018
Solvency ratio	**175%**	152%
NAV per share	**R33.53**	R28.85
Debt to equity ratio	**3.3%**	3.4%
Current ratio	**3.9**	3.1
Quick ratio	**2.7**	2.2
Cash conversion	**80.9%**	109.4%

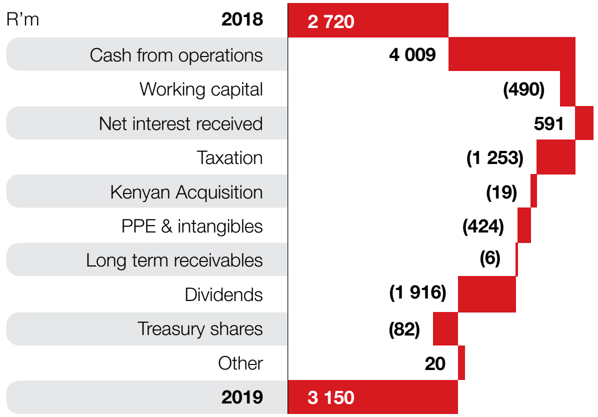
Clean balance sheet enabling high free cash flow

R'm	March 2019	March 2018
Non-current assets*	**2 664**	2 628
Current assets	**8 481**	7 491
Inventories	**2 692**	2 215
Trade & other receivables	**2 210**	2 374
Cash & cash equivalents	**3 275**	2 756
Reinsurance assets	**304**	146
Total assets	**11 145**	10 119
Shareholders equity	**8 682**	7 455
Total liabilities	**2 463**	2 664
Total equity & liabilities	**11 145**	10 119

*includes non current assets held for sale

Equity reserves increased 16.5% to R8.7bn. The group continues to maintain low levels of gearing as noted by the debt to equity ratio of 3.3%.

Net asset value per share increased by R4.68 per share to R33.53, up 16.2%.



The cash cycle has deteriorated by 2.8 days due to higher closing inventory levels. This was due to the early receipt of winter merchandise and the shift of Easter into April versus the prior year. Stock on hand closed 19.7% higher, while excluding goods on the water, inventory grew by 14.2%.

Working capital management remains a key focus. The current and quick ratios for the period both improved on last year.

Stock turn was acceptable at five times, impacted adversely by the higher closing stock position. Tighter stock management will be instituted in the upcoming period which will see this improved.

Trade and other receivables declined 8.0%, driven by a 0.4% decline in the group's credit book, which was impacted by a tougher credit environment particularly at the lower LSM levels. The impairment provision increased to 8.9% (LY 7.7%) of the debtors' book as a result of the IFRS 9 lifetime expected loss model.

Trade and other payables remain well managed declining slightly on the prior year by 2.6%, with trade creditors up 12.7% and other payables declining 13.5% due to lower turnover rental accruals and performance incentive provisions versus the prior period.

The group invested R424m, with new stores accounting for 23.6% of the capital. The theatre of retail is an emerging trend globally. Our MRP Apparel Eastgate store was recently shortlisted as a finalist for 'store of the future' in the 2019 World Retail Awards.

Regulatory environment

As noted in our prior report, the regulatory environment remains an ongoing challenge across the jurisdictions in which we trade.

The National Consumer Tribunal (NCT) ruled in favour of the group in the Miladys club fee matter and agreed with the group's view that the club fee is not a cost of credit. The National Credit Regulator (NCR) took the matter on appeal and at year end an appeal date was awaited. The group in consultation with its legal counsel remained optimistic the eventual outcome would be favourable. Pleasingly, the group received notification on 31 May 2019 that the NCR no longer wished to pursue the matter further and has withdrawn its referral to the NCT.

The National Credit Act (NCA) Amendment Bill (so-called "debt relief bill") has been passed and we await determination of its effective date. The bill impacts the ability of the group's MRP Money division to recover credit debt. The group has expressed its concern on the bill's debt intervention measures and the unconstitutional manner in which the bill was developed to the presidency, through the National Clothing Retail Forum.

Tax authorities continue to be aggressive across the countries in which we trade. As noted, the group's tax posture remains conservative, avoiding aggressive tax structuring schemes. The most significant matter remains the legal dispute with the South African Revenue Service (SARS) relating to the assessment raised on deductibility of bad debts and leasehold improvements incurred in the 2014 tax period.

Retail environment

Retail is becoming one of the most disrupted industries globally. Trading platforms are converging and customer engagement is changing at breakneck speed. In this evolution, new insurgents, competing by using different economic and operating models, are challenging the perception of value. This disruption is extremely necessary for any industry to evolve.

As a group we have a history of industry disruption which we will continue to pursue to create further differentiation in the markets and channels in which strive to compete.

The convergence of bricks and clicks retailing has provided customers with a near seamless shopping experience and the balance of power has shifted from retailer to consumer. This is reinforced by the proliferation of mobile devices, social influencers and ethical awareness coupled with rising choice and this has forced traditional retailers to evolve quickly to the new rules of retail.

Many countries are becoming retail-led economies. In low growth cycles, retail spend is constrained, resulting in highly promotional environments. This has been the norm in South Africa over the past five years with average gross domestic product (GDP) growth between 1% and 2.5%. Large retail brands who have owned significant portions of their market for many years and satisfied their shareholders with solid returns, are finding their new competitors are supported by shareholders seemingly less obsessed with the bottom line. No better is it epitomised than the current battle between Amazon and Walmart.

Investors are valuing these pure-play digital businesses at significant multiples, effectively harvesting customer data as their core asset and using it to hone their curation of products, at ultra-thin or even negative operating margins. Only time will tell whether these valuations are sustainable or not.

Capital allocation and clear trade-offs to support differentiation will be more important than ever.

The group has identified that better organisation of underutilised resources is needed. Big data, together with supporting technologies will be vital to extracting actionable insights that will unlock margin gains in this competitive climate.

The group intends to responsibly leverage emerging technologies like Robotic Process Automation to reduce costly manual tasks within its business activities. Inventory selection by merchants will be enhanced by using modern retail platforms together with our proprietary predictive analytics algorithms. This will enhance management's ability to steer the organisation in a real-time manner, adjusting tact to ensure key performance indicators linked to strategy are achieved and key risks converted to opportunities.

Accounting statement changes

The group applied both IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' using the modified retrospective approach, by recognising the cumulative effect of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 'Revenue' and IAS 39 'Financial Instruments'.

The key impact of IFRS 9 is the new impairment model for financial assets, impacting the MRP Money division. This model reflects expected credit losses based on forward-looking information as opposed to incurred credit losses under IAS 39. The group has adopted the general impairment approach for retail debtors (R7m increase on opening balance of provision) and the simplified approach for mobile debtors (R4m increase on opening balance of provision). The combined deferred tax impact is an increase in deferred tax assets of R3m asset. Refer to the statement of changes in equity for the impact on opening retained income. Hedge accounting under IAS 39 was applied in previous financial periods therefore the transition to IFRS 9 has been applied prospectively and has had no impact on the comparative figures.

IFRS 15 key areas of impact are: changes in timing and amounts recognised in MRP Mobile contract revenue (R5m increase in opening balance of contract asset); the de-recognition of the groups credit note provision of R4m, replaced by a refund liability (R12m increase in opening balance) and related right of return asset (R7m increase in opening balance). The combined deferred tax impact is a R1m decrease in deferred tax assets. Refer to the statement of changes in equity for the impact on opening retained income.

Outlook

The retail trading environment will continue to be challenging into the new financial period. Consumer demand needs to pick up before we see a meaningful tail wind develop across the sector. This can only come through swift and attractive economic policy-making that provides improved business confidence, stimulating much needed investment and job creation.

An uninterrupted electricity supply from Eskom is essential to ensure valuable trading hours are not lost. The US/China trade wars are providing opportunities to secure excess production capacity at improved dollar pricing, but the ZAR/USD exchange rate volatility remains the biggest threat to retail inflation.

IFRS 16 “Leases Accounting” will become effective in FY2020 and will significantly affect the orientation of the group’s statement of financial position and income statement. The group will apply the modified retrospective approach when implementing the standard. One renewal cycle will be used for the majority of leases in creating the right of use asset and corresponding lease liabilities which will significantly impact the statement of financial position. Operating profit before tax will be adversely affected by the resultant right of use depreciation and interest incurred on lease liabilities as detailed per note 2.2 in the annual financial statements.

The focus of the new leadership team in the upcoming period will be to explore and distil several organic and non-organic growth opportunities that exist for the group.

Capital allocation will be applied to the most promising opportunities to ensure appropriate returns are achieved over the short, medium and long-term.

Our fashion value model offering good quality merchandise at low prices remains a key differentiator for the group. FY2020 will be a year of further cementing our brand in the hearts and minds of new and existing customers, surprising and delighting them with outstanding value.

Mark Stirton
Chief financial officer

Six Year Review

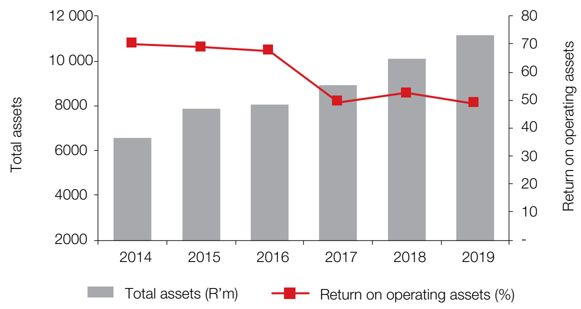
Principles: 4 5

Abridged statements of financial position, cash flows and income

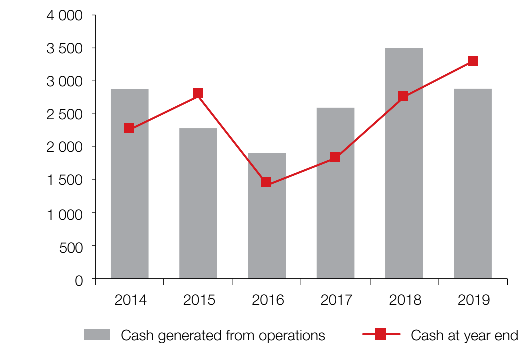
R'm	33 year compound growth %	Five year compound growth %	2019	2018	2017	2016	2015	2014
Statement of financial position								
Assets								
Non-current assets			**2 664**	2 628	2 577	2 241	1 364	1 137
Property. plant and equipment			**2 126**	2 092	2 130	1 672	838	718
Other			**538**	536	447	569	526	419
Current assets			**8 481**	7 491	6 338	5 822	6 503	5 426
Inventories			**2 692**	2 215	2 102	2 168	1 741	1 403
Trade and other receivables			**2 206**	2 370	2 221	2 136	1 874	1 673
Reinsurance asset			**304**	146	129	99	124	98
Cash			**3 275**	2 756	1 823	1 419	2 764	2 252
Taxation			**4**	4	63	-	-	-
			11 145	10 119	8 915	8 063	7 867	6 563
Equity and liabilities								
Equity attributable to shareholders			**8 682**	7 455	6 729	5 620	5 021	3 922
Non-current liabilities			**289**	257	335	244	213	220
Current liabilties			**2 174**	2 407	1 851	2 199	2 633	2 421
Trade and other payables			**1 920**	2 115	1 744	2 105	2 116	1 982
Reinsurance liabilities			**46**	38	41	30	46	34
Other			**208**	254	66	64	471	405
			11 145	10 119	8 915	8 063	7 867	6 563
Statement of cash flows								
Cash flows from operating activities			**2 857**	3 502	2 574	1 906	2 264	2 862
Cash flows from investing activities			**(451)**	(455)	(809)	(1 153)	(456)	(381)
Cash flows from financing activities			**(2 002)**	(2 053)	(1 338)	(2 123)	(1 276)	(1 377)
Net increase/(decrease) in cash and cash equivalents			**404**	994	427	(1 370)	532	1 104
Cash and cash equivalents at beginning of the year			**2 720**	1 784	1 419	2 764	2 252	1 150
Exchange gains/(losses)			**26**	(58)	(62)	25	(20)	(2)
Cash and cash equivalents at end of the year			**3 150**	2 720	1 784	1 419	2 764	2 252
Income Statement								
Retail sales	18.3%	6.5%	**20 877**	19 994	18 575	19 038	17 285	15 227
Retail sales and other income	18.6%	7.2%	**22 361**	21 185	19 679	19 923	18 011	15 829
Profit from operating activities	21.5%	9.2%	**3 938**	3 732	3 048	3 603	3 076	2 537
Profit attributable to shareholders	24.4%	9.8%	**2 982**	2 781	2 263	2 645	2 293	1 868
Headline earnings attributable to shareholders	24.5%	9.9%	**3 026**	2 842	2 331	2 674	2 299	1 888

Notes:
1. 2016 was a 53 week period..
2. The 33 year compound growth rates are calculated from the date of acquiring joint control in 1986.

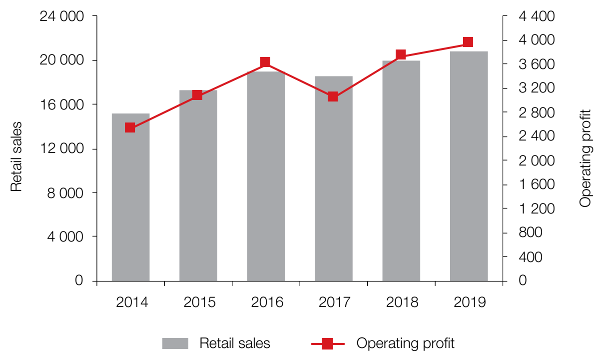
Total assets (R'million) and return on operating assets (%)



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



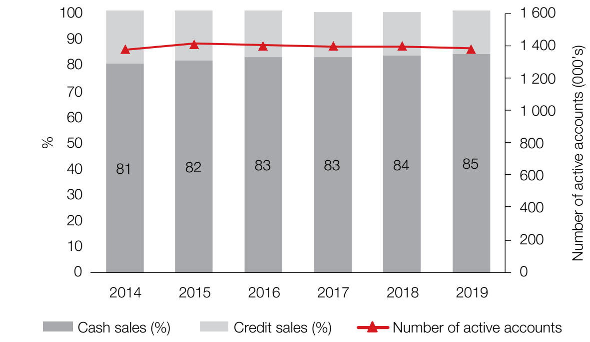
Retail sales and operating profit (R'million)



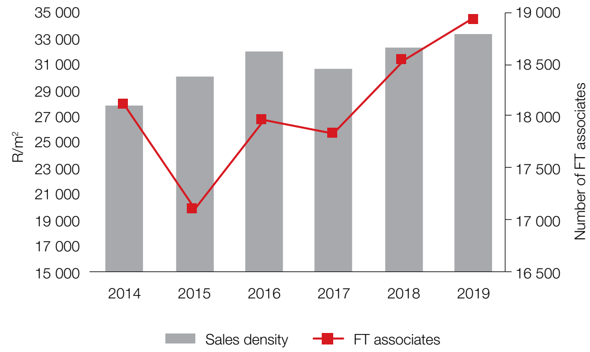
Stores and productivity measures

R'm	33 year compound growth %	Five year compound growth %	2019	2018	2017	2016	2015	2014
Operating statistics								
Depreciation as a % sales [a]			**1.4%**	1.4%	1.1%	1.0%	1.0%	1.1%
Employment costs as a % sales [b]			**11.0%**	11.1%	10.4%	10.2%	10.5%	11.2%
Occupancy costs as a % sales [c]			**7.5%**	7.6%	7.5%	7.1%	7.1%	7.2%
Total expenses as a % sales			**29.2%**	29.4%	28.3%	26.3%	27.5%	28.8%
Number of stores by segment								
Mr Price Apparel			**512**	481	470	458	438	404
Mr Price Sport			**112**	105	92	82	72	61
Miladys			**214**	207	202	198	196	191
Total Apparel Stores			**838**	793	764	738	706	656
Mr Price Home			**179**	171	168	163	166	158
Sheet Street			**306**	294	284	280	278	265
Total Home stores			**485**	465	452	443	444	423
Franchise			**18**	23	21	19	15	23
Total group stores	7.9%	4.0%	**1 341**	1 281	1 237	1 200	1 165	1 102
FT associates [d]			**18 983**	18 536	17 822	17 956	17 098	18 104
Trading area								
- weighted average net m²			**627 367**	618 684	605 979	590 714	572 869	545 032
- closing average net m²	9.3%	2.7%	**633 813**	621 512	616 934	594 557	583 558	554 742
Total sales (R'm)	18.3%	6.5%	**20 877**	19 994	18 575	19 038	17 285	15 227
Comparable sales growth %			**1.6**	5.6	(3.6)	6.3	9.2	10.6
Retail selling price inflation %			**5.1**	1.7	10.7	7.0	7.7	9.7
Cash sales %			**84.2**	83.7	83.3	82.8	81.9	80.8
Credit sales %			**15.8**	16.3	16.7	17.2	18.1	19.2
Sales per store (R'm)			**16**	16	15	16	15	14
Sales per full time associates (Rand)			**1 099 764**	1 078 678	1 042 276	1 060 247	1 010 928	841 102
Sales density excluding sales to Franchise (Rand per weighted average net m²)			**33 201**	32 238	30 654	32 043	30 000	27 752

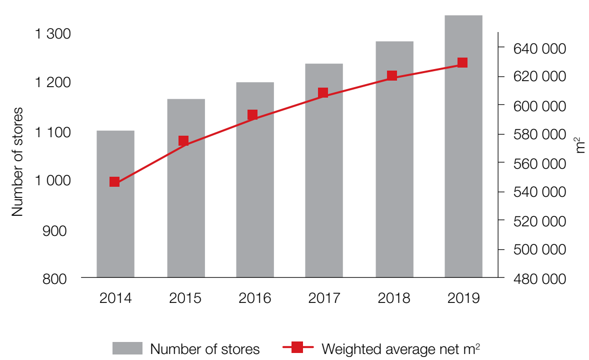
Credit sales and group number of active accounts



Sales density and number of FT associates



Number of stores and trading area



Notes:
1. 2016 was a 53 week period.
2. The 33 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, 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 FY2015, the Full Time Equivalent (FTE) associate numbers were disclosed. In FY2015, this changed to disclosing Full Time (FT) associates.

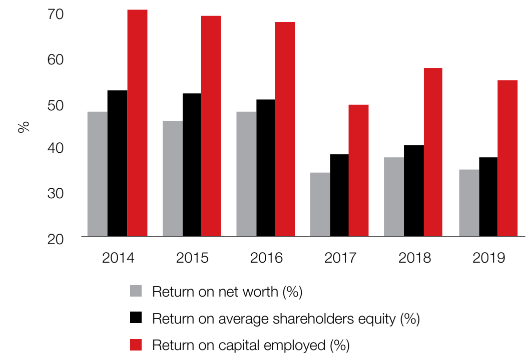
Returns, profitability and share information

R'm	33 year compound growth %	Five year compound growth %	2019	2018	2017	2016	2015	2014
Productivity ratios								
Net asset turn			**2.4**	2.7	2.8	3.4	3.4	3.9
Gross margin (%)			**42.9**	43.3	38.8	40.6	41.1	41.5
Operating margin (%) *			**17.6**	17.6	15.5	18.1	17.1	16.0
EBITDA margin (%)			**17.8**	20.3	17.8	20.1	19.0	17.9
Profitability and gearing ratios								
Return on net worth (%)			**34.3**	37.3	33.6	47.1	45.7	47.6
Return on average shareholders equity (%)			**37.5**	40.1	37.8	50.3	51.4	52.2
Return on capital employed (%)			**54.2**	57.0	49.3	67.6	68.7	70.2
Return on operating assets (%)			**48.7**	52.5	49.3	67.6	68.7	70.2
Solvency and liquidity ratios								
Current ratio			**3.9**	3.1	3.4	2.6	2.5	2.2
Quick ratio			**2.7**	2.2	2.3	1.7	1.8	1.7
Inventory turn			**5.0**	5.4	5.3	5.8	6.5	6.8
Total liabilities to total shareholders equity			**0.3**	0.4	0.3	0.4	0.6	0.7
Per share performance (cents)								
Headline earnings	21.1%	8.8%	**1 168.6**	1 100.1	911.4	1 057.8	919.7	765.1
Diluted headline earnings	21.0%	9.8%	**1 142.3**	1 075.4	887.9	1 012.9	865.1	715.1
Dividends	22.5%	8.8%	**736.2**	693.1	667.0	667.0	580.0	482.0
Operating cash flow			**1 103**	1 355	1 006	754	906	1 160
Net worth			**3 353**	2 885	2 602	2 217	1 989	1 583
Dividend payout ratio (%)			**63.0**	63.0	73.2	63.1	63.1	63.0
Stock exchange information								
Number of shares in issue ('000)			**259 588**	258 982	258 589	253 530	252 449	247 763
Number of shares on which earnings based ('000)			**258 922**	258 375	255 793	252 786	249 990	246 726
Shares traded ('000)			**317 866**	426 089	427 817	325 342	186 184	221 496
Percentage of shares traded (%)			**122.8**	164.9	167.3	128.7	74.5	89.8
Earnings yield (%)			**6.2**	3.9	5.7	6.0	3.7	4.9
Dividend yield (%)			**3.9**	2.4	4.2	3.8	2.3	3.1
P:E ratio			**16.2**	25.9	17.5	16.8	27.4	20.4
Market capitalisation (R'm)			**48 696**	73 187	40 806	45 077	63 792	39 187
Share price (cents)								
- high			**29 910**	29 307	23 973	28 380	26 975	16 585
- low			**18 050**	14 395	13 000	14 126	15 301	11 353
- closing	23.3%	4.0%	**18 952**	28 500	15 990	17 769	25 196	15 601
Foreign shareholding at year end (%)			**48.4**	50.8	43.2	52.2	54.5	50.2

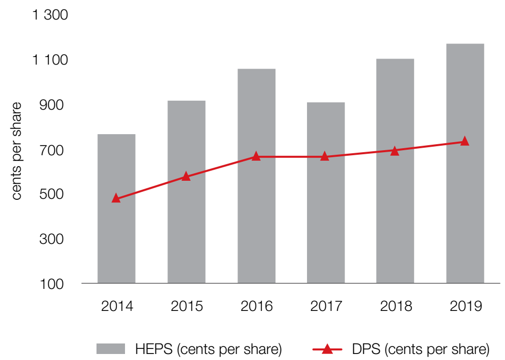
Notes:
1. 2016 is a 53 week period.
2. The 33 year compound growth rates are calculated from the date of acquiring joint control in 1986.
* The basis of computing operating margin is calculated as operating profit/retail sales and other income.

Retail sales and other income and operating margin

Return on net worth, equity and capital



Headline earnings and dividend per share



Divisional Performance

mrp

Retail sales grew 3.1% (comparable sales up 0.1%) with a stronger H1 performance than H2. Sales growth exceeded that of Type D retailers per Stats SA for the period Apr '18- Mar '19 indicating market share gain. RSP inflation of 5.1% was a function of both mix and price. The number of units sold decreased to 147m. Weighted average space grew 3.4%, with new space growth of 3.9% achieved. Online sales grew 30.2% driven by strong social media engagement and over 25 million site visits to mrp.com. Stock build up in Q3 due to a pressurised retail environment resulted in Q4 markdowns and gross margin compression. Overheads were carefully managed enabling positive annual operating profit growth.

mrpsport

A positive recovery from the division with sales growth up 9.7% (comparable sales up 6.4%). Non-comparable product introductions and existing product extensions contributed to performance with double digit sales growth in H2. RSP inflation of 5.0% and unit growth of 5.4% enabled a strong top line performance. Non-comparable sales were driven by weighted average space growth of 2.5% while the ongoing rationalisation of non-productive space continued. Online sales grew 43.8%. Lower markdowns drove GP% gains and annual double digit operating profit growth was achieved.

MILADYS

Miladys delivered 4.1% retail sales growth (comparable sales up 3.1%) with H1 performance being better than H2. Strong non-apparel performance in H2 was offset by weaker apparel performance in a highly promotional environment. RSP inflation of 1.3% was lower than the prior year due to lower input prices. Weighted average space declined 1.1% as non-productive space was rationalised. Sales densities improved by 5.2% as a result of more efficient use of space. Annual GP% improved and double digit operating profit growth was delivered.

	mrp			mrpsport			Miladys		
	2019	2018	% change	**2019**	2018	% change	**2019**	2018	% change
Retail sales - including franchise (R'm)	**12 574**	12 192	3.1	**1 544**	1 408	9.7	**1 462**	1 405	4.1
Comparable sales growth (%)	**0.1**	8.9		**6.4**	(4.5)		**3.1**	8.2	
Retail selling price inflation (%)	**5.1**	2.3		**5.0**	0.7		**1.3**	9.2	
Units sold (million)	**147.1**	148.5	(1.0)	**13.4**	12.7	5.4	**7.3**	7.1	3.3
Number of stores	**512**	481		**112**	105		**214**	207	
Trading area - weighted ave net m²	**320 410**	309 887	3.4	**64 212**	63 833	0.6	**60 233**	60 233	(1.1)
Sales density (rand/weighted ave net m²)	**39 092**	39 200	(0.3)	**24 047**	22 050	9.1	**24 265**	23 074	5.2

mrphome

Retail sales were up 7.2% (comparable sales up 4.5%). New trialists from premium competitors increased, supporting trade. High contribution departments recovered strongly from the prior year. RSP inflation of 6.6% was due to lower markdowns and product mix. Online sales continue to deliver strong growth, up 34.8%. Ongoing space rationalisation aided sales densities improving 9.3%. Lower markdowns drove gross margin percentage gains, while the top line sales recovery and well managed costs created operating leverage, delivering double digit operating profit growth.

sheet street

Retail sales were up 4.0% off a base of 3.9% with consistent growth levels across H1 and H2. This is a good result for the division whose customer segment (low to mid LSM) is more sensitive to economic pressure. Low RSP inflation stimulated marginal unit sales growth of 2.7%. Trading densities are the second highest in the group, growing 2.2%. Annual GP% improved, with overhead growth ahead of sales growth impacting operating profit leverage. Operating margins maintained on prior year.

	mrphome			sheet street		
	2019	2018	% change	**2019**	2018	% change
Retail sales - including franchise (R'm)	**3 687**	3 442	7.1	**1 610**	1 548	4.0
Comparable sales growth (%)	**4.5**	(0.9)		**1.6**	2.3	
Retail selling price inflation (%)	**6.6**	0.1		**2.1**	2.0	
Units sold (million)	**34.0**	33.6	1.4	**18.1**	17.7	2.7
Number of stores	**179**	171		**306**	294	
Trading area - weighted ave net m²	**130 783**	133 246	(1.8)	**51 730**	50 843	1.7
Sales density (rand/weighted ave net m²)	**28 196**	25 795	9.3	**31 120**	30 454	2.2

mrpmoney

Financial services revenue (Credit and Insurance) grew 4.9%. Credit sales rose 2.2%, led by growth in the Home segment and MRP Sport while MRP Apparel and Miladys reported credit sale declines. A deteriorating credit landscape with new accounts three months in arrears increasing in the industry, resulted in the group tightening the credit risk scorecard. Subsequently, the new account approval rate slowed as account applications grew at a faster rate than approvals. The debtors book declined 0.4% with the number of active accounts down on the prior year. Despite increasing, the NBD: book at 7.3% remains well below the impairment provision of 8.9%. The insurance business reduced the number of policies sold to one customer to mitigate affordability concerns which impacted sales performance. Increased regulations and employee accreditation impacted profit. At the beginning of FY2020 a full sales team was in place.

Cellular and Mobile collectively grew at 62.1%. MRP Mobile reported solid growth over the year (double digit in H2). The minority interest of the MVNO was acquired by the group in FY2018, which has increased sales momentum as billings and upgrades are now managed internally. The Cellular offering is now available in kiosks located in 216 stores across four divisions, all of which reported double digit comparable sales growth. Profits within the cellular and mobile business grew strongly.

	2019	2018	% change
Gross trade debtors (R'm)	**2 119**	2 134	(0.7)
Total active accounts	**1 381 265**	1 396 635	(1.1)
Average balance (Rand)	**1 534**	1 527	0.4
% of debtors able to purchase on credit	**89.7**	89.2	+50bps
Retail sales analysis:			
- Cash (%)	**84.2**	83.7	+50bps
- Credit (%)	**15.8**	16.3	-50bps
Net bad debt (net of recoveries) % of debtors	**7.3**	5.9	+140bps
Impairment provision % of debtors	**8.9**	7.7	+820bps

Gross trade receivables per division (R'000)	mrp	mrpHome	mrpSport	Miladys	Sheet Street	**Total 2019**	Total 2018
6 months	473 266	69 064	12 255	54 715	34 304	**643 604**	627 268
12 months	964 436	113 769	28 152	259 088	82 300	**1 447 746**	1 476 059
24 months		27 595				**27 595**	30 335
	1 437 702	210 428	40 407	313 803	116 604	**2 118 945**	2 133 662

How We Govern

Chairman's Report

Principles: 3 4 5

On behalf of the board, I am privileged to report to our shareholders, our associates, customers, business partners and all our other stakeholders that the Mr Price Group is in good shape, having generated a 37.5% return on equity this year. This resilience in an economy constrained by low growth, high unemployment and escalating administered prices was achieved through focusing on our customers, doing the basics well and continuing to adapt to the changing nature of retail.

< PREVIOUS | CONTENTS | NEXT >

The integrated report contains a wealth of information about our human capital, our values, our vision, our strategies to get there and the related risks we are embracing and mitigating. These are all underpinned by our dreams and beliefs, and our core values of Passion, Value and Partnership.

A significant transition during the year was occasioned by the retirement of Stuart Bird as CEO after nine very successful years in this role. Stuart led the group during a period of significant growth, built on the foundations laid by his predecessors Stewart Cohen, Laurie Chiappini and Alastair McArthur. After a rigorous process the board appointed Mark Blair as CEO and endorsed Mark's decisions to appoint Mark Stirton as chief financial officer, Nicci Lyne as chief retail officer and Arn de Haas as chief operating officer. A number of new leaders were appointed within the operating divisions. This depth of leadership talent is the platform upon which our future success is being built.

The MRP Foundation continues to make a meaningful and sustained impact in the lives of young South Africans via our investment in over 30 early childhood development centres, our education initiatives which are being expanded to a target of 200 schools, and our JumpStart training and job creation programmes. These programmes are funded by the group, our employees and customers, and are increasingly being delivered in partnership with other companies, foundations and individual benefactors. Education, job creation, entrepreneurship and sustainable businesses are the foundations of a successful society. We are proud of these achievements, indeed they are part of our DNA.

Good corporate governance and transparency underpin the Mr Price Group and will continue to do so going forward. I am profoundly grateful to my colleagues on the board for their commitment to the group and for the sound judgement they bring to our deliberations. The management team has a culture of transparency, accountability and discipline built over many years, attributable in large measure to everyone having an ownership stake in the business. If there is anyone who believes we have not lived up to the high ethical standards we have set for ourselves I invite you to contact me personally and in confidence.

We continue to seek a balance of new and experienced board members, and welcomed Mmaboshadi Chauke to the board during the year. We said farewell and thank you to Myles Ruck at the 2018 AGM after a decade of valuable service on the board. Mark Bowman was appointed as chairman of the Remuneration Committee, a role in which he has significant expertise and experience.

The group is well managed by a talented and passionate leadership team. Even while overcoming today's challenges, they have embarked on a strategic refresh in order to position the company to take advantage of tomorrow's opportunities. We have a proven business model, disciplined and conservative financial management and a robust balance sheet that provides a springboard for further growth, organic and acquisitive, both locally and internationally.

Despite a challenging economy, and political and policy uncertainties internationally and in South Africa, the board remains confident in the future of the group's ability to remain a leading performer in the retail sector.

Nigel Payne
Chair of the Board

"Good corporate governance and transparency underpin the Mr Price Group and will continue to do so going forward."

Board Report

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

Good corporate governance is key to creating value by achieving the group's vision to be a top performing international retailer and is reflected in the group's beliefs of:

Passion **Value** **Partnership**

The main impact of the board's deliberations on the group's value creation elements is reflected below:

Capitals

F M I
H S

Stakeholders

Material Matters

Governance Outcomes

- Ethical culture
- Good performance
- Effective control
- Legitimacy

Sustainable Development Goals

Leadership

The board of directors (board) recognises ethical and effective leadership is the starting point of good corporate governance. The group (from leadership to store associates, both individually and collectively) should do the right thing to enable delivery of appropriate outputs to those on whom its operations have an impact. The group understands good governance is aspirational and practices must be continuously monitored, adapted and improved. Critically, governance practices must be aligned to and enable value creation through the achievement of group strategy, formulated in the context of the group's guiding principles. More detail on the group's strategy can be found in the Group Strategy, Material Matters & Key Risks section on pages 24 to 33.

The board is bound by a formal mandate that highlights collectively and individually, board members are expected to conduct themselves with integrity, competence, responsibility, accountability, fairness and transparency. This is reaffirmed in director letters of appointment and they are contractually required to act accordingly. The beliefs of Passion, Value and Partnership (as detailed on page 9) and as expanded on in the group's code of conduct, is the group's internalisation of ethics and the standard of conduct against which each director and the board is measured. The assessment of each director and the board includes whether or not the they have lived the Mr Price beliefs in delivering the group's value creation. The group's governance framework is depicted on page 51.

The key focus areas and main board activities for the reporting period were:

- Giving effect to the CEO succession plan with the retirement of Stuart Bird, subsequent appointment of Mark Blair, previous CFO, and the consequent appointment of Mark Stirton, previous group corporate finance director, as CFO, effective 1 January 2019
- Supporting the incoming CEO in forming a new executive leadership structure, including a chief retail officer and chief operating officer
- Supported management in the trading division leadership changes that resulted due to gaps created by the internal appointments made to fill the new leadership roles
- Undertaking the biennial board and committee performance assessment process

The board is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year and has provided relevant information to stakeholders to satisfy the King IV disclosure requirements.

Board of Directors

Stewart Cohen
Honorary Chairman

Age: 74 | Appointed: March 1989
Qualifications: BCom, LLB, MBA
Key Skills: Retail, finance, risk, human resources, marketing, sustainability, strategy

Nigel Payne
Chairman

Age: 59 | Appointed: August 2007
Qualifications: CA (SA), MBL
Other directorships include: The Bidvest Group Ltd, Vukile Property Fund Ltd, BSi Steel Ltd, Strate (Pty) Ltd, Alexander Forbes Holdings Ltd, Bidcorp Ltd.
Key skills: Finance, risk, financial services, strategy

Mark Blair
Chief Executive Officer

Age: 53 | Appointed: March 2006
Qualifications: CA (SA)
Key skills: Finance, governance, risk, human resources, sustainability, financial services, strategy

Mark Stirton
Chief Financial Officer

Age: 39 | Appointed: January 2019
Qualifications: CA (SA), FCMA, CGMA
Key Skills: Finance, governance, risk, human resources, IT, financial services, strategy

Mark Bowman
Lead independent[1], non-executive director
Age: 53 | Appointed: February 2017 | Qualifications: BCom (Finance) MBA | Other directorships include: Tiger Brands Ltd, Dis-Chem Pharmacies Ltd, Grand Parade Investments Ltd.
Key Skills: Human resources, marketing, sustainability, strategy

Bobby Johnston
Independent[2], non-executive director
Age: 70 | Appointed: February 1998
Qualifications: CA (SA) | Other directorships include: Eljay Financial Services (Pty) Ltd
Key Skills: Finance, governance, risk, sustainability

Brenda Niehaus
Independent, non-executive director
Age: 58 | Appointed: February 2018
Qualifications: Advanced Management Programme (Harvard)
Other directorships include: Standard Bank (Mauritius)
Key Skills: Risk, human resources, IT, strategy

Mmaboshadi Chauke
Independent, non-executive director
Age: 39 | Appointed: November 2018
Qualifications: CA (SA) | Other directorships include: The Small Enterprise Foundation, Mamor Investments (Pty) Ltd
Key Skills: Finance, risk, human resources, financial services, strategy

Maud Motanyane-Welch
Independent, non-executive director
Age: 67 | Appointed: September 2008 Qualifications: Diploma Library Science, WPI fellow
Other directorships include: Kagiso Media Ltd, Jet Education Trust, Dynamic Recovery Services (Pty) Ltd
Key Skills: Marketing, sustainability

Neill Abrams
Alternate director
Age: 54 | Appointed: August 2010 | Qualifications: BA, LLB, LLM (Cambridge) | Other directorships include: Ocado Group Plc, Marie Claire Beauty Ltd
Key Skills: Governance, risk, sustainability, international

Keith Getz | Non-executive director
Age: 63 | Appointed: May 2005
Qualifications: BProc, LLM
Other directorships include: Cape Union Mart Group (Pty) Ltd, Spur International Ltd, Strate (Pty) Ltd, Trematon Capital Investments Ltd
Key Skills: Governance, strategy

Daisy Naidoo
Independent, non-executive director
Age: 47 | Appointed: May 2012
Qualifications: CA (SA), MCom (Tax)
Other directorships include: Anglo American Platinum Ltd, Hudaco Industries Ltd, Strate (Pty) Ltd, ABSA Group Ltd
Key Skills: Finance, governance, risk, financial services, strategy

Steve Ellis
Alternate executive director
Age: 57 | Appointed: May 2005
Qualifications: CA (SA)
Key Skills: Risk, retail, strategy

1. Lead independent as at 30 May 2019.
2. Lead independent until 30 May 2019.

King IV

As the cornerstone of good corporate governance, the meaningful and group-wide incorporation of the King IV corporate governance practices in the group's day-to-day operations is the key input to achieving the desired governance outcomes and creating value for stakeholders. The board has intentionally not published an application register and has rather integrated the application of King IV and other governance practices throughout the report. The specific disclosures relevant to this report are denoted by the icon. In addition, the number of the related governance principles is referenced in the icon at the start of each section of the report.

The board notes the practice of having an externally facilitated performance evaluation of the board, committees, chair and individual members at least every two years, as recommended in relation to principle 9, is not applied. Instead, the board mandate provides the board will consider biennially whether an externally facilitated process should be adopted. In accordance with the mandate and ahead of the performance evaluation process conducted during the fourth quarter of the reporting period (as more fully described on page 55), the board considered engaging an external service provider to facilitate the evaluation. However, the board concluded the internal process managed by the outgoing lead independent director (LID) is robust, honest, adds incredible value and is preferable, especially as the board is in a transitional phase.

The board believes the risk and technology and information governance principles (principles 11 and 12) are applied. However, due to the increase in instances of big business data breaches, the ongoing opportunities to improve risks relating to information security continue to receive focus. For further detail see the report of the Risk & IT Committee, which has oversight of this area, on pages 60 to 63.

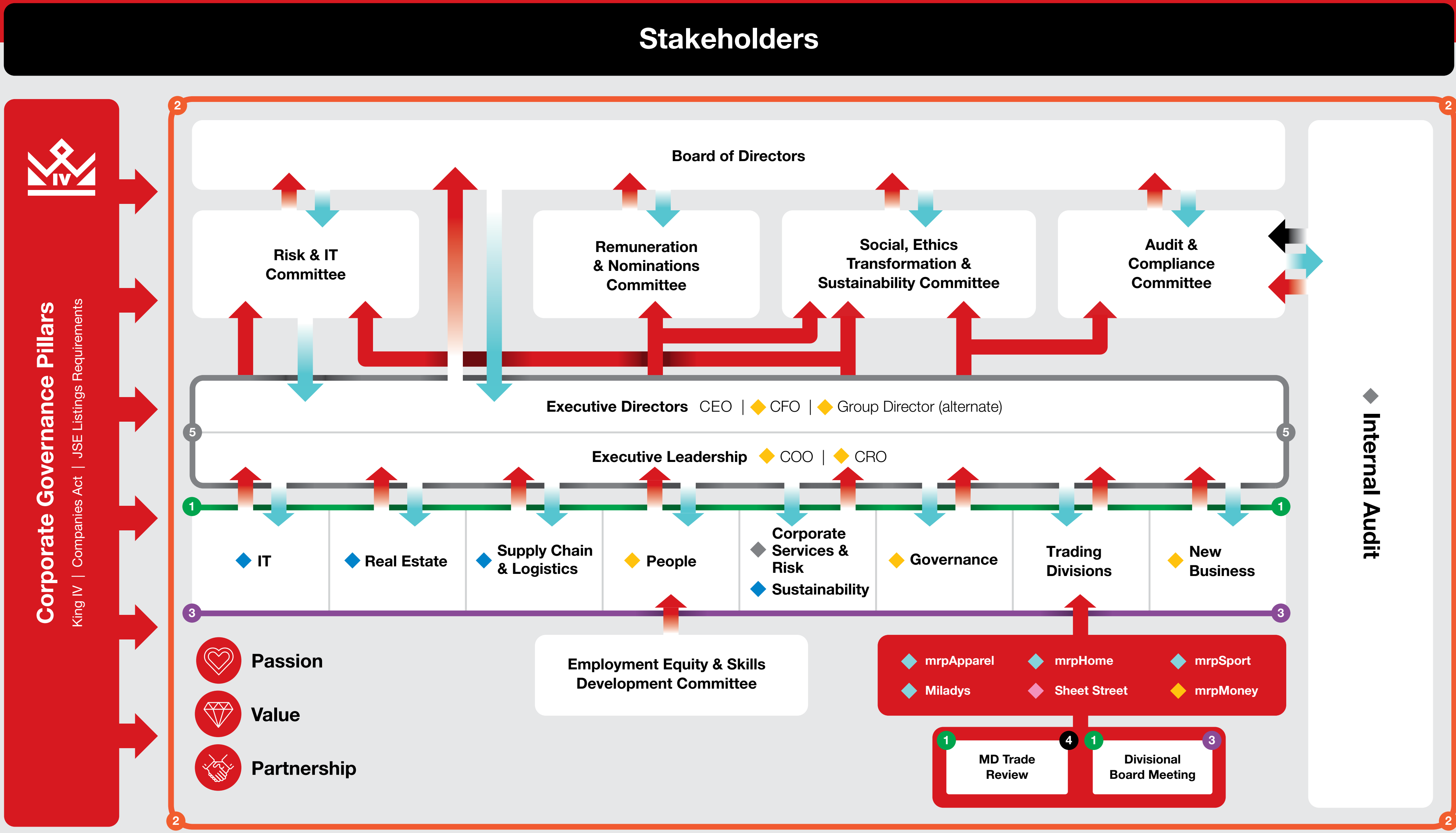
The following additional governance documents are located on the group's website: www.mrpricegroup.com

- 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
- code of conduct

Governance Framework

Diagram Key — Delegation of Authority | Reporting Obligation | Assurance

Reporting Lines — CEO | CFO | COO | CRO | mrpHome



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

2. 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 beliefs of Passion, Value, Partnership, (ii) the group ethics framework and (iii) the group's codes of conduct.

3. Trading division and support services board meetings occur in February, April, July and October.

4. MD trade review meetings occur in March, May, August and November.

5. Leadership team

Board composition

Key changes:

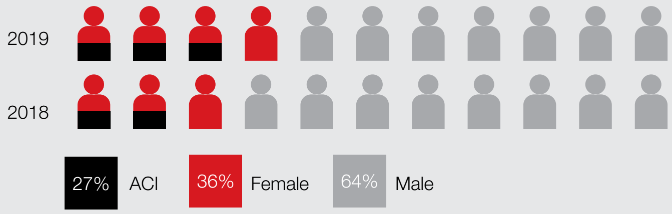
- Myles Ruck, independent non-executive director, retired by rotation 29 August 2018
- Mmaboshadi Chauke, appointed as independent non-executive director, 21 November 2018
- Stuart Bird, retired as chief executive officer 31 December 2018 and as executive director 31 March 2019
- Mark Blair, previous chief financial officer, appointed as chief executive officer 1 January 2019
- Mark Stirton, appointed as chief financial officer, 1 January 2019 and
- Mark Bowman, appointed lead independent director, in Bobby Johnston's stead, 30 May 2019

The board is the custodian of corporate governance across the group and responsible for creating value through good governance practices aligned with the group's beliefs. The group's philosophy is to maintain a vibrant board that challenges management's strategies and evaluates performance against established benchmarks. The board currently comprises 11 directors including two executive directors, seven independent non-executive directors and two non-executive directors. In addition, the chief executive officer and honorary chair each have an alternate director.

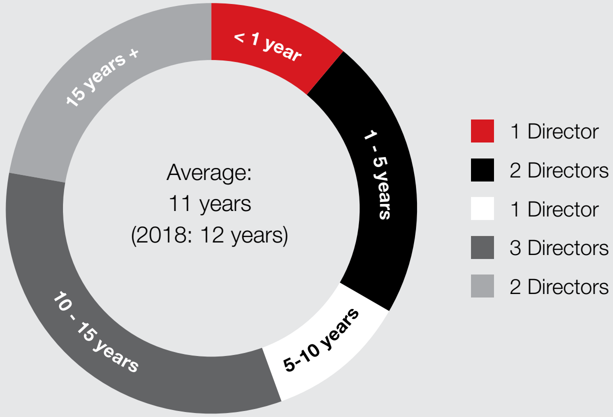
The board's composition reflects the appropriate mix of both retail and functional skills necessary to fulfil its governance obligations, as well as diversity in age, race, gender, culture and experience. This cultivates robust debate on key issues and ultimately leads to improved decision-making. The board has achieved its initial voluntary gender diversity target of 30% female representation as contained in its policy for promoting gender and ethnicity diversity on the board. However, through the remuneration and nominations committee (Remnomco) and as part of its refresh, the board continues to seek to appoint additional directors with appropriate skills and in furtherance of achieving the initial voluntary ethnicity diversity target of 30% ACI representation.

Board diversity

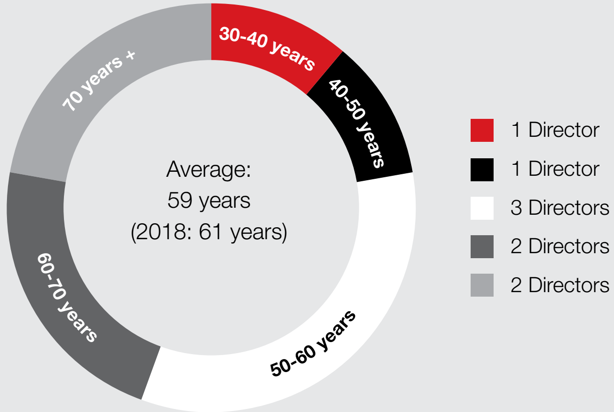
Board composition



Non-executive director tenure



Non-executive director age



The group values the long service of a number of its directors and believes this serves the business well, given the cyclical and specialist nature of retail, and ensures the retention of valuable corporate knowledge. The board recognises a number of its directors have served the group for some time and there is a need for a refresh to provide new perspectives and insights. A board refresh and succession plan has been in place since 2017 with the intention of retiring one director and appointing one new director each year for the next three years. This approach, which may result in a slightly larger board in the short-term, ensures there is board continuity and stability while allowing new directors time to settle in. As part of this refresh plan, Myles Ruck retired by rotation in August 2018 and Mmaboshadi Chauke was appointed in November 2018 to supplement the board's audit and financial skills. A formal induction programme is in place for all new non-executive directors to ensure their seamless integration into the group and fulfilment of their duties and responsibilities.

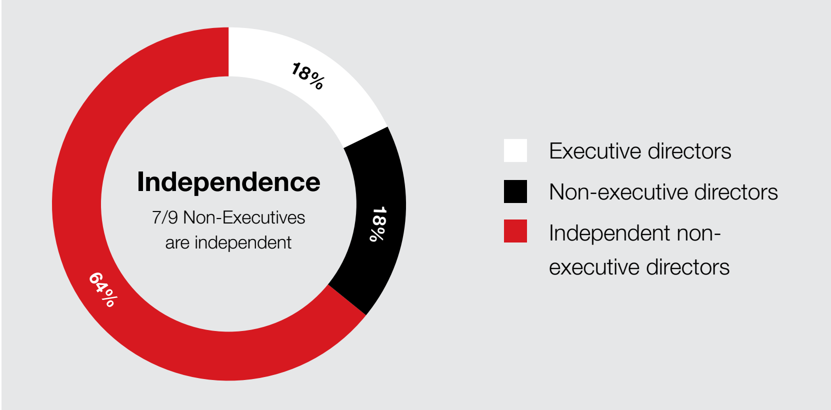
After 11 years serving as chief executive officer and a total of 25 years contribution to the group, Stuart Bird retired as chief executive officer. As per the executive director succession plan and following a thorough selection process facilitated by Remnomco, the board appointed Mark Blair, previous chief financial officer, as the chief executive officer from 1 January 2019. Following his appointment, and after a further Remnomco-facilitated recruitment process, Mark Stirton, the group's previous corporate finance director, was appointed chief financial officer from 1 January 2019. The board is pleased that through the extensive executive and divisional management changes in the financial period all key skills have been retained and redeployed to further create value.

As per the memorandum of incorporation, each year one-third of the non-executive directors retire by rotation. Subject to the directors making themselves available for re-election, Remnomco recommends directors for re-election based on their attendance of board meetings, participation and value-add and board balance of skills. Stewart Cohen, Keith Getz and Mark Bowman are due to retire by rotation at the 2019 AGM.

As recommended by Remnomco, the board fully supports the re-election of these directors. It 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 beliefs of passion, value and partnership. His continued tenure on the board is crucial to provide stability and retain institutional knowledge during the board's transitional refresh phase and to support the group's executive leadership in their new roles. Also, exposure to Stewart's extensive operational retail knowledge and experience is an important part of new director induction.

Non-executive director fees and executive remuneration are disclosed in the Remnomco report on 74 to 81.

Director independence



Each year, facilitated by the LID on behalf of Remnomco, the independence of each non-executive director is assessed by way of a formal written self-assessment based on a number of director independence indicators including personal and professional interests, nature of relationship with the group, length of service and individual conduct. Directors who have served on the board for nine years or longer are required to complete an additional self-assessment. These results, together with other facts and circumstances relevant to each director, were considered by the board at the special corporate governance meeting. Although the board is satisfied 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 Stewart Cohen as not independent 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 each of the other long-serving directors exercise 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 independent.

Board chair

The board considers its chair Nigel Payne to be independent. In addition Mark Bowman, who was appointed in Bobby Johnston's stead, effective 30 May 2019, is the appointed LID thus ensuring a clear balance of power and 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; providing regular formal feedback on progress against matters requiring improvement and acting as chair where the board chair is conflicted or unavailable.

Dealings in shares

The board adheres to a strict policy and process in relation to dealings in shares. The chair must approve any director share dealings and these are disclosed in terms of the JSE Listings Requirements. Directors and associates are notified in advance of all closed and prohibited periods and adherence to the requirements of and restrictions on trade are carefully managed.

Conflicts of interests

To ensure maximum value creation, directors are obliged to avoid conflicts of interest, both actual and potential, and act in the best interests of the group at all times. Directors update their conflicts of interest registers when changes occur and review them at least quarterly before each board meeting. For transparency, these registers are included in each board pack and directors are required, or are asked, to recuse themselves from any agenda item in respect of which there may be a conflict. Where conflicts of interest cannot be avoided, they are proactively and appropriately managed.

Board committees

Key changes:

- Mark Bowman appointed member of Remnomco 29 May 2018 and subsequently committee chair on 29 August 2018
- Myles Ruck retired from Remnomco and ACC 29 August 2018
- Mmaboshadi Chauke appointed member of ACC 21 November 2018
- Mark Blair appointed member of SETS 1 January 2019
- Mark Stirton appointed member of RITC 1 April 2019

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 each of the committees have satisfied their respective responsibilities in accordance with their mandates for the FY2019 reporting period.

Meeting attendance

The board and its committees meet formally four times a year; convene telephonically in January to review the Q3 trading results and on an ad hoc basis when required. The March/April meeting includes a separate and focused consideration of group and division strategies for approval, while a separate corporate governance meeting is held in November to deal with governance matters. Meeting attendance is consistently high and all directors attended all meetings of the board and committees on which they are members save as indicated in the attendance table. Although non-member director attendance at committee meetings is not reflected in the table, attendance is also consistently high, which facilitates transparency and robust, informed deliberations.

Committee membership and attendance

	Name	Board	AGM	Special Corporate Governance	Audit & Compliance	Remuneration & Nominations (Remnomco)*	Risk & IT (RITC)*	Social, Ethics, Transformation & Sustainability (SETS)*
EXECUTIVE	Stuart Bird[1]	3/3	1/1	1/1			3/3	3/3
EXECUTIVE	Mark Blair	4/4	1/1	1/1			4/4	1/1 [2]
EXECUTIVE	Mark Stirton[3]	1/1	N/A	N/A			1/1	
NON-EXECUTIVE	Stewart Cohen	4/4	1/1	0/1[4]				
NON-EXECUTIVE	Keith Getz	4/4	1/1	1/1		4/4		4/4
INDEPENDENT NON-EXECUTIVE	Nigel Payne	4/4	1/1	1/1		4/4	4/4	
INDEPENDENT NON-EXECUTIVE	Bobby Johnston	4/4	1/1	1/1	4/4	4/4		
INDEPENDENT NON-EXECUTIVE	Mark Bowman[5]	4/4	1/1	0/1[6]	4/4	4/4 [7]		
INDEPENDENT NON-EXECUTIVE	Mmaboshadi Chauke[8]	1/1	N/A	N/A	1/1			
INDEPENDENT NON-EXECUTIVE	Maud Motanyane-Welch	4/4	1/1	1/1				4/4
INDEPENDENT NON-EXECUTIVE	Daisy Naidoo	4/4	1/1	1/1	4/4		4/4	4/4
INDEPENDENT NON-EXECUTIVE	Brenda Niehaus	3/4 [9]	1/1	1/1			3/4 [9]	
INDEPENDENT NON-EXECUTIVE	Myles Ruck [10]	2/2	1/1	1/1	2/2	2/2		
ALTERNATE [11]	Neill Abrams[12]	1/4	0/1	0/1				
ALTERNATE [11]	Steve Ellis	4/4	1/1	1/1			4/4	

1. Retired as CEO 31 December 2018 and executive director 31 March 2019.
2. Appointed 1 January 2019.
3. Appointed 1 January 2019.
4. Did not attend the November 2018 special corporate governance meeting but did attend the board meeting.
5. Appointed LID in Bobby Johnston's stead 30 May 2019.
6. Did not attend the November 2018 special corporate governance meeting but did attend the board, Remnomco and ACC meetings.
7. Appointed 29 May 2018 and assumed position as committee chair 29 August 2018.
8. Appointed 21 November 2018.
9. Was unable to attend the May 2018 meetings as indicated at the time of her appointment to the board.
10. Retired by rotation 29 August 2018.
11. Alternate directors are not required to attend each meeting.
12. UK resident.

Key:
- Chair
- Member
- Permanent invitee

*The leadership team, being the chief operating officer and chief retail officer, and key trading and service division senior management are permanent invitees to the relevant committee meetings (as per the committee mandates located on the group's website www.mrpricegroup.com). The chief operating officer and chief retail officer are also permanent invitees to the board meetings. This creates transparency and facilitates robust discussions enabling the board and committees to make more informed, better decisions.

Performance evaluations

The performance of the board and its committees is continually monitored through a formal process facilitated by the outgoing LID and the company secretary. Detailed performance evaluations of the board, chair, each director, each of the committees and the respective members and chairmen, were conducted during the reporting period by means of questionnaires and interviews. The scope of the assessments covers governance requirements such as conduct of board and committee meetings, people factors including composition and interactions with management, and business specific issues relating to strategic direction and matters material to the group. After considering whether an externally facilitated evaluation process should be adopted, the board concluded the internal process is robust, honest and adds incredible value that improves its performance and effectiveness, and is preferable, especially as the board is in a transitional phase and due to the changes in executive leadership.

Comprehensive feedback and steps for improvement documents were tabled at the May 2019 meetings. Overall, the board, its committees and members function efficiently and discharge their responsibilities as the group's custodians of corporate governance. The specific items needing action are in the process of being addressed and progress will be reported to the board and committees every alternate meeting. The board regularly considers and discusses its performance and ways to enhance its functioning through the detailed assessment process and the biannual review of progress made on the steps for improvement.

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. Due to the recent appointment of Mark Blair and Mark Stirton in these respective roles, a review of their performance will be conducted in March 2020.

Delegation to management

Authority to implement and execute approved strategy is devolved sequentially as depicted in the governance framework on page 51 and formally to management through the group delegated limits of authority document.

These limits of authority are reviewed annually by management and the board 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 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, the formal delegation document was revised and supplemented during FY2019, and will be revised further to define the authority of the new leadership roles.

Chief executive officer

The chief executive officer and chief financial officer collectively exercise the executive control over and management of the group and its trading and support services. The outgoing and incoming chief executive officers had no professional commitments outside the group for the period. The outgoing and incoming chief executive officers did not have a fixed-term contract, but have a notice period of six months as stipulated in their engagement letters. Succession planning for the outgoing chief executive officer was in place and was affected with the appointment of Mark Blair as incoming chief executive officer. Emergency succession and succession for the chief executive officer role over the long-term is in place.

Company secretary

The performance of the company secretary was formally reviewed in April 2019 in compliance with paragraph 3.84(h) of the JSE Listings Requirements. The board is satisfied Janis Cheadle has the competence, qualifications and experience necessary to effectively discharge her responsibilities and, for the reporting period, she performed her duties and provided appropriate professional corporate governance guidance to the board on an arms-length basis.

Audit & Compliance Committee Report

Principles: 8 13 15

The main impact of this committee's deliberations on the group's value creation elements is reflected below:

Capitals F S I

Stakeholders

Business Activities

Governance Outcomes

- Good performance
- Effective control

Material Matters

Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Role

The committee is constituted as a statutory 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 and compliance. The committee mandate is published on the group's website: www.mrpricegroup.com. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 49 and 54.

The committee provides independent oversight of the effectiveness of the group's assurance and compliance functions and services, with particular focus on combined assurance arrangements (including external assurance service providers, internal audit and the finance function) and the integrity of the annual financial statements and, to the extent delegated by the board, other external reports issued by the group. In doing so it assists the board to discharge its responsibility to:
- Safeguard the group's assets
- Operate adequate and effective systems of internal control, risk management and governance
- 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 and appointments

The key areas of focus for the reporting period were:
- Conducting the suitability assessment of the external auditor and audit partner
- Monitoring the interpretation and impact of IFRS 9, 15 and 16
- Overseeing ongoing regulatory, tax, legal and regulatory compliance matters
- Following Mark Blair's appointment as CEO, the selection and appointment of Mark Stirton as CFO appointed 1 January 2019

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year, including duties in terms of the Companies Act, JSE Listing Requirements and King IV.

Combined assurance

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 these arrangements are effective in providing a robust control environment which enables the provision of reliable information for decision-making purposes and support the integrity of external reports.

Management and reporting

The committee confirmed its approval of the appointment of Mark Stirton as CFO, as considered and recommended before Remnomco as a consequence of Mark Blair assuming the position of CEO effective 1 January 2019. Having given due consideration during the CFO selection process, the committee is of the view that Mark Stirton possesses the appropriate expertise and experience to meet his responsibilities and that the group's finance 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 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. The committee also considered the impact of the JSE report on proactive monitoring of annual financial statements. 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.

Materiality limits set by the committee in the prior period were reviewed for appropriateness in line with the group's approved materiality framework. The committee is satisfied with the level of reporting by management on qualifying significant items over the period.

External audit

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 the following (i) the designated partner, Vinodhan Pillay, was assigned to the group audit in FY2016, (ii) the group has a clearly defined and strictly followed non-audit services policy; (iii) the extent of non-audit services is immaterial and is continuously monitored, with no excessive, unusual or unnecessary engagements noted.

The committee believes the group received a high quality 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. 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 annual financial statements (as detailed under the "Management and reporting" heading), commentary thereon and general affairs.

The committee has considered the documents submitted by EY as part of the committee's suitability assessment of EY and Vinodhan Pillay 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 (FY2020). The resolution for the re-appointment of EY as the group's external auditors is on page 155 of the Notice of AGM.

As noted in the prior period, the group has considered the requirements of mandatory audit firm rotation as prescribed by IRBA effective 1 April 2023 and has discussed EY's tenure in light of these changes. The committee remains committed to rotating external auditors from FY2021 provided such decision serves the best interests of the business. FY2020 will be used to assess the capabilities and suitability of qualifying audit firms to enable a smooth transition post such intended change.

Annual Internal Audit Assurance Statement

Internal audit are satisfied that governance, risk and controls evaluated were generally adequate and appropriate to provide reasonable assurance that key risks are being managed at acceptable levels.

Internal audit at a glance

Independence

- Appropriate organizational positioning – functional reporting to the committee and administratively to the CFO
- The committee approves the appointment (and removal), contract and remuneration of the chief audit executive
- Independent of all operational functions
- Unrestricted access to all areas within the group

Approach

- Risk-based audit plan for FY2019 aligned to group strategic risks
- Responsive to shifts in the internal and external environment
- Challenged risk, control and governance in the group
- Provided real-time assurance through the introduction of digital assurance
- Collaborated with assurance partners to reduce duplication of assurance
- Aligned to professional standards, Code of Ethics of the Institute of Internal Auditors and King IV principles

Resources

- Qualified, experienced and trained
- Co-sourced when required

FY2019 strategic focus

Operations

Digitised the assurance processes relating to cash risks and identification of potential breakdowns/ enhancements, fraud indicators or poor disciplines

Supply chain optimisation

Focused on the design adequacy of the distribution centre and merchandise processes as well as provided assurance on inventory accuracy across the supply chain

Value chain

Advised the group on key business processes, supplier engagement & development, value chain optimisation, people development, responsible sourcing and monitoring through analytics

Information security

Improved focus on providing assurance on the group's information security posture

Retail modernisation

Provided project assurance to contribute towards improving and optimising the core retail capabilities across the group

FY2019 outcomes

Tone at the top

Divisional management tone and response to reported weaknesses and recommended improvements remained positive

Governance

Governance, risk and controls were generally adequate. Executive management and the board required, encouraged and monitored quality and continuous improvement in the group's governance, risk management and controls

Risk management

Confirmation of the adequacy of risk management structures, systems and processes to identify, assess and mitigate key emerging internal and external risks and to support the achievement of the group's strategic goals

Internal control

The control environment remains reliable across the group. No matters of material fraud identified

Compliance

The board, which is ultimately responsible for compliance, has delegated its responsibility to the committee to assist in discharging its obligation to monitor compliance with applicable laws, regulations and adopted non-binding rules, codes and standards. The committee is responsible for setting the direction on how compliance is managed, through approval of the group's compliance framework and policy, and exercises ongoing oversight of compliance governance. The committee delegates the implementation and execution of effective compliance management to the group's senior management, as first line of defence.

During the reporting period a dedicated group compliance officer was appointed to manage and oversee the group compliance function for the group, which was previously managed by the group legal and compliance officer. Due to the highly regulated nature of the group's credit and insurance business, there is a dedicated compliance function within the group's MRP Money division, which has a dotted reporting line to the group compliance function. Compliance is managed within other trading and support divisions as part of existing roles as appropriate. The primary role of the group's compliance function is to assist the board, senior management and associates in fulfilling their responsibility to comply with applicable compliance obligations through the provision of compliance risk management services. The regulatory landscape is constantly changing and the group compliance function monitors regulatory changes which includes legislation in jurisdictions outside South Africa where the group has operations. The group compliance function acts as the second line of defence with the internal and external audit functions as the third line of defence.

Annually, the group's regulatory universe is reviewed, and approved by the committee, and responsibility for legislation is delegated to senior management. Significant group and divisional compliance risks, trends and mitigation measures are monitored by the group compliance function and formally reported to senior management at quarterly governance board meetings as well as to the board through both the Social, Ethics, Transformation and Sustainability Committee (SETS), regarding compliance matters relevant to SETS area of oversight, and the committee. On an annual basis, senior management and the group compliance officer provide compliance management assurance to the committee in respect of their delegated areas of responsibility through the legal assurance process.

In late May 2019 the National Credit Regulator withdrew its referral to the National Credit Tribunal for an alleged breach of the National Credit Act (NCA) relating to the club product fee charged by the group's Miladys division. The SARS assessment objections and appeal, previously disclosed, is ongoing (these matters are covered in the CFO's report on page 38). During the course of the year and in respect of different stores in different regions, the Department of Labour (DoL) issued various compliance notices regarding alleged non-compliance with the sectorial determination for "store associate" rates of pay. The group is disputing the compliance notices as the DoL has misinterpreted the retail roles as defined and does not take benefits into account when calculating store associate rate of pay. The group does however acknowledge that store associates have a greater need for cash and may require greater flexibility in their remuneration structure, so is considering different pay structures. Apart from these alleged non-compliances, there was no material or repeated non-compliance with the group's statutory obligations during the reporting period and no regulatory (including environmental) penalties, sanctions or fines.

The key areas of focus for the reporting period were:

- Making progress towards Payment Card Industry (PCI) and General Data Protection Regulations (GDPR) compliance (further detail can be found on page 63 of the RITC report)
- Understanding the impact of the NCA Amendment Bill and preparing for implementation
- B-BBEE compliance (see page 90 of the SETS report) and
- Engaging with the Botswana Ministry of Industry, Trade and Investment regarding a trading licence exemption

Future areas of focus are:

- A general review of the group's compliance framework and policy
- Compliance training to further entrench a culture of compliance
- Achieving PCI and GDPR compliance
- Implementing the NCA amendments, if enacted and
- Favorably resolving the regulatory disputes highlighted above

Risk & IT Committee Report

Principles: 8 11 12

The main impact of this committee's deliberations on the group's value creation elements is reflected below:

Capitals

F M I H

Stakeholders

Business Activities

Governance Outcomes

- Good performance
- Effective control

Material Matters

Sustainable Development Goals

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Role

The committee is constituted as a committee of the board and has been delegated responsibility for governing and overseeing the risk, information and technology (IT) activities of the group. The committee mandate is published on the group's website: www.mrpricegroup.com. The committee members, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 49 and 54.

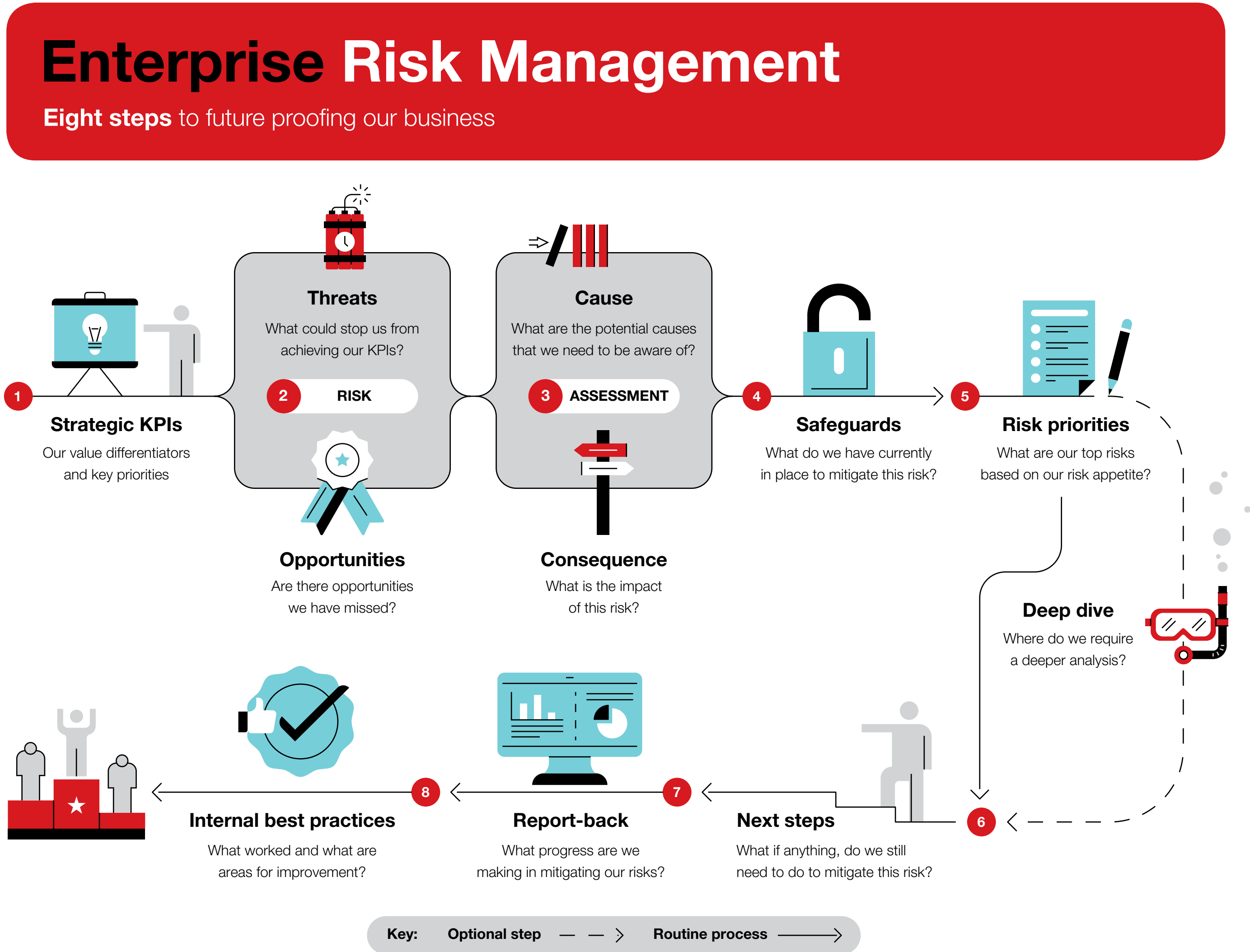
The committee's responsibility is to ensure risks and opportunities are considered and managed, in a way that both influences and fulfils the setting and achievement of the group's strategy (as detailed in the Strategy, Material Matters and Key Risks section on pages 24 to 33). With systems as a core component of the group's operations, the committee is also responsible for overseeing IT operations are a strategic enabler which support both the group's current and future business activities. To fulfil its role, the committee oversees management's implementation and execution of risk control, including insurance cover and business resilience, and IT control, as well as the three lines of defence, in conjunction with the ACC which oversees financial controls and reporting risk. An IT specialist committee member, Brenda Niehaus (whose experience and qualifications are detailed in the board report on page 49), monitors and provides input, but does not make any decisions, on material IT projects, attends certain IT project steering committees and provides ad hoc guidance on general IT governance matters.

The key areas of focus for the FY2019 reporting period and planned areas of future focus are detailed on the following pages.

> The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year.

Risk governance

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 business. By embedding ERM techniques into every day practices, the future proofing of the business is enhanced as the ability to identify events that could affect strategic objectives is improved and relevant response plans developed in ways that are consistent with the strategy.



Risk appetite is a fundamental concept that provides the context for strategy setting, entrepreneurial behaviour and the pursuit of objectives. The risk appetite is reviewed annually to ensure that decision-making is consistent with group strategy, business resilience is improved and sustainable value is created for key stakeholders.

The key areas of focus for the reporting period were:

- Review and approval of enhancements to the risk policy, ERM process, business resilience management (BRM) policy and framework, and the combined assurance plan
- Quarterly consideration of key organisational risks and management's proposed mitigations approved in line with the group's risk appetite
- Conducting deep dives into supply chain business resilience, and cyber risk

The group identified key threats and opportunities that could impact on the accomplishment of the group's strategic objectives. Both internal and external threats were considered and appropriate mitigation plans were developed based on the risk severity level and the approved risk appetite. Potential emerging risks were identified and considered as part of the strategic risk assessment process. Key emerging risks pertaining to changing customer needs, digital disruption and competitor activity were identified and were incorporated into strategic response plans as necessary. The key risks are articulated in the Strategy, Material Matters And Key Risks section on pages 32 to 33.

Further actions have been identified and are being implemented to mitigate risks outside the approved appetite. During the year the group's distribution centre experienced a four day work stoppage due to a labour dispute. The dispute was swiftly and amicably resolved, and was well managed in accordance with the group's business resilience plan. Notwithstanding the minimal business impact, a deep dive was subsequently conducted into supply chain risk and the learnings from the event were incorporated into the supply chain BRM plan. No other undue, unexpected or unusual risks materialised during the year.

The ERM process is assessed as part of internal audit's routine audit plan. The combined assurance plan is being improved to ensure pre-emptive monitoring and assurance of risks and controls related to the top threats and opportunities.

Future areas of focus are:

- Enhancements to the risk response plans for major threats and opportunities
- Embedding a robust project risk management framework
- Continued deep dives into key and emerging risks and opportunities
- Migration to dedicated risk software
- Testing of documented business resilience plans and IT disaster recovery plans

The committee is satisfied that the systems and processes in place to govern and manage risk, which are being thoughtfully matured, are adequate and that management generally executed its risk management responsibilities satisfactorily.

Information and technology governance

The mrpIT function is responsible for establishing and maintaining effective internal controls to meet the governance objectives as follows:

- Strategic alignment: Focus on ensuring the link between business outcomes and IT plans; maintaining and validating the IT value proposition; and aligning IT operations with business operations
- Value delivery: Execute the value proposition throughout the service and delivery cycle, ensuring that IT delivers the promised benefits against the strategy, concentrating on optimising costs and proving the intrinsic value of IT
- Resource management: Optimal investment in, and the proper management of, critical IT resources: applications, information, infrastructure and people
- Risk management: Creating IT risk awareness, understanding of compliance requirements and transparency surrounding the significant risks to the group, as well as planning for risk mitigation and action plans
- Performance measurement: Track and monitor strategy implementation, project completion, resource usage, process performance and service delivery

To meet the governance objectives, the division has in place the following governance structures:

The key IT governance activities of the above structures were prioritised based on the key enablers and components of strategy delivery and enablement of day to day business activities. Overall, the IT governance standards are aligned to the group governance frameworks and apply the principles in King IV and COBIT.

The key areas of focus for the reporting period were:

- IT strategic project prioritisation
- Stage gate delivery of the retail modernisation project incorporating merchandise planning and retail ERP
- Delivery and close out of the distribution centre project
- Roll out of the “mrp” mobile application
- Deployment of CRM functionality
- Cyber security and identifying opportunities to improve the group’s IT security posture and
- Working towards achieving payment card industry (PCI) compliance by the required date

For the 2019 financial year there were no major IT incidents or IT security breaches, and while various IT policies were updated and improved, there was no material change in the group’s IT policy. The IT projects were supported by capital investments as part of the approved IT budget. Due to an Oracle version upgrade and the implementation of a new planning solution, a portion of the historic implementation costs of the group’s proposed ERP and planning solutions have been impaired. This disclosure is included in the annual financial statements on page 115.

The internal audit function plays a key role in monitoring the effectiveness of managing IT risk. Areas of audit focus for the year included project risk management of IT strategic projects and information security. Audit findings on IT risk management are reported on a real-time basis and the resolution of findings is tracked and reported by internal audit. The group’s IT control environment remains reliable, with ongoing opportunities to improve risks relating to information security and IT project management.

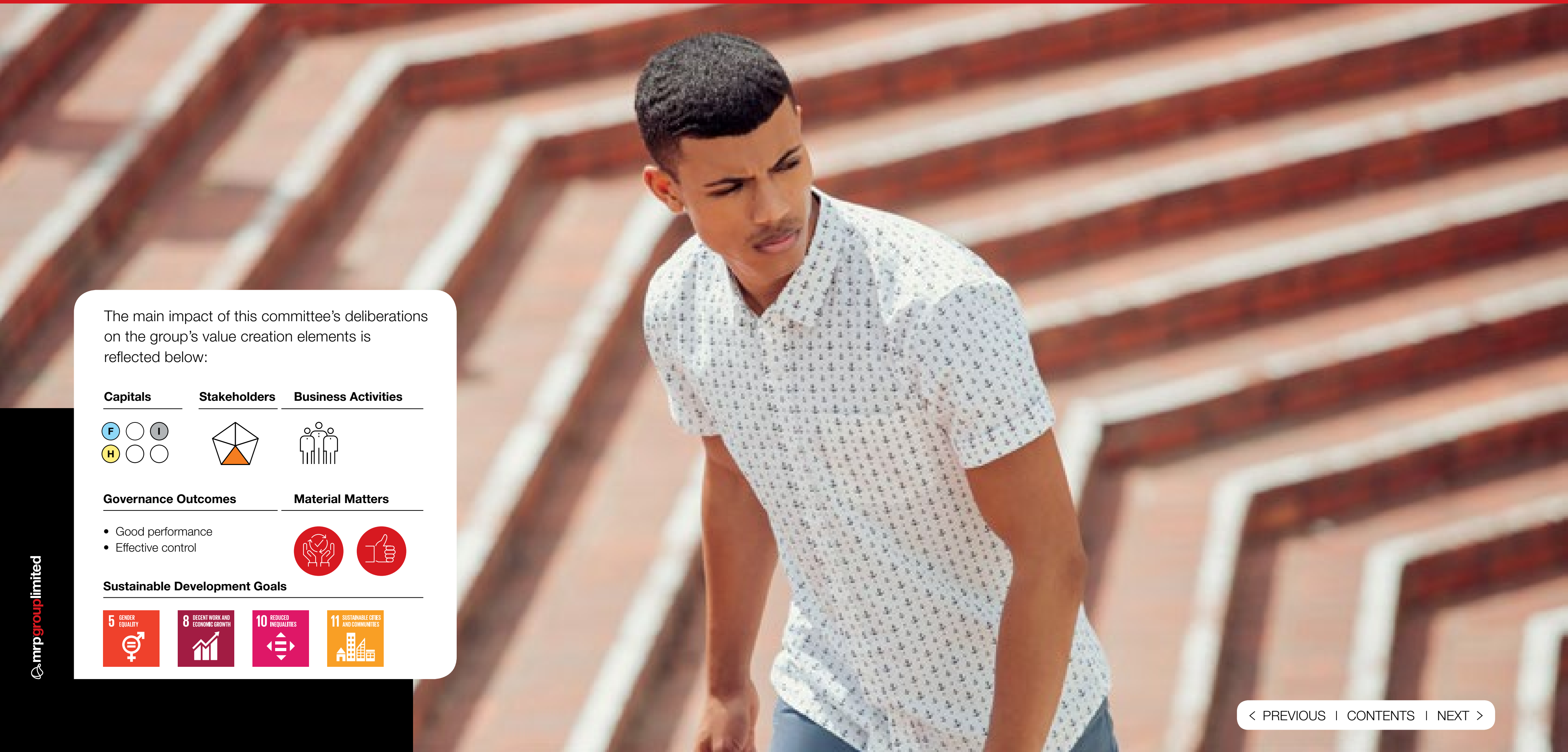
The future areas of future focus are:

- Continuously improving the IT security posture and further de-risking the operating environment
- Delivering enhanced core retail systems as priority projects to enable strategy and future-proof the group
- Achieving PCI compliance
- Leveraging existing investments in business intelligence and CRM to drive insights for enhanced operational decision making
- Exploring opportunities in digital capability innovation to create capacity for key IT resources

Further details of the impact of IT projects on the delivery of the group’s strategy is in the Strategy, Material Matters and Key Risks section on pages 27 and 33.

Remuneration & Nominations Committee Report

Principles: 3 8 14



The main impact of this committee's deliberations on the group's value creation elements is reflected below:

Capitals F I H

Stakeholders

Business Activities

Governance Outcomes

- Good performance
- Effective control

Material Matters

Sustainable Development Goals

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

Role

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, their qualifications and experience, the number of meetings held and attendance at meetings is detailed in the board report on pages 49 and 54.

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, equitable and responsible remuneration in support of the group's strategy. The committee is further responsible for overseeing that remuneration processes are carried out consistently and aligned to 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:

- Implementing CEO and CFO succession plans (as detailed on page 55 of the board report)
- Supporting management in affecting various senior structural and leadership changes
- The ongoing board refresh and the identification and appointment of suitable directors (details of director changes can be found in the board report on page 55)
- Overseeing the implementation of improved job evaluation and benchmarking structures to monitor pay equity
- Engaging with and responding to shareholder remuneration questions (further detail is provided on page 66 of this report) and
- Considering and approving a malus and clawback policy

The committee is satisfied that it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year and that the remuneration philosophy achieved its stated objectives.

The committee's remuneration report is structured as follows:

Background statement

Letter from committee chair

Our 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. Our remuneration structures are designed to support this entrepreneurial culture and 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), long term (share scheme) incentives, recognition and retention programs. The core objective of our remuneration policy is to attract, retain and motivate top retail talent to deliver superior results. The historical 33-year compound earnings (21.1%) and dividend (22.5%) growths and our record of key staff retention over the years, provide tangible evidence that our values and approach to remuneration have delivered on this objective. To ensure that we are providing remuneration that is fair, appropriate and responsible we conduct our own internal benchmarking exercise annually, and every second year, make use of an external remuneration consultant to confirm our objectivity in discharging our mandate.

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 are on page 77 of this report, provide 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 R187 million since inception. Further, in the context of overall employee remuneration, the group has introduced an internal mechanism for monitoring racial and gender equity across all levels (details are on page 73).

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

- the suppressed local economy and low business and consumer confidence
- the potential threat of a loss of key staff to competitors locally and internationally
- 32 064 forfeitable shares vesting in the FY2020 reporting period did not achieve the required annual average HEPS growth targets of 14.2%, and thus lapsed. These shares had a 5-year vesting period.

The committee 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 shareholder 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 ordinary resolutions 7 and 8, dissenting shareholders will be invited to engage with the committee to discuss their concerns. Details of such engagement will be announced as per the JSE Listings Requirements, if necessary. At the 2018 AGM, we received a non-binding advisory vote of 86% (79% if we exclude B ordinary shares) in favour of our remuneration policy and implementation report. This was a substantial improvement on the 2017 AGM remuneration policy vote of 65.3% in favour.

Prior to the 2018 AGM, we contacted or attempted to contact our larger shareholders (those holding 1% or more) whose aggregate shareholding comprised approximately 52% of the total issued shares of the group. In addition, we communicated with two large proxy advisers who had issued recommendations as to how (in their opinion) shareholders should vote. There was positive feedback to the enhancements we made to the exercise periods and performance hurdles for the various share option schemes, and additional disclosure in the 2018 integrated report. Key items concerning remuneration raised by those contacted were:

- **Lack of disclosure around strategic KPI targets and measurement**
  Additional disclosure has now been included on pages 69, 74 to 75.

- **HEPS being the only measure for LTI's**
  The committee has debated this extensively and feel this is the best measure to appropriately balance the welfare of all interested stakeholders in a transparent and integrated manner.

- **The lack of a Malus and Clawback policy**
  A new policy impacting Short Term Incentives (STIs) has been implemented. This policy will be enhanced to include a clawback provision on shares and options that have been exercised (subject to share trust rule amendments) in the new financial year. The current share trust rules do make provision to prevent the vesting of shares or exercising of share options due to poor personal performance.

- **Remuneration mix is significantly skewed towards variable pay**
  The group has 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 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 FY2017) 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 particularly) in years of poor performance.

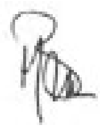
  Executive remuneration is benchmarked against our peer group on Total Guaranteed Pay (TGP), STIs, Long Term Incentives (LTIs) and Total Cost of Employment (TCE) to objectively assess whether our remuneration is fair, appropriate and responsible.

- **Exercise of LTIs following Black Friday which may give an indication of trade during December**
  The group has consistently applied a stringent closed period calendar for the trading of shares. The annual cycle of share awards is such that most awards vest towards the end of November after the half-year results closed period. This is followed by a short open period and associates usually exercise these vested shares, so there is always increased in trading of shares by associates over this period.

Future areas of focus are:

- Migrating all associates to a cost-to-company remuneration basis;
- Enhancements to the malus and clawback policy to include a clawback provision on shares and options that have been exercised (subject to share trust rule amendments);
- Enhanced STI structures (including KPIs); and
- Enhanced personal performance targets and measurement.

We trust that 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 that we can count on your continued constructive support.



Mark Bowman
Committee Chairman

Remuneration policy

At the heart of our business, our purpose is to add value to our customers' lives and worth to our partners' lives. This is supported by rewarding our associates with a total remuneration mix that drives passion, value and partnership which are key enablers of business success. 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 guaranteed, variable, short and long-term remuneration components.

Being a value retailer, the group aims to remunerate all associates at the market median on TGP and to reward superior performance through incentives (STIs and LTIs) when targets are achieved– enabling associates to exceed the market median on total earnings.

Given that performance-related incentives form a material part of our remuneration structure, ongoing performance feedback is vital. Associates participate in performance and career development evaluations on an annual basis, focusing on work achievements against targets, learning and development needs, values and cultural alignment.

Remuneration is not influenced by race, creed or gender, with the emphasis on equal pay for work of equal value. 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, job requirements 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 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.

Guaranteed remuneration policy

	Remuneration Components (What?)	(Who?)	**Purpose** (Why?)	**Mechanics** (How?)	**Executive Directors**	**Divisional Directors**	**Passion**	**Value**	**Partnership**
Total Guaranteed Package (TGP)	**Basic Salary**	All Associates	To offer competitive market related basic salaries that attract and retain high-calibre associates capable of crafting and executing the business strategy	Remuneration is reviewed annually on 1 April taking into consideration: • Job content and grades • Internal equity • External competition • Consumer price inflation and • Individual competence and performance	Total remuneration is benchmarked and aligned biennially to the median of a customised comparator group of JSE listed companies selected using established principles and clear criteria. The survey was last performed in November 2018 by PwC Research Services (Pty) Ltd and included the following 17 companies in the peer group: • **Sector:** - Clicks Group Ltd - Massmart Holdings - Pick n Pay Stores Ltd - Shoprite Holdings Ltd - The Foschini Group Ltd - Truworths International Ltd - Woolworths Holdings Ltd • **Market Capitalisation:** - Bid Corporation Ltd - Dis-Chem Pharmacies Ltd - Imperial Holdings Ltd - Life Healthcare Group Holdings - PSG Group Ltd - The Spar Group Ltd - Tiger Brands Ltd • **Growth:** - Aspen Pharmacare Holdings - Capitec Bank - Remgro Ltd In years when a customised benchmark report is not compiled, executive remuneration reviews are conducted in line with the process for divisional directors and the rest of the organisation. This approach ensures a fair and consistent approach to executive remuneration in the context of overall employee remuneration and those at the lower-end of the pay scale.	Total remuneration is benchmarked and aligned annually to the national and/or retail market median depending on functional area. The group subscribes and submits data to the annual PwC REM channel remuneration survey which is used as the data source for South Africa.			
	Retirement Fund Contributions	Permanent Associates	To ensure the financial, mental and physical well-being of our associates and their dependents	Defined Contribution (DC) Scheme: Retirement fund contributions are calculated as a percentage of annual guaranteed remuneration and includes risk and funeral benefits Medical Aid and Gap Cover: Voluntary membership is offered to associates on the plan of their choice Dedicated financial wellness and medical aid consultants assist our associates to achieve what matters most to them at each life-stage					
	Medical Aid Contributions								
	Guaranteed Cash Allowances (in cash)	Role Specific (where appropriate)	To provide a relevant and market-competitive suite of benefits which add value and enable our associates	Car Allowance, Cell Phone Allowance (where applicable)					
	Fringe Benefits (in kind)			Use of company car; petrol/fuel card; staff discount (where applicable)					
	Loyalty Bonus	Permanent Associates	To promote retention and reward associate loyalty	Payable annually in December and calculated as a percentage of monthly basic salary based on length of service	Calculated based on an associate's permanent service as follows: • one year's service: 20% • two years' service: 40% • three years' service: 60% • four years' service: 80% • 10 years' service: 100%				

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Short term incentive policy

	Remuneration Components (What?)	(Who?)	Purpose (Why?)	Mechanics (How?)	Executive Directors / Divisional Directors	Passion	Value	Partnership
Short Term Incentives (STI)	**Performance Bonus** The aim is to ensure that a strong relationship exists between strategy, targets and remuneration thus enabling sustainable value creation. Although challenging targets supporting the group's strategic pillars are set, the scheme is potentially generous and attainable to: • Encourage the achievement of targets that can be directly influenced by superior performance • Avoid the group being exposed to undue risk as a result of an associate's behaviour	All Associates	To motivate and reward associates for the achievement of the group's short-term performance in areas they can influence	The group aims to ensure that a well-balanced set of measurables are designed for each level of associate. Targets are tailored annually recognising prevailing economic & trading conditions.	A substantial amount of the award requires outperformance and is therefore at risk. The table below reflects target and maximum awards expressed as a percentage of annual basic salary. 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. Bonus payments are not deferred and are payable annually in April in cash.			

Group Strategic Pillars	Measures	CEO and CFO[2] Target	CEO and CFO[2] Max	Executive Director Target	Executive Director Max	Trading Divisions Target	Trading Divisions Max	Service Divisions Target	Service Divisions Max
Growth Build high performing brands	**Executive Directors:** HEPS Growth & ROE **Service Directors:** Combined Operating Profit **Trading Directors:** Divisional Operating Profit	25%	83%	13%	42%	25%	67%	13%	33%
Operations Sustainability	**Achievement of strategic KPIs**	8%	17%	21%	42%	8%	17%	21%	50%
People	**Personal Performance[1]** *Determined via individual & peer reviews considering leadership, innovation, effort and teamwork.*	50%	100%	8%	17%	8%	17%	8%	17%
Total (as a percentage of annual basic salary)		**83%**	**200%**	**42%**	**100%**	**42%**	**100%**	**42%**	**100%**

1. Full personal performance awards are only achieved in exceptional circumstances and have rarely been paid. A poor personal performance evaluation can reduce or eliminate incentives achieved under measurable group performance.
2. For the incoming CFO personal performance is capped at 50% of annual basic salary. Refer page 75 for the summary of CFO remuneration.

Long Term Incentive Policy

In line with the group's core value of Partnership, share schemes appropriate to the various 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 region in its various share and share option schemes.

Long term incentive policy (continued)

Remuneration Components (What?)			(Who?)	Purpose (Why?)	Mechanics (How?)	Executive Directors / Divisional Directors	Passion	Value	Partnership
Long Term Incentives (LTI)	Shares	**Partners Share Scheme:** • Awarded once following a year of permanent service • Vesting at retirement or death • Participants receive dividends on the shares from the award date	< Salary Threshold	Associates thinking and acting like business owners regarding group performance leads (and 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. In this way, those responsible for contributing to the group's success become partners in the business and are rewarded for sustained high performance.	**# Shares or options awarded:** (AGR x FACTOR) / SHARE PRICE Where: **AGR**: Annual guaranteed remuneration **Factor**: A percentage specific to each respective scheme **Share Price**: The lower of the 30-day VWAP or the closing price the day prior to the award **Exercise Period:** The exercise period for all awards allocated effective from Nov 2018 is two years. Awards allocated prior to November 2018 have a 90-day exercise period for associates and five years for executives. **Performance Conditions:** For awards allocated prior to November 2018 an average HEPS growth of CPI + 1% over the vesting period must be achieved. The board has approved a new hurdle structure for executives specifically effective from November 2018.	In other companies, long-term incentives are typically reserved for group executives. In our case executive directors' interests are only 12.91% of total routine long-term incentive awards. The group's partnership approach has resulted in 16 677 associates participating in the various share schemes in operation at year-end (refer page 77). Given South Africa's socio-economic environment we believe our unique inclusive approach to share ownership enables the best possible outcomes and imbues good corporate citizenship. Further information regarding the group's share schemes can be found on the website: https://www.mrpricegroup.com/MrPriceGroupCorporate/media/mrpgcorp/SiteAssets/2018/MRP_AIR18_GroupShareSchemes_2.pdf			
	Share Options	**General Staff Share Scheme:** • Awarded once for every year of completed permanent service • Vesting after five years if HEPS related hurdles are achieved	> Salary Threshold						
		Senior Management Share Scheme: • Awarded once for every year of completed permanent service • Vesting after five years if HEPS related hurdles are achieved	Senior Management						
		Executive and Executive Director Share Scheme: • Awarded once for every year of completed permanent service • Vesting after five years if HEPS related hurdles are achieved A strong relationship exists between strategy, targets and remuneration thus enabling sustainable value creation for shareholders over the long-term In exceptional circumstances, where supported by Remnomco, the board may authorise non-routine LTI awards	Executive & Divisional Directors	To offer an attractive long-term incentive scheme that motivates and retains executives critical to achieving the long-term performance goals contained in the group's strategy. The committee's intent is not to raise performance hurdles to a level that would cause the schemes to lose their motivational appeal. Thus LTI targets are set to address long term sustainable growth in headline earnings per share, but taking into account costs that may be incurred through the implementation of strategic initiatives over time. 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.		The base face values of total LTIs, offered as a percentage of annual guaranteed remuneration, are as follows (percentage dependent on the role and level of responsibility): % — CEO: 354%; CFO*: 311%; ED: 150%; Divisional Directors: 100% - 250% Bonus awards are offered equal to 10% of total awards based on personal shareholding in the group. 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. *A factor of 250% will be applicable to the new CFO from and including the November 2019 award.			

	CEO	CFO*	ED	Divisional Directors
%	354%	311%	150%	100% - 250%

Performance Conditions (Applicable to all Executives)

CAGR Structure (Nov 18)	Vests	Forfeited
HEPS growth < CPI+1%	0%	100%
HEPS growth ≥ CPI+1%	33%	67%
HEPS growth ≥ CPI+2%	66%	34%
HEPS growth ≥ CPI+3%	100%	0%
HEPS growth ≥ CPI+10%	125%	0%
HEPS growth ≥ CPI+15%	150%	0%

No single participant's interest in routinely awarded long-term incentive plans exceeds 0.4% of the issued share capital (refer page 76).

Options are not awarded to or exercised by key personnel in the executive director share schemes during closed periods and the re-pricing of options is not permitted. Executive share scheme participants may exercise their options during closed periods subject to adhering to strict criteria prior to entering the closed period. Management has the authority to prevent both the award and vesting of share options in circumstances where the individual is deemed to have demonstrated poor personal performance.

The group's advisors, PwC, recommended the implementation of a Forfeitable Share Plan (FSP) as the vast majority of companies surveyed had more than one type of long-term incentive scheme operating in parallel. In the event of options being 'out-the-money', FSPs offer more certainty to the participant as the value is in the share that vests, not growth on strike price, as is the case with options. From a group perspective, FSPs are attractive as shares result in a lower number of instruments than options thus reducing carrying costs.

		Remuneration Components (What?)	(Who?)	Purpose (Why?)	Mechanics (How?)	Executive Directors / Divisional Directors	Passion	Value	Partnership
Long Term Incentives (LTI)	Forfeitable Shares	**Executive Forfeitable Share Plan (EFSP):** • Free shares are awarded for every year of completed permanent service. • Vesting occurs after five years if employment and HEPS related hurdles are achieved and must be exercised immediately • Participants receive dividends on the restricted shares from the award date • The shares acquired by the group to fully satisfy these obligations are held by an institutional third party	Executive & Divisional Directors	To support the attraction, motivation and retention of executives while continuing to align their interests with that of shareholders.	FSP awards are calculated as a percentage of the associate's annual share option award and account for approximately 15% of the total annual long-term incentive. 50% of the award is linked to continued employment and the balance linked to performance conditions.	For EFSP performance awards allocated up to and including November 2015, the HEPS hurdle was linked to the group's 5-year strategy (refer pages 76, 78 and 79). For EFSP performance awards allocated effective from November 2016, the board approved a new hurdle structure as follows:	✓		✓
Long Term Incentives (LTI)	Forfeitable Shares	**Group Forfeitable Share Plan (GFSP):** • Participants receive a once-off award of free shares which vest in full after five years based on continued employment • Participants receive dividends on the restricted shares from grant date • The shares acquired by the group to fully satisfy these obligations are held by an institutional third party	Executive & Divisional Directors	To retain the services of executives who are central to the group's growth strategy. It is advantageous to the group and shareholders that executives are prevented from joining competitors and disclosing their intimate knowledge of the group's successful business formula.	Award of shares equivalent to between two and three times annual guaranteed remuneration depending on the executive's position.	The scheme currently has a total of three participants including the CFO. The current CEO received a once-off GFSP award during his tenure as CFO which vested in FY2019 (refer page 78). The group director is subject to previous restraint agreements. The performance conditions relate to associates entering into a restraint and retention agreement, which: • requires them to be employed by the group for a period of five years from grant date and • precludes them from joining a competitor for a period of two years should they leave the group.		✓	✓

Performance Conditions (Applicable to all Executives)

CAGR Structure (Nov 18)	Vests	Forfeited
HEPS growth < CPI+1%	0%	100%
HEPS growth ≥ CPI+1%	20%	80%
HEPS growth ≥ CPI+2%	40%	60%
HEPS growth ≥ CPI+3%	60%	40%
HEPS growth ≥ CPI+4%	80%	20%
HEPS growth ≥ CPI+5%	100%	0%

In terms of specific authority received from shareholders, the group may issue 46 548 430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the group has issued 11 775 305 shares and 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 been to purchase shares on the open market to satisfy the schemes' requirements, as opposed to issuing new shares.

Total LTI award obligations represent 5.6% of share capital, which has reduced substantially over time as a result of the change to the award formula (refer graph on page 77).

The committee 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 routine equity incentive schemes equates to 4.1% of the issued share capital (refer page 77).

Vesting conditions – general disclosure

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 of the unvested options and shares. The schemes have been designed in such a way that the option awards decrease as an associate approaches retirement and retention becomes less imperative.

The board, on the recommendation of the committee, has the authority to exercise its discretion and allow associates to retain unvested options post resignation in addition to the arrangements detailed above. 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.

Malus and clawback

The committee has adopted a malus and clawback policy with a view to further align the interests of associates with the long-term interests of the group and all interested stakeholders and to ensure that excessive risk taking is mitigated. The policy applies to all associates, prospectively to STI awards effective from FY2019 and prescribes 3 years after the award of any STI.

Following on a written recommendation from the committee, the board may act to adjust (malus) or recover (clawback) awards, where substantiated by the committees, for reasons including but not limited to:

- contributing to or being responsible for material financial misstatements or
- personal dishonesty, fraud or gross misconduct or
- instructing, directly or indirectly, any person to act fraudulently, dishonestly or negligently

Although the various share trust rules currently allow the board on recommendation from the committee to prevent share awards from vesting, it is the intent of the committee to further extend this malus and clawback policy in the next financial year to LTI awards. This implementation will require adjustments to the share trust rules.

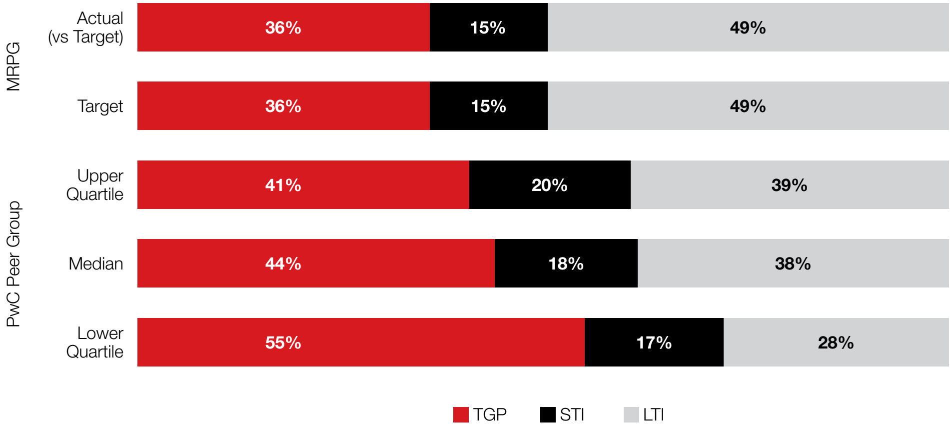
Non-executive directors (NEDS)

	Remuneration Components (What?)	(Who?)	**Purpose** (Why?)	**Mechanics** (How?)	**Opportunity & Limits**	**Performance Conditions**	**Passion**	**Value**	**Partnership**
Emoluments	Fees are related to the skills, experience and time commitment to fulfil the respective requirements of the board and committees. The group does not pay a base fee plus attendance fee per meeting as historically attendance at meetings has been good and the board has always felt NEDs contribute as much outside of meetings as they contribute in meetings. NEDs do not have service contracts but receive letters of appointment and retire by rotation every 3 years. Shareholders vote for their re-appointment at the AGM. NEDs are not eligible for performance/STI or LTI awards.	**Non-Executive Directors**	To offer market related fees that attract and retain high calibre NEDs	Fees, exclusive of VAT, are proposed by management and detailed in the notice of meeting set out in the annual results booklet for approval at the forthcoming AGM. Fees are paid monthly in cash. NEDs are reimbursed for travel related costs incurred on official group business and receive discounts on purchases made in group stores. No other benefits are received. NEDs neither receive short-term incentives nor do they participate in long-term incentive schemes.	Fees are benchmarked biennially to the median of the same comparator group of companies as selected for executive directors' remuneration. The benchmarking survey was last performed in November 2018 by remuneration advisors PwC Research Services (Pty) Ltd. No contractual arrangements exist relating to compensation for loss of office.	Specific group 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 introduced a further mechanism providing the chairman with the means to deduct a maximum annual amount of 20% of a NEDs fee in the event of non-performance, specifically non-attendance.			

Remuneration implementation report

In accordance with the group's remuneration philosophy, superior performance is generously rewarded through incentive structures that ultimately manifests in the desired shape of the total remuneration structures.

As FY2019 is a benchmark year, an analysis conducted comparing our total remuneration mix to the PwC custom peer group indicates a larger portion of our executive remuneration is variable and thus "at risk" compared to our peers – ensuring a strong alignment between company performance and remuneration.



Annual salary review overview

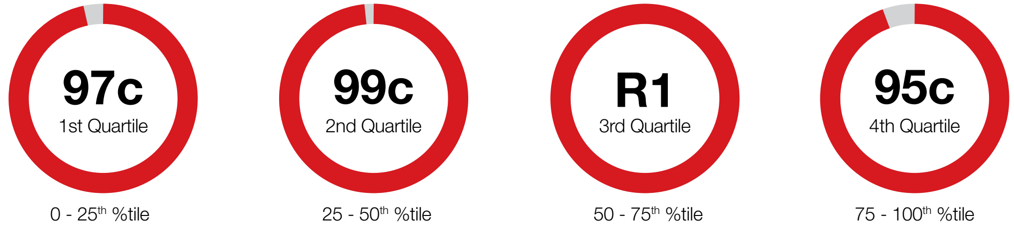
Guided by CPI and retail remuneration market data, the group awarded an overall annual increase of 5.5% across all levels of associates in April 2019.

The group focuses on gender, race, role and CEO to average employee remuneration to ensure internal equity across the organisation.

Due to recent changes in our top management structure, the PwC custom peer group benchmarks were used to align the new appointments to the market median in keeping with the group's remuneration philosophy.

The new CEO and CFO remuneration were effective on appointment at 1 January 2019 and the group director received a 5% increase for FY2020 effective 1 April 2019.

Female to male basic salary ratio for MRPG head office

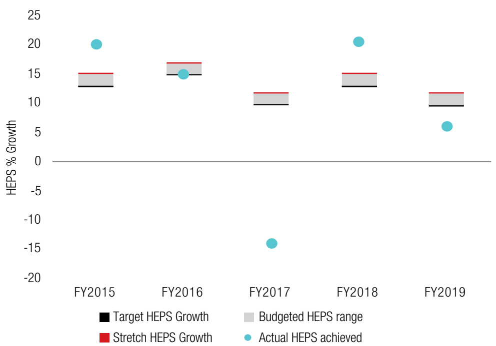


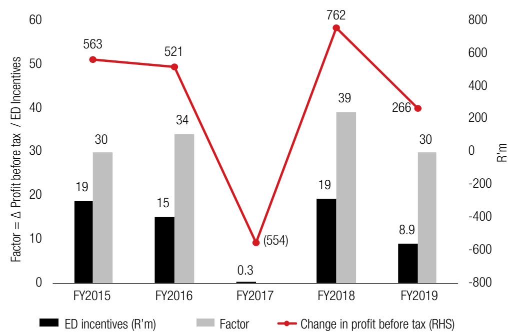
On average across all quartiles, females earn 98c for every R1 earned by their male counterparts. These ratios are monitored continuously in the context of our pay bands.

The link between company performance and incentives

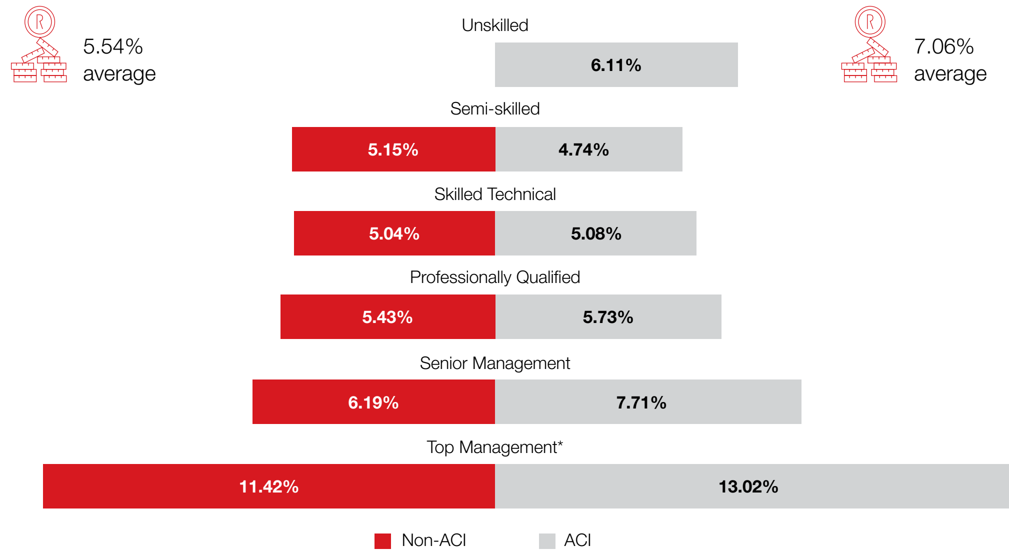
Historical HEPS Growth	FY2015	FY2016	FY2017	FY2018	FY2019
Actual HEPS reported (cents)	920	1058	911	1100	1168
Actual HEPS growth (%)	20.2	15.0	(13.8)	20.7	6.2
Headline CPI for the year (%)	4.0	6.3	6.1	3.8	4.7
Real HEPS growth achieved (%)	16.2	8.7	(19.9)	16.9	1.5
% of HEPS based incentive achieved	100	33	0	100	11

*denotes a 53-week trading period





Average increases by race and occupational level across MRPG



*The above average increases at Top Management level was due to the changes and internal promotions in senior leadership during FY2019

Summary and analysis of executive director's remuneration

Total single figure remuneration

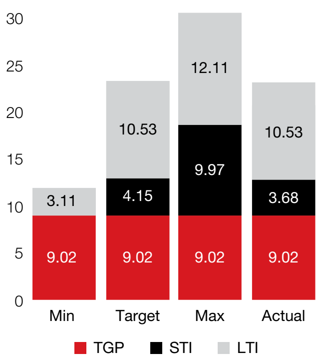
Continuing with the approach adopted in FY2018, the remuneration framework is presented on a total single figure basis as recommended by King IV.

Stuart Bird Total Remuneration (R'000)	FY2019	FY2018
	CEO	
	1 Apr 18 - 31 Mar 19 (12 months)	1 Apr 17 - 31 Mar 18 (12 months)
Annual Basic Salary (ABS)	6 648	6 183
Retirement Fund Contribution	1 353	1 281
Medical Aid Contribution	206	215
Guaranteed Cash Allowances	-	-
Fringe Benefits	261	241
Loyalty Bonus	554	523
Total Guaranteed Package (TGP)	**9 021**	**8 442**
Performance Bonus	3 678	10 755
Short Term Incentives (STI)	**3 678**	**10 755**
Dividends (FSP Plans)	1 122	1 404
Share & Share Option Valuation[1]	9 404	9 023
Long Term Incentives (LTI)	**10 526**	**10 427**
Total Remuneration	**23 225**	**29 624**

1. Refer to page 76 for further detail on the valuation of Shares & Share Option awards.

Performance Bonus Calculation				CEO
Performance Measures	% of ABS			ABS
	Target	Max	Actual	6 648
Financial (HEPs & ROE)	25%	83%	16.7%	1 108
Strategic KPIs	8%	17%	13.7%	908
Personal	50%	100%	25.0%	1 662
Total	**83%**	**200%**	**55.3%**	**3 678**

Total Remuneration Composition
(R'm)

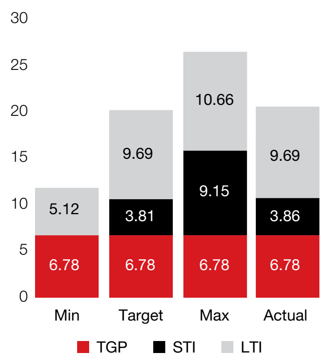


Mark Blair Total Remuneration (R'000)	FY2019			FY2018
	CEO	CFO	CEO & CFO	CFO
	1 Jan 19 - 31 Mar 19 (3 months)	1 Apr 18 - 31 Dec 18 (9 months)	1 Apr 18 - 31 Mar 19 (12 months)	1 Apr 17 - 31 Mar 18 (12 months)
Annual Basic Salary (ABS)	1 425	3 148	4 573	3 904
Retirement Fund Contribution	305	678	983	850
Medical Aid Contribution	45	122	167	154
Guaranteed Cash Allowances	95	229	324	288
Fringe Benefits	124	258	382	342
Loyalty Bonus	-	350	350	330
Total Guaranteed Package (TGP)	**1 993**	**4 785**	**6 779**	**5 869**
Performance Bonus	1 857	2 004	3 862	6 792
Short Term Incentives (STI)	**1 857**	**2 004**	**3 862**	**6 792**
Dividends (FSP Plans)	-	767	767	905
Share & Share Option Valuation[1]	3 204	5 713	8 918	5 450
Long Term Incentives (LTI)	**3 204**	**6 481**	**9 685**	**6 355**
Total Remuneration	**7 055**	**13 271**	**20 326**	**19 015**

1. Refer to page 76 for further detail on the valuation of Shares & Share Option awards.

Performance Bonus Calculation				CEO	CFO
Performance Measures	% of ABS			ABS	ABS
	Target	Max	Actual	5 700	4 198
Financial (HEPs & ROE)	25%	83%	16.7%	238	525
Strategic KPIs	8%	17%	13.7%	195	430
Personal	50%	100%	CFO: 33% CEO: 100%	1 425	1 049
Total	**83%**	**200%**	**102.1%**	**1 857**	**2 004**

Total Remuneration Composition
(R'm)



Commentary

Stuart Bird, who has been chief executive officer ("CEO") of the group since August 2010 and an executive director since September 2006, retired as CEO on 31 December 2018 and as an executive director at the end of March 2019. The board allocated his STI with consideration for the period during which he served as CEO. His LTIs were awarded as part of the routine November share option & FSP awards.

Commentary

After a thorough succession process the board has appointed Mark Blair, previously CFO, as the CEO effective 1 January 2019. Mark Blair's STI was allocated proportionately for the 9 month period during which he served as CFO and the 3 month period during which he served as CEO, successfully leading the organisation through the change in leadership. His LTIs include the routine November awards which he received as CFO and the corresponding share option & EFSP awards allocated in-line with his appointment as CEO - as disclosed on the SENS on 27 February 2019.

Summary and analysis of executive director's remuneration (continued)

Total single figure remuneration

Continuing with the approach adopted in FY2018, the remuneration framework is presented on a total single figure basis as recommended by King IV.

Mark Stirton[1] Total Remuneration (R'000)	FY2019 CFO 1 Jan 19 - 31 Mar 19 (3 months)		
Annual Basic Salary (ABS)	647		
Retirement Fund Contribution	143		
Medical Aid Contribution	43		
Guaranteed Cash Allowances	52		
Fringe Benefits	72		
Loyalty Bonus	-		
Total Guaranteed Package (TGP)	**957**		
Performance Bonus	520		
Short Term Incentives (STI)	**520**		
Dividends (FSP Plans)	-	**GFSP**	**EFSP**
Share & Share Option Valuation[2]	8 795	7 983	812
Long Term Incentives (LTI)	**8 795**		
Total Remuneration	**10 271**		

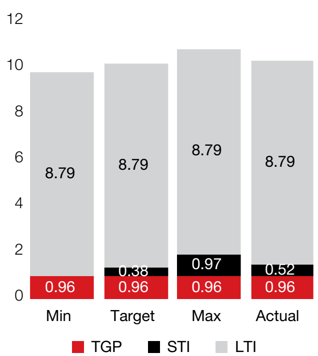
1. Due to the appointment during the course of the current reporting period, all remuneration incurred before appointment has been excluded.
2. Refer to page 76 for further detail on the valuation of Shares & Share Option awards.

Steve Ellis Total Remuneration (R'000)	FY2019 Group Director 1 Apr 18 - 31 Mar 19 (12 months)	FY2018 Group Director 1 Apr 17 - 31 Mar 18 (12 months)
Annual Basic Salary (ABS)	2 012	1 871
Retirement Fund Contribution	454	427
Medical Aid Contribution	167	154
Guaranteed Cash Allowances	172	162
Fringe Benefits	214	185
Loyalty Bonus	-	158
Total Guaranteed Package (TGP)	**3 019**	**2 957**
Performance Bonus	796	2 142
Short Term Incentives (STI)	**796**	**2 142**
Dividends (FSP Plans)	150	120
Share & Share Option Valuation[1]	1 898	1 774
Long Term Incentives (LTI)	**2 049**	**1 893**
Total Remuneration	**5 864**	**6 992**

1. Refer to page 76 for further detail on the valuation of Shares & Share Option awards.

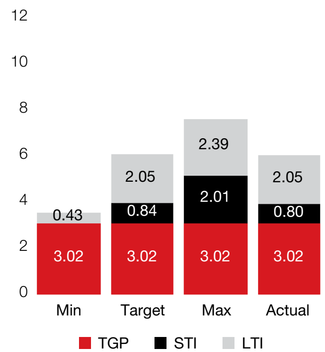
Performance Bonus Calculation				**CFO**
Performance Measures	**% of ABS**			**ABS**
	Target	Max	Actual	2 589
Financial (HEPs & ROE)	25%	83%	16.7%	108
Strategic KPIs	8%	17%	13.7%	88
Personal	25%	50%	50.0%	324
Total	**58%**	**150%**	**80.3%**	**520**

Total Remuneration Composition
(R'm)



Performance Bonus Calculation				**GD**
Performance Measures	**% of ABS**			**ABS**
	Target	Max	Actual	2 012
Financial (HEPs & ROE)	13%	42%	8.3%	168
Strategic KPIs	21%	42%	14.6%	293
Personal	8%	17%	16.7%	335
Total	**42%**	**100%**	**39.6%**	**796**

Total Remuneration Composition
(R'm)



Commentary

Mark Stirton was appointed as CFO effective 1 January 2019 to coincide with Mark Blair's appointment as CEO. The board allocated his STI proportionately for the 3 month period during which he served as CFO. In line with the group's LTI policy he was allocated share option, EFSP and GFSP awards upon his appointment as CFO - as disclosed on the SENS on 27 February 2019. Mark Stirton is the only executive director (ED) to receive a GFSP reward as this is a once-off allocation which the other EDs have already received during their tenure.

Commentary

Steve Ellis' STI and LTI were awarded for the full 12 month period during which he served as group director.

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.

FY2019	Vesting Condition	Award Date	Vesting Date	Performance Measurement Years	HEPS CAGR Required for vesting	HEPS CAGR Achieved	% of Award vesting	LTIs Receivable / Awarded at Fair Value (IFRS2[1], market value[2]) - R'000				
Award Type								**SI Bird**	**MM Blair**	**MJ Stirton**	**SA Ellis**	**Total**
Share Options	Performance Related	29-Nov-14	29-Nov-19	FY2019	5.9%	8.8%	100.0%	7 421	4 560	-	1 618	13 599
EFSP	Performance Related	29-Nov-14	29-Nov-19	FY2019	14.2%	8.8%	0.0%	-	-	-	-	0
EFSP	Employment Related	22-Nov-18	22-Nov-23	FY2023	n/a	n/a	n/a	1 984	1 153	-	280	3 417
EFSP	Employment Related	20-Feb-19	20-Feb-24	FY2023	n/a	n/a	n/a	-	3 204	812	-	4 016
GFSP[3]	Employment Related	20-Feb-19	20-Feb-24	FY2023	n/a	n/a	n/a	-	-	7 983	-	7 983
Total Excluding Dividends								**9 404**	**8 918**	**8 795**	**1 898**	**29 015**
Dividends								1 122	767	-	150	2 040
Total								**10 526**	**9 685**	**8 795**	**2 049**	**31 055**

FY2018	Vesting Condition	Award Date	Vesting Date	Performance Measurement Years	HEPS CAGR Required for vesting	HEPS CAGR Achieved	% of Award vesting	LTIs Receivable / Awarded at Fair Value (IFRS2[1], market value[2]) - R'000				
Award Type								**SI Bird**	**MM Blair**	**MJ Stirton**	**SA Ellis**	**Total**
Share Options	Performance Related	29-Nov-13	29-Nov-18	FY2018	6.3%	11.6%	100.0%	6 717	4 115	-	1 450	12 282
EFSP	Performance Related	29-Nov-13	29-Nov-18	FY2018	14.8%	11.6%	0.0%	-	-	-	-	-
EFSP	Employment Related	28-Nov-17	28-Nov-22	FY2022	n/a	n/a	n/a	2 306	1 336	-	323	3 965
Total Excluding Dividends								**9 023**	**5 450**	**-**	**1 774**	**16 247**
Dividends								1 404	905	-	120	2 428
Total								**10 427**	**6 355**	**-**	**1 893**	**18 674**

1. IFRS 2 value actuarial valuation (refer page 80).
2. Fair Value determined using current reporting period year end closing share price (refer pages 78 to 79).
3. The GFSP award was a once-off award made to the incoming CFO upon his appointment.

LTIs vested and exercised during the reporting period

FY2019	Vesting Condition	Award Date	Vesting Date	Performance Measurement Years	HEPS CAGR Required for vesting	HEPS CAGR Achieved	% of Award vesting	Gains on options exercised & shares vested - R'000				
Award Type								**SI Bird**	**MM Blair**	**MJ Stirton**	**SA Ellis**	**Total**
Share Options	Performance Related	29-Nov-13	29-Nov-18	FY2018	6.3%	11.6%	100.0%	10 776	6 601	-	2 327	19 703
EFSP	Employment Related	29-Nov-13	29-Nov-18	FY2018	n/a	n/a	n/a	2 658	1 628	-	574	4 860
GFSP	Employment Related	29-Nov-13	29-Nov-18	FY2018	n/a	n/a	n/a	24 817	17 303	-	-	42 120
Total								**38 251**	**25 532**	**-**	**2 901**	**10 776**

ED Participation In Awarded LTIs (Closing Balances)	SI Bird	MM Blair	MJ Stirton[1]	SA Ellis
Mr Price Senior Management Share Trust (Options)	-	-	13 230	-
Mr Price Executive Share Trust (Options)	-	-	47 644	-
Mr Price Executive Director Share Trust (Options)	835 526	671 087	46 518	93 534
Mr Price Executive Forfeitable Share Plan (excl GFSP)	105 780	95 515	13 064	15 411
Total	**941 306**	**766 602**	**120 456**	**108 945**
% of share capital (ords & B ords)	*0.36%*	*0.29%*	*0.05%*	*0.04%*

1. '% of share capital' is calculated using total share awards received (inclusive of awards prior to CFO appointment).

Value creation through partnership

Total Options and Shares Obligation	Number of Participants	Number of Options/Shares Total	Number of Options/Shares Lapsed
Partners Share Trust	13 897	4 119 899	
General Staff Share Trust	2 437	3 570 140	
Senior Management Share Trust	255	2 942 320	
Executive Share Trust	39	1 897 822	
Executive Director Share Trust	6	1 756 950	
Executive Forfeitable Share Plan	40	540 073	32 064
Group Forfeitable Share Plan	3	111 977	
Total	**16 677**	**14 939 181**	**32 064**

13 897 participants

ACI Ownership

in the Partner Share Scheme is

98%

With an individual average value of **R72 212** per associate

Partner share trust dividends

R187 million

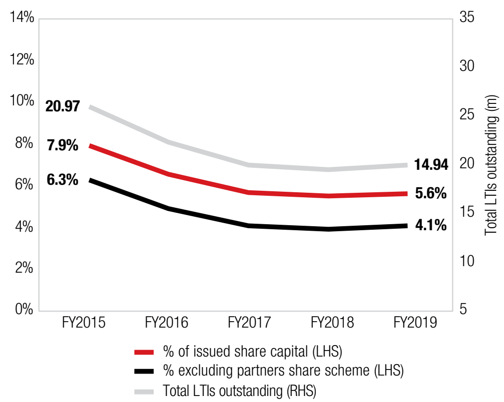
paid out in dividends since the inception of the scheme

R22 million

paid out in dividends during the last year

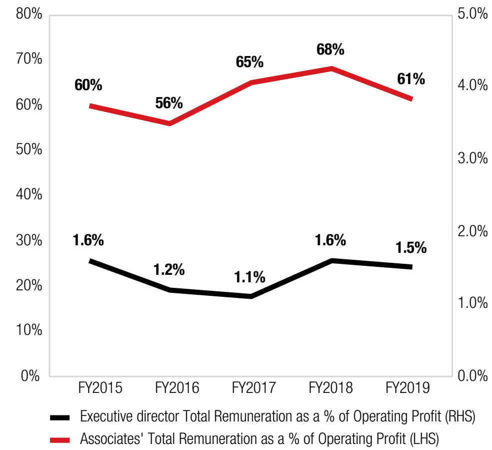
R1 648

average total dividend received per associate on this scheme during FY2019



LTIs outstanding versus issued share capital

Remuneration as a % of operating profit



Details of the interest of executive directors in long term incentives

(Shares - Forfeitable Share Plans)

Executive Director	Position Held	Date of Award	Shares held at the beginning of the year	Shares awarded and accepted	Shares vested during the year	Share price at award date	Face Value (R'000)	Fair Value (R'000) [3]	Vesting / Exercise Date	HEPS CAGR% required for vesting[4]	Shares lapsed during the year	Shares held at end of the year
Mark Blair												
Mr Price Group Executive FSP (EFSP)												
EFSP Employment	CFO	29-Nov-13	6 334	-	6 334	R 156	-	-	29-Nov-18	-	-	-
EFSP Performance	CFO	29-Nov-13	-	-	Note 5	R 156	-	-	29-Nov-18	-	-	-
EFSP Employment	CFO	29-Nov-14	5 121	-	-	R 223	1 140	971	29-Nov-19	-	-	5 121
EFSP Performance	CFO	29-Nov-14	5 121	-	-	R 223	1 140	-	29-Nov-19	14.2%	5 121	-
EFSP Performance	CFO	22-Nov-15	5 967	-	-	R 200	1 193	1 131	22-Nov-20	-	-	5 967
EFSP Employment	CFO	25-Nov-15	5 967	-	-	R 200	1 193	1 131	25-Nov-20	14.3%	-	5 967
EFSP Employment	CFO	22-Nov-16	9 191	-	-	R 138	1 268	1 742	22-Nov-21	-	-	9 191
EFSP Performance	CFO	22-Nov-16	9 191	-	-	R 138	1 268	1 742	22-Nov-21	Note 2	-	9 191
EFSP Employment	CFO	28-Nov-17	7 047	-	-	R 188	1 327	1 336	28-Nov-22	-	-	7 047
EFSP Performance	CFO	28-Nov-17	7 047	-	-	R 188	1 327	1 336	28-Nov-22	Note 2	-	7 047
EFSP Employment	CFO	22-Nov-18	-	6 084	-	R 232	1 410	1 153	22-Nov-23	-	-	6 084
EFSP Performance	CFO	22-Nov-18	-	6 084	-	R 232	1 410	1 153	22-Nov-23	Note 2	-	6 084
EFSP Employment	CEO	20-Feb-19	-	16 908	-	R 210	3 548	3 204	20-Feb-24	-	-	16 908
EFSP Performance	CEO	20-Feb-19	-	16 908	-	R 210	3 548	3 204	20-Feb-24	Note 2	-	16 908
Mr Price Group FSP (GFSP)												
GFSP	CFO	29-Nov-13	67 315	-	67 315	R 156	-	-	29-Nov-18	-	-	-
			128 301	**45 984**	**73 649**		**19 774**	**18 102**			**5 121**	**95 515**
Stuart Bird												
Mr Price Group Executive FSP (EFSP)												
EFSP Employment	CEO	29-Nov-13	10 341	-	10 341	R 156	-	-	29-Nov-18	-	-	-
EFSP Performance	CEO	29-Nov-13	-	-	Note 5	R 156	-	-	29-Nov-18	-	-	-
EFSP Employment	CEO	29-Nov-14	8 334	-	-	R 223	1 855	1 579	29-Nov-19	-	-	8 334
EFSP Performance	CEO	29-Nov-14	8 334	-	-	R 223	1 855	-	29-Nov-19	14.2%	8 334	-
EFSP Employment	CEO	25-Nov-15	10 173	-	-	R 200	2 035	1 928	25-Nov-20	-	-	10 173
EFSP Performance	CEO	22-Nov-15	10 173	-	-	R 200	2 035	1 928	22-Nov-20	14.3%	-	10 173
EFSP Employment	CEO	22-Nov-16	15 917	-	-	R 138	2 197	3 017	22-Nov-21	-	-	15 917
EFSP Performance	CEO	22-Nov-16	15 917	-	-	R 138	2 197	3 017	22-Nov-21	Note 2	-	15 917
EFSP Employment	CEO	28-Nov-17	12 167	-	-	R 188	2 292	2 306	28-Nov-22	-	-	12 167
EFSP Performance	CEO	28-Nov-17	12 167	-	-	R 188	2 292	2 306	28-Nov-22	Note 2	-	12 167
EFSP Employment	CEO	22-Nov-18	-	10 466	-	R 232	2 426	1 984	22-Nov-23	-	-	10 466
EFSP Performance	CEO	22-Nov-18	-	10 466	-	R 232	2 426	1 984	22-Nov-23	Note 2	-	10 466
Mr Price Group FSP (GFSP)												
GFSP	CEO	29-Nov-13	96 546	-	96 546	R 156	-	-	29-Nov-18	-	-	-
			200 069	**20 932**	**106 887**		**21 608**	**20 047**			**8 334**	**105 780**

1. Once off award on appointment as CFO.
2. 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.
3. Fair Value determined using the year-end closing share price of R189.52.
4. HEPS CAGR % achieved was 8.8%.
5. Shares lapsed during previous financial year.

Details of the interest of executive directors in long term incentives (continued)

(Shares - Forfeitable Share Plans)

Executive Director	Position Held	Date of Award	Shares held at the beginning of the year	Shares awarded and accepted	Shares vested during the year	Share price at award date	Face Value (R'000)	Fair Value (R'000) [3]	Vesting / Exercise Date	HEPS CAGR% required for vesting[4]	Shares lapsed during the year	Shares held at end of the year
Mark Stirton												
Mr Price Group Executive FSP (EFSP)												
EFSP Employment	Fin. Director	22-Nov-16	785	-	-	R 138	108	149	22-Nov-21	-	-	785
EFSP Performance	Fin. Director	22-Nov-16	785	-	-	R 138	108	149	22-Nov-21	Note 2	-	785
EFSP Employment	Fin. Director	28-Nov-17	663	-	-	R 188	125	126	28-Nov-22	-	-	663
EFSP Performance	Fin. Director	28-Nov-17	663	-	-	R 188	125	126	28-Nov-22	Note 2	-	663
EFSP Employment	Fin. Director	22-Nov-18	800	-	-	R 232	185	152	22-Nov-23	-	-	800
EFSP Performance	Fin. Director	22-Nov-18	800	-	-	R 232	185	152	22-Nov-23	Note 2	-	800
EFSP Employment	CFO	20-Feb-19	-	4 284	-	R 210	899	812	20-Feb-24	-	-	4 284
EFSP Performance	CFO	20-Feb-19	-	4 284	-	R 210	899	812	20-Feb-24	Note 2	-	4 284
Mr Price Group FSP (GFSP)												
GFSP[1]	CFO	20-Feb-19	-	42 121	-	R 210	8 838	7 983	20-Feb-24	-	-	42 121
			4 496	**50 689**			**11 473**	**10 459**			**-**	**55 185**
Steve Ellis												
Mr Price Group Executive FSP (EFSP)												
EFSP Employment	Group Director	29-Nov-13	2 233	-	2 233	R 156	-	-	29-Nov-18	-	-	-
EFSP Performance	Group Director	29-Nov-13	-	-	Note 5	R 156	-	-	29-Nov-18	-	-	-
EFSP Employment	Group Director	29-Nov-14	1 817	-	-	R 223	404	344	29-Nov-19	-	-	1 817
EFSP Performance	Group Director	29-Nov-14	1 817	-	-	R 223	404	-	29-Nov-19	14.2%	1 817	-
EFSP Employment	Group Director	25-Nov-15	1 423	-	-	R 200	285	270	25-Nov-20	-	-	1 423
EFSP Performance	Group Director	22-Nov-15	1 423	-	-	R 200	285	270	22-Nov-20	14.3%	-	1 423
EFSP Employment	Group Director	22-Nov-16	2 190	-	-	R 138	302	415	22-Nov-21	-	-	2 190
EFSP Performance	Group Director	22-Nov-16	2 190	-	-	R 138	302	415	22-Nov-21	Note 2	-	2 190
EFSP Employment	Group Director	28-Nov-17	1 706	-	-	R 188	321	323	28-Nov-22	-	-	1 706
EFSP Performance	Group Director	28-Nov-17	1 706	-	-	R 188	321	323	28-Nov-22	Note 2	-	1 706
EFSP Employment	Group Director	22-Nov-18	-	1 478	-	R 232	343	280	22-Nov-23	-	-	1 478
EFSP Performance	Group Director	22-Nov-18	-	1 478	-	R 232	343	280	22-Nov-23	Note 2	-	1 478
			16 505	**2 956**	**2 233**		**3 310**	**2 921**			**1 817**	**15 411**

1. Once off award on appointment as CFO.
2. 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.
3. Fair Value determined using the year-end closing share price of R189.52.
4. HEPS CAGR % achieved was 8.8%.
5. Shares lapsed during previous financial year.

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	Position Held	Date of Award	Options / Shares held at the beginning of the year	Options / Shares awarded and accepted	Options exercised during the year	Option price of award	Gain on options exercised during the year (R'000)	Options / Shares held at end of year	Face value of options and shares (R'000)	Fair value of options [2] and shares (R'000) [3, 4]	Vesting date	Expiry date for exercise
Share Options												
Mark Blair	CFO	22-Nov-13	68 770	-	68 770	R 152	6 601	-	10 449	-	22-Nov-18	22-Nov-23
	CFO	22-Nov-14	55 608	-	-	R 223	-	55 608	12 378	4 560	22-Nov-19	22-Nov-24
	CFO	22-Nov-15	64 784	-	-	R 200	-	64 784	12 957	3 905	22-Nov-20	22-Nov-25
	CFO [1]	22-Nov-16	224 539	-	-	R 138	-	224 539	30 986	10 825	22-Nov-21	22-Nov-26
	CFO	28-Nov-17	76 510	-	-	R 188	-	76 510	14 412	5 917	28-Nov-22	28-Nov-27
	CFO	22-Nov-18	-	66 058	-	R 232	-	66 058	15 312	6 503	22-Nov-23	22-Nov-25
Total Options			**490 211**	**249 646**	**68 770**		**6 601**	**671 087**	**135 017**	**45 356**		
Total Shares			**128 301**	**45 984**	**73 649**		**-**	**95 515**	**19 774**	**18 102**		
Total M Blair			**618 512**	**295 630**	**142 419**		**6 601**	**766 602**	**154 792**	**63 458**		
Stuart Bird	CEO	22-Nov-13	112 271	-	112 271	R 152	10 776	-	17 058	-	22-Nov-18	22-Nov-23
	CEO	22-Nov-14	90 486	-	-	R 223	-	90 486	20 142	7 421	22-Nov-19	22-Nov-24
	CEO	22-Nov-15	110 459	-	-	R 200	-	110 459	22 093	6 657	22-Nov-20	22-Nov-25
	CEO [1]	22-Nov-16	388 845	-	-	R 138	-	388 845	53 661	18 746	22-Nov-21	22-Nov-26
	CEO	28-Nov-17	132 102	-	-	R 188	-	132 102	24 884	10 215	28-Nov-22	28-Nov-27
	CEO	22-Nov-18	-	113 634	-	R 232	-	113 634	26 339	11 186	22-Nov-23	22-Nov-25
Total Options			**834 163**	**113 634**	**112 271**		**10 776**	**835 526**	**164 177**	**54 226**		
Total Shares			**200 069**	**20 932**	**106 887**		**-**	**105 780**	**21 608**	**20 047**		
Total S Bird			**1 034 232**	**134 566**	**219 158**		**10 776**	**941 306**	**185 786**	**74 273**		
Mark Stirton	Fin. Director	17-Jun-14	5 441	-	-	R 170	-	5 441	9 22	446	17-Jun-19	17-Jun-24
	Fin. Director	22-Nov-15	7 789	-	-	R 200	-	7 789	1 558	469	22-Nov-20	22-Nov-25
	Fin. Director	22-Nov-16	18 523	-	-	R 138	-	18 523	2 556	893	22-Nov-21	22-Nov-26
	Fin. Director	28-Nov-17	7 204	-	-	R 188	-	7 204	1 357	557	28-Nov-22	28-Nov-27
	Fin. Director	22-Nov-18	-	8 687	-	R 232	-	8 687	2 014	855	22-Nov-23	22-Nov-28
	CFO	20-Feb-19	-	46 518	-	R 210	-	46 518	9 761	3 458	20-Feb-24	19-Feb-26
Total Options			**38 957**	**55 205**	**-**		**-**	**94 162**	**18 168**	**6 679**		
Total Shares			**-**	**50 689**				**55 185**	**11 473**	**10 459**		
Total M Stirton			**38 957**	**105 894**	**-**		**-**	**149 347**	**29 641**	**17 137**		
Steve Ellis	Group Director	22-Nov-13	24 242	-	24 242	R 152	2 327	-	3 683	-	22-Nov-19	22-Nov-24
	Group Director	22-Nov-14	19 733	-	-	R 223	-	19 733	4 393	1 618	22-Nov-19	22-Nov-24
	Group Director	22-Nov-15	15 448	-	-	R 200	-	15 448	3 090	931	22-Nov-20	22-Nov-25
	Group Director	22-Nov-16	23 782	-	-	R 138	-	23 782	3 282	1 147	22-Nov-21	22-Nov-26
	Group Director	28-Nov-17	18 520	-	-	R 188	-	18 520	3 489	1 432	28-Nov-22	28-Nov-27
	Group Director	22-Nov-18	-	16 051	-	R 232	-	16 051	3 720	1 580	22-Nov-23	22-Nov-25
Total Options			**101 725**	**16 051**	**24 242**		**2 327**	**93 534**	**21 657**	**6 708**		
Total Shares			**16 505**	**2 956**	**2 233**		**-**	**15 411**	**3 310**	**2 921**		
Total S Ellis			**118 230**	**19 007**	**26 475**		**2 327**	**108 945**	**24 967**	**9 629**		
Total Options			**1 465 056**	**434 536**	**205 283**	**-**	**19 703**	**1 694 309**	**339 019**	**112 968**		
Total Shares			**344 875**	**120 561**	**182 769**	**-**	**-**	**271 891**	**56 167**	**51 529**		
Total All Executive Directors			**1 809 931**	**555 097**	**388 052**	**-**	**19 703**	**1 966 200**	**395 186**	**164 497**		

1. Includes retention awards.
2. IFRS 2 Fair Value Actuarial Valuation.
3. Fair Value determined using the year-end closing share price of R189.52.
4. Refer to pages 78 to 79 for details of forfeitable shares.

Non-executive directors

Non-executive director fee increases of 6% (excl. VAT) for the 2019 financial year (effective 1 April 2018) were guided by CPI and aligned to the increase awarded to the majority of associates, divisional executives and executive directors.

With respect to the 2020 financial year (effective 1 April 2019), non-executive director fee increases were based on the custom benchmark survey conducted by PWC.

The majority of non-executive director emoluments fell within the tolerance bands at a total individual level and thus received fee increases of 5.5% (excl. VAT), guided by CPI and aligned to the increases awarded to head office associates, divisional executives and executive directors.

An above average increase was awarded to the Audit & Compliance Committee Chairman in order to align her remuneration to the peer group median in keeping with the group's long standing remuneration philosophy.

The shareholder resolution for the approval of non-executive director remuneration is in the AGM notice on page 155.

Total emoluments for the year (Rand)

	Benchmark Title	Actual FY2019	% Annual fee increase*	Proposed FY2020
SB Cohen	Hon Chair	745 800	5.5%	786 819
NG Payne[1]	Chairman	1 491 600	5.5%	1 573 638
M Bowman[4]	LID	642 427	14.6%	796 402
MR Johnston[6]	Director	676 725	-3.8%	650 953
M Chauke[2]	Director	184 436	5.5%	534 463
K Getz	Director	618 725	5.5%	652 755
M Motanyane-Welch	Director	465 400	5.5%	490 997
D Naidoo	Director	815 050	8.9%	887 209
B Niehaus[3]	Director	639 250	5.5%	674 409
MJD Ruck[5]	Director	289 656	-	-
Total		**6 569 069**	**6.4%**	**7 077 294**

1. The board chairman's fee is an all-inclusive fee which includes committee membership.
2. M Chauke was appointed to the board effective 21 November 2018. Actual amounts displayed take into account the proportioned length of service.
3. The FY2019 Risk and IT fee for BJ Niehaus comprises the annual committee fee and an additional fee of R150 000-00 in respect of the added IT governance oversight responsibilities delegated to her by the board and committee.
4. M Bowman was appointed to Remnomco as a member and chairman on on 29 May 2018 and 30 August 2018 respectively. Actual amounts displayed take into account the proportioned length of service.
5. MJD Ruck retired from the board effective 29 August 2018. Actual amounts displayed take into account the proportioned length of service.
6. MR Johnston is replaced by M Bowman as Lead Independent Director effective from 30 May 2019.

* M Chauke's FY2020 fees are calculated by applying a 5.5% increase to the FY2019 main board member fee of 369 950.
* M Bowman's FY2020 fees are calculated by applying a 5.5% increase to FY2019 Remnomco Chairman position of 188 575 and accounting for his appointment to LID in FY2020.

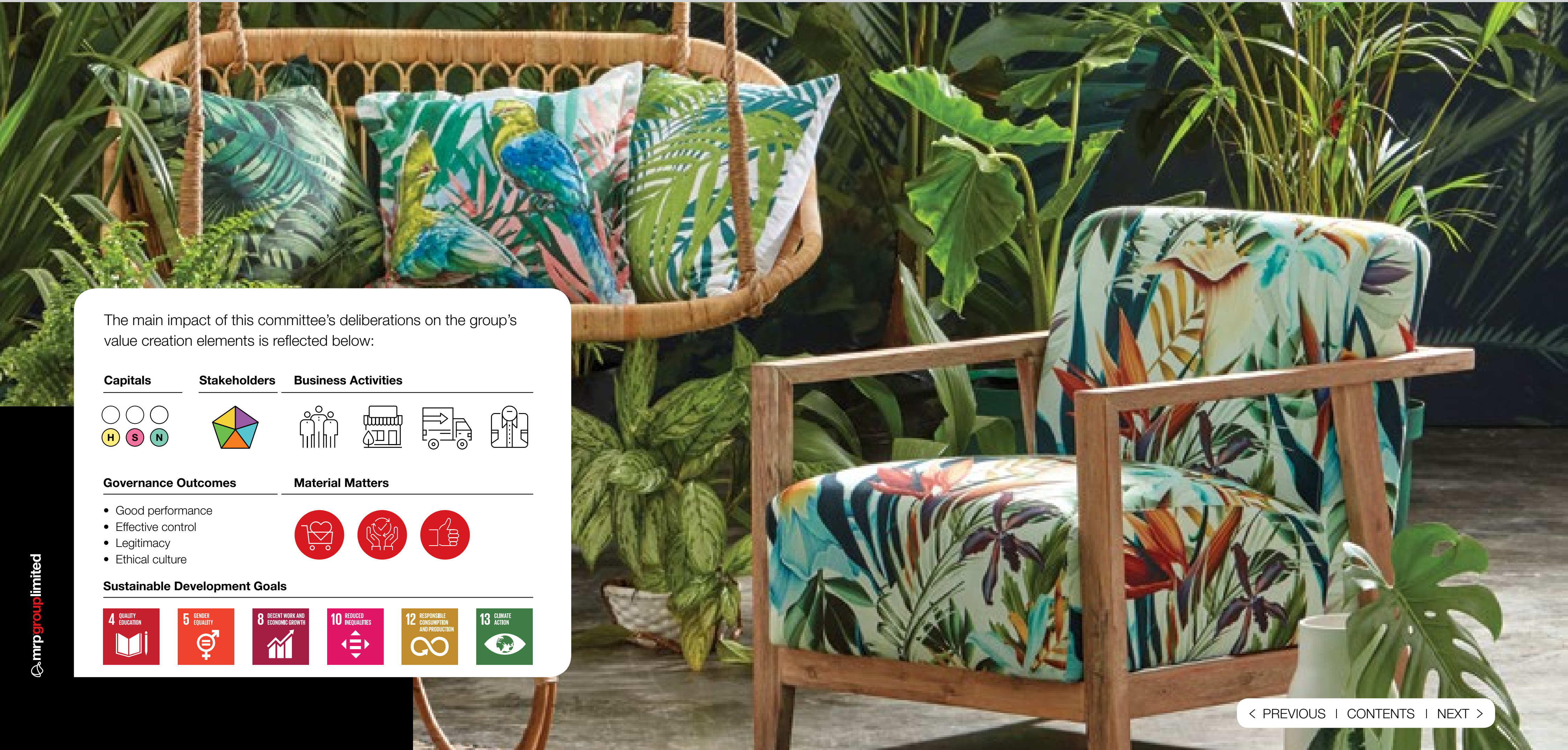
Proposed non-executive director emoluments for FY2020

Main Board	Current Actual FY2019	% Annual fee increase	New Proposed FY2020
Honorary Chairman	745 800	5.5%	786 819
Chairman	1 491 600	5.5%	1 573 638
Lead Independent Director	441 600	5.5%	465 888
Director	369 950	5.5%	390 297
REMNOMCO			
Chairman	188 575	5.5%	198 947
Member	98 475	5.5%	103 891
SETS			
Chairman	150 300	5.5%	158 567
Member	95 450	5.5%	100 700
Audit & Compliance			
Chairman	230 350	17.4%	270 350
Member	136 650	5.5%	144 166
Risk & IT			
Member	119 300	5.5%	125 862
IT Specialist*	269 300	5.5%	284 112

*The FY2019 additional fee of R150 000 in respect of added IT governance oversight responsibilities has been increased by 5.5% for FY2020 to R158 250.

Social, Ethics, Transformation & Sustainability Committee Report

Principles: 1 2 3 8 13 16



The main impact of this committee's deliberations on the group's value creation elements is reflected below:

Capitals | **Stakeholders** | **Business Activities**

H S N

Governance Outcomes

- Good performance
- Effective control
- Legitimacy
- Ethical culture

Material Matters

Sustainable Development Goals

4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Together We Do Good

The group's Together We Do Good sustainability journey continued in this year, with the following key interventions in the divisions:

MRP Foundation:

62 Early Childhood Development Centres in Hammarsdale and QwaQwa

98 New primary MRP Foundation schools onboarded in 2019

2 890 JumpStarters employed in 2019

93.2% of associates promoted are from previously disadvantaged backgrounds

ABSA Supplier Development award finalist:

Cotton Programme

Paperless administration

saved 2687km of paper

Recycling rates:

82% Head offices

92% Distribution centre

1 561 tons of recycled plastic used as cushion inners

24 tons of plastic packaging removed from duvet covers

R9.5 billion worth of merchandise (83.6m units at retail cost) sourced from RSA suppliers in the 2018 calendar year. Local procurement represents 34.5% of total input units.

B-BBEE

Level 1 MRP Foundation

Level 7 Group

638 suppliers with active Supply Ethical Data Exchange (Sedex) membership

At least **111 642** workers involved in manufacturing product for the Group

39 629 workers involved in manufacturing product for the group in RSA factories

Ethical Trading Initiative:

Improver status maintained

1 033 new permanent jobs created in the group

97.7% of new hirers are from previously disadvantaged backgrounds

The Clothing Bank donation summary:

	FY2015	FY2016	FY2017	FY2018	FY2019	Estimated cumulative total value at cost price
Units	44 857	291 791	369 191	480 928	538 811	R94 168 283

Role

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, number of meetings held and attendance at meetings is detailed in the board report on pages 49 and 54.

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 and ensures the group creates shared value in the achievement of its vision and strategy in a responsible and ethical manner.

The group's desire to be a responsible corporate citizen is reflected in its purpose, which is to offer value to customers that in turn allows the unlocking of worth to partners (associates and suppliers) and meaningful contribution to communities and the environment in which it operates. The group believes unlocking worth to partners has a multiplier effect on customers and facilitates further 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 (including group culture). This ensures these imperatives receive the required focus and resources and become integrated into the day-to-day business operations.

Further details on the group's vision, purpose and values can be found on page 9 of the report and the group's strategy is on pages 24 to 29.

The key areas of focus for the reporting period were:

- B-BBEE and transformation with specific focus on preferential procurement and employment equity progress as well as remuneration fairness
- Consideration of the combined business and supplier code of conduct
- Environmental activations around reducing packaging with specific focus on single-use plastic
- Monitoring responsible sourcing and the corporate social investment carried out through MRP Foundation

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for the 2019 financial year. The committee chair will be available at the AGM to answer questions relating to the committee's statutory obligations.

What does sustainability mean to us

A sustainable business understands the role it plays in the context of environmental constraints, responsible citizenship, volatile economic systems and a more conscious and demanding society. Meaningful stakeholder engagement with customers, associates, investors, governments, civil society and suppliers guides the understanding of perceptions and expectations to provide insights to the formulation of appropriate strategic responses.

Social

Our customers

Customers are the focus of the group's purpose. Customer health and safety and consumer protection form part of compliance management for which the trading divisions are responsible. The customers' voices are valuable ones to which the group pays special attention.

A working committee has been established to execute the agreed communication plan that delivers the group's sustainability messaging to key stakeholders including customers. The objective of the committee is to ensure alignment and consistency of the messaging under the "Together We Do Good" banner across all relevant channels and media to drive awareness with identified stakeholders.

Customers continue to be engaged daily, both informally and formally, through various channels including social media, traditional marketing, customer call centre, interaction with store associates and participation in customer surveys. The group continues to strive to manage complaints effectively and efficiently, and the number of complaints referred by customers to the Consumer Goods and Services Ombud (CGSO) remains minimal.

Our people

The group's dream is to see every associate deeply and personally connected to the vision and purpose and inspired to achieve way beyond what they thought possible. A youthful, happy and energetic work environment, unhindered by hierarchies and corporate bureaucracy where everyone is free to be their true self and diversity is celebrated. A high-performing organisation where everyone feels and acts like owners - leaving others wondering how.

Central to the group's values is to reward high performance and instil a culture of celebration and recognition. The group incentivises and rewards 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 region are invited to participate in the 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 and we refer to them as partners or associates. Further details are contained in the remuneration report on page 77 and on the group's website.

The group uses 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 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 group medallion is awarded to associates who have delivered exceptional performance or innovation during the year, thereby setting new standards and becoming role models.

Associate engagement

The group monitors and responds to the climate within the working environments closely through regular open conversations and online engagement, on-boarding and exit surveys. These surveys are 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.

Associate development

Talent acquisition

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

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

The stringent pre-employment assessments for store and key positions, including numeracy and behavioural attributes, ensure the required skill levels are maintained across the group.

Talent management

The group offers outstanding career opportunities and associates are actively encouraged to pursue their ambitions within the dynamic and evolving working environments. Business growth and new skill requirements frequently creates new roles and most of these are filled internally, drawing from the pool of retail talent across the group.

Close working relationships between managers and associates are valued and personal growth and career development is discussed with each associate annually. Line managers are responsible for ensuring these discussions result in meaningful development plans.

Succession planning in all divisions is actively monitored and a group succession plan is maintained to ensure the constant availability of high-quality managers and executives across the group. The recent internal senior promotions are a testimony to the strength and depth of the talent within our succession pipeline.

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 in these critical areas through the MRP Academy. The academy's success is founded on specialist learning and development programme managers working closely with the faculty of internal subject matter experts who are instrumental in developing and facilitating business-focused learning interventions. These are delivered through instructor-led, e-learning and on-the-job interventions. With improvements in processes, systems and technologies, extensive training is conducted on new ways of working.

Our well-entrenched trainee buyer and planner programmes 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 have been introduced in these critical areas.

Learnerships remain a critical part of the development strategy as they build the talent pipeline and give associates opportunities to gain a formal qualification. There were 458 associates registered on learnerships during the last financial year, 99% of whom were from previously disadvantaged backgrounds.

Key achievements per year	**2019**	2018	2017	2016
Investment in learning and development	**R40 821 945**	R36 654 735	R37 288 003	R34 783 011
Total annual number of hours allocated to learning	**202 077**	218 388	200 623	232 437
Average learning and development days per person	**1.3**	1.4	1.4	1.8
Previously disadvantaged individuals as a percentage of total participants in learning and development	**95%**	95%	95%	94%
Females as a percentage of total participants in learning and development	**69%**	72%	74%	73%
Previously disadvantaged associates as a percentage of total of associates trained through e-learning	**99%**	98%	97%	97%
Previously disadvantaged associates as a percentage of associates on learnerships	**99%**	97%	92%	93%

Leadership development

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. An entrepreneurial mindset is encouraged among managers as the foundation of the group's success as a progressive retailer and employer.

The group partners 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. The focus of the senior leadership development programme (LEAD) has been to equip the leaders with transformational people skills. The following leaders have attended LEAD thus far:

- LEAD Succession: 47 delegates in FY2019 and 44 delegates in FY2018
- LEAD People: 17 delegates (All senior People Leaders)
- LEAD Exec: 79 delegates (All senior leaders including the CEO)

The 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.

Employee relations

Treating all associates fairly is at the heart of the company's values. The group is committed to a workplace free from discrimination, compliant with relevant labour laws and centred on open communication channels between managers and associates. This ensures workplace grievances are avoided or speedily resolved. The group is an active member of the National Retail Association which facilitates representation to the National Economic Development and Labour Council (Nedlac) and participation 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.

Health and safety

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

Our communities

The group reinvests 1% of net profit after tax from its South African operations into the community through donations to MRP Foundation. The foundation is a registered non-profit organisation (with public benefit organisation status) established to focus on South Africa's youth development. Further details on the activities of MRP Foundation can be found at www.mrpfoundation.org.

What makes MRP Foundation different?
MRP Foundation attempts to find strategic solutions to positively impact the South African socio-economic landscape through implementing programmes that benefit children and youth. To achieve this, the MRP Foundation works with like-minded organisations that connect strongly on purpose. The programmes attempt to address systemic challenges while being realistic in delivery through the on-the-ground approach to implementation.

Focus areas

mrp foundation schools
Education

+

mrp foundation jumpstart
Skills Development

=

Purpose

Enable young people to reach their full potential

Vision

Young people breaking the cycle of poverty and inequality

Key achievements of MRP Foundation	2019	2018	2017	2016	2015
% previously disadvantaged individuals participating in programmes	**99%**	99%	100%	100%	100%
Number of learners who have benefited from MRP Foundation school programmes (pa)	**96 495**	50 409	36 395	65 236	60 727
Number of young adults who have benefited from MRP Foundation JumpStart programmes	**4 820**	4 210	4 913	3 687	3 697
% JumpStart programme participants placed into jobs within 6 months	**60%**	45%	41%	49%	60%

mrp foundation schools

Educational environments where learner potential is unlocked.

The holistic programme aims to cultivate education environments where children can learn effectively, supported by confident teachers in schools striving for excellence. The programme focuses on four key areas, namely school leadership and management, educator development, learner development and parent and community involvement.

Although, school performance and improvements to the education system remain the responsibility of the relevant school districts, the MRP Foundation Schools programme assists by establishing good practice examples with which the districts and provinces can engage.

The priority for this year was to identify and select additional primary schools for the further roll-out of the holistic schools programme. Twenty primary schools from QwaQwa, Hammarsdale, Tongaat, Soweto and eighteen from the Western Cape were selected after engagements with the respective district representatives. Formal commitments around the programme requirements were attained from the school principals.

Achievement in FY2019

Progress indicators	QwaQwa	Soweto	Hammarsdale	Tongaat	Western Cape (Mitchell's Plain)
District Engagement	√	√	√	√	√
New Schools Selected	20	20	20	20	18
Principal On-boarding and Capacity Workshops	√	√	√	√	√
Principal Community of Practice Formed	√	√	√	√	√
School MOU Signed	√	√	√	√	√
LO Educators Capacity Workshops	√	√	√	√	√
2019 School Timetable incl. Physical Education	√	√	√	√	√

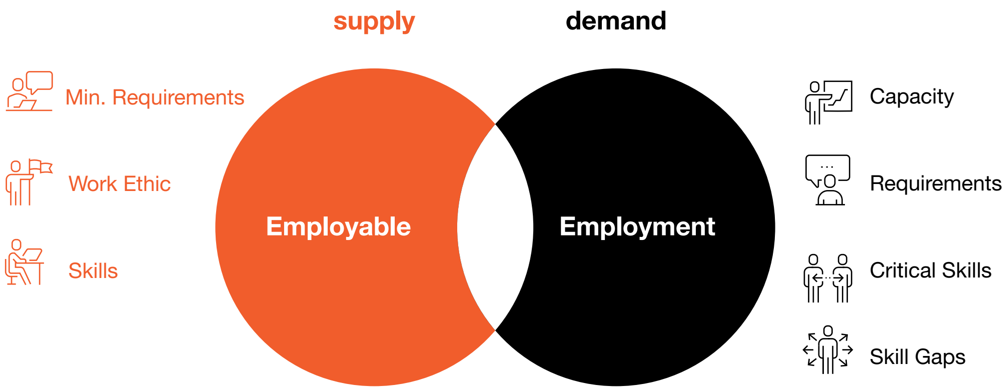
The focus for the year ahead is to successfully complete the implementation of year one of the five year model, which is aimed at building leadership capacity and educator content knowledge across all 98 schools in addition to the monitoring thereof.

mrp foundation jumpstart

Skills development for unemployed youth.

Through demand-driven development, the work readiness programmes develop the skills of unemployed youth to bridge the gap between education and the requirements of the working world. By working closely with industry and through one-on-one partnerships with employer partners, JumpStarters are linked to career opportunities in retail and supply chain industries.

The diagram below reflects how demand from the group and other third party employer partners is matched to the supply of suitable JumpStart candidates for a career in the retail and supply chain industry.



no business need = **no youth employment opportunities**

Success is measured by how many people are employed, not trained, and the programme strives to achieve even higher employment rates after graduation. 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.

Independent research carried out on the outcomes of the JumpStart Retail entry level programme, in terms of candidate personal development and perceived self-efficacy as well as suitability for employment in entry-level positions within retail, revealed the value of the JumpStart programme was recognised as JumpStarters are hired before other applicants. In addition, the life skills content was relevant to its audience and addressed the needs of young people from disadvantaged backgrounds looking for entry-level employment opportunities. The challenges remain similar to those reflected in the broader South African job market including inadequate English communication skills. This will be a focus area factored into the FY2020 plans. To attract youth to career opportunities in retail and its supply chains, greater attention will also be applied to communicating of these career opportunities to youth.

Achievements in FY2019

4 664 JumpStarters completed work experience in Jump Start Retail entry level positions

60% Employment rate in retailers

76 JumpStarters completed the manufacturing programme

99% Employment rate in local manufacturers

17 JumpStarters completed the Professional Retailers programme

88% Employment rate retailers

7 JumpStarters completed the Pre-Production programme

57% Employed by suppliers

43% Self-employed

Ethics

Living the group's long-standing beliefs of Passion, Value, Partnership, in every action every day, is the foundation of ethical behaviour and leadership throughout the group. They are part of the day-to-day activities of all associates from the chairman and the board (thus setting the tone at the top) to all store associates. These beliefs are a key input of the group's business model and influence strategy formulation and are the personality of the group. Further detail on the beliefs can be found on page 9. More information on ethical leadership is set out in the board report on pages 48 to 55.

Ethics is governed by the board and through delegation to the committee. In turn, the management of ethics is delegated by the committee to management. The group's approach to ethics is formalised in the group's Code of Conduct applicable to associates, directors, suppliers, service providers and persons acting on behalf of or representing the group. During the year, the standalone supplier Code of Conduct and the business Code of Conduct were consolidated into a single Code of Conduct to emphasise the alignment between what we expect of our business partners and associates.

The ethics officer monitors general ethics compliance and is supported by internal audit and external professional advisors where necessary. The group has an active whistleblowers' hotline for reporting fraudulent activity and behaviour contrary to the Code of Conduct. Matters reported through this channel are investigated and appropriate remedial action taken. Annually a declaration of compliance with the 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 committee and the Audit and Compliance committee (as part of its compliance oversight role) and any concerns investigated by the ethics officer and internal audit. This year the declaration was extended to include the board of directors. For the reporting period, no material ethical risks or issues were noted. Insignificant findings were dealt with by management as appropriate.

There is high level and frequent reporting on ethics to management through the quarterly governance and internal audit divisional board meetings attended by senior management of the trading and support service divisions, as well as to the board through the 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 Code of Conduct declarations and other material ethics issues.

The key areas of focus for the reporting period were:

- Certification and appointment of a new ethics officer following the previous ethics officer's departure from the group
- Rolling out initiatives to increase awareness of the whistleblowers' hotline and the confidential and protected nature of the disclosures
- Publishing anti-bribery and corruption guidelines to provide guidance to associates on how to avoid or appropriately deal with requests for bribes and corrupt activity, particularly when travelling

Future areas of focus are:

- Conducting an updated ethics risk assessment (ERA) given the leadership changes and adjusting the ethics framework as necessary
- Finalising the ethics strategy following the ERA
- Furthering whistleblower hotline awareness and
- Improving the ethics content of associate induction and training material

Transformation

B-BBEE

The group is committed to the spirit of transformation and achieved a final B-BBEE status of level 7 at the recent FY2019 verification.

An increased level of engagement took place with the local supplier base around meeting the requirements of the revised codes, contributing to an increase in the preferential procurement points, which positively impacted the level improvement. Preferential procurement continues as a focus area for the resource teams across the group with the objective to increase the level of supplier B-BBEE compliance, and therefore the preferential procurement score.

Element	Weighting Points	Points FY2018	Points FY2019
Ownership	25	12.62	12.24
Management control (includes employment equity)	19	5.49	5.98
Skills development	25	16.91	13.94
Enterprise and supplier development (includes preferential procurement)	40	18.88	21.97
Socio-economic development	5	4.87	4.58
Total Points	**114**	**58.77**	58.71
Compliance level achieved		Level 7	Level 7
Final B-BBEE status		Level 8	Level 7

Ownership

The comprehensive analysis of the group's shareholding down to the individual shareholder level contributed to the points achieved under this element. Further points are attained as associates have the opportunity to share in the success of the business by participating in the Partners Share Scheme. Refer to the remuneration report on page 77 for additional information. The group's international shareholding of 48.4% does not attract B-BBEE ownership points.

Enterprise and supplier development (includes preferential procurement)

Supplier development

The group applies due diligence processes to ensure all supplier development investments meet the relevant criteria; have a strong business case and are sustainable and meaningful to the partners.

The partnership with the South African Cotton Cluster (SACC) and the financial support provided to small-scale black cotton farmers continued with the purpose of reigniting the local cotton-growing industry. Further information on this programme to increase the economic wealth of black cotton farmers; the number of jobs created and improved cotton farming standards can be found on page 93.

Enterprise development

The partnership with The Clothing Bank (TCB) now has a strong five-year history and continues to be a successful story of economic empowerment and win-win for all partners.

A registered NPO and public benefit organisation, TCB channels donated merchandise through an enterprise development programme. Initially focused on unemployed mothers, this programme has been extended to include men, sewers and cobblers. The aim is 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 merchandise donated to TCB has increased significantly and now exceeds 1.7 million units since the inception in 2014. During the reporting period, over 929 entrepreneurs were supported by TCB's programme.

Preferential procurement

Increased levels of B-BBEE compliance from South African suppliers remains a focus area. In addition, there is ongoing focus on finding suitable local manufacturing capacity, capability and competency to produce the required merchandise and address the need for local production. The efforts to support the local supply base are reported under the Value Chain section of this report. The group sourced 83.6 million units (worth R9.5 billion at retail cost) from South African suppliers during 2018.

Socio-economic development

The group's strategic partnership with MRP Foundation provides young people with relevant work experience and skills, through JumpStart. Further information on MRP Foundation programmes can be found on pages 87-88.

Management control and skills development (includes employment equity)

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 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 associates identify with unconscious bias and ensure a vibrant and representative workforce.

The employment equity committee, comprising top and senior management representation and critical and core positions across the group, meets regularly to discuss progress towards employment equity goals; identify and recommend steps to overcome barriers to affirmative action and ensure adherence to relevant legislation.

The group is in the second year of the 2018–2020 employment equity plan and progressing well towards achieving the 2020 target.

The group also participated in an unemployed learnership programme for 187 black disabled youth, in total, to facilitate skills development and hope for these young people in their bid to secure employment.

Total workforce profile - March 2019

Occupational	Male				Female				Foreign Nationals		Total
Occupational Levels	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	1	10	-	-	-	4	-	-	**16**
Senior management	4	1	7	36	1	3	5	37	1	2	**97**
Professionally qualified	44	15	65	119	45	25	69	157	5	6	**550**
Skilled technical	703	156	180	98	2 073	693	355	366	7	12	**4 643**
Semi-skilled	2 840	354	115	20	7 750	1 379	333	79	9	21	**12 900**
Unskilled	32	1	1	-	63	2	-	-	-	-	**99**
Total Permanent	**3 624**	**527**	**369**	**283**	**9 932**	**2 102**	**762**	**643**	**22**	**41**	**18 305**
Temporary employees	68	9	4	1	185	25	7	1	-	-	**300**
Grand Total	**3 692**	**536**	**373**	**284**	**10 117**	**2 127**	**769**	**644**	**22**	**41**	**18 605**
ACI as % of total	Male			94%	Female			95%		Total	**95%**

Disabled workforce profile - March 2019

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	7	2	2	3	-	-	**18**
Semi-skilled	6	-	-	-	4	1	-	-	-	-	**11**
Unskilled	27	1	1	-	33	1	-	-	-	-	**63**
Total Permanent	**34**	**1**	**2**	**3**	**44**	**4**	**2**	**3**	**-**	**-**	**93**
Temporary employees	1	-	-	-	1	-	-	-	-	-	**2**
Grand Total	**35**	**1**	**2**	**3**	**45**	**4**	**2**	**3**	**-**	**-**	**95**
ACI as % of total	Male			93%	Female			94%		Total	**94%**

Sustainability

Value chain

The objectives of the value chain are to:

- Protect the value proposition through efficient and effective processes that enable an appropriate balance between price and quality
- Partner with suppliers to strengthen the ability to react to merchandise opportunities and customer demand through strong manufacturing capability that delivers good performance and
- Apply responsible sourcing and manufacturing practices by striving to reduce the environmental footprint and have a positive impact on the lives of factory workers

Key focus areas were efficient and effective sourcing and procurement practices and systems; partnerships with key suppliers to enable improved performance, development and alignment of skills and expertise of merchants and suppliers to build a more competitive and sustainable supply chain.

A new and improved Supplier Grading Tool categorises suppliers based on strengths and aligning sourcing decisions to strengths was developed and implemented. The tool creates the opportunity to identify which suppliers can be developed further to improve the grading category.

Responsible sourcing

Responsible sourcing aims to instil transparent and ethical practices in the value chain. This means the people and environment within which production sites operate are respected and trade relations comply with national and international regulations and codes of good practice. To promote this, the group has committed to get visibility of manufacturing sites producing the products and to monitor and guide suppliers to ensure business practices and processes are ethical, compliant and respect the rights of workers and the environment within which they operate.

During this year, an abbreviated version of the group's Responsible Sourcing Framework and Implementation Guide was developed and shared with suppliers to instil the required standards at production sites. The group's Code of Conduct can be accessed on the website.

Due diligence

The group's supplier on-boarding process was adapted to ensure new suppliers and manufacturing sites are subject to a due-diligence assessment aligned to the group's values and standards. The group's policy states no orders may be raised unless suppliers have satisfied the requirements of the due-diligence assessment including mandatory factory social audits and technical audits and/or capability assessments where necessary.

Monitoring and capacity building

Activity	SADEC	ASIA
Social compliance audits	102	50
Technical (capacity and capability) audits	-	25
Number of workers in assessed factories	23 856	11 991
Whistleblower investigations	2	-
Supplier workshops	5	-

The group's whistleblower platform serves to create a channel of engagement for all stakeholders enabling anonymous feedback to be provided. During the year, two reports of worker grievances from production sites were investigated and corrective action plans were implemented. The relevant trading divisions are monitoring these plans and morale and productivity have improved at the sites.

The group tested a Factory Worker Reporting Tool to overcome barriers during social audit interviews. By using mobile technology of the Wider Direct Worker Reporting Tool, anonymous insights from 1 867 workers in 26 South African factories were gathered during this year, providing valuable insights on worker concerns. This information was shared with our suppliers and feedback provided to workers.

Purchasing practices

Regular training is provided to merchant teams to ensure responsible buying practices are understood and applied. The group uses licenced training material aligned to the principles of the Ethical Trade Initiative (ETI) Base Code.

Responsible consumption

The group aims to increase the use of sustainable raw materials and recyclable content in product and packaging and to reduce and/or reuse post-industrial and post-consumer textile waste. The group is implementing a number of interventions to utilise sustainable raw materials and is participating in various forums and industry discussions to unlock these opportunities at scale.

South African Cotton Cluster

The group is the founding retail member of the SACC and committed not only to developing a secure raw material supply, but to also stimulate growth of cotton production among small-scale cotton farmers in South Africa. Through the work of the SACC, South African cotton lint production has increased from 6 245 tons in 2013/14 to 37 950 tons in 2018/19.

As part of the group's commitment to the growth of local cotton production, R3.9m in interest-free input loans was provided to 263 small-scale cotton farmers in 2018/19 who produced 552 tons of cotton lint flowing into locally produced T-shirts, towels and other products sold in our stores.

The knowledge gained through working with the cluster has encouraged the group to explore the procurement of sustainable cotton products beyond South Africa.

Supplier development

The group has adopted a model supporting suppliers to achieve objectives like a stronger manufacturing capability; speed to market; improved delivery reliability; ethical supply and a lighter environmental footprint.

In FY2019 the group worked with eight key suppliers across trading divisions to assess adherence to lean manufacturing best practice and provide training to reduce production waste. In the year ahead, the focus is on each division compiling a supplier development strategy for direct supplier development.

Environment

The group's environmental commitment is routed in its purpose to add value to customers' lives and worth to partners' lives, while caring for the communities and environments in which we operate. This, together with the Sustainable Development Goals, forms the framework guiding the environmental values, commitments and partnerships. Understanding the impact on natural capital, as well as responding to that impact, is an ongoing journey. The primary environmental impacts occur in supply chains upstream of the retail store operations (with textile manufacturing and dyeing), while secondary impacts occur downstream when consumers interact with the products sold.

> Retail environmental initiatives are focused on energy, fuel, water and waste targets. Packaging has become a new focus area given recent legal compliance requirements as well as increasing internal efficiency and better plastic consumption.

Refuse, reduce, reuse, recycle

The group is committed to the global waste hierarchy of refuse, reduce, reuse and recycle.

A cross-sectional working group had been created to address packaging in the business. Internal and external engagement is ongoing with various stakeholder groups.

Recycling achieved	FY2017	FY2018	FY2019
Head Office	87%	79%	82%
Distribution centre	98%*	92%	92%

*previous distribution centre (DC)

Climate change

Climate change affects the retail industry throughout the value chain and operations. In the short, medium and long-term an increasing impact is expected on the business due to changing climate patterns and extreme weather conditions, both on direct and indirect operations. While climate change poses a serious risk to the way we do business and the communities in which we operate, there are opportunities for the group and our partners. Through this committee, the United Nations Global Compact 10 Principles are monitored, including Principle 8 which states businesses should undertake initiatives to promote greater environmental responsibility.

Carbon footprint

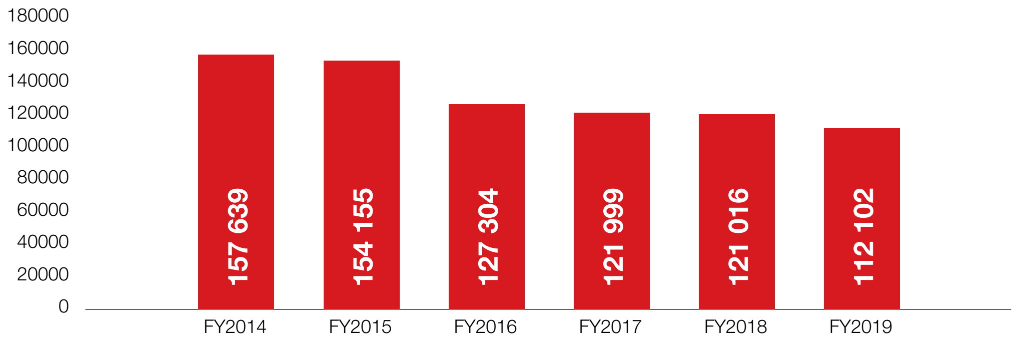
Ongoing monitoring of store-level energy use is implemented to drive the behavioural change required to reduce energy usage.

Since 2016, the group's courier company has used idling cut-off systems to further fuel efficiency and reduce carbon emissions.

The group has invested in roof-top solar photovoltaic (PV) systems at the head office and Hammarsdale DC. Both units run successfully and have generated 1 591 250 kWh since inception.

The group's South African carbon footprint (tons of CO_2e) based on Scope 1 and Scope 2 emissions, including stores, head offices and DC.

Mr Price Group carbon footprint scope 1 and 2



The FY2019 emissions have been influenced by the following:

- Change in the emission factor from 0.99 in 2018 to 0.97 in 2019
- Electricity load-shedding across the country.

Energy

Site	FY2018		FY2019	
	% of building's energy derived from solar	kWh	% of building's energy derived from solar	kWh
MRPG head office roof one	27.98	112 197	30.83	116 141
MRPG head office roof two	17.55	179 545	18.81	180 018
Hammarsdale DC	6.57	273 508	6.86	262 830
Total	10.12	565 249	10.82	558 989

Water

Water is a significantly impacted resource, both in South Africa and globally. The group's greatest water impacts are in its value chain, both upstream and downstream. The production processes of the clothing and textile industry have a substantial impact on water. Once the group has completed the mapping of its supply chains, it will be possible to measure the water footprint. Downstream, the consumer impacts water through interacting with the product. It is acknowledged increased awareness, at a customer level, can reduce water impacts. The group's direct water consumption is measured at head office locations.

Other activities

Through the shift to paperless administration at store level and the introduction of e-docket services, the group saved 2 687km of paper in FY2019 - the equivalent of driving from head office to the Mossel Bay store and back. Since inception, over 7 071km of paper has been saved.

mr price group limited

2019

Annual Financial Statements

1 April 2018 - 30 March 2019

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The Numbers

Contents

Primary statements

The primary statements are included in the beginning of the annual financial statements and include note references to specific underlying detailed notes.

Notes to the financial statements

The notes to the financial statements have been re-ordered on the basis set out in note 1.

Accounting policies

The principle accounting policies applied in the preparation of these annual financial statements are included in the specified notes to which they relate and are indicated with a red line on the left.

1: Statutory information

2: Primary statements

3: Notes to the financial statements

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 30 March 2019 have been prepared under the supervision of the chief financial officer, Mr MJ Stirton CA (SA).

The annual financial statements of the company and the group were approved by the Board on 30 May 2019 and are signed on its behalf by:

NG Payne
Chairman

MM Blair
Chief executive officer

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
30 May 2019

Report of the Directors

Nature of business

The main business of the group is omni-channel retail distribution through 1 323 corporate-owned, 36 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 report 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 the board report on pages 48 to 55.

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 1 April 2018 to 30 March 2019 (2018: 2 April 2017 to 31 March 2018).

Financial results

The financial results of the company and the group are set out in the statements of comprehensive income on page 106.

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 311.4 cents per share (2018: 279.0 cents per share) was made payable on 18 December 2018 to shareholders registered on 14 December 2018.

Final: A cash dividend of 424.8 cents per share (2018: 414.1 cents per share) has been declared payable on 24 June 2019 to shareholders registered on 21 June 2019.

Consolidated entities

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

R'm	**2019**	2018
Profits	**91**	142
Losses	**(87)**	(134)
	4	8

Net shareholders' equity

Authorised and issued share capital

There were no changes to authorised share capital. During the year 150 000 B ordinary shares were converted to ordinary shares.

Subsequent events

On 3 April 2019, the Mr Price Group Limited board approved the withdrawal of financial support to the Australia operations and as a result, the MRP Retail Australia (Pty) Ltd directors put the company into Part 5.3A administration on 2 May 2019. The Australian stores ceased trading on 30 April 2019. The closure of the Australia operations is a non-adjusting subsequent event and will be disclosed as discontinued operations in the 2020 financial year. No material financial impact is expected at this stage.

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

Directorate

Myles Ruck, independent non-executive director, retired by rotation on 30 August 2018.

Mmaboshadi Chauke was appointed as independent non-executive director on 21 November 2018.

Stuart Bird retired as chief executive officer on 31 December 2018 and as executive director on 31 March 2019.

Mark Blair, previous chief financial officer, was appointed as chief executive officer on 1 January 2019.

Mark Stirton was appointed as chief financial officer on 1 January 2019.

Mark Bowman was appointed as Lead Independent Director in Bobby Johnston's stead, effective 30 May 2019.

Particulars of the present directors and company secretary are provided on pages 49 and 55 of the annual integrated report. None of the directors have long-term service contracts with the company or any of its consolidated entities.

Emoluments

Details of emoluments paid to executive and non-executive directors are set out in the remuneration report on pages 64 to 81 and note 28 and note 36.

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

	2019					2018				
	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%
Stuart Bird	114 114	-	-	**114 114**	0.04%	480 794	-	-	**480 794**	0.19%
Mark Blair	220 636	-	-	**220 636**	0.09%	254 635	-	400	**255 035**	0.10%
Stewart Cohen	15 875	-	44 588	**60 463**	0.02%	65 875	-	44 588	**110 463**	0.04%
Steve Ellis	131 482	-	-	**131 482**	0.05%	162 992	-	-	**162 992**	0.06%
Keith Getz	-	-	20 000	**20 000**	0.01%	-	-	20 000	**20 000**	0.01%
Bobby Johnston	-	-	91 250	**91 250**	0.04%	-	-	91 250	**91 250**	0.04%
Mark Stirton	55 185	-	-	**55 185**	0.02%	-	-	-	**-**	-
Total				**693 130**	0.27%				**1 120 534**	0.44%
Total issued share capital				**256 945 727**					**256 795 727**	

B Ordinary shares

	2019					2018				
	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%	Direct beneficial	Indirect beneficial	Held by associate	**Total**	%
Stewart Cohen	-	3 350 000	-	**3 350 000**	41.90%	-	3 500 000	-	**3 500 000**	42.97%
Bobby Johnston	-	-	46 504	**46 504**	0.58%	-	-	46 504	**46 504**	0.57%
Total				**3 396 504**	42.48%				**3 546 504**	43.54%
Total B ordinary issued share capital				**7 995 234**					**8 145 234**	

Notes:
1. Stuart Bird retired on 31 March 2019.
2. Mark Blair's associate reached majority during the FY2018 reporting period and therefore disclosure is no longer required.
3. The following FSP shares were forfieted during the FY2019 reporting period due to performance hurdles not being reached:
   3.1 Stuart Bird 10 341 shares.
   3.2 Mark Blair 6 334 shares.
   3.3 Steve Ellis 2 233 shares.
4. Mark Stirton was appointed as a director on 1 January 2019.
5. Catregav Investment Trust converted 150 000 B Ordinary Shares to Ordinary shares on 28 November 2018.
   Consequently, the issued B ordinary share capital has reduced by 150 000 to 7 995 234 B Ordinary shares and the issued Ordinary share capital has increased by 150 000 to 256 945 727.
6. The 4 598 730 B ordinary shares not detailed above are held by:
   6.1 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.
   6.2 Laurie Chiappini (3 200 912 shares).
   6.3 Allister McArthur (200 shares).
7. There have been no changes in the above interests between the year end and the date of approval of these financial statements.

Final Cash Dividend Declaration

Notice is hereby given that a final gross cash dividend of 424.80 cents per share has been declared for the 52 weeks ended 30 March 2019. 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 339.84 cents per share. The dividend withholding tax rate is 20%.

Annual dividends per share increased by 6.2% to 736.20 cents and the final dividend per share of 424.80 cents is 2.6% higher than the comparable period. Dividends have been based on a dividend payout ratio of 63% of headline earnings per share.

The issued share capital at the declaration date is 256 945 727 listed ordinary and 7 995 234 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**	**18 June 2019**
Date trading commences 'ex' the dividend	**Wednesday**	**19 June 2019**
Record date	**Friday**	**21 June 2019**
Payment date	**Monday**	**24 June 2019**

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 19 June 2019 and Friday, 21 June 2019, both dates inclusive.

The dividend was approved on behalf of the board on 29 May 2019 in Durban by:

NG Payne
Chairman

MM Blair
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") set out on pages 106 to 152, which comprise the consolidated and separate statements of financial position as at 30 March 2019, 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 the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 30 March 2019, and its consolidated and separate financial performance and 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 and Separate Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the financial statements of the group. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audit of the group. 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. For each matter below, our description of how the audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate 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 consolidated and separate financial statements.

The Key Audit Matters applies equally to the audit of the Consolidated and Separate Financial Statements.

Key audit matter	How our audit addressed the key audit matter
Write-down of inventories	
The write-down of inventories considers management's expectations of inventory on hand that will be sold below cost, or not sold at all. We considered the write-down of inventories to be an area of most significance as write-down of inventories includes assumptions and estimates which requires the application of management judgement. The future saleability and effect of fashion trends and seasonal changes considers the current and prior year's operating environment and time to market, which are the areas that require the most judgement in the determination of the write-down of inventories. We considered the relevance of historic data with respect to prior year inventories sold below cost or not sold at all in the current year. We refer to note 3 (Significant accounting estimates) and note 9 (Inventories) to 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 write-down of inventories by assessing the accuracy of the data, which uses historical information and trends applied against the current inventory ageing profile. • We assessed the future saleability of inventories by obtaining an understanding of management's process and its effect on the write-down of inventories. In addition, the write-down has been compared to other retailers within the South African retail environment for reasonableness. • We assessed the future saleability of inventories by evaluating the write-down of inventories against write-off rates by comparing these to historical data trends and the ageing profile of the inventory. We also considered the current macro-economic trading conditions and its effect on the write-down of inventories. • We reperformed management's calculation of the write-down of inventories and tested the data used in the calculation. • We assessed the disclosures relating to the write-down in terms of the disclosure requirements of IAS 2: *Inventories*.

Key audit matter	How our audit addressed the key audit matter
Allowance for Impairment of trade receivables	
The allowance for impairment of trade receivables represents management's estimate of trade receivables that may not be recovered post the reporting period. We considered the allowance for impairment of trade receivables to be an area of most significance as there is significant judgement applied in determining the allowance for impairment of trade receivables, particularly regarding the implementation of the expected credit loss model in terms of *IFRS 9: Financial Instruments* compared to the incurred loss model previously accounted for under *IAS 39: Financial Instruments: Recognition and measurement*. The assumptions which impact the future cash collections include; • the effect of expected recoveries, • debt reviews, and • macro-economic risk factors. We considered the impact of the macro-economic factors applied to the new model, amongst others, in management's assessment of 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 3 (Significant accounting estimates) note 10 (Trade and other receivables) and note 19 (Financial risk management) to the annual financial statements for the related disclosure.	**Our procedures included, amongst others, the following:** • We updated our understanding of the allowance for impairment of trade receivables process, including controls over the data and assumptions used in the calculation, and we assessed the design and the operating effectiveness of these controls. • We evaluated all data inputs used in the expected credit loss model which was vouched to supporting documentation. • Our economic and quantitative specialists assessed the assumptions applied in the expected credit loss model by reperforming an independent calculation of the impairment provision. In addition, a reasonability assessment of the macro-economic forecasts, used in the model, was performed by our specialists for the various scenarios applied in the expected credit loss model. • We assessed the disclosures relating to the allowance for impairment of trade receivables in terms of the disclosure requirements of IFRS 9: *Financial instruments*.

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. We considered taxation as an area of most significance as management's assessment of these exposures requires significant estimation and judgement, which considers the advice of external taxation professionals and senior counsel. We refer to note 3 (Significant accounting estimates) and notes 25 (Contingencies and commitments), 26 (Taxation) and 27 (Deferred taxation) to the annual 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 and evaluated 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. • We evaluated the group's judgements in respect of estimates of tax exposures, recoverable amounts and contingencies. • We assessed the disclosures regarding tax positions and recognised deferred taxation in terms of IAS 12: *Income Taxes*.

Other information

The 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, and the integrated annual report which we 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.

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

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

If, based on the work we have performed, 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.

Responsibilities of the Directors and those charged with governance for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the Companies Act, 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or 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 Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated and separate 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 consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of director'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.

We 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.

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

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, and subsequent guidance, we report that Ernst & Young Inc., and its predecessor firm, has been the auditor of Mr Price Group Limited for thirty-seven 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.

Ernst & Young Inc.

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

1 Pencarrow Crescent, La Lucia Ridge Office Estate, Durban, 4000
30 May 2019

Shareholder Information

For the year ended 30 March 2019

Shareholder's diary

May/June	Announcement of annual results and declaration of final dividend to shareholders
June	Publication of 2019 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 28 September 2019
	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 – 1 000	16 985	78.96	4 543 786	1.77	1	20.00	200	0.00
1 001 - 10 000	3 453	16.05	10 286 720	4.00				
10 001 - 100 000	828	3.85	26 062 753	10.14				
100 001 - 1 000 000	196	0.91	57 294 116	22.30	1	20.00	794 148	9.93
1 000 001 and over	50	0.23	158 758 352	61.79	3	60.00	7 200 886	90.07
	21 512	100.00	**256 945 727**	100.00	**5**	100.00	**7 995 234**	100.00

Category	Number of share-holders	%	Number of shares	%	Number of share-holders	%	Number of shares	%
Pension funds	299	1.39	70 530 955	27.45				
Unit Trusts/ Mutual Funds	462	2.15	83 933 371	32.67				
Nominee companies and corporate bodies	20 477	95.19	80 264 590	31.24	2	40.00	3 999 974	50.03
Individuals and trusts	265	1.23	16 864 063	6.56	3	60.00	3 995 260	49.97
Staff share schemes	9	0.04	5 352 748	2.08				
	21 512	100.00	**256 945 727**	100.00	**5**	100.00	**7 995 234**	100.00

Public and non-public shareholders

At 30 March 2019 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	21 493	99.91
Non-public shareholders	19	0.09
Holders holding more than 10%	-	-
Directors of the company or its subsidiaries	7	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 30 March 2019:

	Beneficial holding		Portfolio administration Discretionary	
	%	Shares	%	Shares
Public Investment Corporation Limited	12.58	32 333 060	13.26	34 066 034
J.P. Morgan Asset Management	5.34	13 730 901		
BlackRock Inc.	5.21	13 368 296		

Details of the beneficial interest in B ordinary shares are reflected in the report of the directors, pages 48 to 55.

Consolidated Income Statements

for the year ended 30 March 2019

R'm	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Revenue	4	**22 585**	21 347	**22 023**	20 780
Retail sales and other revenue		**22 361**	21 185	**21 797**	20 623
Retail sales		**20 877**	19 994	**20 338**	19 483
Interest on trade receivables		**373**	365	**371**	364
Income from consolidated entities				**185**	137
Premium income		**261**	257	**257**	253
Club fees		**23**	23	**23**	22
Airtime and related mobile revenue		**677**	418	**499**	256
Other revenue		**150**	128	**124**	108
Finance interest received		**224**	162	**226**	157
Costs and expenses		**18 423**	17 453	**17 929**	16 878
Cost of sales		**12 317**	11 582	**12 207**	11 462
Selling expenses		**4 691**	4 492	**4 271**	4 054
Administrative and other operating expenses		**1 415**	1 379	**1 451**	1 362
Profit from operating activities	5	**3 938**	3 732	**3 868**	3 745
Finance costs		**(4)**	(2)	**(3)**	(2)
Finance interest received		**224**	162	**226**	157
Profit before taxation		**4 158**	3 892	**4 091**	3 900
Taxation	26	**1 176**	1 111	**1 145**	1 083
Profit after taxation		**2 982**	2 781	**2 946**	2 817
Attributable to:					
Non-controlling interests*			-*		
Equity holders of the parent		**2 982**	2 781		
Profit attributable to shareholders		**2 982**	2 781	**2 946**	2 817

*less than R1 million

	Notes			
Earnings per share	8	cents per share	cents per share	% change
Basic		**1 151.6**	1 076.4	**7.0**
Headline		**1 168.6**	1 100.1	**6.2**
Diluted basic		**1 125.7**	1 052.2	**7.0**
Diluted headline		**1 142.3**	1 075.4	**6.2**

Consolidated Statements of Comprehensive Income

for the year ended 30 March 2019

R'm	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Profit attributable to shareholders		**2 982**	2 781	**2 946**	2 817
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
Currency translation adjustments	31	**21**	(58)		
Net gain/(loss) on hedge accounting		**160**	(115)	**160**	(115)
Deferred taxation thereon		**(45)**	37	**(45)**	37
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit fund actuarial (loss)/gain	23	**(7)**	7	**(7)**	7
Deferred taxation thereon	23	**2**	(2)	**2**	(2)
Total comprehensive income for the year attributable to shareholders, net of taxation		**3 113**	2 650	**3 056**	2 744
Attributable to:					
Non-controlling interests*			-*		
Equity holders of the parent		**3 113**	2 650	**3 056**	2 744
Total comprehensive income for the year attributable to shareholders, net of taxation		**3 113**	2 650	**3 056**	2 744

* less than R1 million

Consolidated Statements of Financial Position

as at 30 March 2019

R'm	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Assets					
Non-current assets		**2 655**	2 628	**2 629**	2 634
Property, plant and equipment	15	**2 117**	2 092	**2 027**	2 023
Intangible assets	16	**423**	433	**391**	402
Consolidated entities	32			**143**	143
Long-term receivables and other investments	18	**40**	18	**4**	2
Defined benefit fund asset	23	**64**	63	**64**	63
Deferred taxation assets	27	**11**	22	**-**	1
Current assets		**8 481**	7 491	**8 468**	7 206
Inventories	9	**2 692**	2 215	**2 470**	2 061
Trade and other receivables	10	**2 179**	2 369	**2 096**	2 295
Derivative financial instruments	19	**27**	1	**27**	1
Reinsurance assets	12	**304**	146	**304**	146
Current amounts owing by consolidated entities	32			**1 002**	641
Taxation		**4**	4		
Cash and cash equivalents	13	**3 275**	2 756	**2 569**	2 062
Non-current asset held for sale	17	**9**	-		
Total assets		**11 145**	10 119	**11 097**	9 840
Equity and liabilities					
Equity attributable to equity holders of the parent		**8 682**	7 455	**8 177**	7 269
Issued capital*	28	**-***	-*	**-***	-*
Capital reserves	29	**369**	308	**323**	264
Treasury share transactions	30	**(1 474)**	(1 398)	**(2 204)**	(2 164)
Retained income		**9 902**	8 791	**10 041**	9 262
Foreign currency translation reserve	31	**(132)**	(153)		
Defined benefit fund actuarial gains and losses	23	**(3)**	2	**(3)**	2
Cash flow hedge reserve	19	**20**	(95)	**20**	(95)
Total equity		**8 682**	7 455	**8 177**	7 269
Non-current liabilities		**289**	257	**271**	218
Lease obligations	20	**190**	185	**177**	174
Deferred taxation liabilities	27	**46**	1	**52**	-
Long-term provisions	21	**11**	29	**-**	2
Long-term liabilities	22	**11**	13	**11**	13
Post retirement medical benefits	23	**31**	29	**31**	29
Current liabilities		**2 174**	2 407	**2 649**	2 353
Trade and other payables	11	**1 920**	1 982	**1 850**	1 896
Derivative financial instruments	19	**-***	133	**-***	133
Reinsurance liabilities	12	**46**	38	**46**	38
Current amounts owing to consolidated entities	32			**566**	45
Current provisions	21	**13**	11	**-**	2
Current portion of lease obligations	20	**33**	25	**29**	23
Taxation		**37**	182	**33**	180
Bank overdraft	13	**125**	36	**125**	36
Total liabilities		**2 463**	2 664	**2 920**	2 571
Total equity and liabilities		**11 145**	10 119	**11 097**	9 840

*less than R1 million

Consolidated Statements of Cash Flows

for the year ended 30 March 2019

R'm	Notes	Group 2019	Group 2018^	Company 2019	Company 2018^
Cash flows from operating activities					
Operating profit before working capital changes	14.1	**4 009**	3 881	**3 945**	3 752
Working capital changes	14.2	**(490)**	(13)	**(405)**	(36)
Cash generated from operations		**3 519**	3 868	**3 540**	3 716
Interest on trade receivables		**373**	365	**371**	364
Finance costs		**(4)**	(2)	**(3)**	(2)
Finance income received		**222**	162	**224**	157
Taxation paid	14.3	**(1 253)**	(891)	**(1 228)**	(862)
Net cash inflows from operating activities		**2 857**	3 502	**2 904**	3 373
Cash flows from investing activities					
(Outflows)/inflows in respect of long-term receivables	14.4	**(9)**	5	**(2)**	2
Acquisition of Kenyan franchise	34	**(19)**	-	**-**	-
Replacement of intangible assets	16	**(24)**	(23)	**(24)**	(23)
Additions to intangible assets	16	**(94)**	(106)	**(90)**	(103)
Replacement of property, plant and equipment	15	**(129)**	(111)	**(127)**	(108)
Additions to property, plant and equipment	15	**(177)**	(221)	**(156)**	(201)
Proceeds on disposal of property, plant and equipment		**1**	1	**1**	1
Net cash outflows from investing activities		**(451)**	(455)	**(398)**	(432)
Cash flows from financing activities					
Proceeds from issue of shares	28	**-***	-	**-***	-
Payment of financial liability	14.7	**(4)**	-	**(4)**	-
Increase in current amounts owing to consolidated entities	14.5	**-**	-	**522**	22
Increase in current amounts owing by consolidated entities	14.5	**-**	-	**(649)**	(49)
Outflow in respect of long-term liability		**-**	(51)	**-**	-
Dividends to shareholders	14.6	**(1 916)**	(1 893)	**(1 922)**	(1 902)
Grants to staff share trusts		**-**	-	**(48)**	(40)
Acquisition of non-controlling interest		**-**	(1)		
Sale of shares by staff share trusts		**340**	316		
Purchase of shares by staff share trusts		**(239)**	(285)		
Deficit on treasury share transactions		**(183)**	(139)		
Net cash outflows from financing activities		**(2 002)**	(2 053)	**(2 101)**	(1 969)
Net increase in cash and cash equivalents		**404**	994	**405**	972
Cash and cash equivalents at beginning of the year		**2 720**	1 784	**2 026**	1 063
Exchange gains/(losses)		**26**	(58)	**13**	(9)
Cash and cash equivalents at end of the year	13	**3 150**	2 720	**2 444**	2 026

^ Re-presented for comparative disclosure purposes and reclassifications (refer note 1.2)

* less than R1 million

Statement of Changes in Equity

for the year ended 30 March 2019

		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 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	31								(58)				**(58)**		**(58)**
Net gain on hedge accounting	31										(115)		**(115)**		**(115)**
Deferred taxation thereon											37		**37**		**37**
Defined benefit fund actuarial gains	23									7			**7**		**7**
Deferred taxation thereon	23									(2)			**(2)**		**(2)**
Conversion of B ordinary to ordinary share capital	28	-*	-*										**-***		**-***
Treasury shares acquired	30					(285)							**(285)**		**(285)**
Taxation relating to grants to share trusts	30							10					**10**		**10**
Effect of consolidation of staff share trusts	29			(6)		6							**-**		**-**
Deficit on treasury share transactions	30						(139)						**(139)**		**(139)**
Recognition of share-based payments					87								**87**		**87**
Share-based payments reserve released to retained income for vested options					(90)							90	**-**		**-**
Treasury shares sold	30					316							**316**		**316**
Non-controlling interest acquired												(32)	**(32)**	12	**(20)**
2017 final dividend to shareholders	7											(1 157)	**(1 157)**		**(1 157)**
2018 interim dividend to shareholders	7											(736)	**(736)**		**(736)**
Balance at 31 March 2018		**-***	**12**	**32**	**264**	**(334)**	**(1 401)**	**337**	**(153)**	**2**	**(95)**	**8 791**	**7 455**	**-**	**7 455**
IFRS 9 adjustment, net of tax	2											(8)	**(8)**		**(8)**
IFRS 15 adjustment, net of tax	2											3	**3**		**3**
Adjusted opening retained earnings		**-***	**12**	**32**	**264**	**(334)**	**(1 401)**	**337**	**(153)**	**2**	**(95)**	**8 786**	**7 450**	**-**	**7 450**
Total comprehensive income									21	(5)	115	2 982	**3 113**	-	**3 113**
Profit for the year												2 982	**2 982**	-	**2 982**
Other comprehensive income									21	(5)	115	-	**131**	-	**131**
Currency translation adjustments	31								21				**21**		**21**
Net loss on hedge accounting											160		**160**		**160**
Deferred taxation thereon											(45)		**(45)**		**(45)**
Defined benefit fund actuarial losses	23									(7)			**(7)**		**(7)**
Deferred taxation thereon	23									2			**2**		**2**
Conversion of B ordinary to ordinary share capital	28	-*	-*										**-***		**-***
Treasury shares acquired	30					(239)							**(239)**		**(239)**
Taxation relating to grants to share trusts	30							8					**8**		**8**
Effect of consolidation of staff share trusts	29			2		(2)							**-**		**-**
Deficit on treasury share transactions	30						(183)						**(183)**		**(183)**
Recognition of share-based payments	28				109								**109**		**109**
Share-based payments reserve released to retained income for vested options					(50)							50	**-**		**-**
Treasury shares sold	30					340							**340**		**340**
2018 final dividend to shareholders	7											(1 094)	**(1 094)**		**(1 094)**
2019 interim dividend to shareholders	7											(822)	**(822)**		**(823)**
Balance at 30 March 2019		**-***	**12**	**34**	**323**	**(235)**	**(1 584)**	**345**	**(132)**	**(3)**	**20**	**9 902**	**8 682**	**-**	**8 682**

*less than R1 million

Statement of Changes in Equity (continued)

for the year ended 30 March 2019

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 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 gains	23									7			**7**
Deferred taxation thereon	23									(2)			**(2)**
Net gain on hedge accounting											(115)		**(115)**
Deferred taxation thereon											37		**37**
Conversion of B ordinary to ordinary share capital	28												**-**
Grants to staff share trusts	30					(40)							**(40)**
Taxation relating to grants to share trusts	30							10					**10**
Recognition of share-based payments	28				87								**87**
Share-based payments reserve released to retained income for vested options					(90)							90	**-**
2017 final dividend to shareholders	7											(1 163)	**(1 163)**
2018 interim dividend to shareholders	7											(739)	**(739)**
Balance at 31 March 2018		**-***	**-***		**264**	**(2 229)**	**(272)**	**337**		**2**	**(95)**	**9 262**	**7 269**
IFRS 9 adjustment, net of tax	2											(295)	**(295)**
IFRS 15 adjustment, net of tax	2											-*	**-***
Adjusted opening retained earnings		**-***	**-***	**-**	**264**	**(2 229)**	**(272)**	**337**	**-**	**2**	**(95)**	**8 967**	**6 974**
Total comprehensive income										(5)	115	2 946	**3 056**
Profit for the year												2 946	**2 946**
Other comprehensive income										(5)	115		**110**
Defined benefit fund actuarial losses	23									(7)			**(7)**
Deferred taxation thereon	23									2			**2**
Net loss on hedge accounting											160		**160**
Deferred taxation thereon											(45)		**(45)**
Conversion of B ordinary to ordinary share capital	28	-*	-*										**-***
Grants to staff share trusts	30					(48)							**(48)**
Deficit on treasury share transactions	30												**-**
Taxation relating to grants to share trusts	30							8					**8**
Recognition of share-based payments	28				109								**109**
Share-based payments reserve released to retained income for vested options					(50)							50	**-**
													-
2018 final dividend to shareholders	7											(1 097)	**(1 097)**
2019 interim dividend to shareholders	7											(825)	**(825)**
Balance at 30 March 2019		**-***	**-***	**-**	**323**	**(2 277)**	**(272)**	**345**	**-**	**(3)**	**20**	**10 041**	**8 177**

*less than R1 million

Notes to the Financial Statements

For the year ended 30 March 2019

1.1 Basis of preparation

The annual financial statements have been prepared on the historic cost and going concern basis, except where indicated otherwise in a policy. 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 30 March 2019. 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 1 April 2018 to 30 March 2019 (2018: 52 week period from 2 April 2017 to 31 March 2018).

The group and company discloses its significant accounting policies, including its measurement basis, as part of its disclosures in each note in order to assist the users of these statements in understanding how transactions, events and conditions are reflected in the primary financial statements. The group presents its notes on the following basis:

- Incorporate all related disclosures, significant accounting policies and other information relating to a particular statement of financial positions/income statement item together to provide a complete overall picture of the item
- The notes, as far as possible, ordered in terms of materiality and significance to the business (refer to navigation on the contents page).

The consolidated financial statements provide comparative information in respect of the previous period. Please refer to the prior year accounting policies for the comparative numbers, specifically relating to Revenue and Financial Instruments. Unless otherwise indicated, any references to the group include the company.

1.2 Re-presentation and reclassifications to the cash flow statement

The following items were previously presented on a net basis and have been re-presented on a gross basis:
- Finance costs/finance income received (group and company)
- Sale/purchase of shares by staff share trusts (group)
- Current amounts owing to/by consolidated entities (company)
- Deficit on treasury share transactions

The impact on net cash inflows from operating activities and net cash outflows from financing activities is Rnil.

	Group		Company	
R'm	2018 as reported for the year ended 31 Mar 2018	2018 as reported for the year ended 30 Mar 2019	2018 as reported for the year ended 31 Mar 2018	2018 as reported for the year ended 30 Mar 2019
Net cash inflows from operating activities				
Net finance income received	160		155	
Finance income received		162		157
Finance costs		(2)		(2)
Net cash outflows from financing activities				
Treasury share transactions	(108)			
Sale of shares by staff share trusts		316		
Purchase of shares by staff share trusts		(285)		
Deficit on treasury share transactions		(139)		
Decrease in net current amounts owing to/by consolidated entities			(27)	
Increase in current amounts owing to consolidated entities				22
Decrease in current amounts owing to consolidated entities				(49)

Movements in reinsurance assets and liabilities were incorrectly included in operating profit before working capital changes in the statement of cash flows. These have been reclassified to changes in working capital under cash generated from operations.

The impact of the reclassifications is as follows:

	Group and Company
R'm	2018
Operating profit before working capital changes	20
Working capital changes	(20)
Cash generated from operations	-

2.1 Adoption of new standards and changes in accounting policies

The following new standards and interpretations that were applicable were adopted during the year. Except for IFRS 9 and 15 these new standards and interpretations 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**
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
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 group applied both IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 April 2018. Therefore the comparative information has not been restated and continues to be reported under IAS 18 'Revenue' and IAS 39 'Financial Instruments'.

IFRS 9 Financial Instruments

The key impact of IFRS 9 is the new impairment model for financial assets, impacting the group's debtors book. The new impairment model reflects expected credit losses based on forward-looking information as opposed to incurred credit losses under IAS 39. The group has adopted the general impairment approach for retail debtors (R7m increase on opening balance of provision) and the simplified approach for mobile debtors (R4m increase on opening balance of provision). The combined deferred tax impact is an increase in deferred tax (R3m increase in deferred tax asset).

The group has reviewed and assessed existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards their classification and measurement:

Instrument	Classification under IAS 39	Classification under IFRS 9
Derivative financial instruments	Derivatives accounted for as hedges	Derivatives accounted for as hedges
Long term loans	Loans and receivables	Amortised cost
Trade and other receivables	Loans and receivables	Amortised cost

Financial liabilities are classified as amortised cost except for those derivative liabilities that are measured at FVTPL.

Carrying amounts have not changed as a result of the transition to IFRS 9 except for the ECL adjustment.

The company adopted the general impairment approach for retail debtors (R7m increase on opening balance of provision) and the general impairment approach for intercompany debtors (R289m increase on opening balance of provision). The combined deferred tax impact is an increase in deferred tax (R1m increase in deferred tax asset).

Refer to the statement of changes in equity for the impact on opening retained income. IFRS 9 has been applied prospectively for hedge accounting and has no impact on the comparative figures.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 key areas of impact for the group are changes in timing and amount of recognition of MRP Mobile contract revenue and recognition of a refund liability and related right of return asset.

The contract asset which is included in trade and other receivables (R5m increase in opening balance of contract asset) arises when the incremental costs of obtaining a contract is recognised if recovery is expected. Costs are amortised as revenue on the contract is recognised. The recognition of the refund liability which is included in trade and other payables (R12m increase in opening balance) and related right of return asset which is included in trade and other receivables (R7m increase in opening balance) are now recognised on a gross basis as a result of variable consideration due to the customer's right to return goods. The credit note provision, previously included in trade and other payables, of R4m was derecognised. The combined deferred tax impact is a decrease in deferred tax (R1m decrease in deferred tax asset). IFRS 15 compared to IAS 18 impact on revenue was less than R1m and cost of sales decreased R17m.

The company is impacted by the recognition of the refund liability and related right of return asset and derecognition of the credit note provision (impact was less than R1m).

Refer to the statement of changes in equity for the impact on opening retained income.

2.2 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**
IFRS 16 Leases	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IAS 19 Plan amendment, Curtailment or Settlement – amendments	1 January 2019
IFRS 9 Prepayments Features with Negative compensation - amendments	1 January 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Conceptual Framework for Financial Reporting	1 January 2020
IFRS 3 Definition of a Business - amendments	1 January 2020
IAS 1 and IAS 8 Definition of Material - amendments	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021

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 with the exception of IFRS 16 and 17 as discussed below. These statements, interpretations and standards will be adopted at the respective effective dates.

IFRS 16 Leases

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 impact will be significant for the group as at the end of FY2019 there are 1 323 stores and the group's future minimum rentals payable under non-cancellable leases amounted to R4 billion, on an undiscounted basis (refer note 20). These amounts do not include the impact of renewal options. 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). Assets are expected to increase between 40% - 50% as a result of the right of use asset. The lease liability, including a renewal period where applicable, is expected to be between 90% - 100% greater than the current periods total liabilities. Total overheads (including lease liability interest) is expected to be impacted by between 1% - 2%. The group will use the modified retrospective approach.

IFRS 17 Insurance Contracts

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 recognise 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 FY2020 in preparation for the standard being effective in FY2021.

3. 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 23.1.3, 23.2 and 28.5). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

Provision for net realisable value of inventory

The provision for net realisable value of inventory 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 historic and forward looking economic data such as the current and future unemployment rate and future changes to debt service cost to income and consumer price index.

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.

Results of Operations

4. Revenue

	Group		Company	
R'm	**2019**	2018	**2019**	2018
The disaggregated revenue is as follows:				
Revenue from contracts with customers	**21 815**	20 669	**21 094**	19 992
Retail sales	**20 877**	19 994	**20 338**	19 483
Premium income	**261**	257	**257**	253
*Cellular and mobile income	**677**	418	**499**	256
Interest and charges on debtors	**499**	467	**498**	466
Other sundry income	**47**	49	**212**	165
Finance income	**224**	162	**219**	157
Revenue	**22 585**	21 347	**22 023**	20 780

*The application of IFRS 15 in the current year resulted in a R5 million increase in the opening balance of the contract asset. Refer to the statement of changes in equity for the IFRS 15 adjustment to retained income.

Accounting policy
Revenue is recognised when (or as) a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

Revenue is measured based on the standalone selling price of the merchandise. If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probably that a significant revenue reversal will not occur. Contracts for the sale of merchandise provide customers with a right of return. The rights of return give rise to variable consideration.

Customer purchases of gift vouchers, to be used in our stores or on our online platforms, are not recognised as revenue until the voucher is redeemed and the customer purchases merchandise using the gift voucher subject to breakage. Gift vouchers, in line with the 3-year prescription period, are deemed to only expire after 3 years. A certain number of vouchers will not be fully redeemed. Management estimates unredeemed gift vouchers and recognises breakage in proportion to the pattern of rights exercised by the customer where it is determined the likelihood of redemption is remote. Management periodically reviews and updates its estimates for breakage.

The main categories of revenue and the basis of recognition are as follows:

Retail sales
Retail sales comprise net income from the sale of merchandise and are recognised when control of the merchandise is transferred 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. Under IFRS 15, a right to return asset has been recognised by the group in FY2019. Refer to note 10 for this disclosure. In turn the group will record a refund liability (refer to note 11) for the amount of revenue not expected to be recognised.

Premium income
Premiums are recognised on a straight-line basis over the period of the contract and are shown before the deduction of commission and claims, which are recognised in administrative and other operating expenses.

Service fee revenue
Service fee revenue is derived from the provision of information technology and debtor management services.

The group identifies the performance obligations in their contracts with customers and then recognises service revenue in a manner appropriate with the completion of the performance obligations.

Interest
The group calculates interest income by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired, and is therefore regarded as Stage 3, the group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the group reverts to calculating interest income on a gross basis.

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
Revenue is recognised once the performance obligation to deliver airtime to the customer has been satisified and the customer has obtained control of the product.

Contracts
Contract products are defined as arrangements with multiple deliverables.
Each deliverable under a contract is identified as a separate performance obligation and revenue is recognised once the performance obligation is satisified. As a result, handset revenue is recognised when the control of the handset is transferred to the customer. Monthly service and airtime revenue will be recognised as each performance obligation under the contract with the customer is fulfilled. Unused airtime is deferred in full and recognised in the month of usage or on expiry of the airtime.

Retail voice and data subscription fees and revenue relating to local, long distance, network-to-network, roaming and international call connection services are recognised when the performance obligation is met and the service is transferred to the customer.

Prior to 1 April 2018, revenue was recognised and measured in accordance with IAS 18 “Revenue”. 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. The group recognised revenue when there was evidence of an arrangement, collectibility was 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.

5. Profit from operating activities

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Arrived at after (crediting)/charging the following:				
Income from consolidated entities			**(186)**	(137)
Dividend income			**(66)**	(21)
Fees			**(120)**	(116)
Amortisation of intangible assets (page 127)	**67**	55	**64**	53
Associate costs	**2 421**	2 355	**2 284**	2 223
Salaries, wages and other benefits	**2 153**	2 117	**2 023**	1 992
Share-based payments (note 28.5)	**109**	87	**109**	87
Defined contribution pension funds expense	**164**	154	**157**	147
Defined benefit pension fund net expense	**(5)**	(3)	**(5)**	(3)
Current service cost	**2**	3	**2**	3
Interest cost	**6**	7	**6**	7
Expected return on fund assets	**(13)**	(13)	**(13)**	(13)
Auditors' remuneration	**9**	9	**8**	8
Audit fees	**9**	9	**8**	8
Other services	**-***	-	**-***	-
Consulting fees	**24**	23	**18**	19
Technical services	**21**	19	**18**	19
Administrative and other services	**3**	4	**-**	-
Depreciation of property, plant and equipment (pages 123 and 125)	**297**	273	**279**	253
Impairment/write off of intangible assets (page 127)	**60**	14	**60**	14
Impairment/write off of property, plant and equipment	**-**	-*	**-**	1
Movement in provisions (note 21)	**(16)**	23	**(4)**	(2)
Net loss on disposal and scrapping of property, plant and equipment	**1**	71	**2**	52
Net loss on foreign exchange	**81**	50	**81**	50
Transactions	**81**	50	**81**	50
Operating lease rentals	**1 573**	1 536	**1 417**	1 390
Land and buildings	**1 543**	1 506	**1 387**	1 360
Equipment	**21**	21	**21**	21
Motor vehicles	**9**	9	**9**	9

* less than R1 million

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

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

6. 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 4 reportable segments as follows:

The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
The Home segment retails homewares;
The Financial Services and Cellular segment provides Financial products and services as well as Cellular 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 Cellular		Central services		Eliminations		Total	
R'm	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Retail sales and other income^	15 605	15 027	5 298	5 002	1 437	1 141	68	80	(47)	(65)	22 361	21 185
External	15 605	15 027	5 298	5 002	1 437	1 141	21	15	-	-	22 361	21 185
Internal	-	-	-	-	-	-	47	65	(47)	(65)	-	-
Profit from operating activities	2 804	2 713	882	785	420	425	(168)	(191)	-	-	3 938	3 732
Finance income received^											224	162
Finance cost											(4)	(2)
Profit before taxation											4 158	3 892
Taxation											(1 176)	(1 111)
Profit attributable to shareholders											2 982	2 781
Divisional assets	2 910	2 465	825	787	2 450	2 281	4 960	4 586	-	-	11 145	10 119
Divisional liabilities	1 326	1 511	551	546	182	150	411	463	(7)	(6)	2 463	2 664
Capital expenditure	156	198	81	69	23	20	164	174	-	-	424	461
Depreciation and amortisation	152	144	59	52	13	8	140	124	-	-	364	328

^ Revenue (refer note 4) consists of retail sales and other income and finance income received.

Geographical segments

	South Africa		International		Total	
R'm	2019	2018	2019	2018	2019	2018
Retail sales and other income	20 871	19 850	1 490	1 335	22 361	21 185
Assets	10 788	9 860	357	259	11 145	10 119
Capital expenditure	402	439	22	22	424	461

Accounting policy
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 management to enable them to assess performance and allocate resources.

7. Dividends to shareholders

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Ordinary and B ordinary shares	**1 094**	1 157	**1 097**	1 163
Prior year final dividend: 414.1 cents per share (2018: 438.8 cents per share)	**1 097**	1 163	**1 097**	1 163
Dividend paid by Partners Share Trust	**13**	14	**-**	-
Less: dividend received on shares held by staff share trusts	**(16)**	(20)	**-**	-
	822	736	**825**	739
Current year interim dividend: 311.4 cents per share (2018: 279.0 cents per share)	**825**	739	**825**	739
Dividend paid by Partners Share Trust	**9**	9	**-**	-
Less: dividend received on shares held by staff share trusts	**(12)**	(12)	**-**	-
Total net dividend to shareholders	**1 916**	1 893	**1 922**	1 902

In respect of the current year, the board of directors propose that on the 24 June 2019, a cash dividend of 424.8 cents per share be paid to shareholders who are registered on the "Record date" of 21 June 2019. 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.

Accounting policy

Dividends in respect of equity instruments are recorded in the period in which they are declared and are charged directly to equity.

8. Earnings per ordinary and B ordinary share

8.1 Reconciliation of earnings

The calculation of basic and headline earnings per share is based on:

	Group and Company	
R'm	**2019**	2018
Basic earnings - profit attributable to shareholders	**2 982**	2 781
Loss on disposal, scrapping and write off of property, plant and equipment and intangible assets	**61**	85
Taxation thereon	**(17)**	(24)
Headline earnings	**3 026**	2 842

8.2 Number of shares

The weigted average number of shares in issue amount to 258 921 744 (2018: 258 375 442).

8.3 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	**2019**	2018
Number of shares per basic earnings per share calculation	**258 921 744**	258 375 442
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	**5 961 359**	5 930 423
Number of shares for calculation of diluted earnings per share	**264 883 103**	264 305 865

Working Capital

9. Inventories

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Merchandise purchased for resale	**2 663**	2 186	**2 454**	2 041
Consumable stores	**29**	29	**16**	20
	2 692	2 215	**2 470**	2 061
The inventory write-down provision included in the valuation of merchandise purchased for resale was:	**189**	186	**178**	179
Cost of sales	**12 317**	11 582	**12 207**	11 462

Accounting policy

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. Provision is made for slow-moving, redundent and obsolete inventory.

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.

10. Trade and other receivables

10.1 Trade and other receivables

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Gross trade receivables	**2 171**	2 184	**2 124**	2 137
Less allowance for impairment of trade receivables	**(197)**	(170)	**(188)**	(164)
Net trade receivables	**1 974**	2 014	**1 936**	1 973
Right of return asset	**5**	-	**5**	-
Contract asset	**5**	-	**-**	-
Prepayments	**61**	218	**50**	206
Other receivables	**134**	137	**105**	116
	2 179	2 369	**2 096**	2 295

The ageing of the gross trade receivables is as follows:

R'm	Days from transaction	**2019**	2018	**2019**	2018
Current	30	**1 676**	1 665	**1 636**	1 625
Status 1	60	**262**	289	**259**	287
Status 2	90	**92**	100	**90**	98
Status 3	120	**59**	61	**58**	60
Status 4	150	**51**	40	**50**	39
Status 5	180	**31**	29	**31**	28
		2 171	2 184	**2 124**	2 137

Trade receivables are amounts due from customers for merchandise sold or services rendered in the ordinary course of business and are accounted for at amortised cost in accordance with the accounting policy disclosed in note 19.

Right of return asset represents the group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

The contract asset represents the short-term portion of MRP Mobile's right to consideration in exchange for good and services that MRP Mobile has transferred to the customer. Contract assets are measured at amortised cost. Refer below for the accounting policy on expected credit losses.

Prepayments and other receivables are stated at their nominal values.

Interest is charged on outstanding accounts in accordance with the National Credit Act (NCA) and is calculated using the effective interest rate method.

The group has provided for receivables in all ageing status levels in accordance with the accounting policy disclosed below.

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.

10.2. Movement in the impairment provision

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Balance at beginning of the year	**(170)**	(161)	**(164)**	(148)
Impairment losses net of reversals	**(27)**	(9)	**(24)**	(16)
Balance at end of the year	**(197)**	(170)	**(188)**	(164)

Under IFRS 9, the group has elected the general approach for measuring the loss allowance for retail trade receivables due to there being a significant financing component on trade receivables, with calculation on a collective basis. For mobile trade receivables and contract assets, the group has elected to apply the simplified approach.

The group has established a policy to perform an assessment at the end of each reporting period of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The group follows the rebuttable presumption that default occurs when the account is 90 days past due. Trade receivables are grouped into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When trade receivable is first recognised, the group recognises an allowance based on 12 months expected credit losses (ECLs).

Stage 2: When the trade receivable has shown a significant increase in credit risk since origination, the group records an allowance for the lifetime ECLs. An indicator of an increase in credit risk includes an actual or expected internal credit rating downgrade for the borrower or decrease in behavioural scoring used to assess credit risk internally.

Stage 3: Trade receivables considered credit-impaired. Financial assets are considered to be credit-impaired when one of more events that have an unfavourable impact on its estimated future cash flows have occurred. The group records an allowance for the lifetime ECLs.

The group follows an age-driven write off policy whereby all accounts, once it advances through the various delinquency status, are written off. Accounts are written off at status 6 (>150 days).

The groups ECL model is based on a statistical process called Markov modelling which focuses on modelling client's behaviour on a portfolio level to predict the amount of receivable that will fall into future write offs. The model incorporates historic and forward looking economic data such as the current and future unemployment rate and future changes to debt service cost to income and consumer price index. For balances and each cash flow component the model creates risk state transition matrices to forecast the balance movements within a portfolio and between successive risk states. In addition, the model has a build in, internal leading indicator to make the model more responsive to business/market changes.

The loss allowance provision for the group as at year end is determined as follows:

Group	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	**Total**
R'm	Not past due	<30	31-60	61-90	91-120	>120	Total
Expected credit loss rate	3.7%	12.4%	31.1%	48.3%	61.9%	51.3%	**8.9%**
Estimated total gross carrying amount at default	1 683	259	90	58	42	39	**2 171**
12 month ECL	(55)	(31)	-	-	-	-	**(86)**
Lifetime ECL	(8)	(1)	(28)	(28)	(26)	(20)	**(111)**
Total ECL	(63)	(32)	(28)	(28)	(26)	(20)	**(197)**
Net trade receivables	1 620	227	62	30	16	19	**1 974**

Company	Stage 1	Stage 1	Stage 2	Stage 2	Stage 3	Stage 3	**Total**
R'm	Not past due	<30	31-60	61-90	91-120	>120	Total
Expected credit loss rate (ECL)	3.1%	10.9%	35.6%	50.0%	64.3%	53.8%	**8.9%**
Estimated total gross carrying amount at default	1 636	259	90	58	42	39	**2 124**
12 month ECL	(51)	(28)	-	-	-	-	**(79)**
Lifetime ECL	-	-	(32)	(29)	(27)	(21)	**(109)**
Total ECL	(51)	(28)	(32)	(29)	(27)	(21)	**(188)**
Net trade receivables	1 585	231	58	29	15	18	**1 936**

The allowance for impairment of trade receivables as at 30 March 2019 reconciles to the opening loss allowance for that provision as follows:

Group	Stage 1	Stage 2	Stage 3	Total
Closing loss allowance as at 31 March 2018				**170**
(calculated under IAS 39)	-	-	-	**-**
Amounts restated through opening retained earnings	3	2	2	**7**
Opening loss allowance as at 1 April 2018	71	56	50	**177**
(calculated under IFRS 9)	-	-	-	**-**
Net remeasurement of loss allowance	-	-	-	**-**
Amounts written off	-	-	(98)	**(98)**
Amounts recovered	4	7	2	**13**
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	17	(14)	(11)	**(8)**
Change in credit risk parameters	(13)	12	114	**113**
Balance as at 30 March 2019	79	61	57	**197**

Company	Stage 1	Stage 2	Stage 3	Total
Closing loss allowance as at 31 March 2018				**164**
(calculated under IAS 39)	-	-	-	**-**
Amounts restated through opening retained earnings	3	2	2	**7**
Opening loss allowance as at 1 April 2018	71	50	50	**171**
(calculated under IFRS 9)	-	-	-	**-**
Net remeasurement of loss allowance	-	-	-	**-**
Amounts written off	-	-	(100)	**(100)**
Amounts recovered	4	7	2	**13**
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	16	(14)	(11)	**(9)**
Change in credit risk parameters	(13)	12	114	**113**
Balance as at 30 March 2019	78	55	55	**188**

10.3 Other receivables

	Group		Company	
R'm	**2019**	2018	**2019**	2018
The expected maturity for other receivables is as follows:				
On demand	**60**	31	**58**	24
Less than three months	**34**	52	**18**	45
Three months to one year	**40**	54	**29**	47
	134	137	**105**	116

11. Trade and other payables

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Trade payables	**922**	819	**944**	835
Other payables	**988**	1 163	**896**	1 061
Refund liability	**10**	-	**10**	-
	1 920	1 982	**1 850**	1 896

Included in other payables is R5m being the current portion of the purchase price payable on the acquisition of the minority shareholding in MRP Mobile (Pty) Ltd in the prior period (refer note 22).

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.

Accounting policy
Trade payables 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.

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the group ultimately expects it will have to return to the customer. The group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to note 4 for accounting policy.

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.

12. Reinsurance assets and liabilities

The group retails insurance products to customers. 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 differing from that expected;
- Expense risk: the risk of loss arising from expense experience differing from that expected; and
- Policyholder decision risk: risk of loss arising due to policyholder experiences (lapses and surrenders) differing from that expected.

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 consist of: Customer Protection and Mobile Device Protection.

The reinsurance assets and liability are made up of the following components:

	Group and Company	
R'm	**2019**	2018
Cash and cash equivalents	**304**	146

	Group and Company	
R'm	**2019**	2018
Reinsurance liability		
Unearned premium provision	**2**	1
Outstanding claims	**4**	3
IBNR reserve	**22**	20
Taxation liability	**18**	14
	46	38
Movement in reinsurance liabilities		
Balance at beginning of the year	**37**	40
Outstanding claims	**3**	3
IBNR reserve	**20**	16
Taxation liability	**14**	21
Increase/(decrease) in the year	**6**	(3)
Balance at end of the year	**44**	37
Outstanding claims	**4**	3
IBNR reserve	**22**	20
Taxation liability	**18**	14
Unearned premium provision		
Balance at beginning of the year	**1**	1
Premium recognised	**261**	257
Premuim received	**(260)**	(257)
Balance at end of the year	**2**	1

12. 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 premium 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 premiums (i.e. gross premiums less commissions and administration fees). The short-term cell maintains an IBNR reserve equal to an FSCA prescribed risk-based interim measure applied to 6 years rolling 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 34%) applied to 4 months of net premiums.

	Group and Company	
R'm	**2019**	2018
Impact on IBNR	**(6)**	(6)

Short term cell solvency reserve adjusted to increase the IBNR Factor by 1%.

R'm		
Impact on IBNR	**6**	6

During the year a dividend of R150 million (2018: R122 million) was paid by the cells to the company.

Premium income and claims history:

Premium income (R'm)	**265**	261
Number of claims	**3 463**	3 509
Claim costs (R'm)	**24**	20
Claim costs as a percentage of premium income	**9.1%**	7.7%

Accounting policy

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.

13. Bank balances and other cash

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Bank balances and other cash	**3 275**	2 756	**2 569**	2 062
Bank overdrafts	**(125)**	(36)	**(125)**	(36)
Cash and cash equivalents	**3 150**	2 720	**2 444**	2 026

Accounting policy

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 financial assets measured at amosrtised cost.

14. Notes to the statements of cash flows

14.1 Operating profit before working capital changes

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Operating profit before working capital changes				
Profit before taxation	**4 158**	3 892	**4 090**	3 900
Adjustments for:				
Depreciation of property, plant and equipment	**297**	273	**279**	253
Amortisation of intangible assets	**67**	55	**64**	53
Loss on disposal and scrapping of property, plant and equipment	**1**	71	**2**	52
Impairment of property, plant and equipment	**-**	-*	**-**	1
Write-down/impairment of intangible assets	**60**	14	**60**	14
Finance costs	**4**	2	**3**	2
Finance income received	**(222)**	(162)	**(225)**	(157)
Interest on trade receivables	**(373)**	(365)	**(371)**	(364)
Other non-cash items	**17**	101	**43**	(2)
Straight line operating lease liability movement	**13**	7	**9**	1
Share option expenses	**109**	87	**109**	87
Other	**(105)**	7	**(75)**	(90)
	4 009	3 881	**3 945**	3 752

14.2 Working capital changes

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Decrease/(increase) in trade and other receivables	**188**	(152)	**193**	(180)
(Increase) in inventories	**(474)**	(134)	**(410)**	(131)
(Decrease)/increase in trade and other payables	**(54)**	293	**(38)**	295
(Increase) in reinsurance asset	**(158)**	(17)	**(158)**	(17)
Increase/(decrease) in reinsurance liability	**8**	(3)	**8**	(3)
	(490)	(13)	**(405)**	(36)

14.3 Taxation paid

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Amounts unpaid at beginning of the year	**157**	(18)	**179**	3
Taxation	**178**	(57)	**180**	(55)
Deferred	**(21)**	39	**(1)**	58
Amounts charged to the income statements	**1 176**	1 111	**1 145**	1 083
Taxation	**1 171**	1 149	**1 143**	1 119
Deferred	**5**	(38)	**2**	(36)
Amounts charged to equity	**(12)**	(45)	**(11)**	(45)
Taxation	**(8)**	(10)	**(8)**	(10)
Deferred taxation	**(4)**	(35)	**(3)**	(35)
Amounts unpaid at end of the year	**(68)**	(157)	**(85)**	(179)
Taxation	**(33)**	(178)	**(33)**	(180)
Deferred taxation	**(35)**	21	**(52)**	1
Amounts paid	**1 253**	891	**1 228**	862

14.4 Movement in respect of long-term receivables

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Loan to accredited supplier	**1**	2	**1**	2
Increase in mobile debtors	**(7)**	3		
Other long-term receivables	**(3)**	-	**(3)**	-
Amounts paid/received	**(9)**	5	**(2)**	2

14.5 Amounts owing to/(by) consolidated entities

	Company	
R'm	**2019**	2018
Current amounts owing to consolidated entities advanced	**522**	22
Current amounts owing by consolidated entities repayment	**(649)**	(49)
	(127)	(27)

14.6 Dividends to shareholders

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Dividends to ordinary and B ordinary shareholders	**1 922**	1 902	**1 922**	1 902
Less: dividends on shares held by staff share trusts	**(29)**	(32)		
Add: dividends paid by Partners Share Trust	**23**	23		
	1 916	1 893	**1 922**	1 902

14.7 Reconciliation of liabilities (long-term liability and financial liability) arising from financing activities

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Opening balance	**(13)**	(51)	**(13)**	-
Non-cash: purchase price	**(2)**	(13)	**(2)**	(13)
Closing balance	**11**	13	**11**	13
	(4)	(51)	**(4)**	-

Operating Assets

15. Property, plant and equipment

R'm	Furniture, fittings, equipment and vehicles 2019	2018	Computer equipment 2019	2018	Improvements to leasehold premises 2019	2018	Land 2019	2018	Buildings 2019	2018	Leased buildings 2019	2018	Total 2019	2018
Group														
Net carrying amount at beginning of the year	**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)
Current year movements														
Additions	**201**	248	**39**	32	**64**	50	**2**	-	**-**	2	**-**	-	**306**	332
- external development/acquistion	**184**	248	**39**	32	**64**	50	**2**	-	**-**	2	**-**	-	**289**	332
- items capitalised to work in progress*	**17**	-						-		-			**17**	-
Acquisition of Kenya	**18**	-	**1**	-									**19**	-
Disposals and scrapping	**(1)**	(30)	**(1)**	(6)	**(1)**	(1)	**-**	-	**-**	-	**-**	-	**(3)**	(37)
Reclassification		(135)		15				11		54				(55)
Transfer of assets held for sale									**(9)**				**(9)**	-
Impairments and write downs	**-**	1	**-**	(1)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Exchange differences	**7**	(5)	**2**	(0)	**-**	-	**-**	-	**-**	-	**-**	-	**9**	(5)
Depreciation	**(226)**	(214)	**(44)**	(43)	**(15)**	(6)	**-**	-	**(12)**	(10)	**-**	-	**(297)**	(273)
Net carrying amount at end of the year	**1 285**	1 286	**114**	117	**113**	65	**185**	183	**420**	441	**-**	-	**2 117**	2 092
Made up as follows:														
Net carrying amount	**1 285**	1 286	**114**	117	**113**	65	**185**	183	**420**	441	**-**	-	**2 117**	2 092
Cost or carrying amount	**2 611**	1 893	**300**	242	**158**	90	**185**	183	**440**	456	**-**	-	**3 694**	2 864
Accumulated depreciation and impairment	**(1 326)**	(607)	**(186)**	(125)	**(45)**	(25)	**-**	-	**(20)**	(15)	**-**	-	**(1 577)**	(772)
Company														
Net carrying amount at beginning of the year	**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)
Current year movements														
Additions	**185**	225	**34**	32	**62**	50	**2**	-	**-**	2	**-**	-	**283**	309
- external development/acquistion	**167**	225	**34**	32	**62**	50	**2**	-	**-**	2	**-**	-	**265**	309
- items capitalised to work in progress*	**18**	-											**18**	-
Disposals and scrapping	**-**	(12)	**-**	(6)	**-**	(1)	**-**	-	**-**	-	**-**	-	**-**	(19)
Reclassification		(135)		15				11		54			**-**	(55)
Impairments and write downs	**-**	(1)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(1)
Depreciation	**(210)**	(197)	**(43)**	(41)	**(15)**	(6)	**-**	-	**(11)**	(9)	**-**	-	**(279)**	(253)
Net carrying amount at end of the year	**1 198**	1 223	**111**	120	**112**	65	**185**	183	**421**	432	**-**	-	**2 027**	2 023
Made up as follows:														
Net carrying amount	**1 198**	1 223	**111**	120	**112**	65	**185**	183	**421**	432	**-**	-	**2 027**	2 023
Cost or carrying amount	**2 456**	1 783	**289**	237	**146**	80	**185**	183	**441**	441	**-**	-	**3 517**	2 724
Accumulated depreciation and impairment	**(1 258)**	(560)	**(178)**	(117)	**(34)**	(15)	**-**	-	**(20)**	(9)	**-**	-	**(1 490)**	(701)

*The cumulative balance of work in progress that is not subject to depreciation at year end amounts to R23 million (2018: R46 million).
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.

Accounting policy

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.

16. Intangible assets

R'm	Computer software 2019	Computer software 2018	Customer lists 2019	Customer lists 2018	Goodwill 2019	Goodwill 2018	Trademarks 2019	Trademarks 2018	Total 2019	Total 2018
Group										
Net carrying amount at beginning of the year	**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)
Current year movements										
Additions arising from	**118**	129	**-**	-	**-**	-	**-**	-	**118**	129
external development/acquisition	**90**	20	**-**	-	**-**	-	**-**	-	**90**	20
internal development	**20**	16	**-**	-	**-**	-	**-**	-	**20**	16
items capitalised to work in progress^	**8**	93							**8**	93
Disposals and scrapping	**-**	(35)	**-**	-	**-**	-	**-**	-	**(0)**	(35)
Reclassifications	**-**	55							**-**	55
Impairments and write downs	**(60)**	(14)	**-**	-	**-**	-	**-**	-	**(60)**	(14)
Exchange differences	**-**	-	**-**	-	**(1)**	(3)	**-**	-	**(1)**	(3)
Amortisation	**(67)**	(55)	**-***	-*	**-**	-	**-***	-*	**(67)**	(55)
Net carrying amount at end of the year	**399**	408	**-***	-*	**24**	25	**-***	-*	**423**	433
Made up as follows:										
Net carrying amount	**399**	408	**-***	-*	**24**	25	**-***	-*	**423**	433
Cost or carrying amount	**572**	524	**26**	26	**24**	25	**18**	18	**640**	593
Accumulated amortisation and impairment	**(173)**	(116)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(217)**	(160)
Company										
Net carrying amount at beginning of the year	**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)
Current year movements										
Additions arising from	**114**	126	**-**	-	**-**	-	**-**	-	**114**	126
external development/acquisition	**86**	17	**-**	-	**-**	-	**-**	-	**86**	17
internal development	**20**	16	**-**	-	**-**	-	**-**	-	**20**	16
items capitalised to work in progress	**8**	93							**8**	93
Disposals and scrapping	**(1)**	(35)	**-**	-	**-**	-	**-**	-	**(1)**	(35)
Reclassification	**-**	55							**-**	55
Impairments and write downs	**(60)**	(14)	**-**	-	**-**	-	**-**	-	**(60)**	(14)
Amortisation	**(64)**	(53)	**-***	-*	**-**	-	**-***	-*	**(64)**	(53)
Net carrying amount at end of the year	**390**	401	**-***	-*	**1**	1	**-***	-*	**391**	402
Made up as follows:										
Net carrying amount	**390**	401	**-***	-*	**1**	1	**-***	-*	**391**	402
Cost or carrying amount	**554**	512	**26**	26	**1**	1	**18**	18	**599**	557
Accumulated amortisation and impairment	**(164)**	(111)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(208)**	(155)

* Less than R1 million
^ The cumulative balance of work in progress that is not subject to amortisation at year end amounts to R205 million (2018: R187 million).
Goodwill in the group relates to the Zambian business.

Accounting policy

Impairment testing of goodwill

Goodwill acquired through business combinations is tested annually for impairment, which was performed in April 2018. The company considers the relationship between the value in use of the cash generating unit (CGU), among other factors, when reviewing for indicators of impairment. At year end, there were no indications of impairment. The calculation of value in use is most sensitive to the following assumptions:

Margins are based on values to be achieved over the 5 year strategy period. These are increased over the budget period for anticipated efficiency improvements.

Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

The discount rate calculation is based on the specific circumstances of the company and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the company's investors. The cost of debt is based on the interest-bearing borrowings the company is obliged to service. Adjustments to the discount rate are made to factor in the specific amount and timing of the future cash flows in order to reflect a pre-tax discount rate.

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.

17. Non-current assets held for sale

On the 29 January 2019, the Board of Directors of Millews Fashions Johannesburg Proprietary Limited ("Millews"), a wholly owned subsidiary of the group, resolved to sell the Millews property, remaining extent of Erf 4749 Bethlehem District, Bethlehem Province, Free State, in extent of 3538 square metres. The sale is expected to be completed in the first half of the 2020 financial year.

The group classified the property as a non-current asset held for sale and measured it as follows:

	Group	
R'm	**2019**	2018
Property, plant and equipment	**9**	-

Accounting policy

The group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

18. Long-term receivables

18.1 Long-term receivables

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Enterprise development loan	**-**	1	**-**	1
Total loan to accredited supplier	**1**	3	**1**	3
Less: amount to be received in the next financial year transferred to trade and other receivables	**(1)**	(2)	**(1)**	(2)
MRP Mobile long-term receivables	**23**	16	**-**	-
Total receivables	**64**	56	**-**	-
Less: amount to be received in the next financial year transferred to trade and other receivables	**(41)**	(40)	**-**	-
Contract asset	**13**	-		
Other long-term receivables	**4**	1	**4**	1
Total long-term receivables	**40**	18	**4**	2

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 R150 073. 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.

The contract asset represents MRP Mobile's right to consideration in exchange for goods or services that MRP Mobile has transferred to the customer.

Accounting policy

Long-term receivables are classified as amortised cost 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. Under IFRS 9, the simplified approach has been adopted to measure the ECL on the contract asset. Refer to note 10 for further details.

19. Financial risk management

19.1 Financial risk management and financial instruments

Accounting for financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), investments in self-insurance cell captives, cash and cash equivalents, other non-current liabilities (excluding provisions), bank overdrafts, derivatives and trade and other payables.

Recognition

Financial assets and liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instruments. Financial assets are recognised on the date the group commits to purchase the instruments (trade date accounting); if not, they are classified as non-current. Financial assets are classified as current if expected to be realised or settled within 12 months from the reporting date. Financial liabilities are classified as non-current if the group has an unconditional right to defer payment for more than 12 months from the reporting date.

Classification

All recognised financial assets that are within the scope of IFRS 9 are initially classified at amortised cost, fair value through other comprehensive income or fair value through profit or loss. These financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Measurement on initial recognition

All financial assets (unless it is a trade receivable without a significant financing component) and liabilities are initially measured at fair value, including transaction costs, except for those classified as at FVTPL which are initially measured at fair value excluding transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. A trade receivable without a significant financing component is initially recognised at the transaction price.

Subsequent measurement: Financial assets

Subsequent to initial recognition, financial assets are measured as described below.

Category	Subsequent measurement
FVTPL	These financial assets are subsequently measured at fair value and changes therein (including any interest or dividend income) are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Derivative assets	Derivative assets are subsequently measured at fair value with changes therein recognised in profit or loss.

Subsequent measurement: Financial liabilities

All financial liabilities, excluding derivative liabilities, are subsequently measured at amortised cost using the effective interest method. Derivative liabilities are subsequently measured at fair value with changes therein recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.
Financial liabilities are derecognised when the obligations specified in the contracts are discharged, cancelled or expire. On derecognition of a financial asset/liability, any difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Impairment

Under IFRS 9 the group calculates its allowance for credit losses as expected credit losses (ECLs) for financial assets measured at amortised cost and contract assets.
Refer to the transition to IFRS 9 in note 2.1 for further details around the impairment model.

Expected credit losses

The group has the following financial assets subject to the ECL model:
- Trade receivables;
- Contract assets; and
- Long-term receivables

Application of the ECL model had an immaterial impact on all financial assets except for trade receivables.
Refer to the trade and other receivables note 10 for further details.

The table below shows a reconciliaton of the loss allowance for the year under the IFRS 9 ECL model:

R'm	12 month expected credit losses	Lifetime expected credit loss: Collectively assessed	Lifetime expected credit loss: Credit-impaired financial assets	Total
Group				
Loss allowance at 1 April 2018	77	100	-	**177**
Changes from updating the expected credit losses	2	8	-	**10**
Loans that have been derecognised during the period	(174)	(56)	-	**(230)**
Newly originated / purchased loans	194	34	-	**228**
Write offs	-	(128)	-	**(128)**
Changes in models/risk parameters	(13)	153	-	**140**
Loss allowance at 30 March 2019	86	111	-	**197**
Company				
Loss allowance at 1 April 2018	71	100	-	**171**
Changes from updating the expected credit losses	2	8	-	**10**
Loans that have been derecognised during the period	(174)	(56)	-	**(230)**
Newly originated / purchased loans	194	34	-	**228**
Write offs	-	(128)	-	**(128)**
Changes in models/risk parameters	(14)	151	-	**137**
Loss allowance at 30 March 2019	79	109	-	**188**

"Changes from updating the expected credit losses" represents changes in roll forward rates and how much the group expects to roll or write off over the lifetime of the asset and "changes in models/risk parameters" denotes the combination of changes in risk classifications (risk classifications within the model segmentation such as delinquency stage and behaviour scores etc.), recovery, discount rate and economic adjustments.

The following table is a reconciliation of the opening balance and closing balance of the gross carrying amount of the financial assets giving rise to the provision:

R'm	12 month expected credit losses	Lifetime expected credit loss: Collectively assessed	Lifetime expected credit loss: Credit-impaired financial assets	Total
Group				
Gross carrying amount at 1 April 2018	1 875	309	-	**2 184**
Newly originated/purchased loans	1 002	122	-	**1 124**
Write offs	-	(369)	-	**(369)**
Loans that have been derecognised during the period	(913)	(263)	-	**(1 176)**
Other changes	(77)	485	-	**408**
Gross carrying amount at 30 March 2019	1 887	284	-	**2 171**
Company				
Gross carrying amount at 1 April 2018	1 878	259	-	**2 137**
Newly originated/purchased loans	997	103	-	**1 100**
Write offs	-	(314)	-	**(314)**
Loans that have been derecognised during the period	(915)	(224)	-	**(1 139)**
Other changes	(77)	417	-	**340**
Gross carrying amount at 30 March 2019	1 883	241	-	**2 124**

"Other changes" include movements in closed accounts and insurance on the storecard amongst others.

At year end, there are no financial instruments which are credit impaired or financial assets for which the credit risk has increased significantly since initial recognition but that are not credit-impaired.

Prior to 1 April 2018, the impairment provision was made when there was objective evidence that the group would have difficulty collecting the debts. Various economic factors and changes in the delinquency of payments were considered indicators that the trade receivables were impaired. The carrying amount of the asset was reduced through the use of an allowance account and the amount of the loss was recognised in the income statement within selling expenses.

General hedge accounting

In the prior year, the group applied the hedging requirements of IAS 39 to hedge accounting. In the current year, the group has elected to apply the hedge accounting requirements under IFRS 9. The major change between the two standards is the 'assessment of effectiveness" test which is further disclosed below and in note 19.5.2. 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 other comprehensive income (OCI).

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.

Under IFRS 9, the hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the group's risk management activities have also been introduced.

Consistent with prior periods, the group has continued to designate the change in fair value of the entire forward contract, i.e. including the forward element, as the hedging instrument in the group's cash flow hedge and fair value hedge relationships.

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.

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.

19.2 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.

19.3 Capital and treasury risk management

The group which is a 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.

19.4 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		**2019**	2018	**2019**	2018
Rate variance	+0.5%	**15**	12	**12**	10
	-0.5%	**(15)**	(12)	**(12)**	(10)

The applicable interest rates during the period were as follows:

%	**2019**	2018
Average		
Repo interest rate	**6.59%**	6.82%
Prime interest rate	**10.09%**	10.32%
Closing		
Repo interest rate	**6.75%**	6.50%
Prime interest rate	**10.25%**	10.00%

19.5 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 the hedge and the applicable hedge ratio.

19.5.1 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 subsidiries in Australia, Botswana, Nigeria, Ghana, Kenya, Zambia and Poland as the the other countries in which the group is invested have currencies that are pegged to the rand. The group's sensitivity to a 10 percent increase and decrease in the rand against the pula, naira, cedi, kenyan shilling, kwacha and polish zloty respectively does not have a significant impact.

19.5.2 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 tables below presents information relating to the group's commitment to purchase foreign currency at year end:

Forward exchange contracts accounted for as hedges (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
2019					
- Asset	**70**	**14.12**	**986**	**14.51**	**(27)**
- Liability	**12**	**14.57**	**175**	**14.54**	**-***
	82	**14.19**	**1 161**	**14.52**	**(27)**
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

* less than R1 million

At year end outstanding foreign creditors were:

Foreign trade creditors at year end (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
2019					
- Asset	**2**	**14.64**	**25**	**14.60**	**0**
- Liability	**26**	**14.25**	**374**	**14.60**	**(9)**
	28	**14.27**	**399**	**14.60**	**(9)**
2018					
- Asset	15	11.99	176	11.84	2
- Liability	7	11.73	79	11.84	(1)
	22	11.90	255	11.84	1

The applicable spot rates of exchange during the period were as follows:

	Group and Company	
R'm	**2019**	2018
USD - Average	**13.75**	13.01
USD - Closing	**14.60**	11.84

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	**2019**	2018
Opening balance	**95**	17
Mark-to-market adjustments	**(145)**	275
Amounts reclassified to the cost of the non-financial asset recognised	**(15)**	(160)
Deferred tax	**45**	(37)
Closing balance	**(20)**	95

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange contracts are identical to the hedged risk components. To test the hedge effectiveness, the group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks. Accordingly, all hedges were assessed to be effective for the year.

At the reporting date no hedge or portion thereof were considered to be ineffective and as a result as at 30 March 2019, a net unrealised gain of R160 million (2018: R115 million), with a related deferred tax liability of R45 million (2018: R37 million) was included in OCI in respect of these contracts.

The amounts retained in OCI at 30 March 2019 are expected to mature and affect the statement of profit or loss in 2020. The expected maturity of the groups 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
2019					
Forward exchange contracts accounted for as hedges	**-**	**63**	**19**	**-**	**82**
Foreign trade creditors at year-end	**3**	**25**	**-**	**-**	**28**
	3	**88**	**19**	**-**	**110**
2018					
Forward exchange contracts accounted for as hedges	-	71	20	-	91
Foreign trade creditors at year-end	2	20	-	-	22
	2	91	20	-	113

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		**2019**	**2019**	2018	2018
Rate variance - US$					
Forward exchange contracts accounted for as hedges	+10%	**-**	**(116)**	-	(122)
	-10%	**-**	**116**	-	122
Foreign trade creditors at year end	+10%	**40**	**-**	26	-
	-10%	**(40)**	**-**	(26)	-
Total	+10%	**40**	**(116)**	26	(122)
	-10%	**(40)**	**116**	(26)	122

19.6 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 10.2.

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 has 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 10.2
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	

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		**2019**	2018	**2019**	2018
Rate variance	+1%	**21**	21	**21**	21
	-1%	**(21)**	(21)	**(21)**	(21)

At 30 March 2019 the group did not consider there to be any significant concentration of credit risk for which it had not adequately provided.

19.7 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 a follows:

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Total facilities	**457**	425	**457**	425
Less: drawn down portion	**-**	(36)	**-**	(36)
Total undrawn banking facilities	**457**	389	**457**	389

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	**2019**	2018	**2019**	2018
Actual borrowings outside the group at year end were	**-**	(36)		(36)
At year end bank balances were	**3 150**	2 756	**2 445**	2 062
Net cash resources were	**3 150**	2 720	**2 445**	2 026

The table below details the group's expected maturity for its non-derivative financial liabilities:

Group R'm	On demand	Less than three months	Three months to one year	One to five years	Total
2019					
Trade and other payables	**186**	**1 389**	**337**	**-**	**1 912**
Purchase price payable		**2**	**5**	**11**	**18**
	186	**1 391**	**342**	**11**	**1 930**
2018					
Trade and other payables	301	1 398	277	-	1 976
Purchase price payable		3	6	14	23
	301	1 401	283	14	1 999

Company R'm	On demand	Less than three months	Three months to one year	One to five years	Total
2019					
Trade and other payables	**170**	**1 381**	**291**	**-**	**1 842**
Purchase price payable		**2**	**5**	**11**	**18**
	170	**1 383**	**296**	**11**	**1 860**
2018					
Trade and other payables	254	1 370	266	-	1 890
Purchase price payable		3	6	14	23
	254	1 373	272	14	1 913

The group expects to meet its obligations from existing cash reserves and from operating cash flows.

19.8 Catergory 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.

The fair value of long-term receivables is measured using level 2 techniques. Fair values have been estimated using a discounted cash flow model. The discounted cash flow model requires management to make assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility.

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 (refer note 19.2.2).

Group (under IFRS 9) **2019** R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Financial liabilities at amortised cost	Total
Financial Assets		**40**	**27**	**-**	**67**
Long-term receivables and other investments	Level 2	**40**	**-**	**-**	**40**
Derivative financial instruments	Level 2	**-**	**27**	**-**	**27**
Financial Liabilities		**-**	**-**	**(11)**	**(11)**
Long-term liabilities	Level 2	**-**	**-**	**(11)**	**(11)**
Derivative financial instruments	Level 2	**-**	**-**	**-**	**-**
Total		**40**	**27**	**(11)**	**56**

Group (under IAS 39) **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 2	-	-	(13)	(13)
Derivative financial instruments	Level 2	-	(133)	-	(133)
Total		18	(132)	(13)	(127)

Company (under IFRS 9) **2019** R'm	Fair value measurement using	Financial assets at amortised cost	Derivatives accounted for as hedges	Financial liabilities at amortised cost	Total
Financial Assets		**4**	**27**	**-**	**31**
Long-term receivables and other investments	Level 2	**4**	**-**	**-**	**4**
Derivative financial instruments	Level 2	**-**	**27**	**-**	**27**
Financial Liabilities		**-**	**-**	**(11)**	**(11)**
Long-term liabilties	Level 2	**-**	**-**	**(11)**	**(11)**
Derivative financial instruments	Level 2	**-**	**-**	**-**	**-**
Total		**4**	**27**	**(11)**	**20**

Company (under IAS 39) **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 liabilties	Level 2	-	-	(13)	(13)
Derivative financial instruments	Level 2	-	(133)	-	(133)
Total		2	(132)	(13)	(143)

Financing Structure and Commitments

20. Lease obligations

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Straight line operating lease liability	**222**	210	**206**	197
Less: amounts due for settlement within 12 months	**(32)**	(25)	**(29)**	(23)
Total long-term portion of lease obligations	**190**	185	**177**	174

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	**2019**	2018	**2019**	2018
Within one year	**1 153**	1 335	**1 017**	1 229
After one year but less than five years	**2 077**	2 557	**1 853**	2 367
More than five years	**119**	111	**106**	109
	3 349	4 003	**2 976**	3 705

Accounting policy

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.

21. Provisions

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Onerous lease contracts				
Balance at beginning of the year	**40**	17	**4**	6
Provision raised/(utilised) during the period	**(16)**	23	**(4)**	(2)
Balance at end of the year	**24**	40	**-**	4
Long-term	**11**	29	**-**	2
Current	**13**	11	**-**	2
	24	40	**-**	4

Accounting policy

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.

22. Long-term liabilities

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Other long-term payables	**11**	13	**11**	13
	11	13	**11**	13

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 which was acquired in January 2018.

23. Retirement benefits

23.1 Pension schemes

23.1.1 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 page 68.

23.1.2 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%.

23.1.3 Valuations

Defined benefit pension fund

	Group and Company	
R'm	**2019**	2018
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	**(54)**	(58)
Plan assets	**118**	121
Net benefit plan asset	**64**	63

The amounts recognised in the income statement are detailed in note 5.

The following main assumptions were used in performing the calculation:

- Discount rate - 10.90% per annum (2018: 11.30% per annum)
- Inflation - 7.10% per annum (2018: 8.00% per annum)
- Future salary increases - 8.10% per annum (2018: 9.00% per annum)

Movements in the present value of the defined benefit obligation in the current period were as follows:

	Group and Company	
R'm	**2019**	2018
Defined benefit obligation at beginning of the year	**58**	67
Current service cost	**2**	3
Member contributions	**1**	1
Interest cost	**6**	7
Actuarial loss	**(6)**	(11)
Benefits paid	**(7)**	(8)
Risk premiums	**-**	(1)
Defined benefit obligation at end of the year	**54**	58

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	**121**	115
Expected return on assets	**13**	13
Contributions	**2**	3
Risk premiums	**-***	(1)
Benefits paid	**(7)**	(8)
Actuarial loss	**(11)**	(1)
Fair value of plan assets at end of the year	**118**	121

* Less than R1 million

The estimated asset composition of the fair value of total plan assets is as follows:

%		
Cash	**7.7**	10.2
South African equities	**40.0**	40.4
South African bonds	**18.8**	15.5
South African property and other	**5.3**	10.4
International assets	**28.2**	23.5
	100.0	100.0

	Group and Company	
	2019	
	+1%	-1%
The effect of an increase or decrease of 1% in the assumed discount rate as follows:	-16.8%	21.6%
	+1%	-1%
The effect of an increase or decrease of 1% in the assumed inflation rate as follows:	19.5%	-15.7%

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 2020 financial year is as follows; a current service cost of R168.4 million (2019: R159.4 million), an expected return on plan assets of R12.9 million (2019: R13.8 million) and an interest cost of R6.1 million (2019: R6.9 million). The estimated contributions are R166.5 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 2018 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

23.2 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. Actuarial valuations of the group's liability, in terms of IAS 19, are undertaken every three years with the last valuation performed on 31 March 2017. 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 30 March 2019:

Liability was based on current membership

Health care cost inflation - 9.2% per annum (2018: 9.2% per annum)
Discount rate - 9.8% per annum (2018: 9.8% per annum)
Average retirement age - 62 years (2018: 62 years)
Continuation at retirement - 100% (2018:100%)

Activity during the year was as follows:

	Group and Company	
R'm	**2019**	2018
Benefit obligation at beginning of the year	**29**	26
Net increase in provision during the year	**2**	3
Benefit obligation at end of the year	**31**	29

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 or 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 or 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%)	(3.8%)

23.3 Defined benefit fund actuarial gains and losses

Reconciliation of defined benefit fund actuarial gains and losses reserve

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Beginning of the year	**2**	(3)	**2**	(3)
Current year actuarial (loss)/gain	**(7)**	7	**(7)**	7
Deferred taxation thereon	**2**	(2)	**2**	(2)
End of the year	**(3)**	2	**(3)**	2

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.

Accounting policy

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.

24. Capital expenditure

	Group		Company	
R'm	**2019**	2018	**2019**	2018
The capital expenditure authorised by the directors of the company or its consolidated entities but not provided for in the financial statements amounts to	**524**	557	**518**	532
of which contracts have been placed for	**103**	93	**103**	93

The above capital expenditure is expected to be financed from future cash flows.

25. Contingencies and commitments

25.1

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.

25.2

In May 2017 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 was optimistic that the Miladys matter will ultimately have a positive outcome. The matter was heard at the National Consumer Tribunal on 22 November 2018. The judgement was handed down on 14 January 2019 in our favour with the court finding that the club fee does not form part of the cost of credit. The court concurred that the club fee is an optional product, therefore the group was not in contravention of the NCA. The NCR has delivered an appeal to the judgement handed down in our favour. We are currently awaiting a date for the appeal, thereafter both parties will file their heads of argument. The directors are of the opinion that the likelihood of the liability is remote.

25.3

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. This includes interest and penalties charged to 30 March 2019 amounting to R40.4m (2018: R33.1m). The assessed tax may result in a reallocation of deferred tax to current tax of R59.5m and additional current tax charge of R5.6m. The overall potential impact on the income statement (including interest and penalties) amounts to R46.0m (2018: R38.7m).

The company, supported by senior counsel's opinion, 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.

Taxation

26. Taxation

26.1 South African and foreign taxation

26.1.1 South African taxation

	Group		Company	
R'm	**2019**	2018	**2019**	2018
This year	**1 142**	1 084	**1 131**	1 074
Current				
Normal taxation	**1 140**	1 098	**1 129**	1 088
Deferred				
Current year temporary differences	**2**	(14)	**2**	(14)
Prior years	**(2)**	(5)	**(2)**	(5)
Current	**(2)**	17	**(2)**	17
Deferred	**-**	(22)	**-**	(22)
26.1.2 Foreign taxation				
This year	**36**	32	**16**	14
Current	**33**	34	**16**	14
Deferred	**3**	(2)	**-**	-
Total taxation	**1 176**	1 111	**1 145**	1 083

In addition to the above, current normal taxation and deferred taxation amounting to R17.4 million (2018: R16.2 million charged) and R9.6 million (2018: R6.7 million credited) respectively have been charged and credited to equity relating to the grants to staff share trusts (refer Note 30). Deferred income taxation of R42.6 million (2018: R30.0 million charged) has been credited to the statement of comprehensive income.

26.2 Reconciliation of taxation rate

	Group		Company	
%	**2019**	2018	**2019**	2018
Standard rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
Expenses not allowed	**0.5**	0.4	**0.4**	0.1
Exempt income	**(0.5)**	(0.6)	**(1.1)**	(0.7)
Prior year underprovision	**(0.1)**	(0.1)	**-**	(0.1)
Unrecognised deferred tax assets	**0.3**	1.1	**-**	-
Other	**0.1**	(0.3)	**0.6**	0.5
Effective tax rate	**28.3**	28.5	**27.9**	27.8
The estimated taxation losses of consolidated entities available for set-off against future taxable income are	**338.2**	253.3		

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.

Accounting policy

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.

27. Deferred taxation

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Attributable to:				
Post retirement medical aid	**(4)**	(4)	**(4)**	(4)
Fair value adjustments on financial instruments	**8**	(37)	**8**	(37)
Prepayments	**5**	48	**4**	47
Provisions	**(145)**	(191)	**(138)**	(186)
Property, plant and equipment	**170**	135	**164**	130
Other temporary differences	**15**	16	**30**	35
Share based payments	**(232)**	(201)	**(232)**	(201)
Defined benefit fund asset	**15**	16	**15**	16
Grants to staff share trusts	**263**	254	**263**	254
Straight line operating lease liability	**(60)**	(57)	**(58)**	(55)
	35	(21)	**52**	(1)
Beginning of the year	**(21)**	39	**(1)**	58
Movements during the year	**56**	(60)	**53**	(59)
Prepayments	**(43)**	3	**(43)**	2
Provisions	**46**	(58)	**48**	(53)
Property, plant and equipment	**35**	58	**34**	53
Other temporary differences	**(1)**	(15)	**(5)**	(13)
Share based payments	**(31)**	(25)	**(31)**	(25)
Defined benefit fund actuarial gains	**(1)**	2	**(1)**	2
Grants to staff share trusts	**9**	8	**9**	8
Straight line operating lease liability	**(3)**	-	**(3)**	-
Fair value adjustments on financial instruments	**45**	(32)	**45**	(32)
Post retirement medical aid	**-**	(1)	**-**	(1)
End of the year	**35**	(21)	**52**	(1)
Deferred taxation liabilities	**46**	1	**52**	-
Deferred taxation assets	**(11)**	(22)	**-**	(1)
	35	(21)	**52**	(1)

Accounting policy

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.

Share Capital

28. Share capital

28.1 Authorised

	Group		Company	
R'000	**2019**	2018	**2019**	2018
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

28.2 Issued

	Group		Company	
R'000	**2019**	2018	**2019**	2018
Ordinary				
256 945 727 (2018: 256 795 727) ordinary shares of 0.025 cent each	**64**	64	**64**	64
B ordinary				
7 995 234 (2018: 8 145 234) B ordinary shares of 0.300 cent each	**24**	24	**24**	24
Total issued share capital	**88**	88	**88**	88

28.3 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.

28.4 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 64 to 81.

28.4.1 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 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 granted*	536 134	376 501	693 572	1 075 749	584 827	42 121	171 538	**3 480 442**
Surrendered by participants	-	(64 905)	(289 029)	(502 833)	(587 625)	-	(46 299)	**(1 490 691)**
Options/shares exercised	(205 283)	(235 484)	(491 970)	(224 619)	(23 336)	(402 156)	(38 891)	**(1 621 739)**
Options/shares at 30 March 2019	1 756 950	1 897 822	2 942 320	3 570 140	4 119 899	111 977	540 072	**14 939 180**
* New options/shares were granted during the current year at a strike price of (per share):	R209.83 - R231.79	R192.70 - R231.79	R231.24 - R283.41	R226.62 - R282.68	-	-	-	
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 70.
The earliest opportunity at which share options are exercisable falls within financial years ending:

Number of options/shares by financial year:								
2020	165 827	277 552	341 503	6 430	N/A	23 657	65 872	**880 841**
2021	190 691	228 535	398 023	574 401	N/A	46 199	76 762	**1 514 611**
2022	637 166	703 663	855 100	1 073 543	N/A	N/A	126 666	**3 396 138**
2023	227 132	311 571	675 608	1 028 164	N/A	N/A	99 234	**2 341 709**
2024	536 134	376 501	672 086	887 602	N/A	42 121	171 538	**2 685 982**
	1 756 950	1 897 822	2 942 320	3 570 140	N/A	111 977	540 072	**10 819 281**

Weighted average price by financial year:							
2020	222.60	198.34	220.69	104.76	N/A	N/A	N/A
2021	200.01	200.01	199.10	193.61	N/A	N/A	N/A
2022	138.00	138.77	139.10	151.73	N/A	N/A	N/A
2023	188.37	187.05	188.62	192.68	N/A	N/A	N/A
2024	217.85	224.96	232.28	233.09	N/A	N/A	N/A

Shares are expected to vest unconditionally in the Mr Price Partners Share Trust in 39 years.

28.5 Share-based payments

	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 the year	Gain on options exercised during the year (Rm)	Options/ shares held at end of year	Shares granted	Shares vested during year	Shares lapsed during year	Shares held at end of the year	Fair value of options and shares (Rm)
MM Blair	618 512	295 630	142 419	7	766 602	174 285	73 649	5 121	95 515	63
SI Bird	1 034 232	134 566	219 158	11	941 306	221 001	106 887	8 334	105 780	74
MJ Stirton	-	97 207	-	-	97 207	50 689	-	-	50 689	13
SA Ellis	118 230	19 007	26 475	2	108 945	19 461	2 233	1 817	15 411	10
Total	**1 770 974**	**546 410**	**388 052**	**20**	**1 914 060**	**465 436**	**182 769**	**15 272**	**267 395**	**160**

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Share-based payments relating to equity-settled share-based payment transactions in terms of the long-term incentive	**109**	87	**109**	87

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	R217.85	R224.96	R232.27	R233.32	R0.00
Expected volatility (%)	32.49-34.60	32.49-33.75	32.49-34.67	32.49-34.72	N/A
Expected option life	7 years	7 years	5-7 years	5-7 years	39 years
Risk free interest rate (%)	7.83-8.06	7.72-8.06	7.15-8.06	7.49-8.06	N/A
Expected dividend yield (%)	2.98-3.64	2.98-3.98	2.91-3.29	2.88-3.97	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 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 Plan's 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	95%	20%
Participants still employed after 3 years	90%	30%
Participants still employed after 4 years	85%	40%
Participants still employed after 5 years	80%	100%

28.6 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.

28.7 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.

29. Capital reserves

29.1 Share premium account

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Share premium account	**12**	12	**-***	-*

* less than R1 million

29.2 Participants in staff share investment trust (note 28.6)

Participants in staff share investment trust (note 28.6)	**34**	32
Beginning of the year	**32**	38
Net movement for the year	**2**	(6)

29.3 Share-based payments reserve

Share-based payments reserve	**323**	264	**323**	264
Beginning of the year	**264**	267	**264**	267
Recognition of share-based payments for the year	**59**	(3)	**59**	(3)
Share-based payments for options/shares granted in prior years	**96**	103	**96**	103
Share-based payments for options/shares granted in current year	**13**	11	**13**	11
Adjustment for forfeitures	**0**	(27)	**0**	(27)
Share-based payments reserve transferred to retained income for options that have vested from inception to date	**(50)**	(90)	**(50)**	(90)
Total capital reserves	**369**	308	**323**	264

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.

Accounting policy

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 28.5. 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.

30. Treasury share transactions

	Group		Company	
R'm	**2019**	2018	**2019**	2018
5 352 748 (2018: 5 959 116) ordinary shares in Mr Price Group Limited held by staff share trusts	**(235)**	(334)		
- Balance at beginning of the year	**(334)**	(371)		
- Treasury shares acquired	**(239)**	(285)		
- Treasury shares sold	**340**	316		
- Mr Price Group Employees Share Investment Trust (note 28.6)	**(2)**	6		
Deficit on treasury share transactions	**(1 584)**	(1 401)	**(272)**	(272)
- Balance at beginning of the year	**(1 401)**	(1 262)	**(272)**	(272)
- Current year movement arising from the take-up of vested options	**(183)**	(139)	**-**	-
Taxation relating to grants to share trusts	**345**	337	**345**	337
- Balance at beginning of the year	**337**	327	**337**	327
- Current year movement	**8**	10	**8**	10
Grants by company to staff share trusts			**(2 277)**	(2 229)
- Balance at beginning of the year			**(2 229)**	(2 189)
- Grants made during the year			**(48)**	(40)
	(1 474)	(1 398)	**(2 204)**	(2 164)

30. Treasury share transactions (continued)

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.

1 068 813 treasury shares were acquired by the staff share trusts at an average of R224.27.
1 656 894 treasury shares were sold by the staff share trusts at an average of R205.45

31. Foreign currency translation reserve

	Group	
R'm	**2019**	2018
Beginning of the year	**(153)**	(95)
Currency translation adjustments for the year	**21**	(58)
End of the year	**(132)**	(153)

The foreign currency translation reserve comprises the cumulative translation adjustments arising on the consolidation of the foreign subsidiaries in Botswana, Nigeria, Ghana, Zambia, Australia, Kenya and Poland.

Accounting policy

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.

32. Consolidated entities

32.1 Consolidated entities

	Company	
R'm	**2019**	2018
Carrying value of shares	**25**	25
Ordinary shares at cost	**25**	25
Carrying value of long-term loans	**118**	118
Long-term loans at cost	**118**	119
Impairment provisions	**-**	(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	143
Net current amounts owing by consolidated entities	**436**	596
Current amounts owing by consolidated entities	**1 002**	641
Impairment of intercompany loans ^	**(359)**	-
Current amounts owing to consolidated entities	**(207)**	(45)
Current accounts are interest free and are settled within 12 months.		
	579	739

^ Impairment of intercompany loans includes an IFRS 9 opening balance adjustment of R289m (refer note 2).

An analysis of the financial interest in consolidated entities is shown on page 150.

Accounting policy

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.

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.

Group Composition

33. Operating subsidiaries

	Notes	Issued capital 2019 Shares	2018 Shares	Carrying value of shares 2019 R'm	2018 R'm	Indebtedness less impairment provisions 2019 R'm	2018 R'm
Specialty Stores (Botswana) (Pty) Limited	1	**100**	100	**-**	-	**54**	61
Mr Price (Lesotho) (Pty) Limited	2	**1 000**	1 000	**-**	-	**17**	10
Mr Price Group (Namibia) (Pty) Limited	3	**100**	100	**-**	-	**29**	28
Mr Price Chain Stores International Limited (Nigeria)	4	**500 000**	500 000	**2**	2	**146**	108
Mr Price Chain Stores International Limited (Ghana)	5	**480 000**	480 000	**2**	2	**91**	78
MRP Zambia Limited	6	**5 000**	5 000	**-**	-	**56**	64
Millews Fashions (Johannesburg) (Pty) Limited	7	**28 000**	28 000	**-**	-	**4**	3
Associated Credit Specialists (Pty) Limited	8	**100**	100	**-**	-	**6**	4
MRP Mobile (Pty) Limited	9	**100**	100	**-**	-	**149**	113
MRP Retail Australia (Pty) Limited	10	**100**	100	**-**	-	**257**	223
MRP Retail Kenya Limited	11	**100 000**	100 000	**-**	-	**98**	10
MRP Poland (Pty) Ltd	12	**100**	-	**-**	-	**16**	-
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						**3**	4
Mr Price Executive Share Trust						**1**	3
Mr Price Senior Management Share Trust						**3**	2
Mr Price General Staff Share Trust						**18**	17
Mr Price Partners Share Trust						**-**	-
Dormant subsidiaries							
RAAVA Jewellers (Namibia) (Pty) Ltd	13	**-**	100	**-**	1	**-**	-
Hughes Extension 17 Township (Pty) Limited		**100**	100	**-**	-	**-**	-
Total				**4**	**5**	**948**	**728**

1. Operates mrp, mrpHome, 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, mrpHome and Sheet Street 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 and is a 100% held subsidiary of the Company.
10. Operates mrp stores in Australia.
11. Started in FY2018 to operate mrp, mrpHome stores in Kenya.
The Company owns 100% of the equity and preference share capital (where applicable) of all other subsidiaries and cell captives.
12. Started in FY2019 to operate mrpHome stores in Poland.
13. De-registered.

34. Business combinations

On 18 May 2018, the group completed the acquisition of 12 Kenyan franchise stores from Deacons East Africa PLC for a consideration of R19 million.

The stores were rebranded and merchandised and re-opened for trade as corporate owned stores. This is accounted for as a business combination in line with IFRS 3: Business Combinations.

The amounts for assets and liabilities assumed at the date of acquisition, measured as follows:

R'm	Fair value
Plant and equipment	19
Inventory	-*
Net identifiable asset acquired	**19**

* less than R1 million

From the date of acquisition, revenue contributed was R146 million and net loss contributed was R12 million, affected by once-off startup costs.

Accounting policy
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.

35. Related parties

35.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the group and a party related to the group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals.

35.2 Directors

Refer to the report of the directors on page 54 in respect of transactions with directors.

35.3 Compensation of key management personnel

	Group		Company	
R'm	**2019**	2018	**2019**	2018
Short-term employee benefits	**79**	63	**79**	63
Post employment pension benefits	**10**	10	**10**	10
Share-based payments	**24**	28	**24**	28
	113	101	**113**	101

The above compensation includes amounts paid to executive senior management personnel and excludes amounts paid to directors as disclosed in note 36.

35.4 Participants in staff share trusts

Refer to notes 28 and 30 in respect of transactions with participants in the staff share trusts.

35.5 Post retirement benefit funds

Refer to notes 23 in respect of transactions with post retirement benefit funds.

35.6 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 R 0.1 million for the year (2018: R 0.7 million)

During the year the group enters into various transactions, in the ordinary course of business, with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

35.6 Transactions with related parties (continued)

	Company	
R'm	**2019**	2018
Sales	**948**	823
Administration fees received from:	**119**	116
Mr Price Group (Namibia) (Pty) Ltd	**29**	47
Speciality Stores (Botswana) (Pty) Ltd	**72**	59
Mr Price (Lesotho) (Pty) Ltd	**9**	8
MRP Zambia Limited	**7**	3
MRP Retail Kenya Limited	**2**	-
Dividends received by:	**65**	21
Mr Price Executive Director Share Trust	**-***	1
Mr Price Executive Share Trust	**1**	1
Mr Price Senior Management Share Trust	**1**	1
Mr Price General Staff Share Trust	**-***	2
Mr Price Partners Share Trust	**3**	4
Millews Fashions (Johannesburg) (Pty) Ltd	**-**	12
Associated Credit Specialists (Pty) Ltd	**60**	-
The following table provides the amount of material transactions that have been entered into with related parties for the year:		
Amounts due by:	**592**	441
Mr Price Chain Stores International Limited (Nigeria)	**146**	108
Mr Price Chain Stores International Limited (Ghana)	**91**	78
MRP Retail Australia (Pty) Ltd	**257**	223
MRP Retail Kenya Limited	**98**	10

* less than R1 million

36. Directors' emoluments

The emoluments received by the Directors from the company were:

R'm	Basic salary	Retirement fund contribution	Other benefits	**TGP**	Short-term incentives	Dividends (FSP plans)	Long-term incentives	**Total 2019**	Total 2018
SI Bird	7	1	1	**9**	4	1	9	**23**	31
MM Blair	5	1	1	**7**	4	-*	9	**20**	19
SA Ellis	2	-*	1	**3**	1	-	2	**6**	7
MJ Stirton	1	-*	-*	**1**	1	-	9	**11**	
Total	15	2	3	**20**	10	1	29	**60**	57

* less than R1 million

The emoluments received by the non-executive directors from the company were:

	Company	
Rand	**2019**	2018
SB Cohen	**745 800**	703 600
NG Payne	**1 491 600**	1 407 150
MR Johnston	**676 725**	638 400
M Bowman	**642 427**	402 708
M Chauke	**184 436**	
K Getz	**618 725**	583 700
M Motanyane-Welch	**465 400**	439 050
D Naidoo	**815 050**	656 350
B Niehaus	**639 250**	50 896
MJD Ruck	**289 656**	237 833
WJ Swain		655 800
Total	**6 569 069**	5 775 487

37. Subsequent events

On 3 April 2019, the Mr Price Group Limited board approved the withdrawal of financial support to the Australia operations and as a result, the MRP Retail Australia (Pty) Ltd directors put the company into Part 5.3A administration on 2 May 2019. The Australian stores ceased trading on 30 April 2019. The winding down of the Australia operations is a non-adjusting subsequent event and will be disclosed as discontinued operations in the 2020 financial year. At this stage no material impact is expected.

Administration & Contact Details

Company Secretary and Registered Office
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PO Box 912, Durban, 4000.
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Investor Relations
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Transfer Secretaries
Computershare Investor Services (Pty) Ltd,
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
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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.

	Address	Phone	Fax	Websites
Mrp mrpHome mrpSport Sheet Street mrpFoundation Corporate	Upper level, North Concourse, 65 Masabalala Yengwa Avenue, Durban, 4001 Private Bag X04, Snell Parade, Durban, 4074	031 310 8638 031 310 8809 031 310 8545 031 310 8300 031 310 8242 031 310 8000	031 304 3358 031 328 4138 031 306 9347 031 310 8317 031 328 4609 031 304 3725	mrp.com mrp.com/ng mrp.com/au mrphome.com mrpricesport.com sheetstreet.co.za mrpfoundation.org 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 86th 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 28 August 2019 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
board	the board of directors of the company
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 pages 64 to 81
report	the 2019 integrated report of which this notice of AGM forms part

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1. **Ordinary Resolution 1 – Adoption of the annual financial statements**
   "Resolved that the annual financial statements for the year ended 30 March 2019, 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 98 to 152 of the report.

2. **Ordinary Resolutions 2.1 to 2.3 – Re-election of directors retiring by rotation**
   "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 Stewart Cohen*;
   2.2 Keith Getz; and
   2.3 Mark Bowman."

   Brief profiles of the above directors are set out in appendix 1 on page 157.

   *The philosophy of the group is to maintain a stable but vibrant board that challenges management's strategies and has a blend of retail knowledge and experience, and general business skills. As a co-founder of the company, long standing director Stewart Cohen, continues to provide regular and valuable retail insights and input into the group's strategy and operations. Stewart is the embodiment of the group's values of passion, value and partnership and his institutional knowledge is priceless. Stewart's continued involvement in the company is crucial in light of the various executive and management leadership changes which occurred in the reporting period. For so long as Stewart is willing to serve on the board, the board and the group's management will support Stewart's re-election on retirement by rotation. As is further detailed in the board report on pages 52 to 53, the general board refresh continues at a planned and considered pace.

3. **Ordinary Resolution 3 – Confirmation of appointment of non-executive director**
   "Resolved that the appointment of Mmaboshadi Chauke as a non-executive director of the company on 21 November 2018 be and is hereby ratified and confirmed."

   See pages 49 and 52 to 53 of the report for details of board composition. A brief profile of the above director is set out in appendix 1 on page 157.

4. **Ordinary Resolution 4 – Confirmation of appointment of executive director**
"Resolved that the appointment of Mark Stirton as an executive director of the company on 1 January 2019 be and is hereby ratified and confirmed."

See pages 49 and 52 to 53 of the report for details of board composition. A brief profile of the above director is set out in appendix 1 on page 157.

5. **Ordinary Resolution 5 – Re-election of independent auditor**
"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 page 57 of the report.

6. **Ordinary Resolutions 6.1 to 6.4 – Election of members of the audit and compliance committee**
"Resolved that, subject to the passing of ordinary resolution 2.3 and ordinary resolution 3, 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 29 August 2019 until the conclusion of the next AGM of the company:
6.1 Bobby Johnston*;
6.2 Daisy Naidoo;
6.3 Mark Bowman; and
6.4 Mmaboshadi Chauke"

Brief profiles of the above directors are set out in appendix 1 on page 157. Details of the committee's activities can be found on pages 56 to 59 of the report, and details of committee meeting attendance is on page 54 of the report.

*Long standing director Bobby Johnston continues to provide valuable insight with his expansive business knowledge and accounting background. The board has holistically considered a number of indicators in determining Bobby's independence, including his consistent professional conduct and substantively independent fulfilment of his director obligations over the course of his tenure. Despite his long association with the group, the board has unanimously concluded that Bobby acts with utmost independence of mind and in the best interests of the group.

7. **Ordinary Resolution 7 - Non-binding advisory vote on the remuneration policy**
"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 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 report is on pages 64 to 81 of the report, with the remuneration policy on pages 67 to 72.

8. **Ordinary Resolution 8 - Non-binding advisory vote on the remuneration implementation report**
"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 8, 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 64 to 81 of the report, with the remuneration implementation report on pages 73 to 74.

9. **Ordinary Resolution 9 – Adoption of the social, ethics, transformation and sustainability committee report**
"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 82 to 95 of the report. The committee chair will be available at the AGM to answer questions relating to the committee's statutory obligations

10. **Ordinary Resolution 10 – 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."

11. **Ordinary Resolution 11 – 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 as at the date of this notice (equating to 12 847 286 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 company's MOI, 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.

12. **Special Resolution 1 – Remuneration of non-executive directors**
"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 31 March 2019 as follows:

1.1	independent non-executive chair of the board	R1 573 638
1.2	honorary chair of the board	R 786 819
1.3	lead independent director of the board	R 465 888
1.4	non-executive directors	R 390 297
1.5	audit and compliance committee chair*	R 270 350
1.6	audit and compliance committee members	R 144 166
1.7	remuneration and nominations committee chair	R 198 947
1.8	remuneration and nominations committee members	R 103 891
1.9	social, ethics, transformation and sustainability committee chair	R 158 567
1.10	social, ethics, transformation and sustainability committee members	R 100 700
1.11	risk and IT committee members**	R 125 862
1.12	risk and IT committee - IT specialist***	R 284 112

*The group commissions an external firm to biennially benchmark non-executive director remuneration to that of the group's peer comparators. Following the completion of this exercise in November 2018, an above average increase was awarded to this role in order to align the remuneration to the peer group median in keeping with the group's long standing remuneration philosophy.

**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 R125 862 and an additional fee of R158 250 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 60 to 63.

Details of the board of directors and director classification is on pages 52 to 54 of the report. Further details on non-executive director remuneration is on page 81 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 5.5% increase (with the exception of the audit and compliance committee chair as explained in the note above) as recommended by the company's remuneration and nominations committee following guidance from the executive directors and people director of the company.

13. **Special Resolution 2 – General authority to repurchase shares**
"Resolved, as a special resolution, that the board be and is hereby authorised, by way of a renewable general authority, to approve the repurchase 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 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 effected 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 repurchase 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 repurchase the company's issued shares on the terms and conditions and in such amounts to be determined from time to time by the directors, subject to the limitations set out above.

Statement of board's intention
The directors 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 105
- share capital of the company - page 100

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 the listings requirements.

No 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.

14. 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.

15. 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, 26 August 2019, 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 11: more than 50% of votes cast
- special resolutions 1 to 3: at least 75% of votes cast

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.

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 21 June 2019 and (ii) attend, participate in and vote at the AGM is Friday 23 August 2019. Only shareholders who are registered in the securities register of the company on Friday 23 August 2019 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 20 August 2019.

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 26 August 2019. 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.

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
11 June 2019

Appendix 1

Ordinary Resolution 2: Profiles of non-executive directors retiring by rotation and standing for re-election

Stewart Cohen

Qualifications:	BCom; LLB (Rhodes); MBA (UCT)
Date of appointment to the board:	2 March 1989
Position held:	Honorary chairman
Key skills:	Retail, finance, risk, human resources, marketing, sustainability, strategy

Stewart was admitted to the Cape Bar as an Advocate and soon thereafter began a retail career. He was General Manager of listed Grand Bazaars, MD of Ackermans and partner in retail consultants Cohen, Chiappini and Associates. He was joint MD (with Laurie Chiappini) of Specialty Stores (later renamed Mr Price Group) and became joint chairman of the group and is currently honorary chairman.

During his retail career he was a store manager, regional manager, store operations director, property director, internal auditor and store development/ design director. He has travelled overseas extensively to study retail and fashion trends and attended specialist retail programmes at Harvard Business School. He was directly involved in the major acquisitions and financial restructurings in the group. He developed the group's vision and value statements and has been intimately involved in developing the people strategies of the group.

Stewart was previously a member of the audit and compliance committee and the remuneration and nominations committees, both of which he still attends by invitation. His thesis for his MBA was a study of discount department stores and hypermarkets which was followed by further research on the future of e-tailing.

Stewart continues to be involved in group strategy and keeps abreast of the latest trends in retailing. He is also involved in a number of CSI projects, mainly in education some of which are with the MRP Foundation.

The board supports Stewart's re-election for the reasons set out in the notice of AGM.

Keith Getz

Qualifications:	BProc; LLM
Date of appointment to the board:	24 May 2005
Position held:	Independent non-executive director
Key skills:	Governance and strategy
Committee membership:	Chairman of the social, ethics, transformation and sustainability committee Member of the remuneration and nominations committee Legal counsel
Other directorships include:	Spur International Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Limited, Trematon Capital Investments Limited

Keith has been a practicing attorney since 1980, duly admitted to practice as an attorney in any part of South Africa. He serves on the committees of such companies, including risk, nomination, remuneration and social and ethics.

The board supports Keith's re-election.

Mark Bowman

Qualifications:	BCom (Finance), MBA
Date of appointment to the board:	27 February 2017
Position held:	Lead independent director
Key skills:	Human resources, marketing, sustainability, strategy
Committee membership:	Chairman of the remuneration and nominations committee Member of the audit and compliance committee
Other directorships include:	Tiger Brands Ltd, Dis-chem Pharmacies Ltd, Grand Parade Investments 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.

The board supports Mark's re-election.

Ordinary Resolution 3: Profile for confirmation of appointment of non-executive director Mmaboshadi Chauke

Mmaboshadi Chauke

Qualifications:	CA (SA)
Date of appointment to the board:	21 November 2018
Position held:	Independent non-executive director
Key skills:	Finance, risk, human resources, financial services, strategy
Committee membership:	Member of the audit and compliance committee
Other directorships include:	The Small Enterprise Foundation, Mamor Investments (Pty) Ltd

Mmaboshadi is a member of the Institute of Directors in Southern Africa, a CA (SA) and a former registered auditor, having served five years as an Audit partner at Deloitte & Touche South Africa until February 2018. Prior to becoming a partner at Deloitte, Shadi also worked in senior finance positions at Standard Bank South Africa and at TV production company, Urban Brew Studios (Pty) Ltd, for a combined four-year period, where she was responsible for group financial reporting, financial management and control, risk management and compliance. She currently works as an executive producer in television and film production, is a freelance actress and holds board positions in other private companies.

The board supports the confirmation of Mmaboshadi's appointment.

Ordinary Resolution 4: Profile for confirmation of appointment of executive director Mark Stirton

Mark Stirton

Qualifications:	CA (SA), FCMA, CGMA
Date of appointment to the board:	1 January 2019
Position held:	Chief financial officer
Key skills:	Finance, governance, risk, human resources, IT, financial services, strategy

Mark completed his articles at PWC in 2005 after which he moved to Eurotap SA fulfilling the role of group financial director and acting managing director for 8 years. Mark joined Aspen Pharmacare Holding Ltd in 2013 as group commercial manager: strategic business development & pharma affairs.

In June 2014 Mark joined the group and was promoted to group corporate finance director in April 2017. In January 2019 he was promoted to chief financial officer.

He is a member of SAICA and the Chartered Institute of Management Accountants.

The board supports the confirmation of Mark's appointment.

Ordinary Resolution 6: Profiles of audit and compliance committee members

Bobby Johnston

Qualifications:	B-Com, CA (SA)
Date of appointment to the board:	1 February 1998
Position held:	Independent non-executive director
Key skills:	Finance, governance, risk, sustainability
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. He resigned as a director in 2014 but remains involved with the JSE Benevolent Fund. Bobby resigned as chairman and a director of Strate (Pty) Limited 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 and is an honorary life member of the SA Institute of Stockbrokers.

He 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.

Daisy Naidoo (Chair)

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
Key skills:	Finance, governance, risk, financial services, strategy
Committee membership:	Chairman of the 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, ABSA Group Ltd

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 election.

Mark Bowman

Detailed above. The board supports Mark's election.

Mmaboshadi Chauke

Detailed above. The board supports Mmaboshadi's election.

Form of Proxy

(Registration number 1933/004418/06) (Incorporated in the Republic of South Africa) ('Mr Price' or 'the Company')

For use by certificated and own name dematerialised Mr Price ordinary shareholders ('ordinary shareholders') at the 86th 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 28 August 2019 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 AGM 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 resolutions 2.1 to 2.3 Re-election of directors retiring by rotation				
2.1 Stewart Cohen				
2.2 Keith Getz				
2.3 Mark Bowman				
Ordinary resolution 3 Confirmation of appointment of Mmaboshadi Chauke as non-executive director				
Ordinary resolution 4 Confirmation of appointment of Mark Stirton as executive director				
Ordinary resolution 5 Re-election of independent auditor				
Ordinary resolutions 6.1 to 6.4 Election of members of the audit and compliance committee				
6.1 Bobby Johnston				
6.2 Daisy Naidoo				
6.3 Mark Bowman				
6.4 Mmaboshadi Chauke				
Ordinary resolution 7 Non-binding advisory vote on the remuneration policy				
Ordinary resolution 8 Non-binding advisory vote on the remuneration implementation report				
Ordinary resolution 9 Adoption of the SETS committee report				
Ordinary resolution 10 Signature of documents				
Ordinary resolution 11 Control of authorised but unissued shares.				
Special resolutions 1.1 to 1.12 Non-executive directors remuneration:				
1.1 Independent non-executive chair of the board	R 1 573 638			
1.2 Honorary chair of the board	R 786 819			
1.3 Lead independent director of the board	R 465 888			
1.4 Non-executive directors	R 390 297			
1.5 Audit and compliance committee chair	R 270 350			
1.6 Audit and compliance committee members	R 144 166			
1.7 Remuneration and nominations committee chair	R 198 947			
1.8 Remuneration and nominations committee members	R 103 891			
1.9 Social, ethics, transformation and sustainability committee chair	R 158 567			
1.10 Social, ethics, tansformation and sustainability committee members	R 100 700			
1.11 Risk and IT committee members	R 125 862			
1.12 Risk and IT committee - IT specialist	R 284 112			
Special resolution 2 General authority to repurchase shares				
Special resolution 3 Financial assistance to related or inter-related companies				

Signed at ______________ on ______________ 2019

Signature/s ______________________________

Assisted by me (where applicable) ______________________________

Please read the notes and instructions provided on pages 156 and 160.

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, is 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 26 August 2019 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 group limited