

Mr Price Group Limited

Registration number 1933/004418/06 • Incorporated in the Republic of South Africa
• ISIN: ZAE 000026951 • JSE share code: MPC

UNAUDITED GROUP RESULTS FOR THE SIX MONTHS TO 30 SEPTEMBER 2006

Highlights

CONTINUING OPERATIONS

– RETAIL SALES UP 23% TO R2,7 BILLION

– OPERATING PROFIT UP 25% TO R209 MILLION

CORE HEADLINE EARNINGS PER SHARE UP 37%

DISTRIBUTION PER SHARE INCREASED BY 25%

COMMENTARY

RESULTS

The established retail chains (Mr Price, Mr Price Home, Miladys and Sheet Street) have all recorded strong growths in sales and profitability. Customers continued to respond well to the larger format stores developed in terms of the group's expansion strategy and to the strong value offering in the chains.

Retail sales from continuing operations grew by 23% to R2,679 billion with comparable sales (which include sales of expanded and relocated stores in like-for-like locations) 12% higher. Growth in weighted average trading space was 17%. The operating margin from continuing operations, although impacted by the start-up costs for the new Mr Price Sport operation, was maintained at last year's improved level. Operating profit from continuing operations increased by 25% to R209 million. An improvement in the effective tax rate was mainly attributable to a reduced STC charge consequent upon payment of the 2006 final distribution out of share premium. Headline earnings per share rose 32% to 67.9 cents off the base of 51.6 cents (which was adjusted in terms of the accounting restatement referred to below).

As at the last year end, comparison with the prior period's results has been affected by the sale of two non-core operations, The Hub and Galaxy Jewellers, in the previous year and the accounting restatement of contributions to export partnerships made in compliance with International Financial Reporting Standards.

Core headline earnings, which exclude the impact of the abovementioned matters, grew by 37% to 61.9 cents per share. While it is the group's intention to make distributions to shareholders which are covered two times by headline earnings, regard has been had to the distortion in the first half caused by the reduced STC charge and the accounting restatement referred to above. The interim distribution has therefore been set at 30.4 cents per share, which represents an increase of 25% at the interim stage.

TRADING

The trading results of the group are reported in two main segments, **Apparel** and **Home**.

The **Apparel** division (Mr Price, Miladys and Mr Price Sport) increased sales by 17% and operating profit was 20% higher.

The **Mr Price** chain grew sales by 16% to R1,349 billion with comparable sales growth of 12%. Retail selling price inflation was 1%. The chain continued to invest in its expansion and revamp programme, trading in 11% greater weighted average space during the period.

Miladys, with retail selling price deflation of 5%, grew sales by 17% to R406 million and comparable sales by 8%. The chain recorded a 20% growth in unit sales which is indicative of the positive market share gains.

Mr Price Sport opened two test stores towards the end of the period and early indications are positive.

The **Home** division (Mr Price Home and Sheet Street) increased sales by 38% and operating profit by 59%.

Mr Price Home's new extended product assortments, which now include furniture, continue to perform well. The larger format stores (>2 500 square metres) opened in the prior financial year have been well supported by customers. The chain grew sales by 35% to R636 million with comparable sales growing by 16%. Weighted average trading space increased by 33%. As reported previously, the growing contribution of the higher-priced furniture merchandise accounted for the retail selling price inflation of 18%.

Sheet Street performed very well. The chain grew weighted average trading space by 25%, having opened 22 stores nationally during the period. Sales were 46% higher at R279 million with comparable sales growth of 16%. Retail selling price inflation of 6% was recorded.

FINANCE

The balance sheet remains strong with cash resources of R442 million. Cash flows were negatively impacted by higher stock levels attributable to the build up of inventories for stores opening in the third quarter of the financial year, and higher trade receivables arising from the national roll out of credit. Capital expenditure of R107 million was also funded.

The launch of credit into Mr Price, Mr Price Home, Sheet Street and Mr Price Sport has delivered the anticipated results. Although the credit offer remains tightly controlled, the growth in the account base continues to provide the chains with access to new customers and an increase in the average basket size evidenced in credit transactions. The trade receivables book has grown to R36f million, with bad debt at forecasted levels.

PROSPECTS

It is anticipated that rising interest rates will slow the growth in consumer spending. Furthermore, trading in the second half will be more challenging given the high base in the previous year which also incorporated a 53rd week.

The Mr Price group, however, as a value retailer selling largely for cash, is not typically impacted by a tightening of retail trading conditions to the same degree as credit retailers. The group does not, therefore, expect that Christmas trading will be significantly dampened and further growth in earnings for the second half of the year is anticipated.

Insofar as the introduction of the quotas on imports from China is concerned, the group, along with other retailers, believes that both the rationale and the planned methodology for the imposition of the quotas are flawed. While it is not possible at this stage to assess all the implications, all necessary steps will be taken to minimise the impact on customers, especially those from lower income groups who will be most affected by the higher prices that will result from the introduction of quotas.

On behalf of the board

S B Cohen – Joint chairman
L J Chiappini – Joint chairman
A E McArthur – Chief executive officer

Durban
15 November 2006

DIVIDEND DECLARATION AND CASH DISTRIBUTION OUT OF SHARE PREMIUM

Notice is hereby given that an interim cash dividend of 10.4 cents per share and a cash distribution out of share premium of 20.0 cents per share, in lieu of a dividend, (collectively 'the distribution'), has been awarded to the holders of ordinary and unlisted B ordinary shares. The total value awarded to shareholders amounts to 30.4 cents per share. The cash distribution out of share premium is in terms of the general authority granted to directors at the annual general meeting held on 27 July 2006.

The following dates are applicable:

Date	Action	Day	Month	Year
Last date to trade 'cum' the distribution		Friday	1 December	2006
Date trading commences 'ex' the distribution		Monday	4 December	2006
Record date		Friday	8 December	2006
Date of payment		Monday	11 December	2006

Shareholders may not dematerialise or rematerialise their share certificates between Monday 4 December 2006 and Friday 8 December 2006, both dates inclusive.

On behalf of the board
C S Yuill – Secretary
Durban
15 November 2006

DIRECTORS

L J Chiappini* (Joint chairman), S B Cohen* (Joint chairman),
A E McArthur† (Chief executive officer), S A Ellis† (Joint managing director),
S van Niekerk† (Joint managing director), M M Blair†, K Getz†, C Hultzer*, M R Johnston*,
Prof. L J Ring* (USA), W J Swain*, C S Yuill†

*Non-executive director †Executive director

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Ltd,
70 Marshall Street, Johannesburg, 2001.
P O Box 61051, Marshalltown, 2107.
Telephone: (011) 370 5000

SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited),
1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196.
P O Box 786273, Sandton, 2146.

CONSOLIDATED INCOME STATEMENT

R'000	2006		2005		2006	
	September	26 weeks	September	26 weeks	%	53 weeks
			(Restated)		change	
Revenue	2 745 883		2 386 006	15		5 284 842
Continuing operations	2 710 107		2 184 865	24		5 048 643
Discontinued operations	-		170 850			170 850
Finance income	35 776		30 291	18		65 349
Continuing operations	2 679 021		2 169 682	23		5 007 591
Retail sales						
Other income	31 086		15 183	105		41 052
Total revenue	2 710 107		2 184 865	24		5 048 643
Costs and expenses	2 501 400		2 017 525	24		4 514 578
Cost of sales	1 601 357		1 298 894	23		2 980 810
Selling expenses	669 728		538 635	24		1 159 329
Administrative and other operating expenses	230 315		179 996	28		374 439
Profit from operating activities	208 707		167 340	25		534 065
Net finance income	16 846		10 865	55		31 087
Profit after net finance income	225 553		178 205	27		565 152
Net amortised cost adjustment of contributions to export partnerships	14 877		7 601	96		15 201
Profit before taxation	240 430		185 806	29		580 353
Taxation	71 532		68 370	5		193 489
Net profit from continuing operations	168 898		117 436	44		386 864
Discontinued operations						
Profit from operating activities	-		8 350			8 350
(Loss)/profit arising from discontinuance	(10)		2 369			1 376
Net finance income/(costs)	33		(114)			(98)
Profit before taxation	23		10 605			9 628
Taxation	9		4 323			4 022
Net profit from discontinued operations	14		6 282			5 606
Total group						
Net profit attributable to shareholders	168 912		123 718	37		392 470
Weighted average number of ordinary and unlisted B ordinary shares in issue (net of shares held by staff share trust) (000)	249 860		244 334	2		245 697
Earnings per ordinary and unlisted B ordinary share (cents)						
- basic	67.6		50.6	34		159.7
- headline	67.9		51.6	32		161.7
- core headline	61.9		45.2	37		152.2
- diluted basic	65.2		48.5	34		152.8
- diluted headline	65.4		49.5	32		154.7
- diluted core headline	59.7		43.3	38		145.5
Distribution/s per share (cents)	30.4		24.3	25		81.0

STATEMENT OF CHANGES IN EQUITY

R'000	Notes	2006		2005		2006	
		September	26 weeks	September	26 weeks	%	March
				(Restated)			
Total equity attributable to shareholders at 1 April (previously stated)		1 025 647		1 040 073		770 951	
Net amortised cost adjustment of contributions to export partnerships	3			(269 122)			
Total equity attributable to shareholders at 1 April		1 025 647		770 951		770 951	
Net profit for the period		168 912		123 718		392 470	
Net profit for the period (previously stated)				116 117			
Net amortised cost adjustment of contributions to export partnerships	3			7 601			
Shares issued		8 372		10 260		30 856	
Recognition of share-based payments		3 542		4 171		6 776	
Distribution/s to shareholders		(140 515)		(112 331)		(171 509)	
Currency translation adjustments		405		(2 483)		(3 897)	
Recognition of pension fund asset	4	19 698					
Insurance reserve		218					
Total equity attributable to shareholders		1 086 279		794 286		1 025 647	

This report and the supporting presentation are available on our website: www.mrpricegroup.com

CONSOLIDATED BALANCE SHEET

R'000	2006		2005		2006	
	September	26 weeks	September	26 weeks	%	March
			(Restated)		change	
Assets						
Non-current assets	657 282		469 004			570 810
Property, plant and equipment	398 812		287 278			344 007
Intangible assets	6 721		7 741			6 137
Long-term receivables and prepayments	228 757		169 675			216 096
Pension fund asset	19 698					
Deferred taxation assets	3 294		4 310			4 570
Current assets	1 534 030		1 468 750			1 456 029
Inventories	695 388		543 449			535 467
Trade and other receivables	396 594		399 890			296 039
Cash and cash equivalents	442 048		525 411			624 523
Total assets	2 191 312		1 937 754			2 026 839
Equity and liabilities						
Equity attributable to shareholders	1 086 279		794 286			1 025 647
Non-current liabilities	257 870		314 739			280 340
Lease obligations	106 610		100 873			101 673
Deferred taxation liabilities	143 797		202 759			171 554
Post retirement medical benefits	7 463		11 107			7 113
Current liabilities	847 163		828 729			720 852
Trade and other payables and provisions	737 099		756 067			550 904
Current portion of lease obligations	19 751		11 164			16 347
Taxation	90 313		61 498			153 601
Total equity and liabilities	2 191 312		1 937 754			2 026 839

SEGMENTAL REPORTING

Business segments

The group's retail activities are organised into two divisions for operational and management purposes.

R'000	2006		2005		2006	
	September	26 weeks	September	26 weeks	%	March
			(Restated)		change	
Revenue from continuing and discontinued operations						
Continuing operations	2 710 107		2 184 865	24		5 048 643
Apparel	1 791 207		1 519 592	18		3 431 000
Home	918 670		663 733	38		1 615 855
Central services	7 431		10 972			16 611
Eliminations	(7 201)		(9 432)			(14 823)
Discontinued operations	-		170 850			170 850
Total	2 710 107		2 355 715	15		5 219 493
Profit from operating activities of continuing and discontinued operations						
Continuing operations	208 707		167 340	25		534 065
Apparel	183 341		153 193	20		442 031
Home	61 333		38 668	59		143 569
Central services	(37 191)		(25 737)			(53 960)
Other	(9)		(102)			(155)
Eliminations	1 233		1 318			2 580
Discontinued operations	-		8 350			8 350
Total	208 707		175 690	19		542 415

CONSOLIDATED CASH FLOW STATEMENT

R'000	2006		2005		2006	
	September	26 weeks	September	26 weeks	%	53 weeks
			(Restated)		change	
Cash flows from operating activities						
Operating profit before working capital changes	256 543		207 020			606 135
Working capital changes	(77 609)		80 118			(132 027)
Net interest received	41 833		23 262			65 427
Restraints of trade	-		-			(48 333)
Taxation paid	(161 310)		(98 086)			(162 284)
Net cash inflows from operating activities	59 457		212 314			328 918
Continuing operations	59 506		202 451			319 356
Discontinued operations	(49)		9 863			9 562
Cash flows from investing activities						
Net advances in respect of long-term receivables	(2 347)		(2 721)			(59 154)
Acquisition of subsidiary	-		-			(4 800)
Disposals of discontinued operations	-		5 725			187 670
Additions to intangible assets	(2 963)		(2			