mr pricegrouplimited

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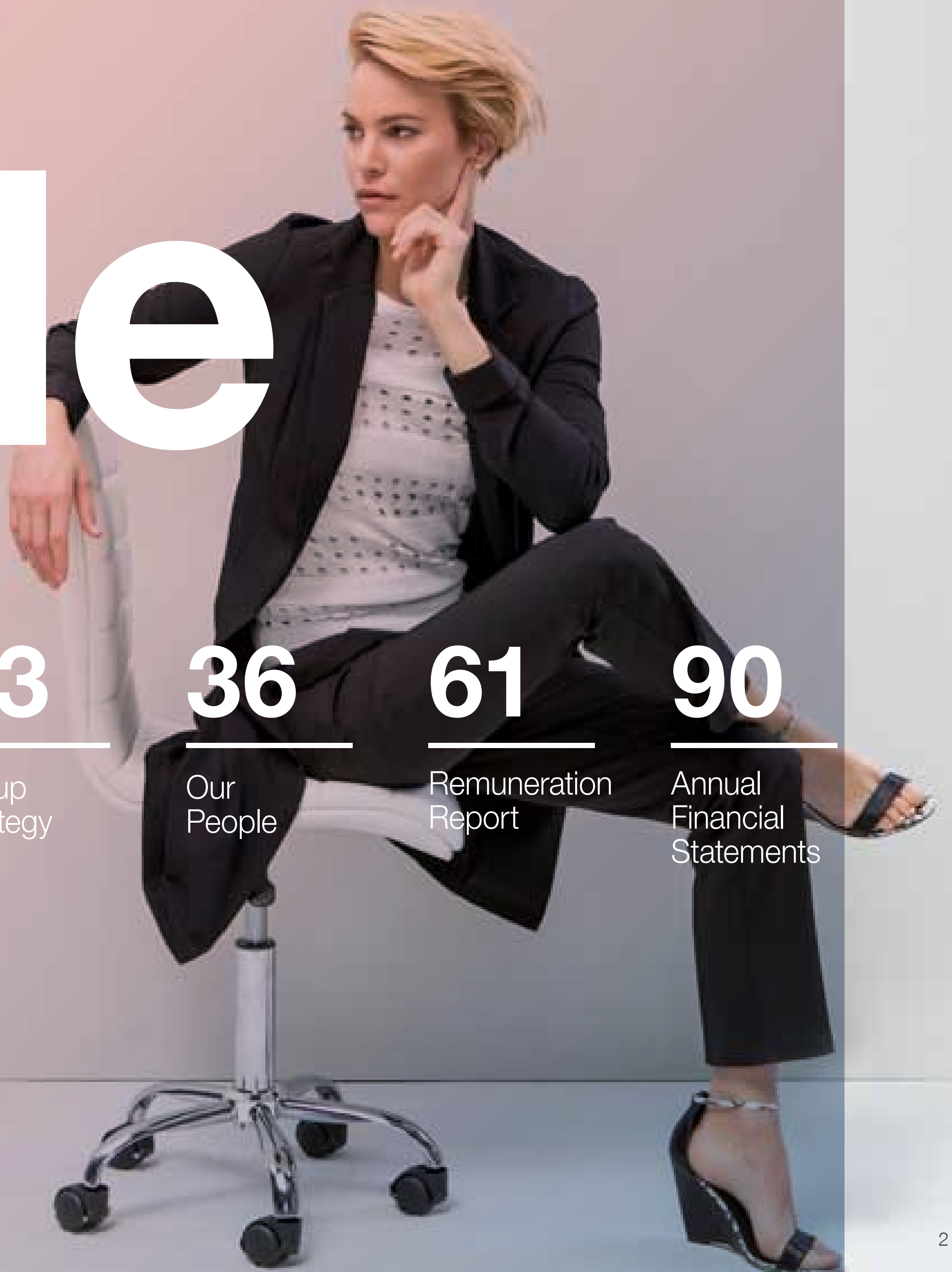
inside



SCOPE & BOUNDARY

We have pleasure in presenting the 2016 integrated report for Mr Price Group Limited and its subsidiaries.

The report is aimed principally at our shareholders – the providers of financial capital – and the broader investment community both locally and offshore. However, we recognise that several stakeholder groups influence our business, primarily but not limited to, our customers, shareholders and employees.

This report aligns with the requirements of the King Code of Governance for South Africa (King III) and the International Integrated Reporting Council's Framework. The Framework contains the 6 forms of capital that impact on value creation and diminution in a business. These comprise financial, manufactured, intellectual, human, social and relationship and natural capital. The Group's activities and performance relating to these capitals are covered throughout this 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.

Materiality

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

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

Additional information

This integrated 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.

Scope

This report provides a consolidated view of the Group's financial, social, economic and environmental performance for the 53-week period ended 2 April 2016. It includes the financial results of Mr Price Group Limited trading in South Africa, Australia, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland, Zambia and MRP Foundation (all 100% owned subsidiaries), mrpMobile (55% owned subsidiary) 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.

Boundary

The boundary extends beyond Mr Price Group to include the risks, opportunities and outcomes attributable to/associated with other stakeholders beyond 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 Group's consolidated Annual Financial Statements have been audited by the independent external auditor, Ernst & Young Inc. Their unqualified report can be found on page 82. In addition, the independent auditor verified the information contained in the Remuneration Report on page 61.

The disclosures within Our People Report (page 36) and Building Sustainability through Shared Value Report (page 41) were verified by our Internal Audit division. 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.

Approval

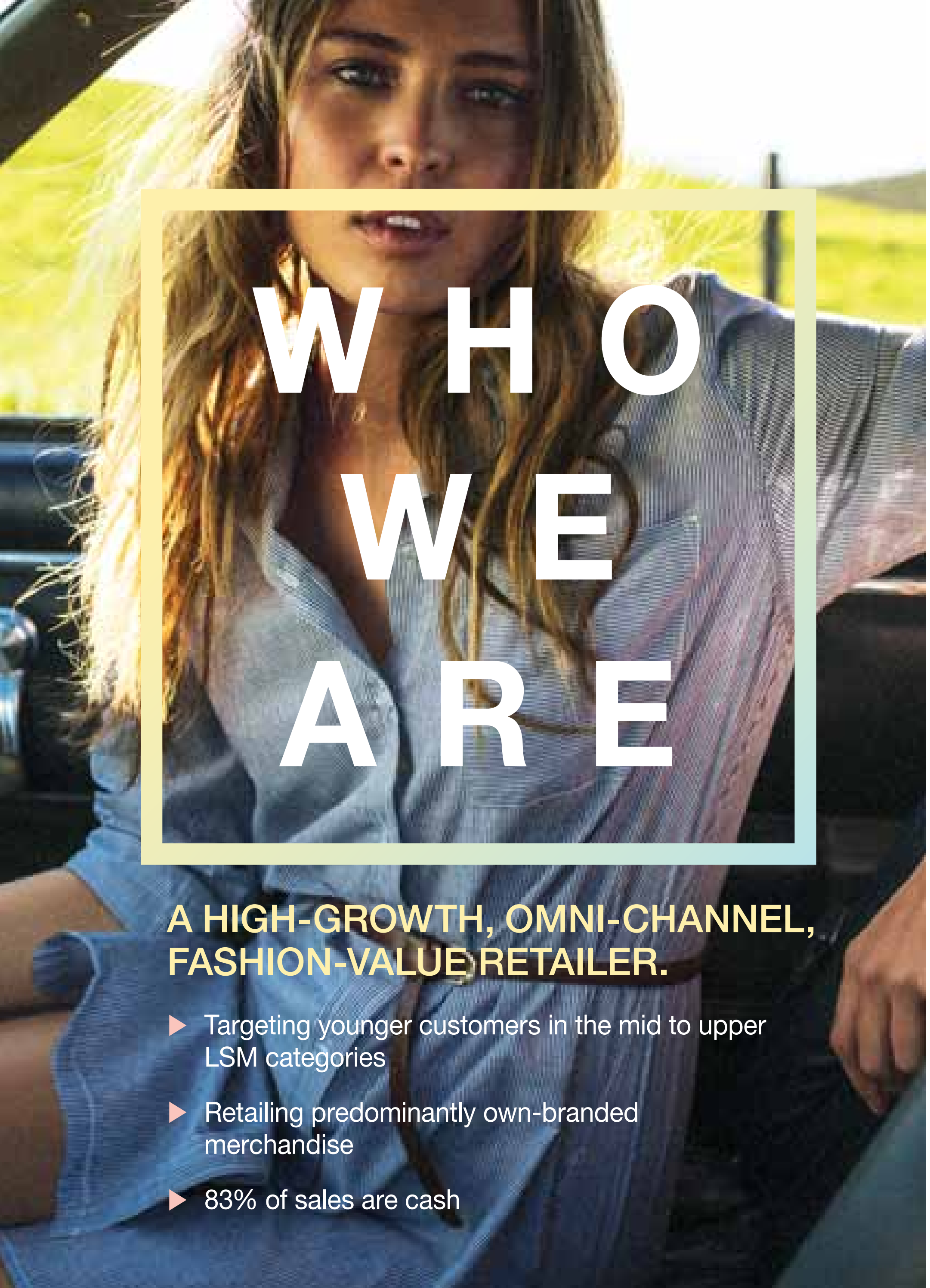
The Audit and Compliance committee has reviewed the integrated report (including the full and abridged Annual Financial Statements) and recommended these to the Board for approval. The Board has applied its mind to the integrated report and believes that it addresses all material issues, and fairly presents the integrated performance of the Group.

The 2016 Annual Integrated Report was approved for release to stakeholders by the Board on 31 May 2016.

NG Payne
Chairman

SI Bird
CEO

MM Blair
CFO



WHO WE ARE

A HIGH-GROWTH, OMNI-CHANNEL, FASHION-VALUE RETAILER.

- Targeting younger customers in the mid to upper LSM categories
- Retailing predominantly own-branded merchandise
- 83% of sales are cash

business model

fashion

Fashionable merchandise 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

Fashion + quality + price

Increasing sales + low overhead structure = acceptable operating margins

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

cash

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

A high cash sales component means:

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

mr pricegrouplimited

1 200 owned and franchised stores and online channels offering full product assortments

Market capitalisation of R45 billion (year end)

30-year CAGR in HEPS of 23.0% and DPS of 24.6%

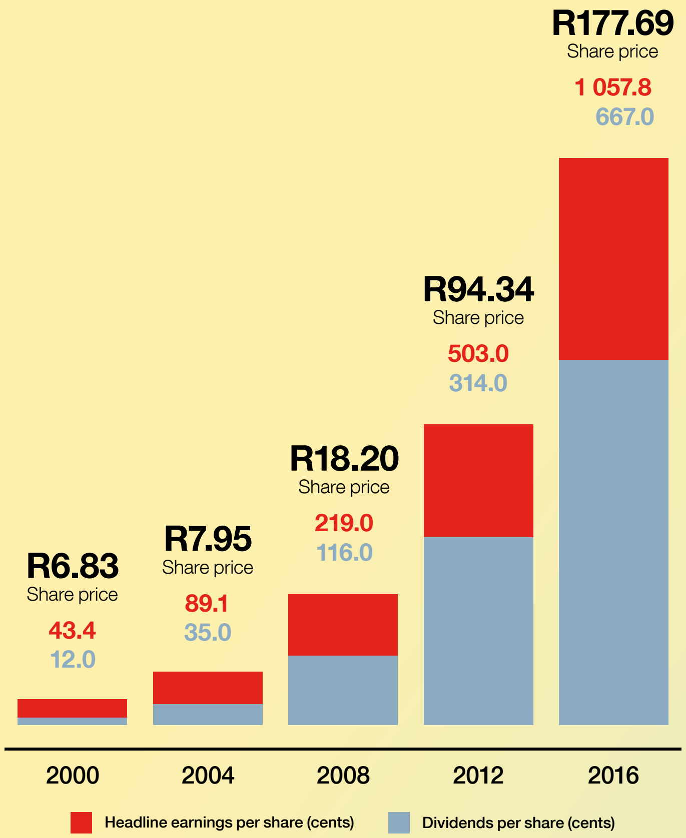
Included in MSCI Emerging Markets Index

International shareholding of 52%

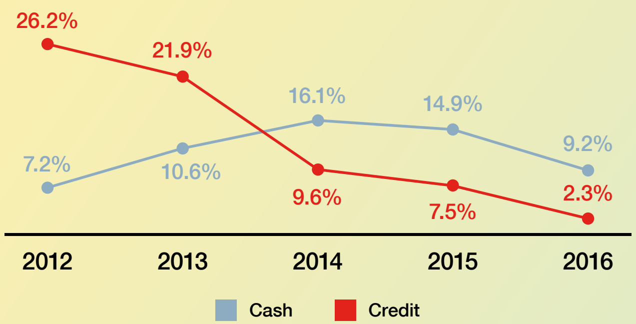
17th in Business Times Top 100 Companies, highest ranked retailer

Ranked 3rd in Financial Mail Top Companies 2015

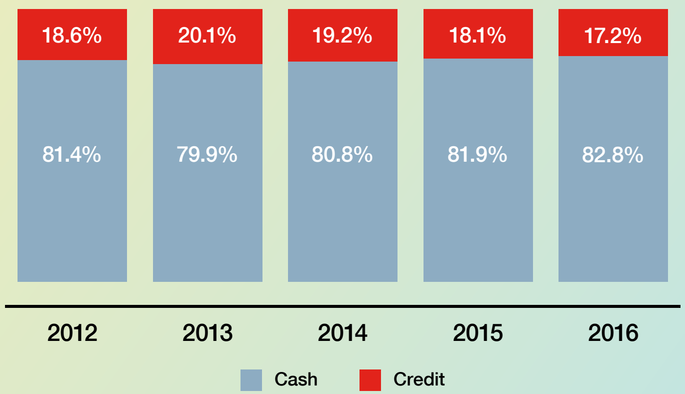
Included in JSE Top 40 Index and Socially Responsible Investment Index



Cash versus credit sales growth



Cash and credit sales % of total retail sales



OPERATIONS & FOOTPRINT

1 181
Total owned stores

594 557m²
Total trading area

mrp

458
Total Stores

642m²
Average store size

293 849m²
Total trading area

mrpHome

163
Total Stores

803m²
Average store size

130 843m²
Total trading area

mrpSport

82
Total Stores

711m²
Average store size

58 315m²
Total trading area

Sheet Street

280
Total Stores

181m²
Average store size

50 557m²
Total trading area

Miladys

198
Total Stores

308m²
Average store size

60 993m²
Total trading area

1 089 Total Stores **South Africa**

407	mrp
149	mrpHome
79	mrpSport
264	Sheet Street
190	Miladys

37 Total Stores **Namibia**

18	mrp
5	mrpHome
2	mrpSport
8	Sheet Street
4	Miladys

22 Total Stores **Botswana**

12	mrp
3	mrpHome
1	mrpSport
4	Sheet Street
2	Miladys

7 Total Stores **Swaziland**

2	mrp
1	mrpHome
2	Sheet Street
2	Miladys

5 Total Stores **Nigeria**

5	mrp

5 Total Stores **Lesotho**

2	mrp
1	mrpHome
2	Sheet Street

6 Total Stores **Ghana**

4	mrp
2	mrpHome

8 Total Stores **Zambia**

6	mrp
2	mrpHome

2 Total Stores **Australlia**

2	mrp

19 Total Stores **Franchise**

10	Kenya
3	Uganda
2	Tanzania
3	Mozambique
1	Rwanda

OUR VISION PURPOSE VALUES

vision

To be a top performing, international retailer.

purpose

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

values

passion

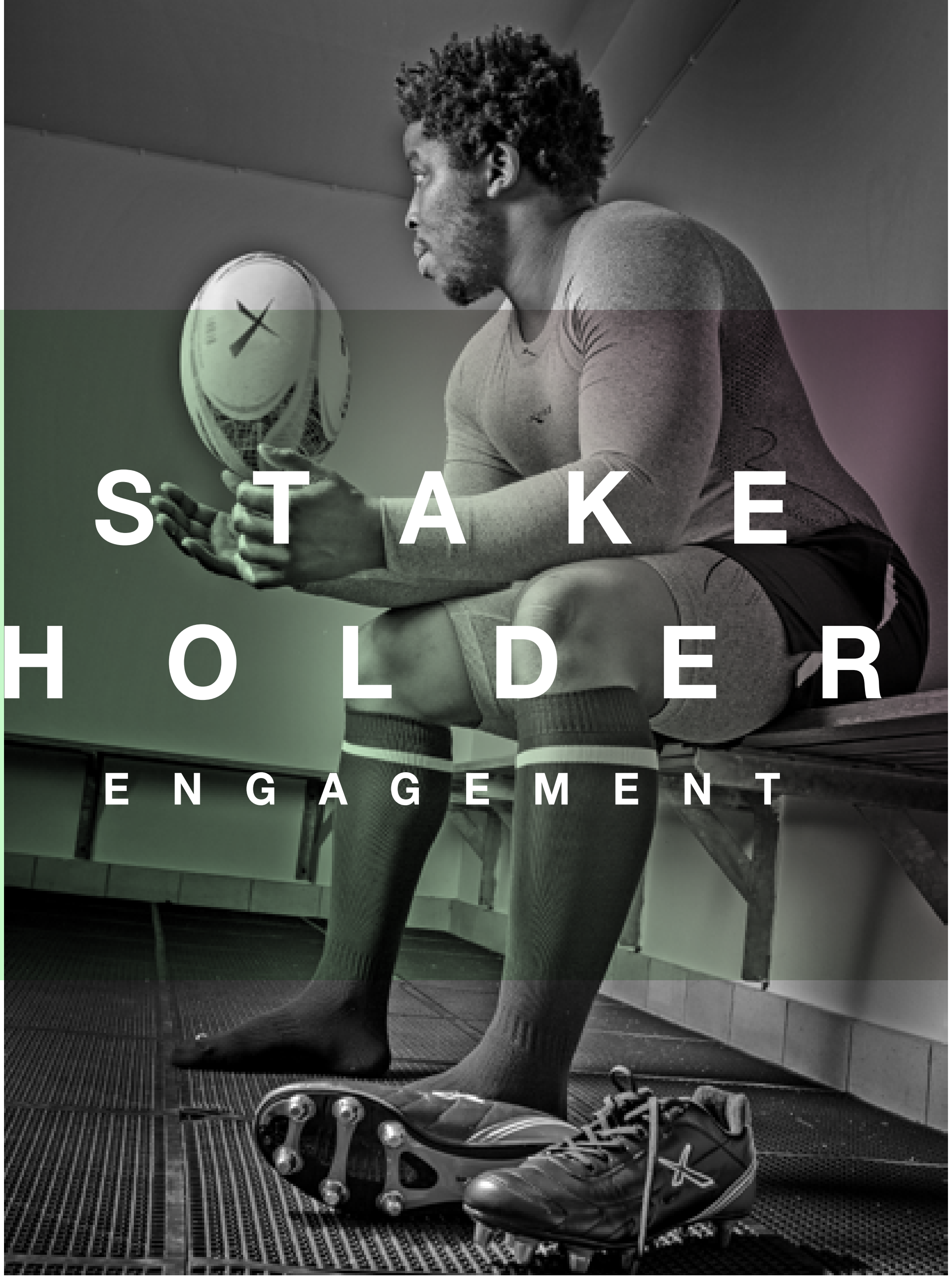
Passion means ordinary people doing extraordinary things. It's our engine and the positive attitude and enthusiasm of all our associates who approach each day smiling and projecting a positive image – believing that work is fun!

value

Value is the heart of our business. Our success has been built on our ability to add value to our customers' lives. It is more than just price – it's about quality, fashion, being in stock of the wanted item and delighting our customers by going the extra mile and always over-delivering.

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 wouldn't 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.



Sustainable relationships form the foundation of Mr Price Group's ability to create value over the short, medium and long term. We understand that stakeholders' perceptions affect our reputation in all the markets in which we operate, and that we need to deal with these proactively while ensuring that we maintain a balance in our treatment of stakeholders. The Board retains oversight of stakeholder management, while the implementation and monitoring of stakeholder engagement is devolved to the various management teams within the Group.

We have prioritised our input and feedback based on the degree to which a particular stakeholder or group is affected by our activities or can influence the success of our business. The following criteria have been applied:

Power

The level of influence that the stakeholder has over the Group's ability to make decisions and perform.

Level of interest

The extent of interest that the stakeholder has in the Group and is further divided into 2 key components, namely:

- Proximity – the degree of interaction, i.e. long-term relationship or dependency on day-to-day operations
- Urgency – the immediacy of the need to engage with a particular stakeholder.

Key principles on which we base our stakeholder engagement:

- Openness and transparency
- Mutual respect
- Supportive and responsive interaction
- Regular and structured engagements that are constructive and co-operative
- Recognition that all stakeholders are also existing or potential customers.

The following table illustrates our stakeholder engagement in more detail:

Stakeholder	Why we engage	How we engage	What we engage in
Shareholders and the investment community	• To create an informed perception of the Group and its activities	• Annual General Meeting • Presentations to Investment Analysts Society, results roadshows and one-on-one meetings • Conference calls/dial ins • Attendance at investor conferences • Annual Integrated Report • Annual results booklet • SENS announcements, trading updates and press releases • Group website	• Company performance, future prospects and strategy • Retail market trends and issues • Dividend policy • Share price performance • Share schemes • Economic, social and environmental risks
Customers	• To meet our customers' needs and increase long-term loyalty • To enhance our brands and thereby grow market share	• In-store interaction • Traditional and social media • Customer and market surveys and panels • Product testing • Inbound and outbound call centres • Advertising campaigns and competitions • Live chat feedback on e-commerce sites • Mystery shopper programme • Feedback from affiliate publisher partners in foreign markets	• Brand perceptions and expectations • Fashion trends • Product and quality feedback • Customer service levels • E-commerce technical assistance, orders and queries • Community support and fundraising through MRP Foundation • Account queries and payment
Associates and partners (our people)	• Our associates are our most valuable asset and brand ambassadors, as their efforts drive our profitability and the effectiveness of our customer engagement • To enhance their sense of value, commitment and motivation • To align thinking with the Group strategy • To receive feedback on areas for workplace and performance improvement	• Induction programmes • Performance reviews, fireside chats and career planning discussions • Training and development • Culture and climate surveys • Internal media – Red Cap Radio and TV • Team meetings • Results presentations • Divisional events, including awards events • Whistleblowers' hotline	• Vision and values • Business Code of Conduct • Group strategy and financial performance • Group policies and guidelines • Individual and team performances • Remuneration, benefits and incentives • Transformation and employment equity • People development and training • Wellness programmes • Health and safety • Culture survey results
Suppliers	• Suppliers are key to our performance and core to our strategic positioning	• Supplier days • Regular meetings • Performance reviews • Quality audits • Ethical and social audits • Factory visits and tours • Whistleblowers' hotline	• Order quantities, factory capacities, product cost and quality • Supplier performance • Future growth and expectations of the Group • Core competencies • Future trends in product and sourcing • Distribution centre requirements • Quick response • Supplier Ethical Data Exchange (Sedex) • Southern African Sustainable Textile and Apparel Cluster • Regional Footwear and Leather Cluster

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

VALUE CREATION THROUGH THE USE OF CAPITALS

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". The Group is committed to integrated reporting and, as such, has adopted the Framework. In the section below, we show the value that has been created through the use of the six capitals.

Capital	Input	Output for 2016 (52 weeks)	More information
Financial The funding and financial resources available to and deployed by the Group.	The Group's pool of funds consists of revenue generated, interest income and funds reinvested.	• Revenue of R19.6 billion • R1.6 billion paid to shareholders as dividends • R1.3 billion paid in income taxes • R1.1 billion reinvested to finance future expansion and growth • R81.2 million generated as interest income	• Divisional Summaries • CFO's report • Annual Financial Statements
Manufactured The physical infrastructure used to sell merchandise and includes distribution centres, retail stores (even though these are leased) and the IT systems throughout the business.	The stores, distribution network and general infrastructure throughout Southern and West Africa and Australia which enable us to procure, import, deliver and sell our products and services.	• Property, plant and equipment with a book value of R1.7 billion • Inventory to the value of R2.2 billion • R1.4 billion paid to property owners as store rentals • 45 new stores opened during the year • 3.1% increase in weighted average trading space • Full in-house credit management capability supported by established call centre	• Annual Financial Statements
Intellectual Organisational knowledge, systems, protocols and intellectual property.	The intangibles that constitute our product and service offering and provide our competitive advantage.	• Intangible assets with a book value of R373.4 million • Trending and design capabilities • Leading in-house brands • Compelling financial services offering • Consistent customer experience through our omni-channel approach • Registered trademarks	• Annual Financial Statements • Our People Report • Divisional Summaries

Capital	Input	Output for 2016 (52 weeks)	More information
Human The competencies, capabilities and experience of our employees.	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.	• An experienced, balanced and diverse Board with a strong commitment to corporate governance • Mature governance structures • Experienced, competent and cohesive management teams • Clearly defined Company values • Performance management system • Ability to manage risk • 17 956 permanent employees • R2.0 billion paid to employees as remuneration • R34.8 million invested in training, resulting in 232 437 training hours for employees, of which 94% were black	• Remuneration Report • Corporate Governance Report • Our People Report • Key Performance Indicators
Social and relationship Stakeholder relationships and engagement, corporate reputation and values.	The key and long-term relationships that we have cultivated with customers, suppliers and business partners.	• Ongoing effort in furthering enterprise and supplier development initiatives • R27.6 million donated to MRP Foundation • R3.5 billion (80.5 million units) of merchandise sourced from South Africa (31% of total) • R21.6 million in dividends paid to participants of Partners Share Scheme	• Our People Report • Building Sustainability through Shared Value Report • Social, Ethics, Transformation and Sustainability Committee Report • Remuneration Report
Natural Environmental resources which impact the Group's prosperity.	The resources that are used in the production of goods.	• Sustainability team co-ordinates and integrates sustainability initiatives across the Group • Supply chain optimisation and monitoring of procurement practices • Ongoing initiatives including retrofitting lighting to lower consumption units	• Building Sustainability through Shared Value Report • Key Performance Indicators

Group strategy

Our vision is to be a top performing international retailer.

The Group's strategy requires sustainable value creation over the short, medium and long term. The Board of Directors reviews the appropriateness of the strategic objectives annually and performance against set targets regularly throughout the year. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of 'people, profit and planet'.

THE 5 PILLARS OF THE GROUP'S STRATEGY ARE AS FOLLOWS:

Growth
Extend the Group's earnings track record through local and international growth

Building loved brands
Build strong customer relationships by delivering an ongoing experience of surprising and delighting, enabled by...

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

Growth

Objectives	Performance against objectives
SOUTH AFRICA and BLNS (Botswana, Lesotho, Namibia and Swaziland)	
Maintain sales growth trajectory and increase market share	Sales growth in SA of 8.3% was impacted by a poor economic climate and the introduction of new legislation regarding the granting of credit. We are unable to report on market share since the dissolution of the RLC in January 2015.
Introduce quality new space and exit from unproductive space	45 new stores were opened and 26 expanded. Weighted average new space growth was 4.7%. 14 stores were closed and 20 reduced in size. Net space growth was 3.1%.
Maintain profit wedge throughout growth cycle	Total costs increased by 7.1%, generating operating profit growth of 15.5% from an increase in sales and other income of 8.5%.
Improve performance of under-performing areas of the business (Miladys, mrpMobile and Ecommerce)	Miladys – the impact of the merchandise changes is expected to be realised in Spring/Summer 2016. mrpMobile – as anticipated, the business was profitable in H2 as a result of reaching critical mass in subscriber numbers. Ecommerce – sales grew by 63.6% and the channel is profitable on a Group basis.
Focus on cash sales and grow credit sales responsibly	Credit sales grew by 2.3% due to recently imposed legislation which impacted the granting of credit. The high quality of the debtors' book was maintained, with the net bad debt to book ratio improving to 5.4%.
INTERNATIONAL	
Increase contribution to total sales	International sales grew by 5.1% and constituted 8.4% (2015: 8.5%) of Group sales and 9.5% of mrp. A considered approach to international expansion has been adopted: - West Africa, due to concerns that growth could be unpredictable. - Australia, due to this being the Group's first test of a developed market.
Conduct further research to identify appropriate markets and formats for expansion of the mrp brands of Apparel, Home and Sport	Research of Mozambique, Tanzania and Kenya has confirmed the franchise format as the most appropriate. In Australia, two test mrp stores were opened in October 2015, while mrpHome will open a test store in October 2016. Research into other territories is in progress.
Consider strategic acquisitions to complement organic growth	Evaluated a number of opportunities, many of which did not meet our strict criteria.
Key risks	**Risk mitigation**
Economic, social, political and legislative environments	• Focus on fashion-value business model in order to maintain cost structures and value positioning • Retain focus on cash sales. Credit sales not to exceed 20% contribution to Group • International expansion strategy
Increasing competition, including growing presence of international retailers in SA	• The new foreign entrants primarily compete with the higher priced credit retailers. The Group's focus on its market positioning and retail execution is critical – refer 'Building loved brands' on page 15.
Growth in new markets	• Clearly defined risk appetite • Intensive research and test strategy • Focus on effective retail systems and processes, people development and management structures • Strict criteria for considering acquisitions, including alignment with our core skills, size and growth prospects

Building loved brands

Objectives	Performance against objectives
Consistent fashion-value positioning in all markets - fashion led product at great value - differentiated and category dominant private label assortments	In the largest division, mrp, RSA sales growth was 10.4% (52 weeks) with comparable sales growth of 7.2%, which demonstrates its merchandise success. The division was named winners of the Male and Female clothing categories in the Ask Africa Youth Brand survey and was voted the 'Coolest Clothing Store' in the Sunday Times Generation Next study. The 2nd largest division, mrpHome, was rated 'most loved South African homewares brand'.
Communication - convey our strong brand personality via multiple touchpoints to our target market - build on sector leading social media position - develop a single view of the customer by implementing an appropriate CRM strategy.	The 3 mrp brands are now full omni-channel retailers. The Group predominantly targets the mid to upper LSM market. Research shows that mrp increased its contribution of high LSM (8-10) shoppers over the previous year. mrp ranks in the top 10 in RSA for number of Facebook fans, is the top placed retailer and has the highest number of Instagram followers amongst the local competitor set. Research into segmentation tools and CRM solutions has commenced.
Innovation - Lead with technology to re-inforce our brand	Continued rollout of mobile POS, Tap 'n Go, paperless receipting, online store fulfillment, and mrpEmpower, aimed at improving CRM and in-store visual merchandising, reducing checkout or delivery times and creating a seamless omni-channel experience. The online system replatform is well progressed and will enhance functionality and substantially reduce operating costs.
Key risks	**Risk mitigation**
Brand positioning	• Being in stock of wanted items at value prices • Development of trend and merchant skills • Raised level of pre-season planning • Transition of resourcing strategy
Compelling and seamless omni-channel experience	• Research and effective implementation of CRM strategy • Application of 'one brand' approach • Customer engagement
Product assortments and allocations	• Continued focus on market research, trend and design • Realisation of planned benefits from the new merchandise planning system and distribution centre

Operations

Objectives	Performance against objectives
LEADING IT SOLUTIONS	
Replace legacy systems with modern integrated planning (IP), online and ERP systems to support our growth strategy	Steady progress has been made on IP and ERP systems, with the project plan avoiding overlap with peak trading periods and the opening of the new distribution centre. The new online system is expected to be operational by July 2016.
DISTRIBUTION CENTRE	
Develop a single, world class distribution facility capable of handling forecast unit volumes efficiently	The project is on plan for the first division to go live in June 2017, with the full transition to be completed by September 2017.
Key risks	**Risk mitigation**
Distribution centre capacity for peak trade and future growth	• Use of off-site facilities during peak periods until new DC is operational • New 57 000 m^2 facility is capable of doubling in size. Major project which has improved efficiency and decision making at its core, positively impacting profitability by lowering future cost growth, reducing handling and breakages and maximising sales through improved stock throughput and allocations
Alignment of systems and business requirements (including effective implementation of new IT systems)	• Effective IT governance structures and processes are in place • Processes in place to ensure the alignment of IT and business strategies and monitor performance • Dedicated team of senior resources for major new systems implementation, supported by external specialists and advisors, and overseen by the Executive Steering Committee and Main Board • Phased implementation plan and effective change management processes
Volume and impact of significant change	• Alignment of service and trading division strategies • Effective change management processes and governance structures • Business continuity plans, disaster recovery facilities and back-up processes in place

People

Objectives	Performance against objectives
More effective workplace and employee engagement (including review of remuneration structures)	A review of remuneration structures was completed and a comprehensive assessment of the share schemes is underway. There has been significant progress in the operations work environment, with employment contracts and incentive structures being re-designed and operations leadership and management structures improved. mrpFlow is being developed to automate HR and payroll administration processes and mrpEmpower is planned to enable more effective communications between head office and stores. Improved recruitment practices resulted in a substantial reduction in time taken to fill core positions.
Integrated HR Management Systems (HRMS)	A HRMS optimisation committee has been established to fully optimise the expected benefits. Staff scheduling improvements are being targeted. Payroll and people analytics are being utilised effectively and are adding value. A review of the training administration system is in progress and a new candidate relationship management and applicant tracking system is being considered.
Leadership development	The Leadership NEXT programme which develops both current and future leaders, focusing on strategy, operating in a global marketplace and management and leadership skills, is well entrenched in the business.
Achievement of EE targets	On track to achieve our 2017 EE goals. 93.2% of associates are from previously disadvantaged backgrounds.
Key risks	**Risk mitigation**
Attraction and retention of critical skills	• Brand profiling and talent search strategy, including intern and graduate programmes • Ongoing focus on skills development, particularly operations and merchandise skills • Continued focus on embedding of Group culture and enhancing the work environment • Competitive remuneration and incentive structures (both short and long term) offered to enhance retention throughout the organisation • Excellent career prospects in a progressive growing business
Leadership capacity and capability for the future	• Executive development initiatives to enhance the pool of leadership skills, including strategy and operating in a global marketplace • Effective performance management systems linked to retention tools • Robust succession planning

Sustainability

Objectives	Performance against objectives
SUPPLIERS	
Transition merchandise resourcing strategy to: - enhance sustainability (getting closer to the point of manufacture to assess supplier compliance with social and ethical standards) - strengthen our value proposition (eliminate hidden/duplicated costs, mine efficiencies and maintain an appropriate balance between cost and quality) - maximise sales (strengthen our ability to react to merchandise opportunities and improve on-time, in-full deliveries)	The mrp division imported 61% of its merchandise from the East, in line with last year. However, the mix changed, with two thirds of the imported merchandise now being procured directly from a foreign third party or factory, rather than via a local third party importer. Having access to all bills of materials and negotiating prices at a component level, coupled with our large order quantities, has resulted in lower USD input prices. 78% of the Group's direct suppliers are Sedex members. Refer page 42. Focused on strengthening our supplier grading system and for suppliers' risk ratings to inform their level of future orders.
SUPPORT LOCAL BUSINESS	
Enhance sustainable business practices and partnerships in the local market to promote socio-economic development	During F2016, the Group sourced 80.5 million units totaling R3.5 billion from local suppliers. This represented 31% of total inputs, or 39% including territories in SADC. The Group is a founding member in the development of two competitiveness improvement clusters in the country. The Sustainable Cotton Cluster aims to promote local RSA beneficiation, economic development and employment. In the current year, the Group purchased 4.2 million t-shirts and towels containing SA cotton. Cotton commitments for 2016 are confirmed at 2 800 tonnes. The cluster is targeting to create 7 200 jobs and increase production by 450% by 2018.
ENGAGE WITH COMMUNITIES	
Support the national priorities of education and skills development	The various MRP Foundation school programmes impacted 65 000 learners in the current year. The JumpStart Retail Programme, in collaboration with the JobsFund, promoted the participation of unemployed youth in the retail sector by training 10 000 youth in the last 3 years, resulting in 4 300 being employed. The JumpStart Manufacturing Programme, piloted in collaboration with certain key suppliers, equipped 550 youth in the last 2 years with the necessary skills to access jobs in the clothing and textile manufacturing industries, resulting in 76% being employed.
PROTECT OUR PLANET	
Improve resource efficiencies and address climate change	The Group's carbon footprint (on baseline FY13) has been reduced by 17% or 29 500 tonnes CO_2 emissions through improved energy usage behaviour and retrofitting stores with lower energy intensive lighting. 94% of distribution centre waste and 50% of head office waste has been recycled in the last year.
Key risks	**Risk mitigation**
Sustainability of supply and availability of procured merchandise	• Improved supplier performance and grading processes and tools • Continued focus on building more direct supplier relationships • Outsourced and on-site quality assurance processes
Adherance of suppliers to the standards contained in the Group's Code of Conduct	• Enhanced Supplier Code of Conduct and supplier's annual declaration process • Supplier relationships and engagement • Member of the ETI and Sedex to encourage socially responsible practices
Possibility of further decline in the manufacturing industry which is already struggling with competitiveness	• Supplier and enterprise development plans by the merchandise, resourcing and sustainability teams aimed at improving supplier sustainability and quick response capabilities in South Africa
Non-compliance with the Amended B-BBEE Codes	• Opportunities to achieve compliance are currently being evaluated. Refer page 45.
Increased direct exposure to exchange rate fluctuations	• Formalised treasury (including hedging) policy

Key Performance Indicators

The following key indicators have been identified to measure the Group's economic, social and environmental progress:

	Unit	2016	2015	2014	2013	2012
Economic						
Revenue						
-53 weeks	R'm	**20 004**	18 099	15 892	13 800	12 122
-52 weeks	R'm	**19 628**	18 099	15 892	13 800	12 122
Headline earnings per share						
-53 weeks	cents	**1 057.8**	919.7	765.1	634.8	503.0
-52 weeks	cents	**1 035.2**	919.7	765.1	634.8	503.0
Operating margin						
-53 weeks	%	**18.1**	17.1	16.0	15.0	14.4
-52 weeks	%	**18.2**	17.1	16.0	15.0	14.4
Dividends per share	cents	**667.0**	580.0	482.0	398.0	314.0
Share price (closing)	Rand	**177.69**	251.96	156.01	116.99	94.34
Return on net worth	%	**47.1**	45.7	47.6	46.4	43.8
Cash sales as a % of total sales	%	**82.8**	81.9	80.8	79.9	81.4
Social						
Total number of people employed		**17 956**	17 098	18 104	19 384	17 894
Staff turnover[1]	%	**26.2**	32.7	20.1	21.5	22.6
Black staff as a % of total permanent staff	%	**93**	93	91	94	91
Promotions of black staff as a % of total promotions	%	**92**	91	82	87	85
Investment in people learning and development	R'm	**34.8**	38.5	33.8	30.8	25.1
Black staff participating in learning and development	%	**94**	95	90	88	87
Corporate Social Investment	R'm	**27.6**	23.5	18.8	16.7	13.0
Enterprise Development Investment[2]	R'm	**11.9**	36.0	28.0	23.2	21.4
Environmental[3]						
Carbon emissions (estimated) (in SA)	Tonnes	**127 304**	154 155	157 639	210 786	Not reported
Electricity consumed (Kwh in SA)	Million	**122.2**	142.3	158.1	Not reported	Not reported

1 Primarily store associates, and has historically been below industry norms.
2 The reduction in investment is due to changes in the qualifying criteria under the new B-BBEE Codes of Good Practice.
3 Refer to Building Sustainability through Shared Value Report on page 41 for further information.

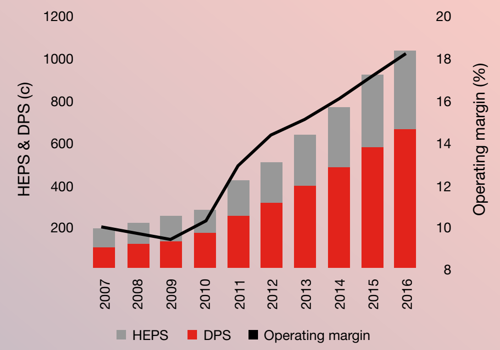
mr pricegrouplimited

C H A I R M A N ' S R E P O R T

By Nigel Payne
Chairman

On behalf of the Board, I am privileged, in this our 30th year since our founders Stewart Cohen and Laurie Chiappini started our exciting journey, to report to our shareholders, people, customers, suppliers and all other stakeholders. As with any major birthday, this is a good time to reflect on the past and to plan for the future. The Group has reached a milestone R20 billion turnover and R10 earnings per share. Our youngest division, mrpSport, has come of age, is growing rapidly and is making a meaningful contribution to our customer offering and to our bottom line. While it is gratifying to reflect on our past successes, the Mr Price culture has always been to retain a long-term view, to resist complacency and to strive to be better tomorrow than we were yesterday.

Notwithstanding significant economic uncertainty globally, in South Africa and in some of our other major markets, the Board and senior management continue to believe that the best way to align the interests of our customers, associates, shareholders and the Group is by relentlessly pursuing our long term vision, while daily living out the dreams and beliefs that have sustained our 30 year compound annual growth in earnings and dividends per share of 23% and 25% respectively. Our resilient business model has allowed us to ride through several tough business cycles in past years. For this reason, the themes and messages in our integrated report are consistent with those of the past few years.



Our operational and financial performance as reported by the CEO, Stuart Bird, and CFO, Mark Blair, confirm that our business model remains appropriate and continues to deliver superior results. Our reported profits are matched by our cash flows, enabling us to invest for the future while maintaining our dividend growth.

As I stated in my 2012 Chairman's report, our current market share, profitability, capitalisation and reputation are a result of:

- the vision and values of the founders, as defined by our Dreams and Beliefs. The Board has recently reviewed these foundations and confirmed them as the bedrock upon which the Group will continue to be built;
- a coherent strategy, implemented consistently over a number of years; and
- excellent operational implementation by our passionate leaders and their teams.

The Board devotes a significant portion of its time and effort to ensuring that these foundations remain robust in support of our operational plans, budgets and five year targets.

As indicated in the CEO's report, we have progressed a number of strategic initiatives, including internationalisation via our Australian test stores, upgrading our IT systems and further improving our merchandising, supply chain and logistics capabilities, including our new distribution centre.

These investments will enable us to serve more customers, more efficiently, with greater productivity and lower costs in the long term. We have allocated our human and financial capital thoughtfully and have specifically avoided any large bets that could jeopardise the future of the Group. The fact that the Board has approved so many significant initiatives simultaneously is reflective of our confidence in the leadership team, the capacity of our divisional executives and the passion of all in the Mr Price family.

The Board believes that the Group's remuneration structures, as detailed in the Remuneration Report, remain appropriate, and that they have been fairly applied during the past year. We are pleased that the vast majority of our management and staff have a beneficial stake in the Company. This model has proved itself over a number of years to add value not only to our people, but also to the Group and its shareholders.

The MRP Foundation continues to make an impact via its focus on education, job creation and sustainable businesses. A notable achievement is the 4 266 delegates employed via Jumpstart Retail and 550 via the Jumpstart Manufacturing Programmes. Education and employment are the foundations of a successful society.

The composition of the Board was unchanged this year. I believe that the Board, its committees and each individual Director has functioned effectively during the year and has made a valuable contribution to the Group. I thank my fellow Board members for their contributions and ongoing commitment.

Much remains to be done - we have many opportunities for profitable growth. The Board, management and all Mr Price associates will continue to focus on adding value to our customers' lives as we build for the future. The Mr Price vision to be a top performing international retailer will drive the future growth of our Group.

CEO'S REPORT

By Stuart Bird
Chief Executive Officer

I am pleased to report that the Group has delivered another satisfactory performance, growing diluted earnings per share by 14.6% on a 52 week basis. Profit in our South African business grew by more than 20% on a 52 week basis.

Our formula of great fashion and quality at excellent prices has stood us in good stead in the trying and volatile trading conditions we faced this past year, with solid progress being made towards our vision of being a top performing international retailer.

Current trade

While we anticipated a more challenging environment this past year, we did not anticipate how severe some of the factors would be:

- the collapse in oil and resource prices and the effect on resource based economies;
- the Southern African sub-continent experiencing the worst drought in decades;
- a much weaker and volatile currency, exacerbated by local politics;
- allied to the above, rapid increases in both local and imported cost of goods; and
- the changes to credit granting legislation in September 2015.

The mrp division was particularly affected by the sharp fall-offs in Namibia, Botswana, Ghana and Nigeria. If sales in these markets had just matched those of the previous year, their ultimate result for the year would have been very good. Despite this, the division still produced a good performance in South Africa which offset the much slower performance in other countries.

Sales growth in home merchandise was expected to be muted and it was. However, by carefully managing their margin and overheads, both mrpHome and Sheet Street delivered strong performances, beating their internal targets.

With its offer of authentic performance sportswear and equipment at great value, mrpSport produced another very good result.

While Miladys had another difficult year, the division still contributed significantly to Group profits. With the change in leadership and refocusing on their core customer, we expect an improvement over the coming year.

The Financial Services division delivered good results through managing bad debt within our targeted risk range as well as increasing the take up of great value insurance products. It was also pleasing to see mrpMobile meet our requirements of moving into a profitable position in the second half of the financial year.

We are, however, concerned about the impact of the affordability regulations introduced in September 2015, which have resulted in a significant decline in new accounts opened.

Building for the future

We continue to invest in our people, systems, processes and supply chain as they are the key enablers to our vision of being a top performing international retailer. Good progress has been made on the major IT projects and the new distribution centre's completion date remains June 2017. While pleasing results have been achieved in our supply chain projects, many of the benefits were used to offset the effects of the volatile and weakening currency.

Two mrp test stores were opened in Melbourne, Australia in November 2015. These tests have informed us on a number of issues that we are working on before considering a rollout plan. We intend opening a mrpHome test store in Melbourne later this year.

The Mr Price Way

Our high performance culture is anchored by our beliefs of passion, value and partnership and these continue to guide us as we move ahead. Allied to this is our commitment to real transformation that has always gone beyond scorecards, sharing the success of the business with all associates and not just a select few. We have had outstanding success in our Jumpstart projects to educate and equip young people to obtain jobs, both with our suppliers as well as in retail.

We are also very proud of our involvement as the founding retailer in the Sustainable Cotton Cluster which, just in its pilot stage, has directly resulted in creating over 900 new jobs and through which we purchased over 4.2 million items of clothing and homewares. We are committed to escalating this project to ultimately multiply the cotton production and the rest of the value chain in South Africa, creating thousands of jobs.

Looking ahead

We believe that the next financial year will be even more challenging than the one just past, with the consumer coming under immense pressure in what we see as a stagflation environment in South Africa and difficult conditions remaining in our other African markets. Despite this, we see opportunities to grow market share by delivering on our formula of great fashion and quality at excellent prices. Combined with our philosophy of challenging every line in income, gross margin and overheads, we intend to continue to deliver acceptable returns.

In closing, I would like to thank all our extraordinary associates who have delivered the results we have achieved. They constantly amaze me with their passion, resilience and talent, reassuring me that our business will continue to grow and prosper.

CFO'S REPORT

By Mark Blair
Chief Financial Officer

highlights

		2016		2015	% change	
		53 weeks	52 weeks	52 weeks	53 weeks	52 weeks
Revenue	R'm	**20 004**	**19 628**	18 099	10.5	8.4
Profit from operating activities	R'm	**3 603**	**3 553**	3 076	17.1	15.5
Group operating margin	%	**18.1**	**18.2**	17.1		
EBITDA	R'm	**3 835**	**3 785**	3 292	16.5	14.9
Profit attributable to shareholders	R'm	**2 645**	**2 611**	2 293	15.4	13.9
Headline earnings per share	cents	**1 057.8**	**1 035.2**	919.7	15.0	12.6
Diluted headline earnings per share	cents	**1 012.9**	**991.2**	865.1	17.1	14.6
Dividend per share - annual	cents	**667.0**	**667.0**	580.0	15.0	15.0
- final	cents	**419.0**	**419.0**	368.5	13.7	13.7
Dividend payout ratio	%	**63.1**		63.1		
Return on equity	%	**50.3**		51.4		

Accounting policies

The Board believes that appropriate accounting policies, supported by sound management judgements and estimates, have been consistently applied. During the year, the Group adopted all new or amended accounting standards and interpretations, which did not materially impact accounting policies or results.

Although not classified as accounting policy changes, the Company altered its treatment of the following during the year:

- the Group qualified to apply cash flow hedge accounting to new forward exchange contracts entered into from 1 January 2016. This has the effect of mark-to-market adjustments on effective hedges being reported in equity (through other comprehensive income) and released to the income statement in subsequent periods. Before the Group qualified for hedge accounting, unrealised gains or losses on forward exchange contracts were accounted for at the reporting date, directly in the income statement (administrative expenses).
- additional disclosure has been provided by now separately reflecting the financial services business, which includes mrpMoney and mrpMobile, in the segment report. The comparative figures have been restated accordingly.

53rd week

The Group manages its retail operations on a 52 week retail calendar basis and, as a result, a 53rd week is required every 5 years for calendar realignment purposes. For comparability purposes, the income statement commentary below evaluates financial performance on a like-for-like 52 week on 52 week basis. For detail on the pro-forma 52 week results, which separates out the 53rd week numbers, refer to the Group's website, www.mrpricegroup.com.

Financial performance

As expected, the poor economic situation, both locally and elsewhere in Africa, resulted in a challenging retail environment:

- the annual real GDP growth rate averaged 1.3% for the year
- consumer price inflation of 6.3% in Q1 2016 breached the upper end of the targeted 4-6% range
- political events fueled an already volatile currency, with the USD/ZAR exchange rate weakening by 28% y/y
- credit growth came under pressure due to amendments to the National Credit Act and general consumer reluctance to incur further debt during a period in which the prime interest rate increased by 125 basis points to 10.5%.

We successfully navigated these short-term headwinds while maintaining a long-term view of the business:

- investing in key projects (distribution centre and ERP and merchandise planning systems) to support future growth
- opening our first test stores in a foreign developed market, Australia
- migrating to a more direct resourcing strategy
- preserving our cash generation and avoiding chasing credit growth at the expense of quality
- merchandise repositioning in Miladys

Sound results were delivered in an eventful and challenging year:

- despite the high base set by past performance
- good cost control
- 5 of the 6 trading divisions achieved double digit operating profit growth
- strong results in the core South African market

The 30-year compound growth rate in HEPS is 23.0% and DPS 24.6%

Revenue

Total Group revenue increased by 8.4% to R19.6 billion, primarily due to:

- retail sales growth of 8.0% (comparable 4.2%) to R18.7 billion
- a 21.5% increase in other income, mainly as a result of financial services and cellular growth
- a reduction of 7.0% in finance income, due to lower cash balances as explained under 'Financial Position' on page 28.

Cash sales grew by 9.2%, constituting 82.8% of total Group sales. Credit sales growth of 2.3% was hampered by legislative changes effective September 2015 regarding affordability assessments, which impacted documentation requirements for opening new accounts and granting credit limit increases. Statistics released by the National Credit Regulator reflected a 34% decrease in credit granted amongst retailers in Q4 2015.

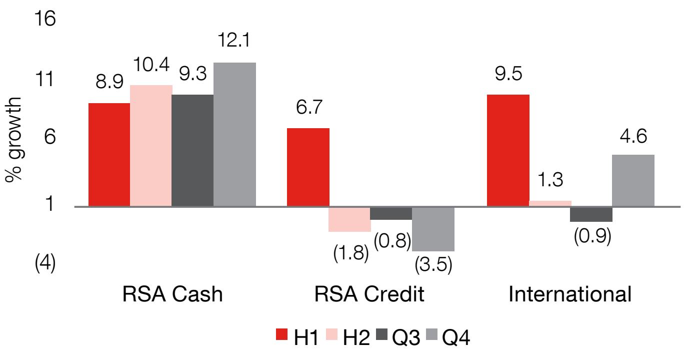
In South Africa, sales were R17.1 billion, up 8.3% with cash sales growing by 9.7% and by 11.4% in the largest division, mrp.

Sales in traditional bricks stores grew by 7.9% to R16.9 billion, while online sales grew by 63.6% to R156.7 million. The online business is now generating positive returns and all three mrp brands are now full omni-channel retailers.

International sales, which increased by 5.7% and accounted for 8.4% of Group retail sales, were negatively impacted by specific economic factors in two key markets:

- The largest market, Namibia – which suffered the effects of Angola introducing currency restrictions on cross border shoppers and a high base set by strong performance in the prior year, when sales were up by 22.1%. Sales growth returned to positive territory in Q4, when the base effect was less pronounced.
- A key growth market, Nigeria – where we have previously proven our ability to trade profitably. Sales growth in H1 was strong at 32.4%, but slowed from mid-2015 due to the imposition of foreign exchange restrictions by the Central Bank of Nigeria on certain imported merchandise. The Company's interactions with regulators, which included successfully demonstrating our commitment to promoting local business, resulted in a re-commencement of supply in March 2016.

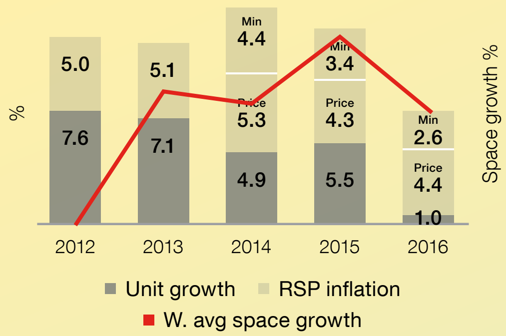
Excluding these territories, sales outside South Africa grew by 23.2%, with Botswana, Zambia, Swaziland, Lesotho and the franchise operations all recording double digit sales growths. The table below reflects the strong cash sales performance in South Africa:

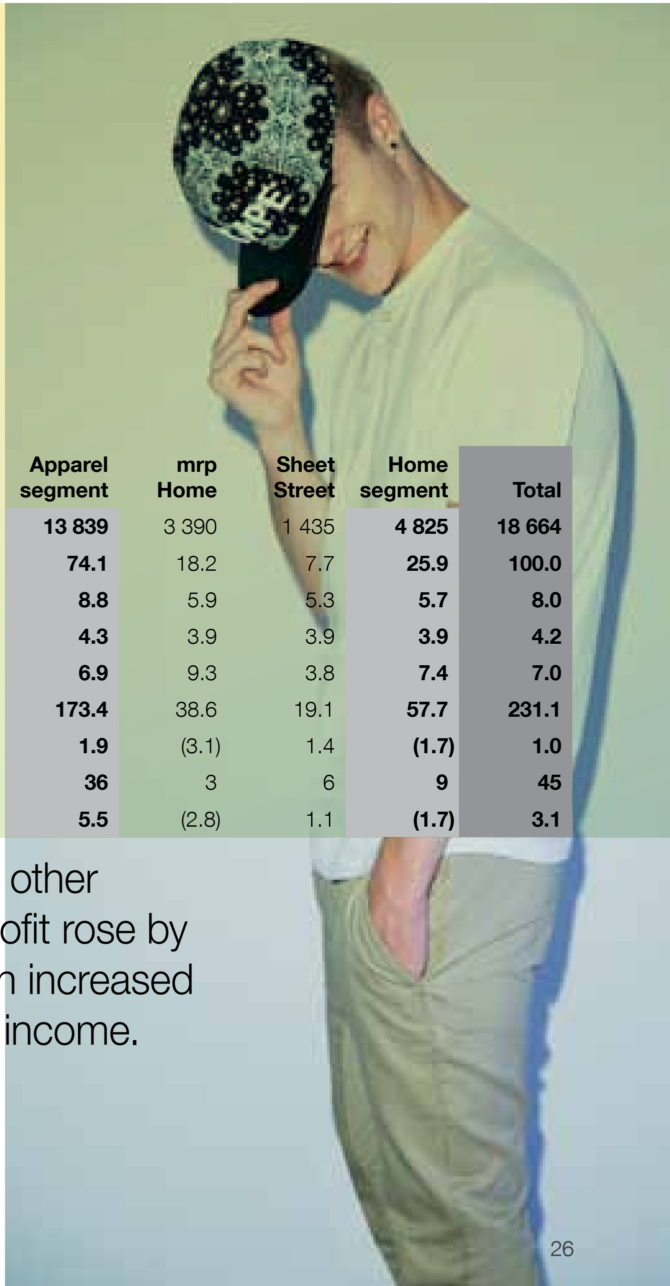


In October 2015, mrp opened 2 test stores in Melbourne, Australia. On the ground experience is proving invaluable, and each season is enabling us to develop a deeper understanding of the Australian consumers' merchandise needs. Further attention is being focused on enhancing the supply chain and store operating metrics, so that a clear, scalable blueprint can be established. mrpHome will also be opening a store in Australia, in October 2016.

The number of units sold increased by 1.0% to 231.1 million. Retail selling price (RSP) inflation of 7.0% comprised like-for-like price inflation of 4.4% and product mix inflation of 2.6%.

New weighted average space increased by 4.7% as 45 stores were opened (22 007m²) and 26 expanded (6 339m²). Net weighted average trading space increased by 3.1% due to 20 stores being reduced in size (7 940m²), which has a positive impact on profitability, and 14 stores being closed (9 407m²). At year end there were 1 181 corporate-owned and 19 franchise stores.





Divisional and segmental performance was as follows:

		mrp	mrp Sport	Miladys	Apparel segment	mrp Home	Sheet Street	Home segment	Total
Retail sales	R'm	11 198	1 272	1 369	**13 839**	3 390	1 435	**4 825**	**18 664**
% of total retail sales	%	60.0	6.8	7.3	**74.1**	18.2	7.7	**25.9**	**100.0**
Growth in retail sales	%	9.7	13.8	(1.9)	**8.8**	5.9	5.3	**5.7**	**8.0**
Comparable sales growth	%	5.2	5.3	(2.5)	**4.3**	3.9	3.9	**3.9**	**4.2**
RSP inflation	%	7.7	4.9	6.6	**6.9**	9.3	3.8	**7.4**	**7.0**
Units sold	million	151.8	13.1	8.5	**173.4**	38.6	19.1	**57.7**	**231.1**
Growth in units sold	%	1.9	8.8	(7.6)	**1.9**	(3.1)	1.4	**(1.7)**	**1.0**
New stores opened during the year		23	10	3	**36**	3	6	**9**	**45**
Weighted average space growth	%	6.6	5.4	0.6	**5.5**	(2.8)	1.1	**(1.7)**	**3.1**

The Apparel chains increased retail sales and other income by 8.8% to R13.9 billion. Operating profit rose by 10.2% to R2.6 billion and the operating margin increased from 18.3% to 18.5% of retail sales and other income.

Sales in mrp, which constituted 59% of Group sales were up 9.7% (comparable 5.2%) to R11.1 billion.

The division was most impacted by challenges in external markets and was up against a very tough sales base. Comparable sales growth in 2014 and 2015 was 13.0% and 12.8% respectively. Operating profit was well ahead of the prior year, with the GP% in line with the prior year and expenses growing at a slower rate than sales.

mrpSport grew sales by 13.8% (comparable 5.3%) to R1.3 billion. An improved GP% and cost curtailment resulted in an excellent increase in operating profit. Miladys, a higher margin credit business, reported a decrease in sales of 1.9% (comparable -2.5%) to R1.4 billion. The alignment of sizing to international moderate specifications, thereby eliminating 'vanity' sizes, and the discontinuance of the René Taylor brand and inclusion of extended sizes into the Miladys brand will benefit the business in the long term. Operating profit was down on the previous year despite continued tight cost control.

The Home chains increased sales and other income by 5.7% to R4.8 billion. Operating profit rose by 18.1% to R767.6 million and the operating margin increased from 14.2% to 15.9% of retail sales and other income.

mrpHome, which targets customers in the upper LSM 8-10 range, delivered results that were well ahead of budget and the prior period, despite sales growth of 5.9% (comparable 3.9%). The division improved their GP% and were exemplary in cost control. Sheet Street's customers, who are more susceptible to the current economic environment, curtailed their spending on discretionary purchases. Sales grew by 5.3% (comparable 3.9%) to R1.4 billion, while operating profit also reflected double-digit growth.

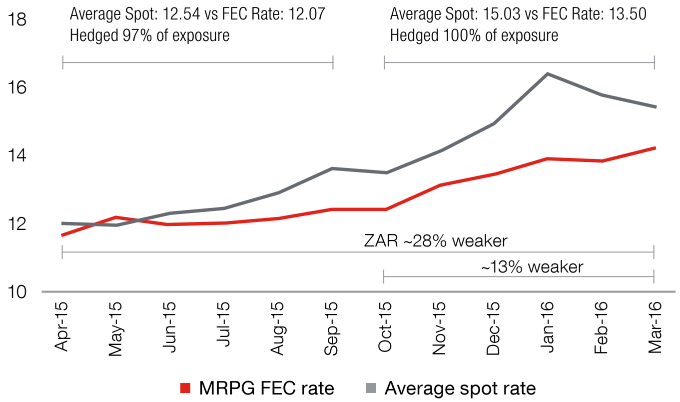
The Financial Services division, mrpMoney, delivered another strong performance despite tightening credit limits and new National Credit Act regulations.

Revenues increased by growing insurance premium income by 12.2%, mobile (cellular) revenue by 58.7% and debtors' interest and fees by 9.4%. Bad debts were very well controlled, decreasing from 6.2% to 5.4% of the debtors' book, and contributed significantly to the division recording strong profit growth.

Costs and expenses

Cost of sales as disclosed in the statutory income statement includes that relating to the sale of merchandise and cellular. Despite having to deal with exchange rate weakness and volatility, the merchandise gross profit percentage declined marginally from 42.0% to 41.9%. Hedging strategies in place resulted in USD/ZAR exchange rates per FEC's entered into being lower than the average spot rate as follows:

USD/ZAR Analysis



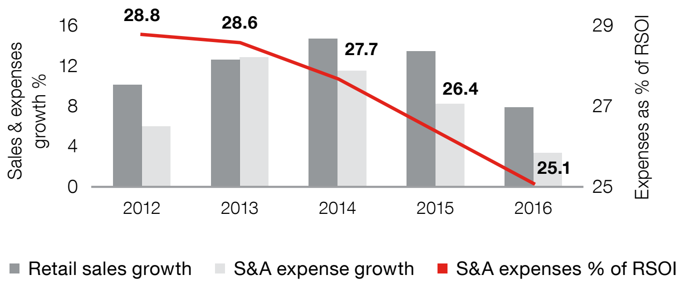
The cellular gross margin, which had a higher contribution to Group gross profit than previously, increased to 6.4% mainly due to critical mass being achieved in mrpMobile. The Group gross profit margin of 41.4% was 0.2% lower than last year.

Selling expenses increased by 6.0% and constituted 19.5% of retail sales and other income compared with 20.0% in the prior year. An improvement in the net bad debt expense and lower credit card commissions were the significant contributors to the overall growth.

Administrative expenses, which comprised 5.6% of retail sales and other income, declined by 4.7% mainly due to foreign exchange gains and lower incentives. Excluding these items, cost growth was 8.2%.

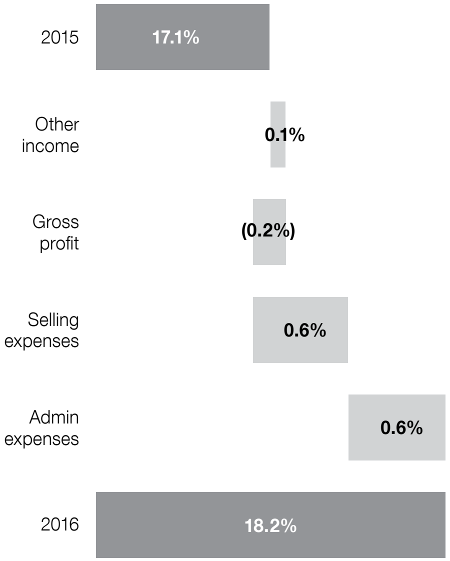
The effective taxation rate for the year was 28.2%, higher than the prior year (27.8%) primarily due to the fact that deferred taxation assets have not been raised in certain loss-making subsidiaries.

Focus on operating leverage



Operating profit

Group operating profit increased by 15.5% and the operating margin (operating profit / retail sales and other income) increased to 18.2% of retail sales and other income, compared with last year's 17.1%. The improvement in operating margin is made up as follows:



Performance in the core South African market was strong, with operating profit increasing by 20.8%.

Earnings and dividends per share

The number of shares in issue at year end increased by 1.1 million due to the decreased number of treasury shares held. Treasury shares sold (5 169 165 shares) as a result of share options vesting exceeded treasury share purchases during the year (4 060 971 shares at an average cost of R194.20 per share totaling R788.6 million).

Headline earnings per share increased by 12.6% to 1 035.2 cents and diluted headline earnings per share increased by 14.6%.

The annual dividend payout ratio has been maintained at 63.1% and is based on the 53 week results. This results in a dividend of 667.0 cents per share, an increase of 15.0%, in line with HEPS growth. The final dividend to be paid in June 2016 will be 419.0 cents per share, an increase of 13.7%, which is lower than the 2nd half HEPS growth due to the closer alignment of interim and annual dividend payout ratios. In the current year, the interim payout ratio was increased from 57.0% to 58.0%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

Financial position (53 weeks ended 2 April 2016)

Additions to property, plant and equipment for the year amounted to R1.0 billion. Furniture, fittings, equipment and vehicles constituted 51% (2015: 83%) and computer equipment 6% (2015: 15%). Additions relating to the new distribution centre, which is expected to be operational in June 2017, amounted to R725.9 million of which significant components were land (R165.9 million), buildings (R266.7 million) and equipment (R261.4 million). Disposals and impairments totaled R11.3 million and the depreciation charge was R190.2 million (2015: R180.8 million).

Intangible asset additions amounted to R118.5 million and related primarily to the e-commerce and ERP systems. The amortisation charge for the year amounted to R37.9 million (2015: R27.2 million). IT intangible assets to the value of R31.7 million were impaired at year end due to the introduction of new systems.

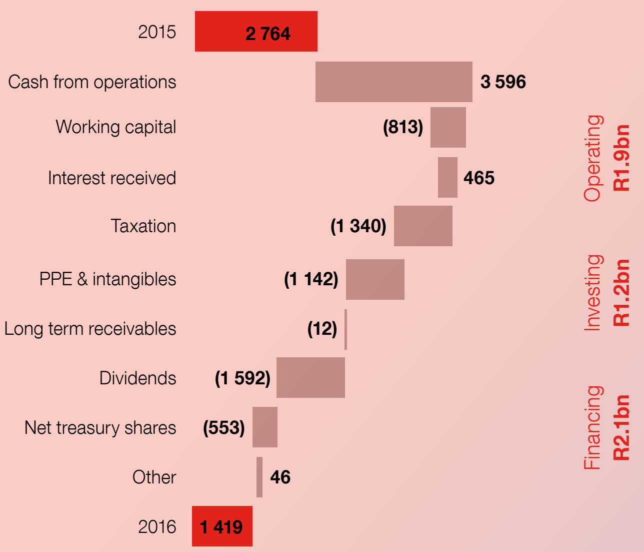
Gross inventories were up 24.7%, or 21.9% excluding goods in transit which is due to the Group's strategic transition to more direct supplier relationships. Certain merchandise purchases were brought forward due to Chinese new-year and for Easter which was over year end. The average cost per unit increased by 17.7% which was lower than the 28% depreciation in the USD/ZAR exchange rate over the year due to timing, mix and improved USD pricing negotiated.

Trade and other receivables increased by 14.0% to R2.1 billion. Prepayments and other receivables increased over the prior period, while gross trade receivables increased by 0.5% to R1.9 billion. Net bad debt decreased from 6.2% to 5.4% of the debtors' book, which was an excellent performance. External benchmarking continues to reflect the Group's book to be one of the best performing in the industry. The continued improved ageing profile of the Group's debtors is encouraging, however, the provision for impairment of 7.3% is reflective of the tightening economic conditions facing consumers.

Cash balances ended the year at R1.4 billion. The Group seeks to strike a balance between:

- maintaining a strong balance sheet by having adequate cash resources to fund the requirements of a growing business without the need to incur debt
- hedging its obligations to participants in the various share schemes. An ongoing repurchase programme is in place that spreads the purchase of shares over an extended period and limits the percentage of daily trade, ensuring that there is no impact on the share price
- returning funds to shareholders in the form of dividends. The current payout ratio policy is 63% of HEPS

Cash Flow movements (R'm)



- Increase of 18.3%
- Receivables R288m, Inventories R394m, Payables R131m
- Up 6.5% - lower book growth but higher interest rates
- Included 3rd income tax payment of R404m* in Mar 16
- In line with LY excluding new DC of R726m*
- Increase of 18.8%
- Includes R789m* share repurchases iro LTI schemes

* Total R1.9bn, will reduce substantially in FY17

Year-end cash balances were lower than the prior year due to:
- increased capital expenditure of R1.1 billion (2015: R341 million), of which R726 million* related to the new distribution centre
- an 18.8% increase in dividends paid to shareholders
- the payment of the 2nd provisional tax payment of R404 million* on 30 March 2016
- the settlement of March 2016 trade creditors prior to year end; and
- treasury share purchases of R789 million*

* These items, which total R1.9 billion, will reduce substantially in the new financial year.

Equity attributable to shareholders increased to R5.6 billion.

The treasury share transactions contained therein includes:

	R'm
The purchase of treasury shares to partially cover options granted	(789)*
The net credit on the vesting of options	236*
Taxation relating to grants from the Company to the share trusts	53
	500

* Net R553 million per cash flow report above

Long-term lease obligations comprise the long-term portion of straight-line lease liabilities.

Current liabilities decreased by 16.5%. The drivers of the decrease were:
- Trade and other payables of 0.5%
- Reinsurance liabilities of 34.8%
- Current portion of lease obligations of 4.5%
- The taxation liability of 98.9% due to the 2nd provisional tax payment being made prior to year end.

Outlook

The consumer environment is expected to remain challenging in the next financial year. A weak exchange rate impacts all apparel retailers and higher product inflation in the 1st half is expected to impact unit growth. As a value retailer, our prices will rise less, so comparatively speaking, we are well positioned. Our resilient business model has allowed us to ride through several tough business cycles in past years. The Mall of Africa opened recently with a full complement of local and international retailers. The Group successfully opened 5 stores in the centre including a 2 100m² mrp store which achieved sales which were double their highest ever store opening figures.

In the year ahead we will aim to deliver wanted merchandise at great value, manage our working capital and execute on our key projects. We will continue to think long term while being focused on delivering in the short term.

mrp

apparel

DIVISIONAL SUMMARY

	2016	2015	% change
Retail sales - incl. Franchise (R'm)	**11 198**	10 207	**9.7**
Comparable sales growth (%)	**5.2**	12.8	
Retail selling price inflation (%)	**7.7**	8.2	
- price (%)	**3.4**	3.9	
- mix (%)	**4.3**	4.3	
Units sold (million)	**151.8**	149.0	**1.9**
Number of stores (year end)	**458**	438	
Trading area - weighted ave net m^2	**287 447**	269 571	**6.6**
Sales density (Rand/weighted ave net m^2)	**38 621**	37 550	**2.9**

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).

BRAND SUMMARY:

An inspired range of the latest fashion product that is differentiated, to all women, men and children, supported by intimatewear, shoes and accessories that offer distinctive market leading value.

home

DIVISIONAL SUMMARY

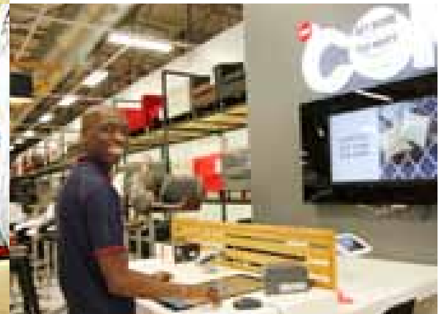
TARGET CUSTOMER:

Primarily fashion-value minded females, aged 25 years and older who love to decorate their homes. Customers, who have a young-at-heart attitude, are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:

Contemporary in-house designed, fashionable homeware and furniture.

	2016	2015	% change
Retail sales - incl. Franchise (R'm)	3 390	3 202	5.9
Comparable sales growth (%)	3.9	6.6	
Retail selling price inflation (%)	9.3	13.7	
- price (%)	7.2	7.6	
- mix (%)	2.1	6.1	
Units sold (million)	38.6	39.9	(3.1)
Number of stores (year end)	163	166	
Trading area - weighted ave net m²	135 110	138 936	(2.8)
Sales density (Rand/weighted ave net m²)	24 974	22 937	8.9



mrpsport

sport

DIVISIONAL SUMMARY

TARGET CUSTOMER:

Value-minded sports and outdoor enthusiasts from age 6 upwards who are primarily in the 8 to 10 LSM range (upper).

BRAND SUMMARY:

A range of affordable, own-branded sporting and outdoor apparel, equipment, footwear and accessories.

	2016	2015	% change
Retail sales (R'm)	**1 272**	1 118	**13.8**
Comparable sales growth (%)	**5.3**	4.5	
Retail selling price inflation (%)	**4.9**	6.9	
- price (%)	**3.9**	6.7	
- mix (%)	**1.0**	0.2	
Units sold (million)	**13.1**	12.1	**8.8**
Number of stores (year end)	**82**	72	
Trading area - weighted ave net m²	**56 322**	53 424	**5.4**
Sales density (Rand/weighted ave net m²)	**22 592**	20 928	**8.0**

MILADYS

miladys

DIVISIONAL SUMMARY

TARGET CUSTOMER:

A forever 40+ family-oriented woman (primarily in the 6 to 10 LSM range) who knows who she is and what she wants. She shops for fashion that makes her look and feel good.

BRAND SUMMARY:

Own brand, on-trend, good quality and affordably priced clothing, intimatewear, shoes, bags and accessories for moderate women.

	2016	**2015**	**% change**
Retail sales (R'm)	**1 369**	1 396	**(1.9)**
Comparable sales growth (%)	**(2.5)**	0.9	
Retail selling price inflation (%)	**6.6**	2.3	
- price (%)	**7.8**	1.0	
- mix (%)	**(1.2)**	1.3	
Units sold (million)	**8.5**	9.1	**(7.6)**
Number of stores (year end)	**198**	196	
Trading area - weighted ave net m²	**61 075**	60 714	**0.6**
Sales density (Rand/weighted ave net m²)	**22 418**	22 987	**(2.5)**

sheet street

sheet street

DIVISIONAL SUMMARY

TARGET CUSTOMER:

Middle-income households (LSM range 5 to 8) that wish to create a home that they love, at a price that they can afford.

BRAND SUMMARY:

A range of affordable home textile and décor products for bedroom, living-room, bathroom, kitchen and dining-room at exceptional value.

	2016	2015	% change
Retail sales (R'm)	**1 435**	1 363	**5.3**
Comparable sales growth (%)	**3.9**	0.9	
Retail selling price inflation (%)	**3.8**	4.7	
- price (%)	**2.8**	1.7	
- mix (%)	**1.0**	3.0	
Units sold (million)	**19.1**	18.8	**1.4**
Number of stores (year end)	**280**	278	
Trading area - weighted ave net m²	**50 761**	50 225	**1.1**
Sales density (Rand/weighted ave net m²)	**28 263**	27 136	**4.2**

mrpmoney

money

DIVISIONAL SUMMARY

	2016	2015
Gross trade debtors (R'm)	**1 923**	1 914
Total active accounts	**1 401 496**	1 412 673
Average balance (Rand)	**1 372**	1 355
% of debtors able to purchase on credit	**89.5**	89.2
Retail sales analysis:		
- cash (%)	**82.8**	81.9
- credit (%)	**17.2**	18.1
Net bad debt (net of recoveries)		
- % of credit sales	**3.2**	3.7
- % of debtors	**5.4**	6.2
Impairment provision % of debtors	**7.3**	8.9

Gross trade receivables per division (R'000)	mrp	mrpHome	mrpSport	Miladys	Sheet Street	**Total 2016**	Total 2015
6 months	432 198	63 510		86 910		**582 618**	545 556
12 months	861 551	92 457	17 879	220 604	57 218	**1 249 709**	1 340 720
24 months		31 778	12 381		46 843	**91 002**	27 624
	1 293 749	187 745	30 260	307 514	104 061	**1 923 329**	1 913 900

97.2% of the debtors' book is interest bearing (2015: 97.7%), with all of the interest free accounts being Miladys 6 month facilities.

BRAND SUMMARY:

Our credit, insurance and mobile products are offered across the retail omni-channels and are aligned with our core philosophy of "fashionable products at great value".

Store cards: 6/12/24 month account facilities are offered. Interest is charged, except on a small percentage of Miladys cards.

Insurance: Products that offer real value for money with benefits that our customers want and need. These include life cover, critical illness and hospitalisation cover, income protection benefits to account holders and their extended families at affordable premiums.

mrpMobile network

To date, the focus has been on post-paid contracts, offering competitive smart phones and tablets to creditworthy store card customers. Future opportunities, which include the sale of prepaid airtime products to Group cash customers, an online offering and value-added services like wi-fi hotspot, streaming music and device insurance, provide additional benefits and derive good margins.

THE GROUP STRIVES TO BE A SOUGHT-AFTER INTERNATIONAL COMPANY OF EMPLOYMENT CHOICE BY OFFERING LEADING CAREER OPPORTUNITIES IN FASHION-VALUE RETAILING.

Capacity building

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

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

We continue to give full attention to executive succession plans and the growth of our leaders, with our senior leadership programmes focused on leaders' ability to unlock the potential of new business opportunities for the Group. Continuous classroom, e-learning and on-the-job training is provided and encouraged for all associates and, in addition, extensive training is conducted in new ways of working associated with improved processes, systems and technologies.

Associate engagement

Inspired by our core values of Passion, Value and Partnership, our energetic and entrepreneurial culture continues to be central to the Group's successful performance. We closely monitor and respond to the climate within our working environments using independently conducted surveys, including ongoing exit and onboarding surveys. Our group-wide Culture Survey, conducted every two years, is followed by innovative feedback sessions designed to listen to the needs of associates, create solutions, and identify business improvement opportunities.

Direct communication with associates occurs through frequently held "Comm Times", regular internal TV broadcasts and social media platforms. Digital communication platforms have been enhanced over the past year to ensure that associates have access to engaging content related to their employment experience with the Group. Emphasis is placed on communication with new associates to ensure that they have access to the information needed to set them up for success. Close working relationships between managers and associates are valued, with importance being placed on providing associates with information relating to their work performance and management of their careers.

The valuable work of the MRP Foundation ensures that the Group beneficially impacts the lives of associates, their families and the communities in which they live, also ensuring that young people are engaged at an early stage of their careers and gain insight into the many employment opportunities available in the Group.

Performance recognition and reward

Our Group thrives on happy, motivated employees. We incentivise and reward generously for exceptional performance, strongly encouraging the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted as required during the year. All associates within the SACU region are invited to participate in the Mr Price Group share or share option schemes after fulfilling the specific employment tenure requirements of that scheme. As these employees are part-owners in the Company, we refer to them as partners. Further details are contained in the Remuneration Report on page 61 and on the Group's website.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. Group results are presented to associates bi-annually, while divisional performance is frequently discussed in the respective divisions. A highlight is the award of the Mr Price Group 'Running Man' statue, presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the Group's culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered outstanding performance or exceptional innovation through the year. These individuals set new standards and become role models for others to follow.

Human capital management (HCM) policies and systems

Our HCM policies are designed to contribute to the motivation and retention of our people, and are easily accessible to all associates on our internal mrpPeople website. A detailed review of HCM policy was conducted during the past year, as we believe that our policies should be dynamic and responsive to the changing demands of our business environment, our Group, and our associates.

We have continued to transform our HCM capabilities that cater for our growth and people development by constantly seeking to optimise our workforce management, learning management, employee administration, HR business intelligence and payroll systems. Our HCM systems encourage transparency of people practices, labour scheduling and compliance reporting, as well as providing a greater depth of people data and enhanced transactional efficiency. Important current projects are the implementation of mrpFlow, a bespoke employee administration tool that will radically improve administrative efficiency, data accuracy and user experience, and procurement of an applicant tracking and a candidate relationship management system that will vastly improve our ability to source, attract and recruit top talent at all levels within the business.

WE WILL CONTINUE TO IMPROVE ON BUSINESS INTELLIGENCE SOLUTIONS THAT PROVIDE PEOPLE MANAGERS WITH RELEVANT HUMAN CAPITAL METRICS AND FACILITATE ACCURATE COST ANALYSIS, DECISION-MAKING AND RISK MITIGATION.

Talent acquisition and development

Developing and retaining 'homegrown' talent is a strategy that has served the Group extremely well to date and will continue to be our core area of focus. However, sourcing the right retail skills externally is increasingly important and we constantly search for and attract top talent through our ability to offer an outstanding training ground for career retailers, a compelling working experience for people who represent the unique and vibrant culture, and the promise of exciting future company growth.

To achieve this in South Africa we constantly profile our employment proposition to potential associates through our social networking platform, or through direct involvement with schools, colleges and universities. In our international locations we partner with local service providers to assist in the search for top talent, but we maintain internal responsibility for socialising new associates into our unique culture and ways of working.

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

Turnover at senior management and executive levels is low, indicating the Group's ability to retain key staff, while store associate turnover remains within comparative industry norms. Our stringent pre-employment assessments for store and key positions, which include numeracy and behavioural attributes, ensure that the required levels of skill are maintained.

Career and personal development

We offer outstanding career opportunities and associates are actively encouraged to pursue their ambitions within our dynamic and evolving working environments. New roles are frequently created as a result of business growth and due to new skill requirements associated with organisation and infrastructure improvements. Most of these roles are filled internally, drawing from the unique pool of retail talent that exists across the Group.

Personal growth and career development are discussed with each associate at least annually and line managers are responsible for ensuring that these discussions give rise to meaningful development plans. Assessments are available to inform career paths, training, development and improved performance, with competency profiling being core to their effective application.

Management and leadership development

The Group recognises and rewards leadership innovation, and leaders are encouraged to be forward thinking in their approach while building high performing teams with positive and constructive attitudes to business challenges. We encourage an entrepreneurial mindset amongst our managers as the foundation of the Group's success as a progressive retailer and employer.

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

We partner with highly credible training organisations and business schools, locally and internationally, to design and run programmes that cater flexibly for unique peer group needs within the demands of busy day-to-day working environments. The Leadership NEXT programme has focused on preparing selected executives to grow the business in diverse and changing global markets, while the Emerging Leaders Development Programme (ELDP) is designed to support the career development of upcoming leaders who display high potential for future leadership positions. Past ELDP delegates are monitored for promotional opportunities, ensuring our succession plans are constantly enriched.

Our productive relationship with the Wholesale and Retail SETA has led to a number of our managers being selected for the SETA's International Leadership Development Programme, with three of our associates having been successful in selection to the 2016/7 programme.

Talent development

We pride ourselves on the number of training opportunities taken up by our associates. Recognising that attracting, developing and retaining world-class retailers is critical to our competitiveness and long-term sustainability, we strive to continuously improve the quality and delivery of training through our MRP Academy.

NEW TRAINING CONTENT AND CURRICULA HAVE BEEN DEVELOPED FOR SPECIALIST TRAINING IN SYSTEMS AND PROCESSES ASSOCIATED WITH NEW WORK COMPLEXITIES, GROWTH CHALLENGES AND CHANGING JOB PROFILES.

Particular attention has been directed to redesigned core merchandising processes, which has necessitated investment in merchant training resources. Simultaneously a renewed focus is on operations processes and systems, with skills training support provided to retail operations managers and associates to meet the complexities of expansion into new territories and improved workforce management systems.

Partnerships with professional retail content developers has ensured more relevant and current training material and methods of delivery, and greater clarity and value of training solutions.

Our intern and graduate development programmes in merchandise and store operations feed externally selected trainees into areas of need, while internal trainees are provided with meaningful work under the guidance of allocated mentors and trained according to an individually paced hierarchy of learning. The MRP Foundation plays a valuable role in working alongside human resource practitioners in these areas.

Managers from across the Group have participated in the Wholesale and Retail SETA's Retail Management Development Programme since February 2012. More than 90% of our delegates have been from previously disadvantaged backgrounds. Our success with Learnerships continues with 101 associates participating in various programmes.

Work has continued on the implementation of a group-wide learning management system as a platform for associates to access training directly. This is in addition to leading e-learning technologies that make training available to our associates on a daily basis regardless of where they are geographically located, including in stores through point-of-sale terminals.

There has been an increase in the number of shorter, focused training interventions, including classroom based, e-learning and in-store. This has proved a more effective way of delivering knowledge to associates which accounts for the increase in hours allocated to learning and the average learning and development days per person. It also follows our investment in the upgrade of training methods and technologies during the previous year.

Key achievements in talent development	2016	2015	2014	2013
Investment in learning and development	**R34 783 011**	R38 469 092	R33 775 854	R30 855 899
Total annual number of hours allocated to learning	**232 437**	159 276	230 973	266 416
Average learning and development days per person	**1.8**	1.2	2.5	2.8
Modules completed in various leadership development programmes	**9 317**	9 470	2 662	3 748
Percentage of previously-disadvantaged individuals participating in learning and development	**94%**	95%	90%	88%
Percentage of females participating in learning and development	**73%**	72%	69%	70%
Percentage of previously-disadvantaged associates trained through e-learning	**97%**	97%	94%	94%
Percentage of previously-disadvantaged associates on learnerships	**93%**	97%	92%	93%

Employee relations

Treating our associates fairly is at the heart of our Group's values. We are committed to a workplace that is free from discrimination and ensures compliance with all relevant labour law. Our commitment is to a workplace culture that is centered on open communication channels between managers and associates, thereby ensuring that workplace grievances are avoided and resolved speedily. In the past year the Company saw a significant decrease in cases referred to and arbitrated at the CCMA, and we continue to maintain an excellent success rate for matters arbitrated.

Employment legislation

The Group complies with all relevant South African labour legislation, with attention currently being given to equal pay for work of equal value in terms of identifying and mitigating risk as well as staying abreast of case law developments.

Specialist employee relations practitioners guide line management in the interpretation and application of legislation in the workplace. In our international regions we partner with local firms to conduct research into local employment practice, to ensure that we maintain compliance as required by country. We have maintained active membership of the National Retail Association, through which representation to Nedlac and participation in discussions of national interest is facilitated.

Ethical behaviour

Ensuring that ethical behaviour is widely practiced and demonstrated is very important to the sustainability of our Group culture. As such the Business Code of Conduct is acknowledged by each new associate when joining the Group. Senior and other selected associates complete an annual declaration in which compliance with the Code is confirmed and any external interests or relationships that could potentially give rise to a conflict of interest are disclosed. The Group has a confidential, independently managed toll-free number for the reporting of suspected fraudulent activity or unacceptable behaviour. Associates are encouraged to be alert to fraud or unacceptable activity and immediately report incidents. These reports are investigated by Internal Audit. The Social, Ethics, Transformation and Sustainability Committee monitor matters relating to ethical conduct.

Wellness

Group Wellness initiatives are an important part of our culture, providing associates with access to services that promote individual health and wellbeing. Key initiatives include annual wellness days at our Support Centre, as well as health screening events including HIV testing at store level through our membership of Retailers Unite. Currently we have 3 006 associates covered by one of the available medical aid options, which represents 18% of all permanent staff. This includes a low cost entry-level medical plan specifically offered for store associates.

Safe working practices are encouraged throughout our businesses and monitored. In the year under review, 77 work-related accidents occurred with no major accidents reported involving associates.

mr pricegrouplimited

"Value to Customers and Worth to Partners" drives the Group.

Not only do shareholders benefit from ownership in the Company, but customers also benefit from fashionable merchandise at affordable prices and the people who work for the Group benefit by having sustainable jobs and access to benefits and share schemes (refer to page 69 for more details) to help them build wealth for their futures. The commitment to Shared Value has been extended to the value chain in the past few years, where there has been increased focus on building sustainable and efficient supply chains. South Africa has been identified as a key priority country, where innovative solutions are being tested with local key suppliers and relevant government departments. Together with these innovations, the ten years of investment into the socio-economic landscape of RSA (through MRP Foundation) also aims to strengthen local business and create a sustainable local market.

Building a sustainable value chain

The Group collaborates with the following partners to identify opportunities for the development of sustainable solutions for the business, its value chain and the industry at large:

- Supplier Ethical Data Exchange (Sedex)
- Ethical Trading Initiative (ETI)
- Sustainable Cotton Cluster (SCC)
- KwaZulu Natal Clothing and Textiles Cluster (KZNCTC)
- MRP Foundation's JumpStart Programme (JumpStart)
- The Clothing Bank (TCB)
- The World Wildlife Fund (WWF) and
- Other participating forums and committees such as Retail Association, Sustainability Retail Forum, BUSA Trade and Economic Policy Committee, BUSA Social and Transformation Policy Committee as well as various sub committees focusing on national priorities such as energy and broader environmental issues.

Supplier Ethical Data Exchange (Sedex)
Sedex is a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains.

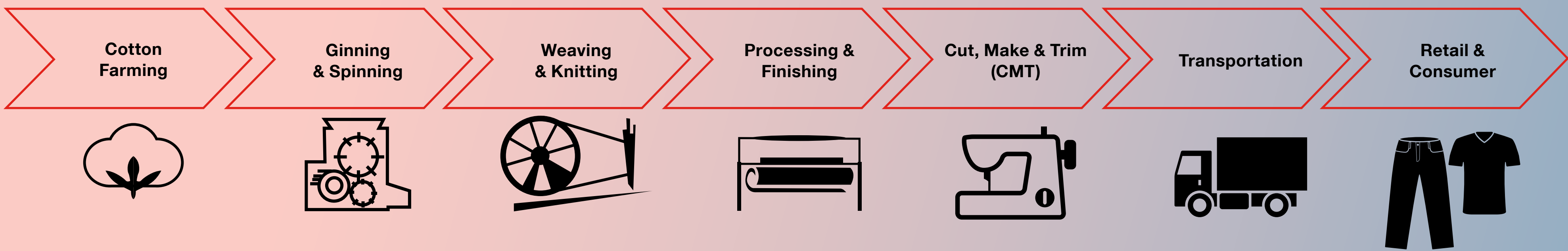
The mapping of the Group's global supply chains has progressed well, with the number of Sedex memberships increasing from 301 in FY15 to 534 in FY16. This database has proven to be a valuable tool to record supplier business ethics, labour, health and environmental practices thereby enabling the risk assessment of suppliers in accordance with these metrics. Further to this, the mapping of second tier suppliers is also progressing well and remains a key focus area for the resource teams to obtain the visibility and transparency needed to ensure that the value chain is sustainable, efficient, effective and compliant. For further information on Sedex, refer to www.sedexglobal.com.

Ethical Trading Initiative (ETI)
ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe. The Group is committed to ethical trade and has therefore partnered with ETI in order to participate in collectively tackling the many issues that cannot be addressed by individual companies working alone.

A Responsible Sourcing Policy and Guideline has been developed to guide the trading divisions in the monitoring and application of the Supplier Code of Conduct (aligned to international standards, including the ETI Base Code). The Group's first progress report to ETI was well received as many of the requirements of a Foundation Stage Member were exceeded. For further information on ETI, refer to www.ethicaltrade.org.

Sustainable Cotton Cluster (SCC)
The Group believes that by investing in the country's cotton industry, a stronger and more resilient cotton industry will be ignited with increased demand for better quality cotton from SA consumers. We hope that, through our involvement in the cluster, we will contribute to the development of a stronger local economy and unlock real job opportunities.

The participation in a pilot Integrated Supply Chain Programme (ISCP) this year, in partnership with the Department of Trade and Industry (dti) and various value chain organisations, delivered around 4.2 million garments and towels to stores, all designed and manufactured with local cotton content. This innovative collaboration was able to reduce wastage and inefficiencies thereby unlocking value in a way that everyone was able to win - from the farmer to the consumer, who is provided with a product that unlocks shared value to everyone in the supply chain.



Since the Group's initial involvement with the cluster, now 3 years ago, a significant increase in hope and collective commitment amongst local cotton producers and industry players has been translated into bold targets being set to grow the industry.

SA cotton producers are targeting an increase in cotton production of over 400% by 2018 to be achieved through the growth of small scale farm production, with the aim to create 7 200 jobs, train 2 600 people and establish 600 SMME incubators in the value chain.

For the Group, the partnership with the SCC has resulted in cotton price stability, improved margin opportunities through waste elimination, visibility of procurement sources, product differentiation to customers and contribution towards the building of a sustainable local cotton value chain.

A Traceability System, developed to capture data and provide valuable intelligence to the industry, ensures that claims made to the customer hold integrity. The system captures data on cotton production social, environmental and labour standards, converts products into raw material requirements, ensures governance standards, contract information, costs etc. In addition, the system tracks movement of the product through the value chain thereby providing visibility and business intelligence at a level never seen before through an entire value chain.

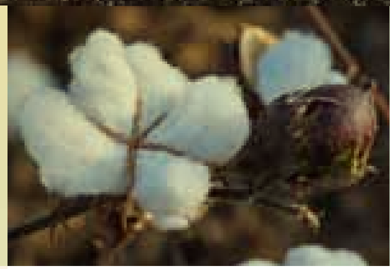
Another achievement of the SCC includes an implementation partnership between South Africa and the Better Cotton Initiative (BCI), to align SA cotton production to BCI standards, a globally sought after standard of cotton production that ensures that the environment and communities are considered. This will position SA cotton as a globally competitive crop and provides the Group with the opportunity to deliver BCI cotton to its customers. As South Africa is a water scarce country, targets to increase small scale rain-fed cotton production raised some concerns initially, however the BCI standards being introduced reduce the impact on water and the environment.

The Sustainable Cotton Cluster is a leading initiative and a remarkable move towards business, government and civil society working together to address national priorities that have the potential to reignite an entire industry, create jobs and unlock the potential in the country. The Group is very proud to have been involved as a founding retail member.

"Mr Price Group supports Southern African cotton and the development of a globally competitive and sustainable local cotton value chain that improves the livelihoods of people while also ensuring that the environment is cared for."

(Stuart Bird: CEO).

For further information on the activities of the Cluster, refer to https://sustainablecottoncluster.wordpress.com/.



KwaZulu Natal Clothing and Textile Cluster (KZN CTC)

The KZN CTC is a Public-Private Partnership (PPP) between eThekwini Municipality, the KZN Department of Economic Development, Tourism and Environmental Affairs and local clothing, textiles, footwear and leather (CTFL) manufacturing firms and retailers. The aim of the KZN CTC is to develop competitiveness in the CTFL manufacturing and retail sectors in KwaZulu Natal. It is an industry driven initiative with leadership and expertise obtained from a broad range of members.

Participation in the KZN CTC results in the sharing of thought leadership, expertise and collaboration opportunities in industry related initiatives as well as access to invaluable research. For more information on the activities of the Cluster, refer to www.kznctc.org.za.

MRP Foundation

The Group's investment into the MRP Foundation over the past 10 years addresses socio-economic challenges that are of national priority to the local RSA market. MRP Foundation is a registered Non-Profit and Public Benefit Organisation with a purpose to enable young people to reach their full potential and an inspired vision to see young people breaking the cycle of poverty and inequality.

MRP Foundation invests in building partnerships with key stakeholders, such as Mr Price Group, other businesses, government and civil society, in order to deliver innovative solutions to its beneficiaries while at the same time working with systemic structures designed to positively impact the socio-economic landscape of South Africa. The two key areas of focus are Education (MRP Foundation Schools) and Skills Development (JumpStart). For further information on the activities of MRP Foundation, refer to *www.mrpfoundation.org.*

JumpStart - Skills Development for Unemployed Youth

JumpStart provides the opportunity to develop unemployed youth with the required skills to access jobs both in Clothing and Textile Manufacturing (partnering with Mr Price Group suppliers) as well as with Retailers (partnering with Mr Price Group, The Spar Group Limited and The Hub).

MRP Foundation continued to accelerate the roll out of the JumpStart Manufacturing Programme to develop scarce skills within the South African clothing and footwear manufacturing industries. Over the past two years, 550 young people participated in the Jumpstart Manufacturing Programme, with 417 (76%) successfully securing jobs in design or production. Furthermore, manufacturing facilities that participated in the programme, reported a significant improvement in quality standards, business processes and efficiencies as a result of focused interventions designed to ensure that partnering manufacturing sites are creating sustainable jobs.

The JumpStart Retail Programme exceeded its targets and commitments to the JobsFund, as 4 266 previously unemployed individuals were successfully placed into retail jobs (98% fall under the youth category of under 35 years of age). Both programmes collectively unlocked an annual salary value of around R153 million for job placements over the past 3 years.

MRP Foundation Schools
Creating education environments where learner potential is unlocked

School programmes aim at a more holistic development of both child and school. Programmes include academic, physical education as well as arts and drama development. A total of 65 236 learners have been impacted through the MRP Foundation Schools programmes. Two independent research studies conducted during the current year confirmed the successful impact of the programmes.

Based on the successful impact of the MRP Foundation Schools Programme in primary schools, further expansion is planned into high schools next year to ensure that learners' improved education transitions into the next level of their education. In addition, the MRP Foundation plans to extend the JumpStart programme to benefit high school learners in four provinces. The aim is to develop the necessary skills of learners in preparation for them to become suitable for employment and thereby increase the chances of them being able to secure a job after completing Grade 12.

Broad-Based Black Economic Empowerment (B-BBEE)

The Group remains committed to the economic objectives and spirit of B-BBEE. Interventions such as the Group's involvement with the Sustainable Cotton Cluster to promote cotton production in RSA and the JumpStart Programme to produce job-ready skills in RSA embody the true spirit of B-BBEE in terms of job creation, economic growth and skills development.

The Codes of Good Practice, revised during 2014, came into effect on 1 May 2015. As previously reported, compliance against the Revised Codes of Good Practice is challenging as definitions narrowed, targets increased significantly, points required to achieve scorecard levels increased and level penalties were introduced for sub-minimums not achieved. The B-BBEE Scorecard status continues to be assessed and relevant imperatives to attain future compliance are being pursued.

The Group's supplier and enterprise development philosophy is to pursue initiatives that have a strong business case and to ensure that any intervention is sustainable and meaningful to all partners.

The Group's BEE Scorecard has been calculated with the assistance of a BEE Agency although no verification has been carried out:

ELEMENT	WEIGHTING POINTS	SELF-ASSESSMENT POINTS
Ownership	**25**	**8.61**
Management Control (includes Employment Equity)	**19**	**5.18**
Skills Development	**25**	**17.97**
Enterprise & Supplier Development (includes Preferential Procurement)	**40**	**12.92**
Socio-Economic Development	**5**	**5**
Total Points	**114**	**49.68**
Initial level achieved	**(40 – 55pts)**	**Level 8**
Discounted by one level due to sub-minimum penalty adjustment	**Penalty level**	**Non-Compliant**

The Group partners with the Clothing Bank

The Group has partnered with The Clothing Bank, a registered NPO and PBO, which channels donated stock through an enterprise development programme for the past 2 years. The programme transforms the lives of unemployed mothers trapped in a cycle of poverty to become self-sufficient through training and mentorship on basic business and life skills. The partnership has resulted in The Clothing Bank extending its operations, and it now operates from six branches across South Africa. The Clothing Bank recently won the 2016 Schwab Foundation's Social Entrepreneur of the Year award. We congratulate The Clothing Bank team on this prestigious award and are very proud to be a partner of this worthy initiative.

The Group supports The Clothing Bank by donating samples, write-offs and returned merchandise as well as used fixtures and fittings. More information on the activities of The Clothing Bank can be found at www.theclothingbank.org.za.

Employment equity

The Group recognises the value in diversity and the need for its workforce to be representative of the demographics of South Africa. The Group is therefore committed to employing and developing people from designated groups in furtherance of its Employment Equity objectives. Pre-employment internships are also offered as a means of evaluating prospective employees and the MRP Foundation's JumpStart Programme provides soft skill training and retail work experience for unemployed matriculants.

The Group's philosophy is to encourage all associates to achieve their full potential.

Associates are encouraged to apply for and secure growth opportunities within the Group as these arise.

Those who have the potential to attain top management positions and meet the needs of succession plans are invited to attend internal and external leadership programmes that provide relevant business exposure and highlight development areas. This assists in the attainment of the employment equity (EE) goals set for the various occupational levels. The EE goals, set to 2017, have supporting strategies to address representation requirements at senior levels and there is regular reporting in place to monitor progress.

The Board Social, Ethics, Transformation and Sustainability Committee reviews and assesses, and the Board ratifies, appropriate employment equity targets. An Employment Equity and Skills Development Committee, fully representative of the Group's associates, meets regularly to discuss progress in employment equity, identify and recommend steps to overcome barriers to affirmative action and to ensure adherence to relevant legislation.

Below is the South African workforce profile of Mr Price Group as at end March 2016.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1	-	-	24	-	1	1	7	-	-	34
Senior management	6	-	13	46	1	4	12	73	2	3	160
Professionally qualified	26	9	72	115	26	28	85	165	-	5	531
Skilled technical	550	120	136	113	1 381	564	301	412	3	9	3 589
Semi-skilled	2 256	331	110	28	6 686	1 289	347	116	12	19	11 194
Unskilled	34	2	6	-	51	8	4	-	-	-	105
TOTAL PERMANENT	**2 873**	**462**	**337**	**326**	**8 145**	**1 894**	**750**	**773**	**17**	**36**	**15 613**
Temporary employees	139	20	4	2	237	82	10	8	1	2	505
GRAND TOTAL	**3 012**	**482**	**341**	**328**	**8 382**	**1 976**	**760**	**781**	**18**	**38**	**16 118**

Below is the South African workforce profile of Mr Price Group for disabled employees as at end March 2016.

Occupational levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	-	-	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	1	-	-	-	2	-	-	3
Professionally qualified	-	-	-	2	-	-	-	4	-	-	6
Skilled technical	1	-	2	1	3	1	1	6	-	-	15
Semi-skilled	-	-	1	-	7	4	2	-	-	-	14
Unskilled	1	-	1	-	1	-	-	-	-	-	3
TOTAL PERMANENT	**2**	**-**	**4**	**4**	**11**	**5**	**3**	**12**	**-**	**-**	**41**
Temporary employees	-	-	-	-	-	-	-	-	-	-	-
GRAND TOTAL	**2**	**-**	**4**	**4**	**11**	**5**	**3**	**12**	**-**	**-**	**41**

IMPROVING RESOURCE EFFICIENCIES AND ADDRESSING CLIMATE CHANGE

The Group's philosophy of doing more with less and striving for innovation and efficiency supports a reduced impact on the environment.

The Group's environmental impact relates mainly to the use of electricity, fuel, water, waste to landfill, products used in business operations, and packaging used for products and transportation. Significant environmental impacts occur in the manufacturing and usage (washing and drying) of retail products. Retail has also experienced rising expectations from various key stakeholders to influence suppliers and customers to reduce environmental impacts.

Climate change risk assessments undertaken for mrp and mrpHome have highlighted some climate change risks associated with cotton. These risk areas will be further analysed and considered in sourcing strategies.

Energy management

In the last three financial years, energy and climate change issues have moved from the sidelines to centre stage. The Group's revised commitment to reduce its carbon footprint from 10% to 17% by F2016 (on baseline year F2013) was achieved. Over the past three financial years, we reduced our carbon footprint by approximately 32.1 million Kwh (29 424 tons CO_2 emissions). The Group has benefitted from various initiatives to reduce its electricity costs, usage and impact on the environment. The initiatives have made the business case and divisions are encouraged to continue with initiatives and programmes that will achieve further savings.

The future of energy in RSA is still uncertain. There are a number of contributing factors such as the anticipated growing demand for energy, emerging regulations, changes to address climate change, developments in efficiency and alternate energy sources. It is therefore important for us to not only secure energy but also to use it productively over the longer term.

The Group's Energy Management System continues to evolve as accurate energy data enables the identification of new opportunities to reduce costs and consumption. More efficient energy usage is now standard practice in the development of new store designs. It has become increasingly important to drive the exploration of alternative, cleaner energy source options mainly due to the potential impact of energy generation on our environment, supply disruptions and the significant planned cost increases forecast for the next few years due to the level of investment required in the South African energy infrastructure. LED lighting technology is being integrated into stores and solar energy, which is inexhaustible as well as pollution and noise free, has been installed.

Our commitment to energy efficiency can be further demonstrated by the installation of a photovoltaic system (solar energy from the sun) at our corporate head office in Durban. The use of solar energy is a sustainable solution to the energy challenges of today. This system is designed to produce approximately 286 Mwh (286 000 Kwh) of clean energy annually and is guaranteed to generate energy for the next 25 years. This will further reduce the Group's carbon footprint by 305 tonnes CO_2 emissions annually.

Reduction of waste to landfill has seen significant improvements over the past year and, once again, the head office has exceeded the revised targeted rate of 50% (LY 20%). The principles of reduce, reuse and recycle continue to be entrenched into all aspects of the business.

Packaging is continuously assessed at all levels of the value chain from merchandise instore, to transportation of goods as well as handling in the DC for improvement opportunities. Standardisation of carton sizes, better packaging instructions to suppliers, improved packaging labelling as well as simple changes in algorithm code in the allocation system have resulted in many packaging efficiency improvements as well as environmental and cost savings.

The Group's outbound transportation and distribution service provider has successfully implemented fuel and kilometre travel reduction.

Through the use of more fuel efficient vehicles, improved driver behaviour and optimised routing between stores, the Group achieved a 14.5% improvement in fuel consumption. This meant that on outbound transportation vehicles, we burnt 1.34 million less litres of diesel than last year.

Optimisation of the national network model of regional hubs and routes from these hubs resulted in the average kilometre per kilogram transported decreasing by 2.6%.

WWF

The Group's WWF Corporate Network Partnership is another example of where collaboration and engagement can result in environmental gains. They provide thought leadership and are a critical friend to ensure that the Group considers its material and relevant environmental impacts are actioned as part of the Group's sustainability strategy. For more information on the activities of WWF, refer to www.wwf.org.za.

Training

Associate awareness and engagement are key aspects to the success of any sustainability strategy, whether it be recycling or looking for better ways of working and innovative ideas for efficiency. To this end, training and awareness take place at regular intervals throughout the year.

In order to embed a culture of sustainability, a sustainability e-learning training and awareness module has been developed for associates. This aims to develop an appreciation of sustainability, encourage long-term impacts to be considered in business decisions, reinforce the Group's values and encourage associates to apply the learnings to other areas of their lives as well.

CORPORATE GOVERNANCE REPORT

THE BOARD SUBSCRIBES TO ETHICAL LEADERSHIP, BUSINESS SUSTAINABILITY, STAKEHOLDER INCLUSIVITY AND SOUND VALUES OF GOOD CORPORATE GOVERNANCE.

It recognises that governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity. It seeks to go "beyond compliance" through the adoption, integration and embedding of the spirit and principles of governance (fairness, accountability, integrity, responsibility and transparency). Effective governance is considered to be a vital component and contributor to the Group's sustained performance. The governance foundation is based on the combination of voluntary and compulsory guidelines including the principles and practices of the King Code of Governance for South Africa 2009 (King III) and the JSE Listings Requirements.

Supporting material located on the Group's website: www.mrpricegroup.com

- Board Charter
- Board Committee Mandates
- Policy for the Appointment of Directors
- Outline of Board, Statutory and Management Committees
- Internal Audit Mandate
- Internal Audit Annual Assurance Statement
- Business and Supplier Codes of Conduct
- King III application register
- Notice of AGM

Governance developments in F2016

During the year under review, the following developments occurred within the internal and external governance landscape.

Governance area	Development during the year
JSE Listings Requirements	The Listings Requirements were amended, effective 9 November 2015. Matters impacting the Group included the request to: • draft an internal policy on what constitutes price sensitive information. The Shares Trading Policy, which incorporates this, was approved by the Board in March 2016; and • give consideration to gender diversity on the Board. An amended Policy on the Appointment of Directors, which includes the Group's philosophy on gender diversity, was approved at the Special Corporate Governance Meeting in November 2015.
JSE Ticker change	In line with the evolution of the Group's brand, the JSE ticker reference was changed from MPC to MRP, effective 2 November 2015.
Lead Independent Director (LID)	In the annual review of the LID position, the Board concluded that Mr Johnston continue to serve as LID, despite there being an independent non-executive Chairman, thereby ensuring that a balance of power and authority remains on the Board and that no one individual has unfettered power of decision making.

Compliance with King III and the JSE Listings Requirements

The Group believes in going "beyond compliance" as opposed to simply responding to and complying with rule sets and recommended codes. As such, the Group does not follow King III blindly, but very carefully considers each and every aspect. King III is not prescriptive but rather a series of voluntary recommendations which can be adopted on an "apply or explain" basis.

The King III application register, providing the Group's position on each of the 75 voluntary governance principles outlined by King III, is reviewed annually by the Board and published on the Group's website. Three areas of partial application were previously reported. In its consideration of the register in November 2015, the Board amended its position on certain principles, with the resultant governance position for F2016 summarised alongside.

Principle	Sub-principle	Compliance Position		Comment
		F2015	F2016	
Principle 2.22 The evaluation of the board, its committees and the individual directors	An overview of the appraisal process, results and action plans should be disclosed in the integrated report.	Compliant	Materially compliant	An overview of the performance review process is disclosed in the Annual Integrated Report. However, the Board is of the opinion that, due to the sensitive nature thereof, it would not be appropriate to disclose the evaluation.
Principle 2.25 Disclosure of the present value of long-term awards	The remuneration policy should address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.	Materially compliant	Materially compliant	Detailed disclosure is contained in the Annual Integrated Report. However, the Company does not disclose the present value of long-term awards due to the varied models and unpredictable forecasting element required to determine the value of the share options upon vesting. Nonetheless, it provides sufficient information for stakeholders to determine their own value of the share options applying their own parameters.
Principle 9.3 Independent assurance of the sustainability report	Sustainability reporting and disclosure should be independently assured.	Partially compliant	Compliant	Even though the entire sustainability report and disclosure are currently not externally assured, the Board is satisfied with the independent assurance provided by Internal Audit and the progress made both on the sustainability journey and with integrated reporting, it is of the opinion that it may be premature to subject the entire report to an external verification at this point.
	The audit committee should oversee the provision of assurance over sustainability issues.	Partially compliant	Compliant	

Governance and assurance structure

The Head of Governance and Assurance is responsible for the strategic leadership of the Governance, Enterprise Risk Management, Internal Audit, Legal and Compliance and Company Secretariat functions.

Enterprise risk management

A robust model of combined assurance has been adopted in recognition of the need for a coordinated approach to risk management to allow for the effective management, monitoring and mitigation of key risks. The model clarifies the roles and co-ordinates the efforts of management, internal assurance providers and independent assurance providers. In addition, it increases collaboration and facilitates a shared and more holistic view of the Group's risk profile. Internal Audit plays a vital role as an independent 3rd line of defence.

Internal audit

The independence, organisational positioning, scope and nature of work of the Governance and Assurance Division were evaluated by the Audit and Compliance Committee in March 2016 and determined to be appropriate and consistent with the approved combined assurance model. In addition, it has been confirmed that there were no impairments to the independence or objectivity of the assurance provided by Internal Audit. Refer to the Internal Audit annual assurance statement, on page 58.

Legal compliance

The Group is committed to compliance with all applicable laws. To this end, the regulatory universe impacting the Group has been defined, confirmed by the Group's external legal partner, Bernadt Vukic Potash & Getz, and delegated to appropriate compliance owners across top and senior management levels. A risk-based compliance framework has been adopted to facilitate compliance with all applicable laws. Annually the Audit and Compliance Committee reviews the Legal and Compliance Assurance Statement, which includes the assurance statements of all compliance owners, an outline of the compliance and assurance processes undertaken during the year and any identified gaps and related remedial plans. The Social, Ethics, Transformation and Sustainability Committee reviews the Assurance Statement in respect of specific matters falling within the mandate of the Committee's focus. Both these Committees confirm that nothing has come to its attention that would indicate significant non-compliance.

Company secretary

During the year under review, and in compliance with paragraph 3.84(i) and (j) of the JSE Listings Requirements, the Board evaluated Mrs HE Grosvenor, the Company Secretary, who has been with the Group for 13 years and is a Fellow of the Institute of Chartered Secretaries and Administrators. The Board is satisfied that she is competent, suitably qualified and experienced. Furthermore, since she is not a Director, nor is she related to or connected to any of the Directors, thereby negating a potential conflict of interest, it was agreed that she maintains an arm's length relationship with the Board.

UNITARY BOARD STRUCTURE

- Honorary non-executive Chairman
- Independent non-executive Chairman
- Lead Independent Director
- 4 Independent non-executive Directors
- 1 non-executive Director
- 2 Executive Directors
- 2 Alternate Directors

Rotation of directors

1/3 of non-executive Directors retire annually by rotation.

Prescribed officers

Messrs Bird and Blair are considered by the Board to be the prescribed officers of the Group. As CEO and CFO, exercising executive control and general management of the business, all divisional heads report directly to them.

Employment contracts

No Directors have fixed-term employment contracts.

1 TRAINING & DEVELOPMENT

- All Directors receive an appropriate induction and mentoring programme.
- A Director skills assessment is conducted annually, supported by a development and succession plan.
- The Directors are primarily responsible for acquiring the skills necessary for the effective discharge of their duties.
- The Group provides economic and other relevant updates/presentations during the course of the year.

2 BOARD SKILL & COMPOSITION

- The philosophy is to maintain a vibrant Board that constructively challenges management's strategies and evaluates performance against established benchmarks.
- The majority (80%) of Directors are non-executives, the majority (75%) of whom are independent.
- There is a strong representation of retail experience, blended with a diversity of experience in other disciplines to strengthen the Board's collective business acumen.
- Consideration is given to the age profile, racial and gender diversity of Directors.
- All new appointments are made via a formal process, under the direction of the Remuneration and Nominations Committee.

3 INFORMATION & COMMUNICATION

- Relevant and timely information is supplied to the Board, in a form and of a quality appropriate to enable it to discharge its duties and to enable it to assess the Group's performance.
- Non-executive Directors are kept abreast of significant or relevant developments in the Group and receive comprehensive reports, including monthly trading reports, quarterly reports from management and the Group's key assurance providers and annual strategy documents from the trading and support divisions.
- Non-executive Directors have access to merchandise window reviews held during the year.
- All Directors have full and unrestricted access to Group information and personnel and can seek independent professional advice at the Group's cost, in accordance with the Board Charter.
- All Directors have access to the services of the Company Secretary and unrestricted access to the Chairman.

4 STATUTORY & BOARD COMMITTEES

- Audit and Compliance Committee
- Social, Ethics, Transformation and Sustainability Committee
- Remuneration and Nominations Committee

5 BOARD CHARTER

The Board operates in terms of a charter (reviewed annually) which:

- Regulates business in accordance with sound corporate governance principles.
- Requires that these principles are applied in all dealings by Directors, in respect of, and on behalf of, the Company.
- Defines the specific responsibilities to be discharged by the Directors collectively and individually.

6 INDEPENDENCE

- Sub principle 66 of principle 2.18 of King III states: "An independent Director should be independent in character and judgement and there should be no relationships or circumstances which are likely to affect, or could appear to affect this independence. Independence is the absence of undue influence and bias which can be affected by the intensity of the relationship between the Director and the Company rather than any particular fact such as length of service or age."

  Annual evaluations of Director Independence are conducted, in accordance with the criteria set out in King III and the requirements of the Companies Act. During the year 2 non-executive Directors were classified as non-independent, namely:
  - Mr SB Cohen – on account of his material shareholding
  - Mr K Getz – who acts as a professional advisor to the Company.

  However, the Board was satisfied that both these directors do act independently in their service to the Board.

- The cyclical and specialist nature of retail necessitates Directors with long-serving Board experience, making it impractical, and not in stakeholders' best interests, for Directors to resign after 9 years. A more robust evaluation of independence is conducted for these Directors serving longer than 9 years. Messrs Johnston and Swain were considered to be independent, despite their long tenure.

Board and committee meetings

The Board and its Committees meet 4 times annually to discharge their responsibilities for the overall strategic direction and control of the Group. In January the Board convenes telephonically to review the Q3 trading results and approve the trading update for SENS publication. In addition, an annual Special Corporate Governance meeting, under the chairmanship of the Lead Independent Director is held to:

- Review and approve the Board Charter
- Review and approve the mandates of the various statutory and Board Committees, Internal Audit and the IT Divisional Board Committee
- Consider the independence of Directors (during which any impacted directors recuse themselves from the discussion)
- Consider the re-appointment of Directors retiring by rotation, with re-appointment being subject to approval of shareholders at the Annual General Meeting
- Confirm the appointment of the Board Chairman
- Propose the Chairman and members of the Audit and Compliance Committee (subject to approval of the membership of this Committee by shareholders at the Annual General Meeting)
- Confirm the Chairman and members of other Committees for the forthcoming financial year
- Define levels of authority, reserving specific powers to the Board and delegating other matters with the necessary written authority to management
- Review and approve the Business Code of Conduct
- Review the level of the Group's compliance with the King III and JSE Listings Requirements governance principles.

Attendance of Directors at board and committee meetings

Generally, all Directors attend the Annual General Meeting and are available to answer shareholders' questions. Mr Ruck was unable to attend the May set of meetings due to overseas travel commitments. Alternate Directors are not required to attend each meeting. Mr N Abrams (who resides in the UK) was kept updated, receiving all Board meeting documentation.

Status	Director	Board	Special Corporate Governance	Audit and Compliance	Remuneration and Nominations	Social, Ethics, Transformation and Sustainability
Executive	SI Bird	4/4	1/1			4/4
	MM Blair	4/4	1/1			
Non-executive	SB Cohen	4/4	1/1			
	K Getz	4/4	1/1		4/4	4/4[5]
Independent non-executive	MR Johnston	4/4	1/1[2]	4/4	4/4[4]	
	RM Motanyane	4/4	1/1			4/4
	D Naidoo	4/4	1/1	4/4[3]		
	NG Payne	4/4[1]	1/1		4/4	
	MJD Ruck	3/4	1/1	3/4	3/4	
	WJ Swain	4/4	1/1	4/4	4/4	
Alternate	N Abrams	2/4	1/1			
	SA Ellis	4/4	1/1			

[1] Chairman of the Board
[2] Lead Independent Director chairs the Special Corporate Governance Meeting
[3] Chairman of the Audit and Compliance Committee
[4] Chairman of the Remuneration and Nominations Committee
[5] Chairman of the Social, Ethics, Transformation and Sustainability Committee

Board's Oversight of Risk Management

THE BOARD REMAINS ACCOUNTABLE AND RESPONSIBLE FOR THE GOVERNANCE OF STRATEGY AND RISK. IT IS COMMITTED TO BUSINESS SUSTAINABILITY AND TO CREATING AND PRESERVING STAKEHOLDER VALUE.

The Board recognises that the governance of strategy, risks and performance are critical success factors and therefore exercises active oversight of these processes.

Instead of a separate Risk Committee, the Board as a whole considers risk at each of its meetings. The incorporation of the risk agenda into that of the main board allows for a more robust consideration of strategy and associated risk opportunities.

During the year under review, the Board fulfilled its risk mandate by meeting 4 times to discuss the following key risk governance and risk management matters:

Effectiveness of Risk Management
Management is accountable to the Board for designing, implementing, monitoring and improving the systems and processes of risk management and integrating these into the day-to-day activities of the Group. Management is also accountable for building the competencies and capacity required for a sustainable business.

The Board is satisfied that the systems and processes in place to govern and manage risk are adequate and that management has generally executed their risk management responsibilities satisfactorily; in particular management has:

- Integrated and aligned strategy, risk management, performance and sustainability;
- Implemented an adequate and effective risk management framework, which if consistently applied, should guide the Group's approach to identifying, evaluating and responding to key opportunities and risks that may impact on strategic objectives;
- Managed risks within the approved appetite and tolerance levels; and
- Embedded risk management into the day-to-day activities of the Group.

Risk Appetite
The Board recognises that a well-defined risk appetite is the core instrument for aligning overall corporate strategy, capital allocation, risk and performance. Risk appetite and tolerance are the fundamental concepts that provide the context for strategy setting, entrepreneurial behaviour and the pursuit of Group objectives. It is informed by the Group culture and clarifies what risks the Group can, or is willing to, take and the risks that the Group will avoid.

The Board has formally defined its appetite for risk and annually reviews this. It confirms that an appropriate risk appetite framework and policy remain in place to guide strategy and the engagement of risk.

The Board confirms that there were no material deviations from the Group's risk appetite in the period.

Key Business Risks and Opportunities
Key business opportunities and risks were discussed comprehensively by the Board during the year. The Board, having considered the Group's key risks, is satisfied that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management and confirms that there were no undue, unexpected or unusual risks taken by the Group and no material losses were incurred during the year.

Accountability and responsibility

Performance reviews

The Board undertakes an annual series of assessments in order to monitor performance and identify areas for improvement. The assessment cycle operates over three years with a comprehensive review being undertaken in the first year. From this process, a "Steps for Improvement" document is generated. The assessment of progress made against the steps taken for improvement is conducted over the second and third year of the cycle. This affords sufficient time for improvements to be implemented in the identified areas. In this manner, the Group reviews the performance of the following:

- Board
- Chairman of the Board
- Chairmen of the Board Committees
- Board Committees; and
- Peer and self-evaluations.

In the year under review, the review process included questionnaires as well as telephonic and personal interviews conducted by the Lead Independent Director and the Chairman. The "Steps for Improvement" were tabled at the March 2016 Board meeting. Overall, the Board was satisfied with the performance of the Chairman who chaired with enthusiasm and handled Board matters extremely competently. The Committees were operating effectively and the change-over in chairmanship in the Audit and Compliance Committee was successful.

On an annual basis, the Remuneration and Nominations Committee assess the performance of the Chief Executive Officer, Chief Financial Officer and Group Logistics Director (who is the alternate director to the CFO). The Committee was satisfied with the performance of all three executive Directors.

Conflicts of interest and share dealings

The matter of conflicts of interest is a standing Board agenda item and a register of all Directors' company shareholdings, other directorships and information regarding any potential conflict of interest is updated by Directors at each meeting. Directors are required to recuse themselves from discussions on any matters in which they may have a conflict of interest. Non-executive Directors cannot participate in the Group's share incentive schemes. Furthermore, before dealing in Company shares, Directors are obliged to obtain the written consent of the Chairman or (should the Chairman be involved in a transaction) the Lead Independent Director.

Closed and prohibited periods

The Group operates a more stringent closed period policy than what is required by the JSE Listings Requirements and the Financial Markets Act (19 of 2012). During the defined closed periods, Directors, officers and other selected associates are prohibited from dealing in the Company's shares. Associates who may have access to confidential or price-sensitive information are cautioned against the possibility of insider trading. Regard is also given to other JSE Listings Requirements in respect of the dealings of Directors in the Company's shares.

Codes of conduct

Directors and associates are required to maintain the highest ethical standards. On joining the Group, every associate receives a copy of the Business Code of Conduct and is required to sign an acknowledgement of acceptance thereof. On an annual basis, all senior associates of the Group are required to submit a declaration confirming their continued compliance with the Code. Any areas of non-compliance or any perceived conflicts of interest are addressed through the appropriate levels of divisional management, with ultimate reporting to the CEO and Board. The Code was reviewed with minor amendment during the year and approved at the November 2015 Special Corporate Governance Meeting.

The Supplier Code of Conduct, which is aligned to the Business Code of Conduct and details the required standards and practices that suppliers must adhere to, was updated during the year to take into account the requirements of the Ethical Trading Initiative and to allow for greater focus on the environmental and social impact of trade.

Board statement

The Board believes that, in respect of the business specifically reserved for its decision, it has satisfactorily discharged its duties and responsibilities during the year under review.

Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited) remains the Company's Sponsor and, among other functions, it advises the Board on compliance with the JSE Listings Requirements.

AUDIT & COMPLIANCE

COMMITTEE REPORT

Mr Price Group remains committed to the principles of good governance, ethical leadership and exemplary corporate citizenship. To this end, the Audit and Compliance Committee assists and supports the Board in discharging its duties.

Composition

The Committee is constituted as a statutory Mr Price Group Ltd Committee in respect of its duties in terms of section 94(7) of the Companies Act (71 of 2008), and has been delegated the responsibility to provide meaningful oversight, particularly over the audit, finance, IT governance and compliance functions.

The Committee comprises the following 4 independent, non-executive Directors:

- Ms D Naidoo (Chairman)
- Mr MR Johnston
- Mr MJD Ruck
- Mr WJ Swain

Role

- Assists the Board to discharge its responsibility to:
  - safeguard the Group's assets,
  - operate adequate and effective systems of governance, financial risk management and internal controls,
  - prepare materially accurate financial reporting information and statements in compliance with applicable legal/ regulatory requirements and accounting standards,
  - monitor compliance with laws and regulations, and
  - provide oversight of the external and internal audit functions, appointments and independence;
- Ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities relating to the significant risks facing the Group; and
- Provides a communication channel between the Board and assurance providers.

The Committee mandate is published on the Group's website *www.mrpricegroup.com*

Annual report of the committee

During the year under review, the Committee fulfilled its mandate by meeting 4 times to deal with comprehensive agendas. It received the appropriate information from internal audit, external audit, management and other sources deemed necessary to fulfill its obligations. Pursuant to these activities and the investigations it conducted, the Committee can report satisfaction with the external auditor's independence and established principles governing the auditor's employment for non-audit services.

Having given due consideration, the Committee believes and/confirms that:

- Mr MM Blair, who is the Financial Director and carries the title of Chief Financial Officer, possesses the appropriate expertise and experience to meet his responsibilities and that the Group's financial function incorporates the necessary expertise, resources and experience to adequately carry out its responsibilities;
- The Group's accounting practices and the effectiveness of the internal controls have been maintained at a high standard and fully support the accuracy of the financial and related information presented to stakeholders in the integrated report;
- There were no material or frequently repeated instances of non-compliance with policies or legislation by the Group during the year; and
- The Designated Auditor attended a meeting of the Committee not more than a month before the Board met to approve the integrated report and to discuss matters of importance to the auditor and the Committee regarding the Group's financial statements and general affairs.

The board believes that the committee has satisfied its responsibilities under its mandate.

Under the sponsorship of the Committee's Chairman, a self-evaluation assessment was undertaken during the year which confirmed that all statutory requirements in terms of the Companies Act, including the qualifications of Committee members, are being met.

The Group Internal Audit Division (Internal Audit) was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures.

Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised division operates in terms of a formal mandate, in full conformance with the International Professional Practices Framework for Internal Audit (Standards) and with leading risk-based and integrated methodology.

Professional positioning and recognition

Internal Audit has been subjected to 2 independent external quality assessment reviews (QAR), in 2007 and 2011 and a QAR is scheduled for 2016. It was recognised as the first internal audit function in South Africa with full conformance to all Standards, and in 2011 was confirmed as the only function in South Africa with the exceptional rating of full conformance in an independent external quality review. This result placed the Internal Audit function in the top QAR results globally. The independent external QAR team recognised that:

- "This level of operations could only have been sustained by a combination of strategic leadership of Internal Audit, an alignment of interests and incentives, the maturity and mutual respect of the Audit and Compliance Committee, executive and senior management and the external auditor towards Internal Audit, and Internal Audit's ability to consistently deliver a highly professional audit product over time."
- "Internal Audit has continued to be a leading professional activity, characterised by innovation, development of leading practices ahead of the theory or requirements to do so, wide integration of global best practice and unequivocally demonstrating a commitment to upholding the Standards."

Independence and authority

The independence of Internal Audit is formally considered by the Chief Audit Executive and the Audit and Compliance Committee on an annual basis, or as and when changes to the organisational positioning occur. It has been determined and confirmed that Internal Audit has remained independent of all operational functions, and that the functional reporting to the Audit and Compliance Committee and administrative reporting to the Chief Financial Officer have enabled appropriate organisational positioning. Internal Audit has access to the Chairman of the Board, as well as free and unrestricted access to all areas within the Group.

In order to facilitate strategic positioning and alignment of Internal Audit, it has had a standing invitation to Executive and Board Committee meetings for many years, including meetings of the Divisional Boards, Main Board Committees and the Main Board when risk matters are discussed.

Annual internal audit assurance statement

Internal Audit assurance can only be reasonable and not absolute and does not supersede the Board's and management's responsibility for the ownership, design, implementation, monitoring and reporting of governance, risk management and internal controls.

Scope of work

There were no undue scope limitations or impairments to independence. In our professional judgement, sufficient and appropriate audit procedures have been conducted through the completion of the risk-based audit plan and evidence gathered to support the conclusions contained in this report.

Grade	Description
Low risk (≥ 90%)	Controls evaluated are adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and objectives met.
Medium risk (75-89%)	A few specific control weaknesses were noted, but generally controls evaluated are adequate, appropriate, and effectively implemented to provide reasonable assurance that risks are being managed and objectives should be met.
High risk (≤74%)	Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.

Area	Description
OVERALL OPINION	Based on the work completed during 29 March 2015 to 2 April 2016, which has been carried out in accordance with the International Professional Practices Framework for Internal Audit and the approved Internal Audit Plan, and provided that management has effectively implemented the agreed actions to rectify reported control weaknesses, in the opinion of Internal Audit, except for a few specific control weaknesses noted, in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and that the Group objectives should be met.
TONE AT THE TOP	Internal Audit has continued to note a constructive tone at the top. Divisional management generally responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements. Executive management and the Board require, encourage and monitor quality and continuous improvement in the Group's governance, risk management and control.
GOVERNANCE	The quality of governance is considered in every audit and we confirm that there are generally very good governance structures and processes in place to: • Promote appropriate Group ethics and values; • Ensure effective organisational performance and accountability; and • Adequately co-ordinate Group strategies, communication and activities among the Board, Management, second-line-of-defence functions and External and Internal Audit.
RISK MANAGEMENT	The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible and we confirm that these are adequate to identify, assess and mitigate key risks and to support the achievement of the Group's strategic goals. In addition we reviewed the quality of the Group's enterprise risk management structures, frameworks, policies, processes and reporting and concluded that these were very good. These facilitate integration between strategy, risk management and performance, and if properly applied, should result in effective management of key risks. There is continuous focus on the embedding of risk management, advancing risk reporting and performance measurement.
INTERNAL CONTROLS	We have continued to note an improvement in internal controls across the Group, especially in areas that have been re-audited. We have identified isolated instances of fraud within the Group, mainly at a store level, and of immaterial amounts.

Audit area	2016	2015	2014	2013	2012
Continuous Audits and Forensics	Very Good	Very Good	Very Good	Very Good	Adequate
Corporate Audits	91%	91%	92%	91%	91%
IT Audits	92%	92%	91%	91%	89%
Operational Audits	92%	91%	92%	92%	90%

SOCIAL, ETHICS, TRANSFORMATION AND SUSTAINABILITY COMMITTEE REPORT

This Committee was established in March 2012 in compliance with the requirements of the Companies Act (71 of 2008) and operates in terms of a formal mandate, which contains detailed provisions relating to the terms of reference, duties, composition, role and responsibilities of the Committee.

Composition

The committee is comprised of the following Directors:

- Mr K Getz - (Chairman) Non-executive Director
- Mrs RM Motanyane - Independent non-executive Director
- Mr SI Bird - Chief Executive Officer

In addition to the members, all Board members are permanent invitees to the meetings with the invitation regularly being taken up by several Directors, including the Chairman.

The following senior executives are permanent attendees at the meeting:

- Mrs VT Botha-Richards - Head of Corporate Services and Sustainability
- Mr S Glendinning - Head of Group People
- Mrs S Moodley - Head of Governance and Assurance
- Mrs HE Grosvenor - Company Secretary

Role

The Committee is responsible for assisting the Board with the monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship, as well as assisting the Group in discharging its business responsibilities in relation thereto.

Statutorily, the Committee is responsible for monitoring the Group's activities, as per the Companies Act, with regard to matters relating to:

- Social and economic development
- Good corporate citizenship
- Environment, health and public safety
- Consumer relationships
- Labour and employment practices.

The Committee has the responsibility to draw matters within its mandate to the attention of the Board and to shareholders of the Company. The Committee Mandate can be viewed on the Group's website: www.mrpricegroup.com

Annual report of the committee

The Committee met 4 times during the year as required by its mandate. Meetings are convened and conducted in terms of a detailed agenda, accompanied by supporting documents, including minutes of supporting management sub-committees and reports from the permanent attendees, which serve as a material tool for the Committee to monitor its responsibilities. The Committee actively engages with management during these meetings.

During the year under review, the key matters considered by the Committee (and reported to the Board) included:

- Oversight of the Group's Business Code of Conduct and Supplier Code of Conduct.
- Monitoring and assessing the Group's transformational progress (including consideration of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and the supporting Codes of Good Practice). The Committee is supported in its monitoring of equity practices by the Employment Equity and Skills Development Committee and the People Service Division Board.
- Monitoring and assessing the Group's compliance with applicable legislation and Codes of Good Practice, including anti-corruption legislation, in conjunction with the Audit and Compliance Committee.
- Monitoring the Group's environmental and social sustainability strategy and the execution thereof, including the social investment initiatives undertaken by MRP Foundation. The details of the programmes undertaken can be located on the website www.mrpfoundation.org
- Monitoring of matters relating to its statutory obligation and good corporate governance.

An evaluation of the Committee and the performance of its members was included in the comprehensive board review process undertaken during the year. The Committee is satisfied with the leadership offered by its Chairman, the performance of its members and believes it is appropriately monitoring all relevant issues, in terms of its statutory mandate and the additional responsibilities delegated to it by the Board. Refer to the Building Sustainability Through Shared Value Report on page 41 for more details around transformation and sustainability.

As Chairman of the Social, Ethics, Transformation and Sustainability Committee, Mr K Getz will be available at the Annual General Meeting to answer any questions relating to the statutory obligations of the Committee.

Monitoring and assessing the Group's compliance with applicable legislation and Codes of Good Practice, including anti-corruption legislation, in conjunction with the Audit and Compliance Committee.

REMUNERATION REPORT

THIS REPORT PROVIDES AN OVERVIEW OF THE GROUP'S APPROACH TO REMUNERATION, WITH PARTICULAR FOCUS ON EXECUTIVE AND NON-EXECUTIVE DIRECTORS.

Governance, remuneration philosophy and remuneration policy

Governance

The Board is ultimately responsible for the remuneration policy. The Remuneration and Nominations Committee (Remnomco) functions as a sub-committee of the Board, overseeing the remuneration of divisional executives and Executive Directors (ED) and reviewing management's recommendations regarding the remuneration of non-executive Directors (NED), including the chairman. The Committee operates according to a formal Board mandate – refer www.mrpricegroup.com/governance/charterandmandates. Nominations related activities are outlined in the Corporate Governance Report on page 48.

The Committee is chaired by Mr MR Johnston, the Lead Independent Director. It has four structured meetings annually and meets on an ad-hoc basis if required. Committee membership and meeting attendance are disclosed on page 52. To assist the Committee with the execution of its mandate, the CEO and CFO attend Committee meetings, but are not present when their remuneration is discussed.

Where applicable, matters are referred to shareholders for approval at either the annual general meeting (AGM) or at a general meeting. The remuneration policy aspects of this report are subject to an annual non-binding shareholders vote at the AGM. This meeting is attended by the Chairman, who is available to answer questions regarding the remuneration policy, its application and the Committee's activities.

The Company encourages and appreciates feedback from shareholders on governance and remuneration related matters. Issues raised are tabled at Remnomco meetings and considered when reviewing policy and Annual Integrated Report (AIR) disclosure. Significant shareholders and proxy houses are contacted ahead of the AGM in the event that greater clarity on the proposed resolutions is required. Shareholders are encouraged by management's engagement efforts and the enhanced level of disclosure made to date.

Committee activities

In satisfying its mandate in remuneration focused matters, the main activities undertaken by Remnomco during the year were to:

- approve the principles for base salary increases
- approve the remuneration of divisional executives and executive Directors
- review the efficacy of, and set the basis for, determination of short-term and long-term incentive plans
- review the performance of the divisional executives and executive Directors and approve their short-term incentives
- review all new share and share option allocations under the various share schemes in operation
- oversee the outsourcing of the administration of the share schemes to an institutional third party
- propose non-executive Director fees for consideration by shareholders at the AGM (page 76)
- review the performance of the Chairman
- conduct an annual self-evaluation review, from which areas for improvement were identified
- review and update the mandate for approval at the Special Corporate Governance meeting in November 2015
- oversee the update of various employment policies for legislative changes
- review the Remuneration Report for inclusion in the AIR and subsequent to its publication, respond to queries and comments received from shareholders or their representatives.

Philosophy

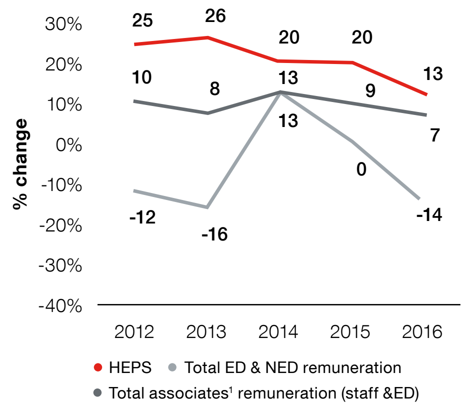
THE VALUES WHICH GUIDE THE GROUP ARE PASSION, VALUE AND PARTNERSHIP (REFER OVERVIEW ON PAGE 8). THE MANNER IN WHICH THESE ARE APPLIED CREATES A UNIQUE ORGANISATION, BOTH IN CULTURE AND PERFORMANCE AND IS A KEY DRIVER OF BUSINESS SUCCESS.

The remuneration structures stimulate and incentivise high performance. An entrepreneurial management style is encouraged, providing all staff, who we call associates, with the room to innovate and grow. This effectively enables ordinary people to achieve extraordinary things. As the Group strives to achieve its vision of being a top performing international retailer, the core of its remuneration philosophy - its ability to attract, retain and motivate top retail talent - becomes increasingly important. Our approach aims to create partnerships with associates in their journey of continued growth through market-related base pay and benefits, attractive performance-driven short-term (bonuses) and long-term (share schemes) incentives and recognition and reward programmes.

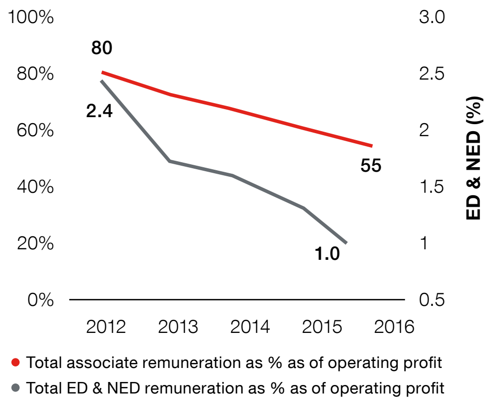
The historical earnings growth of the Company (30 year HEPS CAGR of 23%) is attributable to the efforts of all our associates. The trends provide tangible evidence that our approach to remuneration has delivered on the objectives of retention and motivation driving performance, while ensuring that efficiency gains are realised by controlling total employee costs.

The Group is acutely aware of the global issue regarding inequality of remuneration between management and lower level employees. We believe that it is morally correct that incentivisation, both short-term and long-term, is applied throughout the organisation. This enables our associates to share in the success of the Group, thereby aligning their efforts with corporate performance and increased shareholder value (refer pages 69 and 72 for details of the benefits applicable to participants in the Partners Share Scheme). We also believe that literacy and reasonable numeracy are the keys to 'decent employment' and our MRP Foundation has been instrumental in these aspects through training and awarding educational bursaries, from early childhood development to tertiary education. MRP Foundation achievements are detailed on page 41.

Remuneration vs Performance



Remuneration to operating profit ratio



Policy

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 LONG AND SHORT-TERM BENEFITS. REMUNERATION LEVELS ARE INFLUENCED BY WORK PERFORMANCE AND SCARCITY OF SKILLS.

Given that performance-related incentives form a material part of remuneration packages, ongoing performance feedback is vital. Associates participate in performance and career development evaluations on an annual basis, focusing on work achievements, learning and development needs, values and cultural alignment. There is strong alignment of the types of benefits offered to the various levels of permanent associates. The Group can justify areas where differentiation has been applied, specifically where consideration has been given to the position's seniority and the need to attract and retain key skills.

All associates sign a letter of employment, which stipulates their notice period. The contract may be terminated by either party giving written notice, which ranges from one month for a store or head office associate to six months for executive Directors. Despite these provisions, either party may terminate the contract of employment without notice for any cause recognised by law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of a 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 Company, providing neither 'balloon' payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere).

External service providers assist Remnomco from time to time and, where this involves remuneration, appropriate benchmarking comparatives are made.

The disclosure of the remuneration of executive Directors is governed by the JSE Listings Requirements and the Companies Act, 2008, with additional recommendations from King III. In order to maintain its competitive edge, the Group has applied the principles of King III that are appropriate for the business, to which there have been no material changes during the year under review. The Group complies with all disclosure aspects, except the recommendation of paragraph 180 of King III, relating to the present value of long-term incentives due to the varied valuation models and the unpredictable forecasting elements required to determine the value of the share options when vesting. The Group's view is that to consider the present value of option awards as remuneration is misleading, in that the present value does not reflect the value paid to or receivable by the executive. Such gains can only be determined upon exercise of the options. However, to compensate for this omission, share option disclosure has been enhanced in order to aid shareholder evaluation (refer pages 73 and 74).

Remuneration structure

Remuneration and reward structures are categorised into the following elements:

- Fixed remuneration: base pay and benefits
- Variable remuneration: short-term performance-related incentives
- Long-term incentives: shares and share options

Fixed remuneration

Being a value retailer, the Group's intention is to pay market-related basic salaries and benefits, which it sets at the market median. All associates receive a fixed remuneration package based on their roles, individual performance and the Group's performance. Increases are based on a review of market data and consideration of individual performance and potential.

- Base Pay - salary and benefits are reviewed at least annually.
- Medical aid membership - offered to all full-time associates employed in South Africa, Botswana, Namibia, Lesotho and Swaziland, but is not a condition of service.
- Retirement benefits - the majority of associates employed in South Africa, Swaziland and Lesotho are members of a defined-benefit fund (closed to new entrants with effect from 1997) and two funded, defined-contribution funds. Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined-contribution funds in those countries, while Zambian associates are members of the Zambian National Pension Scheme Authority. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service. Superannuation contributions are made in respect of Australian associates.

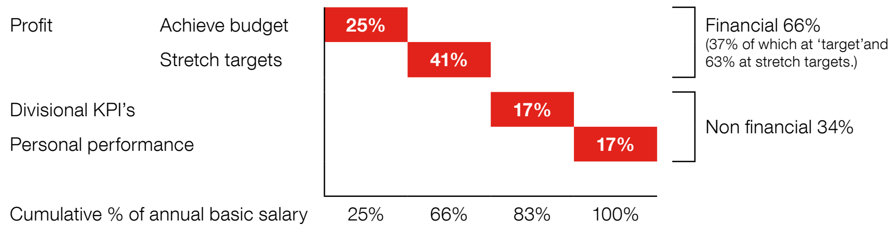
The Group remunerates new entry level associates, some of whom are sourced through MRP Foundation, at least at the minimum statutory wage. Substantial opportunities exist for associates to move well away from minimum wage, as early as their first year of employment, through:

- Group growth and expansion creating opportunities for advancement
- the Group's long-standing policy to fill vacancies by 'promoting from within'
- a multiplicity of educational and training mechanisms being available to all associates, tailored to their individual requirements
- associates' own application and initiative
- short-term and long-term incentive programmes detailed below and elsewhere in this report
- wealth creation in the form of share price growth via participation in the various share schemes.

Associates participating in the Mr Price Partners Share Scheme received dividends of up to R6 439 each in the last financial year, depending on their employment date.

Short-term incentives

The Group offers performance-driven short-term incentive (bonuses) and recognition and reward programmes. Associates across all levels are provided the opportunity to earn well above the median, through generous incentives, which place a significant proportion of the reward 'at risk' for the achievement of stretch targets. A typical incentive structure for trading division executives is as follows:



The programmes are designed to reward associates for their contribution to Company performance in the areas that they can influence. Store associates' short-term incentives can amount to the equivalent of three months' salary, assuming all stretch targets are achieved. Divisional executives' incentive structures include the achievement of key imperatives linked to their division's strategy. Their awards are generally capped at 100% of annual basic salary (ABS), although in exceptional circumstances the CEO can motivate a higher personal performance award.

Long-term incentives (LTI's)

In line with the Company's core value of 'Partnership', share schemes appropriate to the various levels of associates are in place. Lower level associates in SACU receive free shares (the number of which are based on their salary level ratio) after one year's employment and, in addition, qualify for share options once they reach the qualifying salary level. In addition to the positive impact of associates thinking and acting like owners on Group performance, this has led to a substantial transfer of wealth to all levels of associates over the life of the schemes, providing them with increased financial security when they eventually retire from the Group.

Divisional executives participate in the Executive Share Trust (share option scheme) and Executive Forfeitable Share Plan and, in some cases, the Group Forfeitable Share Plan. The basis upon which total LTI awards are calculated range from 100% to 250% of annual guaranteed remuneration, depending on the role and level of responsibility. The mechanics of these schemes are similar to that detailed in respect of the ED's on pages 70 and 71.

Executive Directors - Framework and policy implementation

Guaranteed pay - Framework

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
Base pay	Offer competitive market related pay taking into consideration specific role requirements, and levels of skill and experience. Attract and retain high calibre executives capable of crafting and executing the business strategy.	Remuneration is reviewed annually on 1 April. Employment contracts are terminated in the event of a dismissal, without the ED having an entitlement for compensation. Employment contracts do not contain provisions relating to the compensation for a change of control of the Company, providing neither 'balloon' payments on termination or retirement, nor restraint of trade payments (although the latter may be contained elsewhere). No material ex-gratia payments are routinely paid. A notice period of 6 months is required. The appointment of EDs is aligned with the Companies Act, 2008. As a result, they do not retire by rotation as per the policy for NEDs. Instead, their performance is reviewed annually by Remnomco.	Pay reviews are influenced by skills, scope of responsibilities and individual performance, including leadership and conduct in line with the Group's values. Remuneration, including guaranteed pay, is benchmarked and aligned bi-annually to the median of a comparator group of 16 JSE listed companies, which was selected in conjunction with advisors PwC. This exercise was last performed in October 2014 and included the following companies in the peer group: • sector (Pick'n Pay, TFG, Massmart, Steinhoff, Clicks, Truworths, Woolworths, Shoprite) • market capitalisation (Tiger Brands, Discovery, Growthpoint, Exxaro Resources, Assore) • growth (Coronation, Capitec Bank, Aspen) In non-benchmark years, salary increases are based on the prevailing consumer price inflation rate.
Benefits	Provide a market-competitive suite of benefits.	Retirement fund (RF) – membership of the defined contribution pension fund. Medical aid (MA) – membership of Discovery Health Executive Plan. Motor vehicle (MV) related allowances.	Company RF contributions are set at 18% of basic salary. MA plan type is at the discretion of the executive. MV benefits reflected overleaf.

Guaranteed pay - policy implementation

Emoluments for the year – guaranteed pay and short term incentives (R'000)

	salary	motor vehicle benefits	pension contributions	other benefits	short-term incentives	total 2016
SI Bird*	5 571	210	1 137	182	8 170	**15 270**
MM Blair*	3 518	340	757	193	4 866	**9 674**
SA Ellis	1 686	229	378	127	2 220	**4 640**
Total	**10 775**	**779**	**2 272**	**502**	**15 256**	**29 584**
Change over previous year						(11.6%)

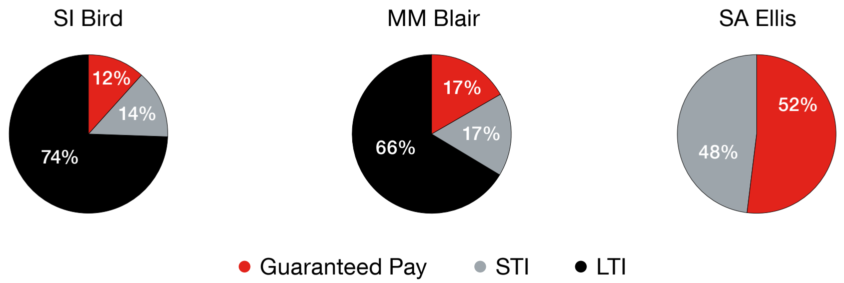
* considered prescribed officers

	salary	motor vehicle benefits	pension contributions	other benefits	short-term incentives	total 2015
SI Bird	4 974	213	1 019	165	9 741	**16 112**
MM Blair	3 319	338	708	158	6 167	**10 690**
SA Ellis	2 718	276	593	115	2 945	**6 647**
Total	**11 011**	**827**	**2 320**	**438**	**18 853**	**33 449**

Gains made under the long-term incentive schemes are disclosed on page 73.

Analysis of total ED remuneration

The previous salary review process, effective 1 April 2015 was based on the comparator group benchmarking study. The outcome was that the CEO received a salary increase of 12.0% and the CFO 6.0%. The salary of the Group Supply Chain Director reduced in line with his reduced working hours. In total, guaranteed pay decreased by 1.8%. As the current salary review process is during a non-benchmark period, the executive directors will receive an increase of 6.2%, (CPI rate at January 2016), effective 1 April 2016. The results of the next benchmarking exercise will be tabled at the November 2016 Remnomco meeting, for implementation in the following financial year i.e. April 2017.



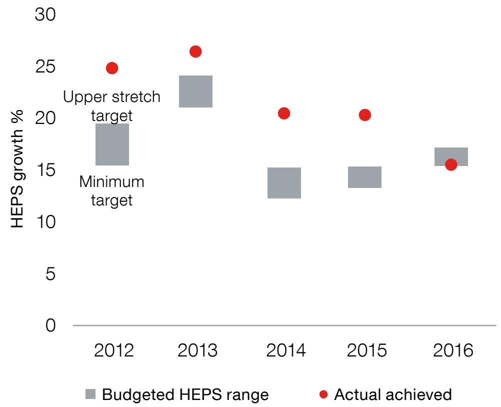
Short-term incentives - Framework

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
Annual performance incentive	To motivate executives to achieve short-term performance goals which relate primarily to earnings, but which also measure the achievement of near term targets relating to the Group's strategic objectives, personal behaviour and leadership. Although challenging targets are set, the incentive schemes are potentially generous and attainable to: • encourage the achievement of targets that can be directly influenced by superior performance • avoid the Company being exposed to undue risk caused by the executive's behaviour. A substantial proportion of the financial or 'hards' aspects of the award requires outperformance and is therefore 'at risk'. The aim is to ensure that a strong relationship exists between incentives and sustainable value created for shareholders. If performance is not at desired levels, incentives will reflect that situation.	Remnomco aims to ensure that a well-balanced set of measurables are designed, which include: **Measurable Group performance** ('hards') Targets are tailored annually to ensure alignment with prevailing trading conditions. Targets include: • HEPS growth, with a strong element of 'stretch' • return on capital employed • key imperatives linked to the business strategy **Personal performance** ('softs') This incorporates areas of demonstrated performance, leadership, innovation, effort and teamwork. Measuring these 'soft' issues necessitates more subjective judgement and is determined via individual and peer reviews. A poor personal performance evaluation can reduce or eliminate the incentive due under measurable Group performance. **General** Bonus payments are not deferred and are payable annually in May in cash. Associates have to be in the Group's employ at year end to receive incentive bonuses, unless due to specific circumstances, Remnomco has approved alternative arrangements.	**Measurable Group performance** For the 2016 financial year, the 'hards' targets against which the CEO and CFO were measured included: • growth in headline earnings per share 75% • return on capital employed 8% • achievement of strategic KPI's 17% **Total 100%** The maximum that can be earned is equal to 100% of ABS. The awards are only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, an award of 25% of ABS is made. The Supply Chain Director was measured on • growth in headline earnings per share 40% • specific supply chain operational targets 10% • supply chain strategic KPI's 50% **Total 100%** The maximum potential award is equal to 83% of ABS. The award is only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, an award of 17% of ABS is made. **Personal performance** 'Soft' awards for the CEO and CFO are capped at 100% of ABS, however this would only be achieved in exceptional circumstances and has rarely been paid. The cap for the Supply Chain Director is generally capped at 17% of ABS.
Service bonus	Promote retention, subject to Company performance.	All associates participate in a loyalty bonus scheme, payable annually in December at the option of the Company.	The benefit commences at the level of 20% of monthly basic salary per completed year of service up to 80% (after four years). After the completion of 10 years' service, an additional 20% is awarded, with subsequent awards being equal to a month's basic salary.

Short term incentives - policy implementation

The recent trend of companies disclosing the precise mechanics of short term incentive schemes was aimed at preventing executives from being rewarded in the event of company underperformance. The historical information detailed below demonstrates that an appropriate level of thought has been applied and that incentives are aligned with the Group's performance based culture.

Over the last five years, the incentive structures required:
- HEPS growth varying between 12.2% (which was the lowest 'base' target in any year, attracting three months' incentive) and 24.0% (which was the highest stretch performance target, attracting nine months' incentive).
- an average growth in HEPS of 15.4%, which, if not achieved, would have resulted in no incentives being paid under this category.
- profit before tax to increase at a faster rate than executive Directors' incentives. The ratio of increased profit to incentives awarded has increased from 26 in 2012 to 55 in 2016.
- in 2016, each of the three stretch performance levels required an additional profit before tax to cost (additional incentive) ratio of 12:1.



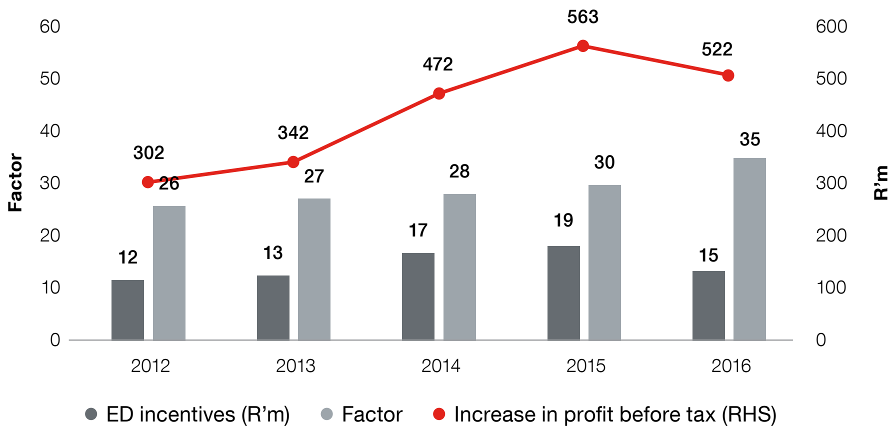
Historical HEPS incentive targets vs actual HEPS reported

% of ABS that would apply for achieving:	**2012**	**2013**	**2014**	**2015**	**2016**
- budgeted HEPS growth	33	33	25	25	**25**
- stretch target HEPS growth (cumulative)	67	67	75	75	**75**
Actual HEPS reported (cents)	503	636	765	919	**1 058**
Actual HEPS growth (%)	24.7	26.3	20.4	20.2	**15.0**
Average consumer price inflation for the year (%)	6.0	5.6	5.8	5.6	**5.1**
Real HEPS growth achieved (%)	18.7	20.7	14.6	14.6	**9.9**
% of HEPS based incentive achieved	100	100	100	100	**33**

Composition of total incentives in last three years

	2014			2015			2016		
	Bird	Blair	Ellis	Bird	Blair	Ellis	Bird	Blair	Ellis
Hards (% of ABS)	100	100	58	96	96	67	47	47	57
Softs (% of ABS)	57	50	25	92	83	33	92	83	67
Total (% of ABS)	157	150	83	188	179	100	139	130	124

Relationship between ED incentives and performance



Long-term incentives - Framework

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits
General (all schemes)	Partnership and reward for performance are among the Group's key beliefs. The Group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates. The long-term incentives (LTIs) are to motivate and retain associates critical to the achievement of these goals. To that end, various share and share option schemes have been established to enable all associates the opportunity to share in the long-term success of the Group. We believe that our unique inclusive approach to share ownership is morally right given the socio-economic situation in South Africa, is a key differentiator and is essential to achieving a sustainable high level of performance. In other companies, LTIs are typically reserved for company executives. However in our case EDs interest is only 9.7% of total routine LTI awards.	The share option schemes operate on a "rolling" basis, in that smaller annual awards are made, rather than larger upfront awards. The timing of these awards coincides with a tranche vesting. This mechanism spreads the market risk, avoiding the situation where all options could be out of the money, which is a disincentive to associates. All option and share awards are based on an award value, determined by annual guaranteed remuneration (AGR) multiplied by a factor (benchmarked where possible), divided by the share price (30 day VWAP at award date). This limits company exposure during a period of share price strength. Re-pricing of options is not permitted and options are not awarded to or exercised by key personnel in the Executive and Executive Director Share Schemes during closed periods. Remnomco has the authority to prevent vesting in circumstances where the individual is deemed to have demonstrated poor personal performance. Associates retiring at the age of 65 may retain unvested shares which will vest according to their original timeframes. However, given that associates are entitled to take early retirement from the age of 50, guidelines were established taking into account 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 will lapse unless the Board exercises its discretion and permits the retention of any or all of the unvested options. As an associate approaches retirement, and retention becomes less of an issue, the schemes have been designed in such a way that the option awards decrease. The Board has the authority to exercise its discretion and allow associates to retain unvested options post resignation. Since the inception of the schemes, the Board has granted this in 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 offered tranches. No accelerated vesting of share options is permitted in any LTI scheme.	**Company level** In terms of specific authority received from shareholders, the Company may issue 46 548 430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the Company has issued 9 463 292 shares and therefore still has 37 085 138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group's policy to date has generally been to purchase shares on the open market to satisfy the schemes' requirements, as opposed to issuing new shares. No shares were issued in the year under review. The Company's partnership approach has resulted in 12 252 associates participating in the various share schemes in operation (refer page 72). Total routine LTI awards made represent 6.8% of share capital, which has reduced substantially over time as a result of the change to the award formula (refer graphs on page 72). The Board believes that it is not appropriate to include shares allocated under the Partners Share Scheme, which effectively operates as the Group's B-BBEE scheme, in this overall participation total. Excluding this scheme, the total number of shares committed under the various routine equity incentive schemes equates to 4.9% of the issued share capital (refer page 72). **Individual level** The scheme in which associates can participate depends on their position in the Group. Long-term incentives are subjected to an annual review to confirm their efficacy and affordability. Further information can be found on the Group's website www.mrpricegroup.com/governance/remuneration philosophy/group share schemes. The award value is applied in full to the shares or options offered to the majority of associates. However, in the case of divisional executives and EDs, the award value is split into options and forfeitable shares (refer below for further details). The award formula detailed above results in a 'vanilla' EFSP award. Typically these do not contain performance conditions as they have a stronger retention element. A 'performance' award, equal in value to the 'vanilla' award, is made, subject to performance criteria being achieved.

Long-term incentives - Framework (continued)

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
Executive Director Share Option Scheme	To motivate executives to achieve long-term performance goals contained in the Group's business strategy. A strong relationship must exist between incentives and sustainable value created for shareholders. To attract potential future EDs and enhance current ED retention.	Per detailed under 'general' above. Share options vest 5 years from award date. Share options must be exercised within 5 years from vesting, failing which they will lapse.	The base face values of total LTIs offered, as a % of annual guaranteed remuneration, are as follows: • Chief Executive Officer 354% • Chief Financial Officer 311% • Group Supply Chain Director 150% Bonus awards are then offered equal to 10% of total awards, based on personal shareholding in the Company. The value of shares held at qualifying date annually must be at least equal to three times annual guaranteed remuneration. The personal shareholding of all executive Directors exceed the required level. The total award is split into options and FSPs (refer EFSP on page 71) on an approximate 80:20 basis respectively. No single participant's interest in voluntary awarded long-term incentive plans exceeds 0.5% of issued share capital (refer page 72). Awards are compared to benchmark every two years, as detailed under 'base pay' on page 65.	Remnomco's intent is not to raise performance hurdles to a level that would cause the schemes to lose their motivational appeal. Congnisance is taken of the quantum of the awards, which have reduced considerably over time. This has been attributable to strong Company performance and the share price reflecting a premium PE rating, well above the Group's long term average. Should the LTI schemes lose their motivational appeal, the Group would have to adopt a less favourable approach of increasing guaranteed pay to retain key associates. However, in order to protect shareholders from executives being rewarded for poor Company performance, average HEPS growth of CPI +1% over the vesting period must be achieved, failing which the awards will lapse.

Long-term incentives - Framework (continued)

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
Executive forfeitable share plan (EFSP)	The Company's advisors, PwC, recommended the implementation of a FSP as the vast majority of companies surveyed had more than one type of long-term incentive scheme operating in parallel. A mix of LTI supports the attraction, motivation and retention elements of EDs while continuing to align their interests with that of shareholders. In the event of options being 'under water' FSPs offer more certainty to the recipient as the value is in the share that vests, not growth on strike price, as is the case with options.	Forfeitable shares are free shares awarded to participants, subject to certain conditions. From a Company perspective, FSPs are attractive due to the fact that shares result in a lower number of instruments than options and senior employees can also receive enhancement shares, which are subject to performance conditions. Shares awarded are included in the award value and form part of the rolling nature of LTI schemes, as detailed above. The shares vest 5 years from offer date and must be exercised immediately. Participants receive dividends during the vesting period. The shares acquired by the Company to fully satisfy these obligations are held by an institutional third party.		Continued employment by the Company. Contains stretch HEPS targets linked to the Group's five year strategic plan. Due to their sensitivity these targets cannot be disclosed.
Group forfeitable share plan (GFSP)	To retain the services of executives who are central to the Group's growth strategy. It is advantageous to the Company and shareholders that executives are prevented from joining a competitor and taking their intimate knowledge of the Company's successful business formula with them.	Participants receive a once-off award of free shares which vest in full after 5 years and must be exercised immediately. Participants receive dividends on the restricted shares from grant date.	Award of shares equivalent to between two and three times annual guaranteed remuneration, depending on the executive's position. In total the scheme has 15 participants, including the CEO and CFO. The supply chain director is subject to previous restraint agreements. No awards were made to EDs during the year.	The performance conditions relate to associates entering into a restraint and retention agreement, which: • requires them to be employed by the Company for a period of 5 years from grant date • precludes them from joining a competitor for a period of 2 years should they leave the Company.

Long-term incentives - policy implementation

The most recent PwC LTI benchmarking exercise highlighted the difficulty in drawing meaningful comparisons to other companies, given the various methodologies adopted. Awards can either be based on the face value (approach used by the Group) or the expected value of the instruments issued, and companies can either have smaller annual awards (approach adopted by the Group) or larger awards which vary in frequency, or a combination of both. Despite the limitations and the potential inaccuracy of assumptions used in converting one basis to the other for benchmarking purposes, PwC reported that the annual LTI awards compared as follows:

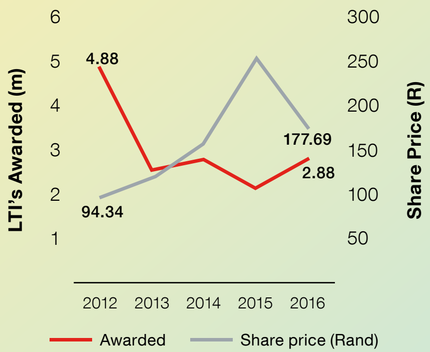
	JSE Comparator Group Quartile	JSE Top 40 Companies Quartile
CEO	median to upper	lower to median
CFO	median to upper	lower to median

Individual participation in routinely awarded LTI's

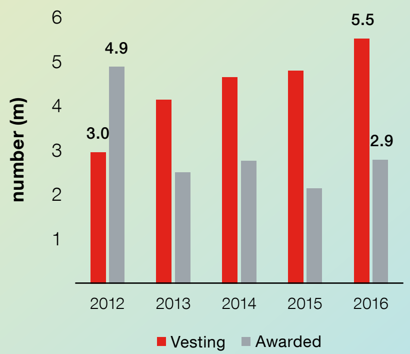
	SI Bird	MM Blair	SA Ellis
Mr Price Executive Director Share Trust (options)	1 062 493	418 632	192 014
Mr Price Executive FSP Scheme	57 696	34 844	10 946
	1 120 189	453 476	202 960
% of Share Capital (Ords & B Ords)	0.42	0.17	0.08

Overall, Remnomco is satisfied that an appropriate balance has been achieved between attracting, motivating, and retaining associates with affordability to the Company and shareholders' interests. The medium term trends are noted below.

The number of LTI's awarded has reduced over time



New awards are lower than those vesting

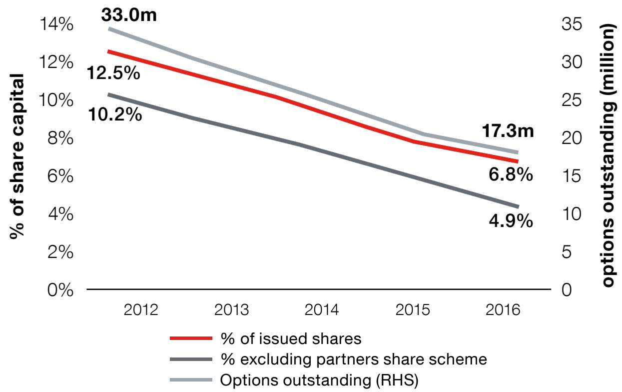


Mr Price Partners Share Scheme

A key factor of the share schemes is that in essence, they incorporate the Group's intentions regarding the ownership criteria of 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 SACU region in its various share and share option schemes. In this way, those responsible for contributing to the Group's success become partners in the business and are rewarded for sustained high performance.

Shares are awarded instead of options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months. Participants of this scheme receive bi-annual dividends and are eligible to vote on their shares as shareholders. Half of the trustees overseeing the operation of this scheme were elected by the participants, which serves to ensure greater understanding and enhanced communication. Black ownership in this scheme is 96% and the average value of shares held on behalf of each individual associate is R78 731. Associates who became participants between the date of introduction of this scheme and November 2010, were allocated 1 000 shares or 1 250 shares as an assistant store manager. The value of the latter's shares has grown from R26 000 to R222 113 over the period. Further growth will materially impact our associates' lives at retirement, at which stage the shares vest unconditionally. Participants received dividends amounting to R21.6 million over the last year (final 2015 and interim 2016 dividends). The Company has paid out total dividends of R109 million to associates participating in the Partners Share Scheme since its inception in 2006.

LTI's outstanding vs issued share capital



Share purchase programme to hedge against future obligations

% of total obligation hedged		
Trust	**Number of Participants**	**Number of Options / Shares**
Partners Share Trust	9 712	4 303 182
General Staff Share Trust	2 222	5 267 661
Senior Management Share Trust	226	3 095 127
Executive Share Trust	36	1 908 180
Executive Director Share Trust	5	1 973 139
Executive Forfeitable Share Plan	36	245 841
Group Forfeitable Share Plan	15	503 430
Total	**12 252**	**17 296 560**
Shares held by trusts		10 796 192
% of total obligations hedged		62.4

Relative to the unhedged commitments, the strike price payable by participants is R1.56 billion.

Details of the interest of executive Directors in long-term incentives

Share options – Mr Price Executive Director Share Trust

	Options held at beginning of year	Date of Offer	Options granted and accepted during year	Options exercised during year	Option price of award	Gain on options exercised during year (R'000)	Options held at the end of year	Vesting date of first tranche	Latest expiry date for exercise
SI Bird	188 000	27-May-09	-	94 000	R 26.50	20 640	94 000	27-May-16	27-May-21
	400 000	25-Aug-10	-	175 000	R 46.00	24 207	225 000	25-Aug-15	25-Aug-20
	90 000	30-Nov-10	-	-	R 62.77	-	90 000	30-Nov-15	30-Nov-20
	210 500	22-Nov-11	-	-	R 76.49	-	210 500	22-Nov-16	22-Nov-21
	129 777	22-Nov-12	-	-	R 133.67	-	129 777	22-Nov-17	22-Nov-22
	112 271	22-Nov-13	-	-	R 151.94	-	112 271	22-Nov-18	22-Nov-23
	90 486	22-Nov-14	-	-	R 222.60	-	90 486	22-Nov-19	22-Nov-24
		22-Nov-15	110 459		R 200.01		110 459	22-Nov-20	22-Nov-25
	1 221 034		**110 459**	**269 000**		**44 847**	**1 062 493**		
MM Blair	155 000	30-Nov-10	-	155 000	R 62.77	19 363	-		
	142 600	22-Nov-11	-	-	R 76.49	-	142 600	22-Nov-16	22-Nov-21
	86 870	22-Nov-12	-	-	R 133.67	-	86 870	22-Nov-17	22-Nov-22
	68 770	22-Nov-13	-	-	R 151.94	-	68 770	22-Nov-18	22-Nov-23
	55 608	22-Nov-14	-	-	R 222.60	-	55 608	22-Nov-19	22-Nov-24
		22-Nov-15	64 784	-	R 200.01		64 784	22-Nov-20	22-Nov-25
	508 848		**64 784**	**155 000**		**19 363**	**418 632**		
SA Ellis	50 000	30-Nov-10	-	-	R 62.77	-	50 000	30-Nov-15	30-Nov-20
	50 000	22-Nov-11	-	-	R 76.49	-	50 000	22-Nov-16	22-Nov-21
	32 591	22-Nov-12	-	-	R 133.67	-	32 591	22-Nov-17	22-Nov-22
	24 242	22-Nov-13	-	-	R 151.94	-	24 242	22-Nov-18	22-Nov-23
	19 733	22-Nov-14		-	R 222.60	-	19 733	22-Nov-19	22-Nov-24
		22-Nov-15	15 448	-	R 200.01		15 448	22-Nov-20	22-Nov-25
	176 566		**15 448**	**-**		**-**	**192 014**		
AE McArthur1	196 000	22-Nov-09	-	196 000	R 32.75	35 135	-		
	250 000	30-Nov-10	-	-	R 62.77	-	250 000	30-Nov-15	30-Nov-20
	446 000		**-**	**196 000**		**35 135**	**250 000**		
S van Niekerk1	50 000	22-Nov-09	-	-	R 32.75	-	50 000	22-Nov-14	22-Nov-19
	50 000		**-**	**-**		**-**	**50 000**		
TOTAL	**2 402 448**		**190 691**	**620 000**		**99 345**	**1 973 139**		

1 Disclosure required although no longer Directors of the Company

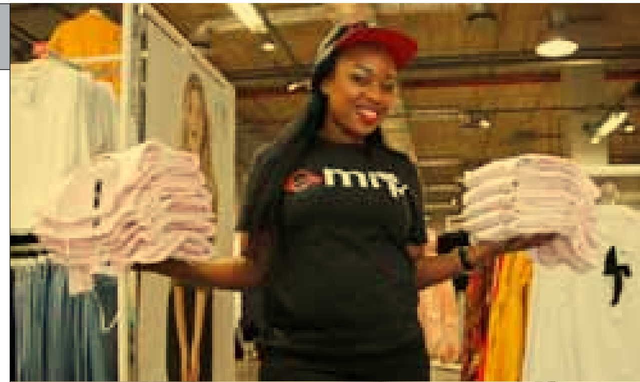
Details of the interest of executive Directors in long-term incentives

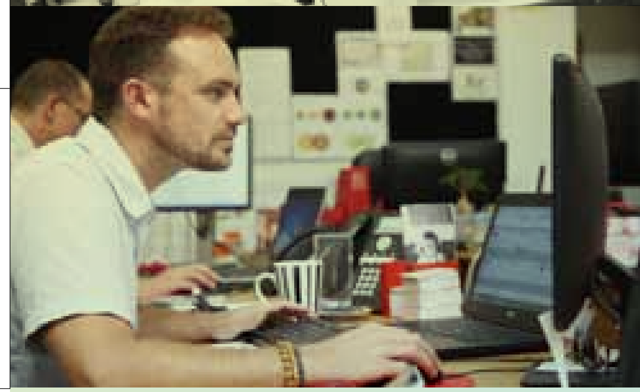
Forfeitable Share Plans

	date of award	shares granted	share price at option date	vesting date	shares held at end of the year
SI Bird					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	10 341	R155.97	29-Nov-18	10 341
- performance award	29-Nov-13	10 341	R155.97	29-Nov-18	10 341
- vanilla award	29-Nov-14	8 334	R228.78	29-Nov-19	8 334
- performance award	29-Nov-14	8 334	R228.78	29-Nov-19	8 334
- vanilla award	22-Nov-15	10 173	R200.01	22-Nov-20	10 173
- performance award	22-Nov-15	10 173	R200.01	22-Nov-20	10 173
Mr Price Group FSP (GFSP)	29-Nov-13	96 546	R155.97	29-Nov-18	96 546
					154 242
MM Blair					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	6 334	R155.97	29-Nov-18	6 334
- performance award	29-Nov-13	6 334	R155.97	29-Nov-18	6 334
- vanilla award	29-Nov-14	5 121	R228.78	29-Nov-19	5 121
- performance award	29-Nov-14	5 121	R228.78	29-Nov-19	5 121
- vanilla award	22-Nov-15	5 967	R200.01	22-Nov-20	5 967
- performance award	22-Nov-15	5 967	R200.01	22-Nov-20	5 967
Mr Price Group FSP (GFSP)	29-Nov-13	67 315	R155.97	29-Nov-18	67 315
					102 159
SA Ellis					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	2 233	R155.97	29-Nov-18	2 233
- performance award	29-Nov-13	2 233	R155.97	29-Nov-18	2 233
- vanilla award	29-Nov-14	1 817	R228.78	29-Nov-19	1 817
- performance award	29-Nov-14	1 817	R228.78	29-Nov-19	1 817
- vanilla award	22-Nov-15	1 423	R200.01	22-Nov-20	1 423
- performance award	22-Nov-15	1 423	R200.01	22-Nov-20	1 423
					10 946
Total					**267 347**

Non-executive directors - Framework and policy implementation

Component	Purpose and link to business strategy	Mechanics	Opportunity and limits	Performance conditions
Base pay	Market related fees in order to attract and retain high calibre NEDs.	Fees are related to the time commitment to fulfill the respective requirements of the Board and committees. The Company does not pay an attendance fee per meeting as historically the attendance at meetings has been good and the Board has always felt that Directors contribute as much outside of meetings as they contribute within meetings. Fees are proposed by management and are 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 do not have service contracts but receive letters of appointment. NEDs retire by rotation every 3 years and shareholders vote for their re-appointment at the Annual General Meeting.	Fees are benchmarked bi-annually to the median of the same comparator group of companies as selected for the benchmarking of executive Directors' remuneration. The results of the next benchmarking exercise will be tabled at the November 2016 Remnomco meeting for implementation in the following financial year commencing 2 April 2017.	Specific Company performance conditions do not apply. The performance of non-executive Directors is reviewed annually via peer evaluation.
Other			NEDs are reimbursed for travel related costs incurred on official company business and receive discounts on purchases made in Group stores. No other benefits are received. No contractual arrangements exist relating to compensation for loss of office.	NEDs do not receive short-term incentives nor do they participate in long-term incentive schemes.





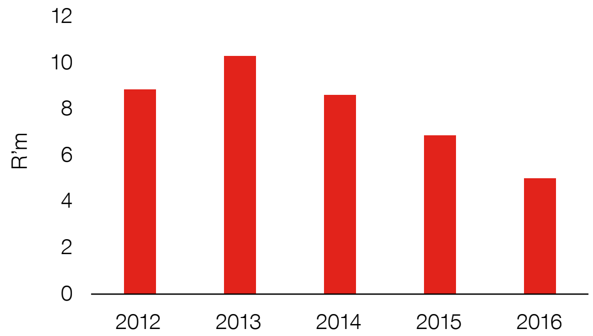
Non-executive directors - Framework and policy implementation

Emoluments for the year (Rand)

	2016	2015
LJ Chiappini[1 2]	-	1 384 000
SB Cohen[2]	625 000	1 514 000
K Getz	518 500	420 000
M Motanyane	390 000	301 000
D Naidoo	503 000	333 000
MR Johnston	642 500	589 000
NG Payne	1 250 000	1 113 000
MJD Ruck	507 000	503 000
WJ Swain	547 500	588 000
M Tembe[3]	-	125 000
	4 983 500	6 870 000

[1] Retired from the board in the previous financial year
[2] Previously had an employment contract with the Company
[3] Retired by rotation at the Annual General Meeting on 3 September 2014 and did not offer himself for re-election

Total NED emoluments



The declining trend in NED emoluments is due to the termination of employment contracts with the Honorary Chairmen and the lower number of non-executive Directors (8 in 2016 vs 11 in 2012).

	2016 Actual		2017 Proposed			
	Chairman	Member	Chairman	Increase	Member	Increase
	R	R	R	%	R	%
Main Board						
Director	1 250 000	310 000	1 327 500	6.2	329 250	6.2
Honorary Chairman	625 000	625 000	663 750	6.2	663 750	6.2
Lead Independent Director	-	370 000	-	-	393 000	6.2
Audit and Compliance Committee	193 000	114 500	205 000	6.2	121 600	6.2
Remuneration and Nominations Committee	158 000	82 500	167 800	6.2	87 650	6.2
Social, Ethics, Transformation and Sustainability Committee	126 000	80 000	133 800	6.2	84 950	6.2

BOARD OF DIRECTORS

mr pricegrouplimited

Nigel Payne
Chairman

age: 56, years of service: 9, qualifications: CA (SA), MBL
other directorships include: JSE Ltd, The Bidvest Group Ltd, Vukile Property Fund Ltd, BSi Steel Ltd

Stewart Cohen
Honorary Chairman

age: 71, years of service: 30, qualifications: BCom, LLB, MBA
other directorships include: Catregav Holdings (Pty) Ltd, Holdspec Investments (Pty) Ltd, Kovacs Investments 343 (Pty) Ltd

Stuart Bird
Chief Executive Officer

age: 56, years of service: 22, qualifications: CA (SA)

Mark Blair
Chief Financial Officer

age: 50, years of service: 10, qualifications: CA (SA)

BOARD OF DIRECTORS

mr pricegrouplimited

Bobby Johnston
Lead Independent
Non-Executive Director

age: 67, years of service: 22, qualifications: CA (SA)
other directorships include: Strate (Pty) Ltd

Keith Getz
Non-Executive Director

age: 60, years of service: 11, qualifications: BProc, LLM
other directorships include: BVPG Consulting (Pty) Ltd, Steak Ranches International BV, Spur International Ltd, Spur Corporation Ltd, Spur Corporation UK Ltd, Cape Union Mart Group (Pty) Ltd, Strate (Pty) Ltd

Maud Motanyane
Independent
Non-Executive Director

age: 64, years of service: 8, qualifications: Diploma Library Science, WPI fellow
other directorships include: Kagiso Media (Pty) Ltd, G4S Secure Solutions (SA) (Pty) Ltd, G4S Aviation Security (UK) Ltd, Jet Education Trust

Daisy Naidoo
Independent
Non-Executive Director

age: 43, years of service: 4, qualifications: CA (SA), MCom (Tax)
other directorships include: Strate (Pty) Ltd, Hudaco Industries Ltd, OMNIA Holdings Ltd, Anglo American Platinum Ltd, Barclays Africa Group Limited

Myles Ruck
Independent
Non-Executive Director

age: 60, years of service: 9, qualifications: BBusSc, PMD (Harvard)
other directorships include: Standard Bank Group Ltd, The Standard Bank of South Africa Ltd, ICBC Bank Argentina

John Swain
Independent
Non-Executive Director

age: 75, years of service: 22, qualifications: CA (SA)
other directorships include: The Sharks (Pty) Ltd

Neill Abrams
Alternate Director

age: 51, years of service: 6, qualifications: BA, LLB, LLM (Cambridge)
other directorships include: Ocado Group Plc

Steve Ellis
Alternate Director

age: 54, years of service: 24, qualifications: CA (SA)

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 appropriate 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 there has been no instance that 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 2 April 2016 have been prepared under the supervision of the Chief Financial Officer, Mr MM Blair CA (SA). The Annual Financial Statements of the Company and the Group were approved by the Board on 31 May 2016 and are signed on its behalf by:

NG Payne
CHAIRMAN

SI Bird
CEO

company secretary statement

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

HE Grosvenor
COMPANY SECRETARY
31 MAY 2016

report of the directors

for the year ended 2 April 2016

Nature of business

The main business of the Group is omni-channel retail distribution through 1 181 corporate-owned, 19 franchised stores in Africa and its online channels. The retail chains focus on clothing, footwear, sportswear, sporting goods, accessories and homewares.

Corporate governance

The Directors subscribe to the values of good corporate governance as set out in the King Report for Corporate Governance in South Africa 2009 (King III). By supporting the code the Directors have recognised the need to conduct the business with integrity and to account to stakeholders in accordance with International Financial Reporting Standards.

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 53 week period from 29 March 2015 to 2 April 2016 (2015: 52 week period from 30 March 2014 to 28 March 2015).

Financial results

The financial results of the Company and the Group are set out in the statements of comprehensive income on page 90.

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 248.0 cents per share (2015: 211.5 cents per share) was made payable on 14 December 2015 to shareholders registered on 11 December 2015.

Final: A cash dividend of 419.0 cents per share (2015: 367.5 cents per share) has been declared payable on 27 June 2016 to shareholders registered on 24 June 2016.

Consolidated entities

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

R'm	**2016**	2015
Profits	**91**	110
Losses	**(115)**	(18)
	(24)	92

Net shareholders' equity

Authorised and issued share capital

There were no changes to authorised share capital. During the year, 500 000 B ordinary shares were converted to ordinary shares.

Subsequent events

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

Directorate

There have been no changes to the directorate in the current year. Particulars of the present directors and secretary are provided on pages 77 to 78 of the 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 61 to 76.

report of the directors

for the year ended 2 April 2016 (continued)

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

	2016					2015				
	Direct Beneficial	**Indirect Beneficial**	**Held By Associate**	**Total**	**%**	**Direct Beneficial**	**Indirect Beneficial**	**Held By Associate**	**Total**	**%**
SI Bird	365 626	119 000	-	484 626	0.19%	345 280	94 000	-	439 280	0.17%
MM Blair	180 389	100 000	400	280 789	0.11%	168 455	26 324	400	195 179	0.08%
SB Cohen	490	500 000	44 588	545 078	0.21%	490	-	44 588	45 078	0.02%
SA Ellis	67 799	67 248	-	135 047	0.05%	64 953	67 248	-	132 201	0.05%
K Getz	-	-	20 000	20 000	0.01%	-	-	20 000	20 000	0.01%
MR Johnston	-	-	91 250	91 250	0.04%	-	-	91 250	91 250	0.04%
WJ Swain	-	611 670	-	611 670	0.24%	-	611 670	-	611 670	0.24%
Total				**2 168 460**	0.85%				**1 534 658**	0.61%
Total ordinary issued share capital				**253 683 867**					**253 183 867**	

B Ordinary shares

	2016						2015					
	Direct Beneficial	**Indirect Beneficial**	**Held By Associate**	**Other**	**Total**	**%**	**Direct Beneficial**	**Indirect Beneficial**	**Held By Associate**	**Other**	**Total**	**%**
SB Cohen	-	4 500 000	-	-	4 500 000	41.11%	-	5 000 000	-	-	5 000 000	43.69%
MR Johnston	-	-	46 504	-	46 504	0.42%	-	-	46 504		46 504	0.41%
Total					**4 546 504**	**41.53%**					**5 046 504**	**44.10%**
Total B ordinary issued share capital					**10 945 081**						**11 445 081**	

	Ordinary	**B Ordinary**
Issued share capital 2016	253 683 867	10 945 081
Issued share capital 2015	253 183 867	11 445 081

Notes:

[1] The 6 398 577 B ordinary shares not detailed above belong to:
(a) trusts (1 397 618 shares) of which Mr MR Johnston's major children are beneficiaries. MR Johnston has no direct or indirect beneficial ownership in these shares and has relinquished all voting rights thereto;
(b) Mr LJ Chiappini (5 000 759 shares)
(c) Mr AE McArthur (200 shares)

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

final cash dividend declaration

Notice is hereby given that a final gross cash dividend of 419.0 cents per share has been declared for the 53 weeks ended 2 April 2016, an increase of 13.7%. The increase in the final dividend is lower than headline earnings growth due to the increase in the dividend payout ratio at the interim stage and is based on the 53 week results. 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 356.15 cents per share.

The issued share capital at the declaration date is 255 995 880 listed ordinary and 10 945 081 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	**Friday**	**17 June 2016**
Date trading commences 'ex' the dividend	**Monday**	**20 June 2016**
Record date	**Friday**	**24 June 2016**
Payment date	**Monday**	**27 June 2016**

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 20 June 2016 and Friday, 24 June 2016, both dates inclusive.

On behalf of the board

NG Payne
CHAIRMAN

SI Bird
CEO

Durban
23 May 2016

independent auditor's report

To the Shareholders of Mr Price Group Limited

We have audited the consolidated and separate annual financial statements of Mr Price Group Limited, which comprise the remuneration report, the consolidated and separate statements of financial position as at 2 April 2016, 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 53 weeks then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 61 to 76 and pages 84 to 120.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Mr Price Group Limited as at 2 April 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the 53 weeks then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 2 April 2016, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

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 four 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. Vinodhan Pillay has joined the audit in the current year and is the individual registered auditor responsible. We confirm that we are independent in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors and other independence requirements applicable to the independent audit of Mr Price Group Limited.

Ernst & Young Inc.

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

1 Pencarrow Crescent, La Lucia Ridge Office Estate, Durban, 4000

31 May 2016

Shareholder's diary

May/June	Announcement of annual results and final dividend to shareholders
June	Publication of 2016 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 1 October 2016
	Announcement of interim dividend to shareholders
December	Settlement of interim dividend to shareholders

	Ordinary shares				B Ordinary shares			
Holdings	**Number of share-holders**	**%**	**Number of shares**	**%**	**Number of share-holders**	**%**	**Number of shares**	**%**
1 - 1000	17 379	75.04	5 569 397	2.2	1	16.67	200	0.00
1001 - 10 000	4 799	20.72	14 238 340	5.61				
10 001 - 100 000	783	3.38	22 701 725	8.95				
100 001 - 1 000 000	166	0.72	52 146 091	20.56	1	16.67	599 847	5.48
1 000 001 and over	32	0.14	159 028 314	62.68	4	66.66	10 345 034	94.52
	23 158	100.00	**253 683 867**	100.00	**6**	100.00	**10 945 081**	100.00

Category	**Number of share-holders**	**%**	**Number of shares**	**%**	**Number of share-holders**	**%**	**Number of shares**	**%**
Pension funds	172	0.74	58 286 495	22.98				
Unit trusts/Mutual Funds	245	1.06	94 321 873	37.18				
Nominee companies and corporate bodies	22 618	97.66	72 869 800	28.72	3	50.00	3 999 974	42.00
Individuals and trusts	115	0.50	16 928 230	6.67	3	50.00	6 945 107	58.00
Staff share schemes	8	0.04	11 277 469	4.45				
	23 158	100.00	**253 683 867**	100.00	6	100.00	**10 945 081**	100.00

public and non-public shareholders

At 2 April 2016 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 share-holders	**%**
Public shareholders	**23 123**	80.77
Non-public shareholders	**35**	19.23
Holders holding more than 10% (refer to major shareholders below)*	**10**	14.00
Directors of the Company or its subsidiaries	**17**	0.78
Trustees of employees' share schemes or retirement benefit schemes**	**8**	4.45

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 2 April 2016:

	Beneficial holding		**Portfolio administration discretionary**	
	%	**Shares**	**%**	**Shares**
Public Investment Corporation*	14.00	35 522 910	-	-
Capital Group Companies Inc.	9.70	24 610 468	0.06	138 954

Details of the beneficial interest in B ordinary shares are reflected in the Report of the Directors on page 81.

* Ten underlying shareholders under Public Investment Corporation Limited.
** Eight underlying shareholders constitute the overall shareholdings of Mr Price Share Trusts.

statement of accounting policies

for the year ended 2 April 2016

The annual financial statements have been prepared on the historic cost and going concern basis, except where indicated otherwise in a policy below and in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ('IFRS'), Interpretations issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Commitee, 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 provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The consolidated financial statements comprise the financial statements of the Group and its consolidated entities as at 2 April 2016. 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 53 week period from 29 March 2015 to 2 April 2016 (2015: 52 week period from 30 March 2014 to 28 March 2015).

Unless otherwise indicated, any references to the Group include the Company.

1. Consolidation

Consolidated entities (which include special purpose entities such as staff share trusts) are defined as entities in 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 or disposed of 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. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

In the Company financial statements investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

In the Group financial statements the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

2. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the

statement of accounting policies (continued)

for the year ended 2 April 2016

fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. Fair values of financial instruments measured at amortised cost are disclosed in Note 27.

3. Property, plant and equipment

Capitalised leased office buildings are recognised at the fair value of the buildings at date of commencement of the lease agreement, or if lower, the present value of the minimum lease payments. The buildings are depreciated over the shorter of the period of the finance lease and the useful life of the buildings. Buildings occupied in the normal course of the business are recognised at cost less accumulated depreciation and impairment losses.

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

Furniture, fittings, equipment and vehicles	
- Furniture and fittings	6 to 8 years
- Vehicles	5 to 6 years
- Other equipment	6 to 14 years
Computer equipment	3 to 5 years
Improvements to leasehold premises	Over period of lease subject to a maximum of 10 years
Buildings	20 years

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

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

4. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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.

Trademarks
Trademarks are initially recorded at historic cost. Trademarks acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisation and net of accumulated impairment. Amortisation is calculated on a straight-line basis to allocate the cost of trademarks over their estimated useful lives which do not exceed 20 years.

Customer lists
Acquired customer lists are initially recorded at historic cost and are carried at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to allocate the cost over the period from which it is expected to generate revenue (4 years).

Changes in the estimated useful life or expected pattern of consumption of future benefits embodied in intangible assets are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates.

5. Impairment and derecognition of non-financial assets

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

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognised previously. Impairments are reversed in the income statement in the period that the indicator of such reversal is in existence, unless the relevant asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. Impairments to goodwill are never reversed.

The derecognition of a non-financial asset takes place upon disposal or when it is no longer expected to generate any further economic benefits. Any derecognition gain/loss is recorded in the income statement in the period of derecognition.

6. Inventories

Inventories are valued at the lower of cost or net realisable value. Cost is determined on the following basis:

- The cost of merchandise purchased for resale is determined using the weighted average method; and
- Consumables are valued at invoice cost on a first-in, first-out basis.

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

7. Taxation

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

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

statement of accounting policies (continued)

for the year ended 2 April 2016

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

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

Deferred taxation assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and that future taxable profit will be available to allow all or part of the deferred taxation asset to be utilised. Deferred tax is provided on temporary differences arising on investments in consolidated entities and associates, except for deferred tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred taxation assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation assets and deferred taxation liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Value-Added Tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except:

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

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

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

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

Dividend Withholding Tax (DWT)
DWT replaced STC effective 1 April 2012 and is a tax levied on the beneficial owner of the shares instead of the Company. The tax is withheld by the Company and is paid over to the South African Tax Authority on the beneficiaries' behalf. The resultant tax expense and liability has been transferred to the shareholder and is no longer accounted for as part of the tax charge for the Company. Amounts not yet paid over to the South African Tax Authority are included in trade and other payables and the measurement of the dividend amount is not impacted by the withholding tax.

8. Provisions

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

9. Revenue recognition

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

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

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

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

Service fee revenue
Revenue from a contract to provide services is recognised in the month in which the service charge accrues. Service fee revenue is derived from contracts entered into with new and existing customers.

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

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

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

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

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

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

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

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

Donation income
Donations are recorded at fair value on the earlier of the receipt of cash or an unconditional promise to give, in the period they are received. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are recognised as deferred revenue. Donations with no restrictions, or with restrictions that are met prior to fiscal year end are recognised in profit and loss as 'revenue'.

Unconditional promises to give are recognised as donations receivable only if there is a legally enforceable written agreement or promissory note and collection is reasonably assured.

statement of accounting policies (continued)

for the year ended 2 April 2016

10. Leases

Assets held in terms of finance leases, which transfer to the Group substantially all the risks and rewards of ownership, are capitalised at the inception of the lease at the fair value of the leased item or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges (recognised as finance costs) and a reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

11. Borrowing costs

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

12. Dividends to shareholders

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

13. Foreign currencies

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

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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

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

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

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 OCI are recognised in the income statement.

14. Financial instruments

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

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

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

Subsequent recoveries of amounts previously written off are credited against selling expenses in the income statement.

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

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

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

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.

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 Group 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 the hedged instruments have been highly effective throughout the financial reporting periods for which they were designated.

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

statement of accounting policies (continued)

for the year ended 2 April 2016

Cash flow hedges
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 statement of profit or loss. The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, or when a forecast sale occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs.

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

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

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

Financial guarantees
Financial guarantees are initially recognised at their fair value and are subsequently measured at the higher of:

- The amount of the obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised.

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

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

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

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

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Any derecognition gain/loss is recorded in the income statement in the period of derecognition. The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or they expire.

15. Reinsurance

The Group assumes insurance risk in the normal course of business. Reinsurance assets represent 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 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 statement of profit or loss.

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 reinusrance contract.

Premiums and claims on assumed reinsurance are recognised as revenue or expenses in the same manner as they would be if the reinsurance were considered a direct business/activity of the Group, taking into account the product classification of the reinsurance business.

Premiums and claims, assets and liabilities, are presented on a gross basis for the assumed reinsurance.

Reinsurance assets and liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

16. Employee benefits

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

Post retirement benefits

Defined benefit retirement fund and post retirement medical aid fund
The costs of providing benefits under the defined retirement benefit fund and the obligation for post retirement medical aid benefits (which is limited to members of the defined benefit retirement fund) is determined using the projected unit credit actuarial valuation method. Actuarial gains or losses, which can arise from differences between expected and actual outcomes, or changes in actuarial assumptions, are recognised immediately in OCI. 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.

statement of accounting policies (continued)

for the year ended 2 April 2016

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

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

Restraints of trade
Restraints of trade payments are expensed over the contractual periods from which benefits are expected.

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

17. Treasury shares

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

18. Segmental reporting

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

19. Cost of sales

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

20. Selling expenses

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

21. Administrative and other operating expenses

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

consolidated statements of financial position

for the year ended 2 April 2016

R'm	Notes	Group 2016 2 April	Group 2015 28 March	Company 2016 2 April	Company 2015 28 March
Assets					
Non-current assets		**2 241**	1 364	**2 113**	**1 254**
Property, plant and equipment	3	**1 672**	838	**1 560**	**752**
Intangible assets	4	**373**	328	**343**	**295**
Consolidated entities	5			**49**	**23**
Long-term receivables	6	**18**	6	**5**	**6**
Defined benefit fund asset	28	**41**	40	**41**	**40**
Deferred taxation assets	16	**137**	152	**115**	**138**
Current assets		**5 822**	6 503	**5 588**	**6 102**
Inventories	7	**2 168**	1 741	**2 004**	**1 596**
Trade and other receivables	8	**2 136**	1 874	**2 042**	**1 835**
Reinsurance assets	14	**99**	124	**99**	**124**
Current amounts owing by consolidated entities	5			**503**	**424**
Cash and cash equivalents		**1 419**	2 764	**940**	**2 123**
Total assets		**8 063**	7 867	**7 701**	**7 356**
Equity and liabilities					
Equity attributable to equity holders of the parent		**5 632**	5 030	**5 399**	**4 605**
Issued capital*	9	**-**	-	**-**	**-**
Capital reserves	10	**298**	263	**241**	**219**
Treasury share transactions	11	**(1 748)**	(1 235)	**(1 761)**	**(1 442)**
Retained income		**7 184**	6 048	**7 009**	**5 831**
Foreign currency translation reserve	12	**(12)**	(43)	-	-
Defined benefit fund actuarial gains and losses	13	**(5)**	(3)	**(5)**	**(3)**
Cash flow hedge reserves	27	**(85)**		**(85)**	
Non-controlling interests	5	**(12)**	(9)		
Total equity		**5 620**	5 021	**5 399**	**4 605**
Non-current liabilities		**244**	213	**188**	**187**
Lease obligations	15	**169**	164	**161**	**157**
Deferred taxation liabilities	16	**8**	4	**-**	**-**
Long-term provisions	17	**5**	6	**1**	**6**
Long-term liabilities	5	**36**	15	**-**	**-**
Post retirement medical benefits	28	**26**	24	**26**	**24**
Current liabilities		**2 199**	2 633	**2 114**	**2 564**
Trade and other payables	18	**1 987**	2 116	**1 903**	**2 051**
Derivative financial instruments	27	**118**		**118**	
Reinsurance liabilities	14	**30**	46	**30**	**46**
Current amounts owing to consolidated entities	5			**12**	**10**
Current provisions	17	**12**	7	**1**	**7**
Current portion of lease obligations	15	**48**	56	**44**	**53**
Taxation	24.3	**4**	408	**6**	**397**
Total equity and liabilities		**8 063**	7 867	**7 701**	**7 356**

*less than R1 million

consolidated income statements

for the year ended 2 April 2016

R'm	Notes	Group 2016 2 April	Group 2015 28 March	Company 2016 2 April	Company 2015 28 March
Revenue		**20 004**	18 099	**19 548**	17 798
Retail sales and other revenue		**19 923**	18 011	**19 474**	17 719
Retail sales		**19 038**	17 285	**18 536**	16 858
Interest on trade receivables		**384**	355	**382**	353
Income from consolidated entities				**185**	182
Premium income		**199**	177	**198**	177
Club fees		**20**	15	**20**	14
Airtime and related mobile revenue		**259**	163	**145**	134
Other revenue		**23**	16	**8**	1
Finance interest received		**81**	88	**74**	79
Costs and expenses		**16 320**	14 935	**15 810**	14 676
Cost of sales		**11 314**	10 186	**11 189**	10 169
Selling expenses		**3 848**	3 602	**3 491**	3 378
Administrative and other operating expenses		**1 158**	1 147	**1 130**	1 129
Profit from operating activities	19	**3 603**	3 076	**3 664**	3 043
Finance costs		**-***	(1)	**(1)**	-*
Finance interest received		**81**	88	**74**	79
Profit before taxation		**3 684**	3 163	**3 737**	3 122
Taxation	20	**1 042**	878	**1 011**	845
Profit after taxation		**2 642**	2 285	**2 726**	2 277
Attributable to:					
Non-controlling interests	5	**(3)**	(8)		
Equity holders of the parent		**2 645**	2 293		
Profit attributable to shareholders		**2 642**	2 285	**2 726**	2 277
Earnings per share		**cents per share**	cents per share	**% change**	
Basic	21	**1 046.5**	917.3	**14.1**	
Headline	21	**1 057.8**	919.7	**15.0**	
Diluted basic	21	**1 002.1**	862.9	**16.1**	
Diluted headline	21	**1 012.9**	865.1	**17.1**	

*less than R1 million

consolidated statements of comprehensive income

for the year ended 2 April 2016

R'm	Notes	Group 2016 2 April	Group 2015 28 March	Company 2016 2 April	Company 2015 28 March
Profit attributable to shareholders		**2 642**	2 285	2 726	2 277
Other comprehensive income					
Currency translation adjustments	12	**31**	(26)		
Defined benefit fund actuarial losses	13	**(3)**	(11)	(3)	(11)
Deferred taxation thereon	13	**1**	3	1	3
Net loss on hedge accounting	27	**(118)**		(118)	
Deferred taxation thereon	27	**33**		33	
Total comprehensive income for the year attributable to shareholders, net of taxation		**2 586**	2 251	2 639	2 269
Attributable to:					
Non-controlling interests		**(3)**	(8)		
Equity holders of the parent		**2 589**	2 259	2 639	2 269
Total comprehensive income for the year attributable to shareholders, net of taxation		**2 586**	2 251	2 639	2 269

Note:
Of the above components of other comprehensive income, the currency translation adjustments and the net loss on hedge accounting are recyclable through profit or loss.

consolidated statements of cash flows

for the year ended 2 April 2016

R'm	Notes	Group 2016 2 April	Group 2015 28 March	Company 2016 2 April	Company 2015 28 March
Cash flows from operating activities					
Operating profit before working capital changes	24.1	**3 596**	3 039	**3 600**	2 982
Working capital changes	24.2	**(813)**	(422)	**(765)**	(374)
Cash generated from operations		**2 783**	2 617	**2 835**	2 608
Interest on trade receivables		**384**	355	**382**	353
Net finance income received		**81**	87	**73**	79
Taxation paid	24.3	**(1 340)**	(795)	**(1 292)**	(760)
Net cash inflows from operating activities		**1 908**	2 264	**1 998**	2 280
Cash flows from investing activities					
Net (outflows)/inflows in respect of long-term receivables	24.4	**(12)**	1	**1**	1
Investment in subsidiary	5.3	**-**	(30)	**-**	-
Additions to intangible assets		**(92)**	(99)	**(90)**	(92)
Replacement of intangible assets		**(27)**	(22)	**(27)**	(22)
Proceeds on disposal of intangible assets		**-**	3	**-**	3
Additions to property, plant and equipment		**(921)**	(172)	**(885)**	(146)
Replacement of property, plant and equipment		**(104)**	(138)	**(101)**	(123)
Proceeds on disposal of property, plant and equipment		**3**	1	**1**	1
Net cash outflows from investing activities		**(1 153)**	(456)	**(1 101)**	(378)
Cash flows from financing activities					
Decrease in net current amounts owing to/by consolidated entities	24.5			**(77)**	(131)
Net inflow in respect of long-term liability		**21**	9	**-**	-
Dividends to shareholders	24.6	**(1 592)**	(1 340)	**(1 631)**	(1 391)
Grants to staff share trusts				**(365)**	(16)
Treasury share transactions		**(553)**	55	**(7)**	(8)
Net cash outflows from financing activities		**(2 124)**	(1 276)	**(2 080)**	(1 546)
Net (decrease)/increase in cash and cash equivalents		**(1 369)**	532	**(1 183)**	356
Cash and cash equivalents at beginning of the year		**2 764**	2 252	**2 123**	1 767
Exchange gains/(losses)		**24**	(20)	**-**	-
Cash and cash equivalents at end of the year		**1 419**	2 764	**940**	2 123

statement of changes in equity

for the year ended 2 April 2016

R'm	Notes	Share capital*	Share premium	Participants in staff share investment trust	Capital redemption reserve fund*	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**
		Attributable to the equity holders of the parent														
		Capital reserves					Treasury share transactions									
Group																
Balance at 29 March 2014		-	12	25	-	161	(898)	(559)	146	(17)	5	-	5 048	**3 923**	(1)	**3 922**
Total comprehensive income										(26)	(8)	-	2 293	**2 259**	(8)	**2 251**
Profit for the year													2 293	**2 293**	(8)	**2 285**
Other comprehensive income:										(26)	(8)	-	-	**(34)**	-	**(34)**
Currency translation adjustments	12									(26)				**(26)**		**(26)**
Defined benefit fund actuarial gains	13										(11)			**(11)**		**(11)**
Deferred taxation thereon	13										3			**3**		**(3)**
Conversion of B ordinary to ordinary share capital*	11	-	-											**-**		**-**
Treasury shares acquired	11						(39)							**(39)**		**(39)**
Taxation relating to grants to share trusts	11								28					**28**		**28**
Effect of consolidation of staff share trusts	11			7			(7)							**-**		**-**
Deficit on treasury share transactions	11							(267)						**(267)**		**(267)**
Recognition of share-based payments						105								**105**		**105**
Share-based payments reserve released to retained income for vested options						(47)							47	**-**		**-**
Treasury shares sold	11						361							**361**		**361**
2014 final dividend to shareholders	22												(798)	**(798)**		**(798)**
2015 interim dividend to shareholders	22												(542)	**(542)**		**(542)**
Balance at 28 March 2015		-	12	32	-	219	(583)	(826)	174	(43)	(3)	-	6 048	**5 030**	(9)	**5 021**
Total comprehensive income										31	(2)	(85)	2 645	**2 589**	(3)	**2 586**
Profit for the year													2 645	**2 645**	(3)	**2 642**
Other comprehensive income										31	(2)	(85)	-	**(56)**	-	**(56)**
Currency translation adjustments	12									31				**31**		**31**
Fair value adjustments on financial instruments												(118)	-	**(118)**		**(118)**
Deferred taxation thereon												33		**33**		**33**
Defined benefit fund actuarial losses	13										(3)			**(3)**		**(3)**
Deferred taxation thereon	13										1			**1**		**1**
Conversion of B ordinary to ordinary share capital*	11	-	-											**-**		**-**
Treasury shares acquired	11						(789)							**(789)**		**(789)**
Taxation relating to grants to share trusts	11								53					**53**		**53**
Effect of consolidation of staff share trusts	11			13			(13)							**-**		**-**
Deficit on treasury share transactions	11							(132)						**(132)**		**(132)**
Recognition of share-based payments	9					105								**105**		**105**
Share-based payments reserve released to retained income for vested options						(83)							83	**-**		**-**
Treasury shares sold	11						368							**368**		**368**
2015 final dividend to shareholders	22												(948)	**(948)**		**(948)**
2016 interim dividend to shareholders	22												(644)	**(644)**		**(644)**
Balance at 2 April 2016		**-**	**12**	**45**	**-**	**241**	**(1 017)**	**(958)**	**227**	**(12)**	**(5)**	**(85)**	**7 184**	**5 632**	**(12)**	**5 620**

*Less than R1 million

statement of changes in equity

for the year ended 2 April 2016

R'm	Notes	Share capital*	Share premium*	Participants in staff share investment trust	Capital redemption reserve fund*	Share-based payments reserve	Treasury shares at cost	Deficit on treasury share transactions	Taxation relating to grants to share trusts	Defined benefit fund actuarial gains and losses	Cash flow hedge reserve	Retained income	**Total**
		Capital Reserves					Treasury share transactions						
Company													
Balance at 29 March 2014		-	-	-	-	161	(1 386)	(206)	146	5		4 898	**3 618**
Total comprehensive income										(8)		2 277	**2 269**
Profit for the year												2 277	**2 277**
Other comprehensive income:										(8)			**(8)**
Defined benefit fund actuarial gains	13									(11)			**(11)**
Deferred taxation thereon	13									3			**3**
Conversion of B ordinary to ordinary share capital	11	-	-										**-**
Grants to staff share trusts	11						(16)						**(16)**
Deficit on treasury share transactions	11							(8)					**(8)**
Taxation relating to grants to share trusts	11								28				**28**
Recognition of share-based payments	9					105							**105**
Share-based payments reserve released to retained income for vested options						(47)						47	**-**
2014 final dividend to shareholders	22											(831)	**(831)**
2015 interim dividend to shareholders	22											(560)	**(560)**
Balance at 28 March 2015		-	-	-	-	219	(1 402)	(214)	174	(3)		5 831	**4 605**
Total comprehensive income										(2)	(85)	2 726	**2 639**
Profit for the year												2 726	**2 726**
Other comprehensive income										(2)	(85)		**(87)**
Defined benefit fund actuarial losses	13									(3)			**(3)**
Deferred taxation thereon	13									1			**1**
Fair value adjustments on financial instruments											(118)		**(118)**
Deferred taxation thereon											33		**33**
Conversion of B ordinary to ordinary share capital	11	-	-										**-**
Grants to staff share trusts	11						(365)						**(365)**
Deficit on treasury share transactions	11							(7)					**(7)**
Taxation relating to grants to share trusts	11								53				**53**
Recognition of share-based payments	9					105							**105**
Share-based payments reserve released to retained income for vested options						(83)						83	**-**
2015 final dividend to shareholders	22											(975)	**(975)**
2016 interim dividend to shareholders	22											(656)	**(656)**
Balance at 2 April 2016		**-**	**-**	**-**	**-**	**241**	**(1 767)**	**(221)**	**227**	**(5)**	**(85)**	**7 009**	**5 399**

*Less than R1 million

1. Adoption of new standards and changes in accounting policies

The following new Standards and Interpretations that were applicable were adopted during the year and did not lead to any changes in the Group's accounting policies:

Statement, Interpretation or Standard	Effective for annual periods beginning
IAS 19 Defined Benefit Plans: Employee Contributions - amendments	1 July 2014
IFRS 2 Share-based Payment: Definitions of vesting conditions	1 July 2014
IFRS 3 Business Combinations: Accounting for contingent consideration in a business combination	1 July 2014
IFRS 8 Operating Segments: Aggregation of operating segments and reconciliation of the total of the reportable segments' assets to the entity's assets	1 July 2014
IAS 24 Related Party Disclosures: Key management personnel	1 July 2014
IFRS 13 Fair Value Measurement: Scope of paragraph 52	1 July 2014

1.2 Standards and amendments issued but not yet effective

At the date of authorisation of these financial statements, the following Statements, Interpretations and Standards were in issue but not yet effective:

Statement, Interpretation or Standard	Effective for annual periods beginning
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - amendments	1 January 2016
IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - amendments	1 January 2016
IAS 1 Disclosure Initiative - amendments	1 January 2016
IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation - amendments	1 January 2016
IAS 27 Equity Method in Separate Financial Statements - amendments	1 January 2016
IAS 7 Disclosure Initiative - amendments	1 January 2016
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - amendments	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
Annual Improvements 2012-2014 Cycle	1 January 2016

The Directors anticipate that the adoption of the above 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 9, 15 and 16. The impact of these new statements is currently being assessed. These statements, interpretations and standards will be adopted at the respective effective dates.

2. Significant accounting estimates

Estimation uncertainty

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

Employee benefits actuarially determined

The costs of the defined benefit pension fund plan, the post-retirement medical benefit fund and sharebased payments are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in notes 9.4, 9.5 and 28). 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 into consideration past trends and makes an assessment of additional risk factors, which are likely to impact recoverability.

Income Taxes

The Group is subject to income tax in more than one jurisdiction. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

3. Property, plant and equipment

R'm	Furniture fittings equipment and vehicles 2016	Furniture fittings equipment and vehicles 2015	Computer equipment 2016	Computer equipment 2015	Improvements to leasehold premises 2016	Improvements to leasehold premises 2015	Land 2016	Land 2015	Buildings 2016	Buildings 2015	Lease buildings 2016	Lease buildings 2015	Total 2016	Total 2015
Group														
Net carrying amount at beginning of the year	**722**	614	**83**	72	**21**	19	**-**	-	**12**	13	**-**	-	**838**	718
Cost or carrying amount	**1 625**	1 429	**254**	206	**54**	50	**-**	-	**15**	15	**27**	27	**1 975**	1 727
Accumulated depreciation and impairment	**(903)**	(815)	**(171)**	(134)	**(33)**	(31)	**-**	-	**(3)**	(2)	**(27)**	(27)	**(1 137)**	(1 009)
Current year movements														
Additions arising from:	**522**	260	**64**	48	**6**	4	**166**	-	**267**	-	**-**	-	**1 025**	312
external development/acquisition	**230**	260	**64**	48	**6**	4	**-**	-	**-**	-	**-**	-	**300**	312
items capitalised to work in progress*	**292**	-	**-**	-	**-**	-	**166**	-	**267**	-	**-**	-	**725**	-
Disposals and scrapping	**(15)**	(7)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(15)**	(7)
Impairments	**4**	(1)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4**	(1)
Exchange differences	**10**	(3)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**10**	(3)
Depreciation	**(159)**	(141)	**(27)**	(37)	**(3)**	(2)	**-**	-	**(1)**	(1)	**-**	-	**(190)**	(181)
Net carrying amount at end of the year	**1 084**	722	**120**	83	**24**	21	**166**	-	**278**	12	**-**	-	**1 672**	838
Made up as follows:														
Net carrying amount	**1 084**	722	**120**	83	**24**	21	**166**	-	**278**	12	**-**	-	**1 672**	838
Cost or carrying amount	**2 075**	1 625	**318**	254	**60**	54	**166**	-	**282**	15	**27**	27	**2 928**	1 975
Accumulated depreciation and impairment	**(991)**	(903)	**(198)**	(171)	**(36)**	(33)	**-**	-	**(4)**	(3)	**(27)**	(27)	**(1 256)**	(1 137)
Company														
Net carrying amount at beginning of the year	**650**	568	**81**	71	**21**	20	**-**	-	**-**	-	**-**	-	**752**	659
Cost or carrying amount	**1 532**	1 369	**248**	202	**43**	40	**-**	-	**-**	-	**27**	27	**1 850**	1 638
Accumulated depreciation and impairment	**(882)**	(801)	**(167)**	(131)	**(22)**	(20)	**-**	-	**-**	-	**(27)**	(27)	**(1 098)**	(979)
Current year movements														
Additions arising from:	**484**	220	**63**	46	**6**	3	**166**	-	**267**	-	**-**	-	**986**	269
external development/acquisition	**192**	220	**63**	46	**6**	3	**-**	-	**-**	-	**-**	-	**261**	269
items capitalised to work in progress*	**292**	-	**-**	-	**-**	-	**166**	-	**267**	-	**-**	-	**725**	-
Disposals and scrapping	**(10)**	(6)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(10)**	(6)
Impairment	**4**	(1)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4**	(1)
Depreciation	**(143)**	(131)	**(26)**	(36)	**(3)**	(2)	**-**	-	**-**	-	**-**	-	**(172)**	(169)
Net carrying amount at end of the year	**985**	650	**118**	81	**24**	21	**166**	-	**267**	-	**-**	-	**1 560**	752
Made up as follows:														
Net carrying amount	**985**	650	**118**	81	**24**	21	**166**	-	**267**	-	**-**	-	**1 560**	752
Cost or carrying amount	**1 938**	1 532	**311**	248	**49**	43	**166**	-	**267**	-	**27**	27	**2 758**	1 850
Accumulated depreciation and impairment	**(953)**	(882)	**(193)**	(167)	**(25)**	(22)	**-**	-	**-**	-	**(27)**	(27)	**(1 198)**	(1 098)

*The cumulative balance of work in progress that is not subject to depreciation at year end amounts to R725 million (2015: RNil).

Details of land and buildings: Remaining extent of Erf 4749 Bethlehem District, Bethlehem Province, Free State, in extent of 3 538 square metres.
Remaining extent of Erf 249 Cliffdale District, Kwa-Zulu Natal Province, in extent of 19.5 hectres.

4. Intangible assets

R'm	Computer software 2016	Computer software 2015	Customer lists 2016	Customer lists 2015	Goodwill 2016	Goodwill 2015	Trademarks 2016	Trademarks 2015	Total 2016	Total 2015
Group										
Net carrying amount at beginning of the year	**298**	209	**-**	-	**30**	6	**-**	-	**328**	215
Cost or carrying amount	**379**	263	**26**	26	**30**	6	**18**	18	**453**	313
Accumulated amortisation and impairment	**(81)**	(54)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(125)**	(98)
Current year movements										
Additions arising from	**119**	117	**-**	-	**-**	28	**-**	-	**119**	145
external development/acquisition	**42**	31	**-**	-	**-**	28	**-**	-	**42**	59
internal development/acquisition	**20**	23	**-**	-	**-**	-	**-**	-	**20**	23
items capitalised to work in progress*	**57**	63	**-**	-	**-**	-	**-**	-	**57**	63
Disposals	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Impairment	**(32)**	(1)	**-**	-	**-**	-	**-**	-	**(32)**	(1)
Exchange differences	**-**	-	**-**	-	**(4)**	(4)	**-**	-	**(4)**	(4)
Amortisation	**(38)**	(27)	**-**	-	**-**	-	**-**	-	**(38)**	(27)
Net carrying amount at end of the year	**347**	298	**-**	-	**26**	30	**-**	-	**373**	328
Made up as follows:										
Net carrying amount	**347**	298	**-**	-	**26**	30	**-**	-	**373**	328
Cost or carrying amount	**444**	379	**26**	26	**26**	30	**18**	18	**514**	453
Accumulated amortisation and impairment	**(97)**	(81)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(141)**	(125)
Company										
Net carrying amount at beginning of the year	**294**	207	**-**	-	**1**	1	**-**	-	**295**	208
Cost or carrying amount	**374**	261	**26**	26	**1**	1	**18**	18	**419**	306
Accumulated amortisation and impairment	**(80)**	(54)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(124)**	(98)
Current year movements										
Additions arising from	**117**	114	**-**	-	**-**	-	**-**	-	**117**	114
external development/acquisition	**40**	28	**-**	-	**-**	-	**-**	-	**40**	28
internal development/acquisition	**20**	23	**-**	-	**-**	-	**-**	-	**20**	23
items capitalised to work in progress	**57**	63	**-**	-	**-**	-	**-**	-	**57**	63
Disposals	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Impairment	**(32)**	(1)	**-**	-	**-**	-	**-**	-	**(32)**	(1)
Exchange differences	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Amortisation	**(37)**	(26)	**-**	-	**-**	-	**-**	-	**(37)**	(26)
Net carrying amount at end of the year	**342**	294	**-**	-	**1**	1	**-**	-	**343**	295
Made up as follows:										
Net carrying amount	**342**	294	**-**	-	**1**	1	**-**	-	**343**	295
Cost or carrying amount	**438**	374	**26**	26	**1**	1	**18**	18	**483**	419
Accumulated amortisation and impairment	**(96)**	(80)	**(26)**	(26)	**-**	-	**(18)**	(18)	**(140)**	(124)

The goodwill raised in the prior year relates to the acquisition detailed in note 5.3.

*The cumulative balance of work in progress that is not subject to amortisation at year end amounts to R243 million (2015: R166 million).

5. Consolidated entities and material partly-owned subsidiaries

	Company	
R'm	**2016**	2015
5.1 Consolidated entities		
Carrying value of shares	**5**	5
Ordinary shares at cost	**5**	5
Carrying value of long-term loans	**44**	18
Long-term loans at cost	**45**	19
Impairment provisions	**(1)**	(1)
The loans are unsecured, bear interest at rates of up to 15% per annum and have no fixed dates of repayment.		
	49	23
Net current amounts owing by consolidated entities	**491**	414
Current amounts owing by consolidated entities	**503**	424
Current amounts owing to consolidated entities	**(12)**	(10)
Current accounts are interest free and are settled within 12 months.		
	540	437

An analysis of the financial interest in consolidated entities is shown on page 120.

5.2 Material partly-owned subsidiaries

Financial information of subsidiaries that have non-controlling interests are provided below:

	MRP Mobile (Pty) Ltd	
%	**2016**	2015
Proportion of equity interest held by non-controlling interests	**45**	45

R'm		
Accumulated balances of material non-controlling interest	**(9)**	(1)
Loss allocated to material non-controlling interest	**(3)**	(8)
Total comprehensive loss	**(12)**	(9)

This information is based on amounts before inter-company eliminations.
The summarised financial information of these subsidiaries is provided below.

R'm		
Summarised statement of profit or loss for:		
Revenue	**114**	29
Cost of sales	**(102)**	(33)
Selling expenses	**(26)**	(14)
Administration and other operating expenses	**(1)**	-
Loss before taxation	**(15)**	(18)
Taxation	**9**	1
Total comprehensive loss	**(6)**	(17)
Attributable to non-controlling interests	**(3)**	(8)

5.2 Material partly-owned subsidiaries (continued)

Financial information of the subsidiary with a non-controlling interest is provided below:

	MRP Mobile (Pty) Ltd	
R'm	**2016**	2015
Summarised statement of financial position:		
Inventories	**11**	4
Intangible assets	**3**	4
Deferred tax asset	**8**	-
Trade and other receivables	**56**	17
Long-term portion	**13**	-
Current portion	**43**	17
Cash and cash equivalents	**3**	2
Long-term liability	**(36)**	(15)
Trade and other payables	**(26)**	(13)
Inter-company balance	**(45)**	(19)
Net equity	**(26)**	(20)
Attributable to equity holders of parent	**(14)**	(11)
Non-controlling interest	**(12)**	(9)
Summarised statement of cash flows:		
Cash outflows from operating activities	**(6)**	(17)
Cash outflows from investing activities	**(14)**	(3)
Cash inflows from financing activities	**21**	8
Net increase/(decrease) in cash and cash equivalents	**1**	(12)

Long-term liability

The long-term liability disclosed above, which has been subordinated, represents a loan received from the non-controlling shareholders of the subsidiary. The loan has no set date of repayment and bears interest at a rate determined at the discretion of the Directors, currently 0%.

5.3 Acquisition of franchise operations

On the 2 June 2014, the Group, concluded an agreement to purchase the net assets of the Zambian Franchisee. The Group undertook the transaction to expand its operations through the buy back of previously franchised stores. No non-controlling interests have been recognised as part of the transaction.

R'm	**2016**	2015
Fair value of assets acquired at the date of acquisition		
Property, plant and equipment	**-**	2
Inventory	**-**	5
Goodwill arising on acquisition	**-**	24
Consideration	**-**	31
Amount payable	**-**	(1)
Cash outflow	**-**	30

Goodwill comprised the fair value of intangible assets that did not qualify for separate recognition, and represented growth and synergies expected to accrue from the acquisitions. The goodwill is not deductible for income tax purposes. These financial statements of the Group include the results of the Zambian stores from the acquisition date. Transaction costs of R1 million were expensed in the prior year.

Impairment testing of goodwill

Goodwill acquired through business combinations is tested annually for impairment, which was performed in April 2016. 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*
  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 tax flows in order to reflect a pre-tax discount rate.

6. Long-term receivables

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Enterprise development loan	**5**	6	**5**	6
Total loan to accredited supplier	**6**	7	**6**	7
Less: amount to be received in the next financial year transferred to trade and other receivables	**(1)**	(1)	**(1)**	(1)
MRP Mobile long-term receivables	**13**	-	**-**	-
Total receivables	**56**	-	**-**	-
Less: amount to be received in the next financial year transferred to trade and other receivables	**(43)**	-	**-**	-
Total long-term receivables	**18**	6	**5**	6

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 R122 504. 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.

7. Inventories

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Merchandise purchased for resale	**2 144**	1 715	**1 986**	1 573
Consumable stores	**24**	26	**18**	23
	2 168	1 741	**2 004**	1 596
The write-down of inventories provided for in the valuation of merchandise purchased for resale was:	**169**	136	**158**	128

8. Trade and other receivables

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Gross trade receivables	**1 986**	1 948	**1 934**	1 924
Impairment provision	**(147)**	(174)	**(142)**	(172)
Net trade receivables	**1 839**	1 774	**1 792**	1 752
Prepayments	**187**	48	**172**	40
Other receivables	**110**	52	**78**	43
	2 136	1 874	**2 042**	1 835

The ageing of the gross trade receivables is as follows:

	Days from transaction	Group 2016	Group 2015	Company 2016	Company 2015
Current	30	**1 509**	1 451	**1 468**	1 429
Status 1	60	**268**	287	**263**	286
Status 2	90	**94**	92	**92**	92
Status 3	120	**54**	54	**53**	53
Status 4	150	**36**	40	**35**	40
Status 5	180+	**25**	24	**23**	24
		1 986	1 948	**1 934**	1 924

Interest is charged on outstanding accounts in accordance with the National Credit Act (NCA) and has fluctuated in accordance with legislated changes to the repo rate.

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

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

8. Trade and other receivables (continued)

8.1 Movement in the impairment provision

	Group		Company	
R'm	2016	2015	2016	2015
Balance at beginning of the year	(174)	(171)	(172)	(171)
Impairment losses net of reversals	27	(3)	30	(1)
Balance at end of the year	(147)	(174)	(142)	(172)

In determining the recoverability of trade receivables, the Group considers any changes in credit quality of the receivables up to reporting date. The concentration of credit risk is limited, as the customer base is large and unrelated. The ageing profiles of the impairment provision are as follows:

		Group		Company	
	Days from transaction	2016	2015	2016	2015
Current and impaired	0 - 30	15	13	11	12
Past due and impaired					
Status 1	31 - 60	22	28	21	28
Status 2	61 - 90	24	28	23	28
Status 3	91 - 120	29	34	30	34
Status 4	121 - 150	34	37	34	37
Status 5	151 - 180+	23	34	23	33
		147	174	142	172

8.2 Other receivables

R'm				
The expected maturity for other receivables is as follows:				
On demand	10	2	11	2
Less than 3 months	65	31	44	24
3 months to one year	35	19	23	17
	110	52	78	43

9. Share capital

	Group		Company	
R'000	2016	2015	2016	2015
9.1 Authorised				
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

R'000				
9.2 Issued				
Ordinary				
253 683 867 (2015: 253 183 867) ordinary shares of 0.025 cent each	63	63	63	63
B ordinary				
10 945 081 (2015: 11 445 081) B ordinary shares of 0.300 cent each	33	34	33	34
Total issued share capital	96	97	96	97

9.3 B ordinary shares

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

9.4 Share Trusts and Share Purchase Schemes

The Company operates six share trusts, a share option scheme 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 executive Directors. These share schemes are more fully detailed in the Remuneration Report on pages 61 to 76.

Details of shares and options held in terms of the deed of trust and the schemes are as follows:

9.4.1 The Mr Price Group Share Trust

This trust is currently dormant.

notes to the financial statements

for the year ended 2 April 2016

9. Share capital (continued)

9.4.2 The Mr Price Group Share Option Scheme

Number	Group 2016	2015
Options over ordinary shares in Mr Price Group Limited		
Beginning of the year	**5 800**	55 467
Surrendered by participants	**-**	(3 000)
Options exercised	**(5 800)**	(46 667)
End of the year	**-**	5 800

Options held at the beginning of the year were exercisable at prices between R3.06 and R21.20 per share in a period between three years and 10 years after the dates of the offers which commenced in May 1989. No new options will be issued under this scheme.

The vesting period of the options is detailed on pages 69 to 72.

9. Share capital (continued)

9.4.3 Five share trusts were established in November 2006, to replace The Mr Price Group Share Option Scheme and 2 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 29 March 2014	3 007 621	2 966 758	4 297 119	9 371 943	4 877 114	433 576	89 954	25 044 085
New options/shares granted	165 821	253 818	490 471	787 477	325 145	23 657	77 302	2 123 691
Surrendered by participants		(85 750)	(88 414)	(487 389)	(764 669)			(1 426 222)
Options/shares exercised	(771 000)	(803 999)	(967 913)	(2 247 328)	(34 214)			(4 824 454)
Options/shares at 28 March 2015	2 402 442	2 330 827	3 731 263	7 424 703	4 403 376	457 233	167 256	20 917 100
New options/shares granted*	190 691	280 578	559 759	1 153 326	669 524	46 197	86 806	2 986 881
Surrendered by participants		(33 224)	(214 894)	(443 970)	(740 453)		(8 221)	(1 440 762)
Options/shares exercised	(619 994)	(670 001)	(981 001)	(2 866 398)	(29 265)			(5 166 659)
Options/shares at 2 April 2016	1 973 139	1 908 180	3 095 127	5 267 661	4 303 182	503 430	245 841	17 296 560
* New options/shares were granted during the current year at a strike price of (R per share): 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.	200.01	200.01	200.01 - 244.49	200.01 - 248.23	Nil	Nil	Nil	
The vesting periods of the options/shares are detailed on pages 69 to 72.								
The earliest opportunity at which share options are exercisable falls within financial years ending:								
Number of options:								
2017	1 162 100	803 616	894 360	306 478	N/A			3 166 554
2018	249 238	334 796	591 508	2 393 845	N/A			3 569 387
2019	205 283	254 598	614 602	1 370 255	N/A	433 576	84 293	2 962 607
2020	165 827	234 592	448 040	329 794	N/A	23 657	74 742	1 276 652
2021	190 691	280 578	546 617	867 289	N/A	46 197	86 806	2 018 178
	1 973 139	1 908 180	3 095 127	5 267 661	N/A	503 430	245 841	12 993 378
Weighted average prices:								
2017	R60.06	R78.87	R71.17	R46.62	N/A	N/A	N/A	
2018	R133.67	R123.42	R125.28	R79.31	N/A	N/A	N/A	
2019	R151.94	R148.38	R147.57	R140.85	N/A	N/A	N/A	
2020	R222.60	R222.75	R220.82	R150.96	N/A	N/A	N/A	
2021	R200.01	R200.01	R200.23	R192.60	N/A	N/A	N/A	

Shares are expected to vest unconditionally in the Mr Price Partners Share Trust in 39 years.

9. Share capital (continued)

9.5 Share-based payments

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Share-based payments relating to equity-settled share-based payment transactions in terms of the various long-term share incentive schemes (refer notes 9.4.2 to 9.4.3)	105	105	105	105

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 granted 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 Staff Share Trust
Weighted average strike price	R200.01	R200.77	R200.23	R212.28	R0.00
Expected volatility (%)	27.16	27.21 - 27.27	26.86 - 27.27	26.95 - 27.51	N/A
Expected option life	5 years	5 years	5 years	5 years	39 years
Risk-free interest rate (%)	7.97	6.90 - 7.82	7.82 - 7.85	6.70 - 7.82	6.89 - 9.58
Expected dividend yield (%)	4.30	4.30	4.30	4.30	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.

9.5 Share-based payments (continued)

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 year	100%	10%
Participants still employed after 2 years	92.3%	20%
Participants still employed after 3 years	84.6%	30%
Participants still employed after 4 years	84.6%	40%
Participants still employed after 5 years	84.6%	100%

9.6 The Mr Price Group Employees Share Investment Trust

The Company administers a staff share purchase scheme which facilitates the purchase of shares in the Company for the benefit of employees, including executive Directors, employed by the Company and its consolidated entities. The acquisition of shares is funded by contributions from participants (employees) while the Company is authorised to provide additional funding of up to 15% of the contributions made, which is expensed as an associate cost in the year incurred.

In terms of guidance issued by the JSE Limited, the Company has consolidated the Trust as it was created to incentivise and reward the employees of the Group. In the Trust's annual financial statements it has assets being 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 in terms of paragraphs 16 and 22 of IAS 32.

9.7 Unissued share capital

The unissued share capital required for the purposes of carrying out the terms of the various share trusts and schemes is under the control of the Directors until the conclusion of the forthcoming Annual General Meeting.

10. Capital reserves

R'm	Group 2016	Group 2015	Company 2016	Company 2015
10.1 Share premium account	**12**	12	**-**	-
10.2 Participants in staff share investment trust (note 9.6)	**45**	32		
Beginning of the year	**32**	25		
Net movement for the year	**13**	7		
10.3 Share-based payments reserve	**241**	219	**241**	219
Beginning of the year	**219**	161	**219**	161
Recognition of share-based payments for the year	**22**	58	**22**	58
Share-based payments for options/shares granted in prior years	**94**	79	**94**	79
Share-based payments for options/shares granted in current year	**7**	9	**7**	9
Adjustment for forfeitures	**4**	17	**4**	17
Share-based payments reserve transferred to retained income for options that have vested from inception to date	**(83)**	(47)	**(83)**	(47)
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				
Total capital reserves	**298**	263	**241**	219

11. Treasury share transactions

R'm	Group 2016	Group 2015	Company 2016	Company 2015
11 098 802 (2015: 12 721 500) ordinary shares in Mr Price Group Limited held by staff share trusts	**(1 017)**	(583)		
- Balance at beginning of the year	**(583)**	(898)		
- Treasury shares acquired	**(789)**	(39)		
- Treasury shares sold	**368**	361		
- Mr Price Group Employees Share Investment Trust (note 9.6)	**(13)**	(7)		
Deficit on treasury share transactions	**(958)**	(826)	**(221)**	(214)
- Balance at beginning of the year	**(826)**	(559)	**(214)**	(206)
- Current year movement arising from the take-up of vested options	**(132)**	(267)	**(7)**	(8)
Taxation relating to grants to share trusts	**227**	174	**227**	174
- Balance at beginning of the year	**174**	146	**174**	146
- Current year movement	**53**	28	**53**	28
Grants by Company to staff share trusts			**(1 767)**	(1 402)
- Balance at beginning of the year			**(1 402)**	(1 386)
- Grants made during the year			**(365)**	(16)
	(1 748)	(1 235)	**(1 761)**	(1 442)

12. Foreign currency translation reserve

R'm	Group 2016	Group 2015
Beginning of the year	**(43)**	(17)
Currency translation adjustments for the year	**31**	(26)
End of the year	**(12)**	(43)

The foreign currency translation reserve comprises the cumulative translation adjustments arising on the consolidation of the foreign subsidiaries in Australia, Botswana, Nigeria, Ghana and Zambia.

13. Defined benefit fund actuarial gains and losses

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Beginning of the year	**(3)**	5	**(3)**	5
Current year actuarial losses	**(3)**	(11)	**(3)**	(11)
Deferred taxation thereon	**1**	3	**1**	3
End of the year	**(5)**	(3)	**(5)**	(3)

Refer to note 28 for details of the recognition of defined benefit fund actuarial gains and losses.

14. Reinsurance

The Company 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: the 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 insurance products which consist of: Customer Protection, Funeral, 360 degree Protection, A2B Commuter Personal Accident and the Medinet Critical Illness and Hospitalisation Plans.

Guardrisk Life Limited (Cell number 048)

Mr Price Group Limited bears 100% of the risk for all insurance products.

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 liabilities are made up of the following components:

	Group and Company	
R'm	**2016**	2015
Reinsurance asset		
Insurance float	**2**	2
Cash and cash equivalents	**97**	122
	99	124

Receivables are measured at amortised cost and the carrying amounts approximate their fair value and all balances are considered current.

	Group and Company	
R'm	**2016**	2015
Reinsurance liabilities		
Unearned premium provision	**1**	1
Outstanding claims	**2**	4
IBNR* reserve	**13**	12
Taxation liability	**14**	29
	30	46
Movement in reinsurance liabilities		
Balance at beginning of the year	**45**	33
Outstanding claims	**4**	4
IBNR* reserve	**12**	11
Taxation liability	**29**	18
(Decrease)/increase during the year	**(16)**	12
Balance at end of the year	**29**	45
Outstanding claims	**2**	4
IBNR* reserve	**13**	12
Taxation liability	**14**	29
Unearned premium provision		
Balance at beginning of the year	**1**	1
Premium received	**198**	177
Premium recognised	**(198)**	(177)
Balance at end of the year	**1**	1

* IBNR - incurred but not reported

14. Reinsurance (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 cells maintain an IBNR reserve equal to a claim factor (minimum 33%) applied to 3 months of net premuims (i.e. gross premuims less commissions and administration fees). The short-terms cells are required to maintain a solvency ratio equal to 25% of net premiums as a solvency reserve and an IBNR reserve equal to 7% of the annual risk premium. As these reserves are governed by legislation only changes in such legislation would lead to the changes in the reserve. At year end no such changes were proposed by the financial services board, however the following sensitivty has been performed on the IBNR reserve:

Long term cell reserve adjusted to be a claims factor (minimum 32%) applied to 2 months of net premiums. Short term cell solvency reserve adjusted to equal 24% of net premuims and an IBNR equal to 6% of the annual risk premuim.

	Group and Company	
R'm	**2016**	2015
Impact on IBNR	**(4)**	(4)

Long-term cell reserve adjusted to be a claims factor (minimum 34%) applied to 4 months of net premiums. Short-term cell solvency reserve adjusted to equal 26% of net premiums and an IBNR equal to 8% of the annual risk premium.

	Group and Company	
R'm	**2016**	2015
Impact on IBNR	**4**	4

During the year a dividend of R120 million (2015 : R75 million) was paid by the cells to the Company.

Premium income and claims history:

	2016	2015	2014	2013
Premium income (R'm)	**199**	177	147	106
Number of claims	**3 535**	3 709	3 769	2 318
Claim costs (R'm)	**15**	15	12	9
Claim costs as a percentage of premium income	**7.5%**	8.3%	8.2%	8.9%

15. Lease obligations

	Group		Company	
R'm	**2016**	2015	**2016**	2015
Straight-line operating lease liability	**217**	220	**205**	210
Less: amounts due for settlement within 12 months	**(48)**	(56)	**(44)**	(53)
Total long-term portion of lease obligations	**169**	164	**161**	157

Operating lease commitments

The Group has entered into operating leases on store space, with lease terms between five and ten years. The Group has the option, under some of its leases, to lease the assets for additional term of five to ten years.

	Group		Company	
R'm	**2016**	2015	**2016**	2015
Future minimum rentals payable under non-cancellable leases, which predominantly relate to land and buildings, are as follows:				
Within one year	**1 310**	1 203	**1 073**	1 021
After one year but less than five years	**2 145**	2 226	**1 899**	1 891
More than five years	**345**	182	**285**	157
	3 800	3 611	**3 257**	3 069

16. Deferred taxation

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Attributable to:				
Post retirement medical aid	**(3)**	(2)	**(3)**	(2)
Fair value adjustments on financial instruments	**(33)**	-	**(33)**	-
Prepayments	**41**	2	**41**	2
Provisions	**(145)**	(151)	**(145)**	(151)
Other temporary differences	**15**	23	**26**	30
Share-based payments	**(145)**	(115)	**(145)**	(115)
Defined benefit fund asset	**12**	10	**12**	10
Grants to staff share trusts	**189**	146	**189**	146
Straight-line operating lease liability	**(60)**	(61)	**(57)**	(58)
	(129)	(148)	**(115)**	(138)
Beginning of the year	**(148)**	(146)	**(138)**	(142)
Movements during the year	**19**	(2)	**23**	4
Post retirement medical aid	**1**	-	**1**	-
Fair value adjustments on financial instruments	**(33)**	-	**(33)**	-
Prepayments	**39**	-	**39**	-
Provisions	**6**	(10)	**6**	(10)
Other temporary differences	**(8)**	8	**(4)**	13
Share based payments	**(30)**	(30)	**(30)**	(30)
Defined benefit fund actuarial gains	**-**	(3)	**-**	(3)
Grants to staff share trusts	**43**	31	**43**	31
Straight-line operating lease liability	**1**	2	**1**	3
End of the year	**(129)**	(148)	**(115)**	(138)
Deferred taxation liabilities	**8**	4	**-**	-
Deferred taxation assets	**(137)**	(152)	**(115)**	(138)
	(129)	(148)	**(115)**	(138)

17. Provisions

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Onerous lease contracts				
Balance at beginning of the year	**13**	11	**13**	11
Provision raised during the period	**4**	2	**(11)**	2
Balance at end of the year	**17**	13	**2**	13
Long-term	**5**	6	**1**	6
Current	**12**	7	**1**	7
	17	13	**2**	13

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 revenue expected to be earned on the lease, including estimated revenue (including revenue from sub-leases). The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from one to five years.

18. Trade and other payables

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Trade payables	**777**	1 191	**795**	1 208
Other payables	**1 210**	925	**1 108**	843
	1 987	2 116	**1 903**	2 051

Terms and conditions of the above financial liabilities:
Trade payables are non-interest bearing and are settled on terms that vary between date of ownership plus 10 days and 30 days from statement, depending on the procurement source.
Other payables are non-interest bearing and are settled on average 30 days from statement.

19. Profit from operating activities

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Arrived at after (crediting)/charging the following:				
Income from consolidated entities			**(185)**	(182)
Dividend income			**(73)**	(71)
Fees			**(112)**	(111)
Amortisation of intangible assets (note 4)	**38**	27	**37**	26
Associate costs	**1 979**	1 861	**1 878**	1 787
Salaries, wages and other benefits	**1 750**	1 645	**1 655**	1 575
Share-based payments (note 9.5)	**105**	105	**105**	105
Defined contribution pension fund expense	**123**	112	**116**	108
Defined benefit pension fund net expense	**1**	(1)	**1**	(1)
Current service cost	**4**	3	**4**	3
Interest cost	**6**	8	**6**	8
Expected return on fund assets	**(9)**	(12)	**(9)**	(12)
Auditors' remuneration	**6**	6	**6**	6
Audit fees	**6**	6	**6**	6
Other services	**-**	-	**-**	-
Consulting fees	**20**	18	**16**	16
Technical services	**17**	16	**16**	16
Administrative and other services	**3**	2	**-**	-
Depreciation of property, plant and equipment (note 3)	**190**	181	**173**	169
Impairment of intangible assets	**32**	1	**32**	1
Impairment of property, plant and equipment	**(4)**	1	**(4)**	1
Movement in provisions (note 17)	**4**	2	**(11)**	2
Net loss on disposal and scrapping of property, plant and equipment	**12**	6	**9**	6
Net gain on foreign exchange	**(128)**	(5)	**(128)**	(5)
Forward exchange contracts	**6**	(5)	**6**	(5)
Transactions	**(134)**	-	**(134)**	-
Operating lease rentals	**1 390**	1 250	**1 232**	1 153
Land and buildings	**1 362**	1 219	**1 204**	1 123
Equipment	**18**	21	**18**	20
Motor vehicles	**10**	10	**10**	10

20. Taxation

20.1 South African and foreign taxation

20.1.1 South African taxation

R'm	Group 2016	Group 2015	Company 2016	Company 2015
This year	**998**	839	**997**	831
Current				
Normal taxation	**992**	862	**983**	855
Deferred				
Current year temporary differences	**14**	(23)	**14**	(24)
Previously unrecognised deferred tax assets	**(8)**	-	**-**	-
20.1.2 Foreign taxation				
This year	**43**	39	**15**	14
Current	**41**	46	**15**	14
Deferred	**2**	(7)	**-**	-
Prior years	**1**	-	**(1)**	-
Current	**(1)**	-	**(1)**	-
Deferred	**2**	-	**-**	-
Total taxation	**1042**	878	**1 011**	845

In addition to the above, current normal taxation and deferred taxation amounting to R96.2 million (2015: R58.2 million credited) and R43.1 million (2015: R30.7 million charged) respectively have been charged and credited to equity relating to the grants to staff share trusts (refer note 11). Deferred income taxation of R34.0 million (2015: R3.1 million credited) has been charged to the statement of comprehensive income.

20. Taxation (continued)

20.2 Reconciliation of taxation rate

%	Group 2016	Group 2015	Company 2016	Company 2015
Standard rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
Exempt income	**(0.4)**	(0.4)	**(0.9)**	(1.1)
Unrecognised deferred tax assets	**0.5**	(0.2)	**0.0**	(0.2)
Other	**0.2**	0.0	**0.0**	0.0
Effective tax rate	**28.3**	27.8	**27.1**	27.1

The estimated tax losses of subsidiaries available for the set of future taxable income is R95.6 million (2015: R17.5 million).

21. Earnings per ordinary and B ordinary share

21.1 Reconciliation of earnings

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

R'm	Group 2016	Group 2015
Basic earnings - profit attributable to shareholders	**2 645**	2 293
Loss on disposal, scrapping and impairment of property, plant and equipment and intangible assets	**40**	8
Taxation	**(11)**	(2)
Headline earnings	**2 674**	2 299

21.2 Number of shares

The weighted average number of shares in issue amount to 252 785 945 (2015: 249 989 589).

21.3 Dilution impact

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, which currently comprise share options and shares. A calculation is made in order to determine the number of shares that could have been issued at fair value (determined as the average annual market price of the shares) based on the monetary value of the subscription rights attached to outstanding options.

	Group 2016 shares	Group 2015 shares
Number of shares per basic earnings per share calculation	**252 785 945**	249 989 589
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	**11 210 891**	15 757 184
Number of shares for calculation of diluted earnings per share	**263 996 836**	265 746 773

22. Dividends to shareholders

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Ordinary and B ordinary shares	**948**	798	**975**	831
Prior year final distribution: 368.5 cents per share (2015: 314.0 cents per share)	**975**	831	**975**	831
Dividend paid by Partners Share Trust	**12**	12		
Less: dividend received on shares held by staff share trusts	**(39)**	(45)		
	644	542	**656**	560
Interim dividend: 248.0 cents per share (2015: 211.5 cents per share)	**656**	560	**656**	560
Dividend paid by Partners Share Trust	**9**	7		
Less: dividend received on shares held by staff share trusts	**(21)**	(25)		
Total net dividend to shareholders	**1 592**	1 340	**1 631**	1 391

In respect of the current year, the Board of Directors propose that on the 27 June 2016 a cash dividend of 419.0 cents per share be paid to shareholders who are registered on the "Record date" of 24 June 2016. This dividend has not been reflected as a liability in these financial statements. The total estimated dividend to be paid by the Company is R1.1 billion.

23. Directors' emoluments

The emoluments received by the Directors from the Company were:

	Company	
R'm	**2016**	2015
Executive Directors		
Salaries	**11**	11
Bonuses and performance related payments	**15**	19
Vehicle allowances and expenses	**1**	1
Pension contributions	**2**	2
	29	33
Non-executive Directors		
Salaries	**-**	2
Fees	**5**	5
	5	7

Details of individual Director's emoluments and share incentive scheme transactions are disclosed in the remuneration report on pages 61 to 76.

24. Notes to the statements of cash flows

24.1 Operating profit before working capital changes

	Group		Company	
R'm	**2016**	2015	**2016**	2015
Profit before taxation	**3 684**	3 163	**3 737**	3 122
Adjustments for:				
Depreciation of property, plant and equipment	**190**	181	**172**	169
Amortisation of intangible assets	**38**	27	**37**	26
Loss on disposal and scrapping of property, plant and equipment	**13**	6	**9**	6
Impairment of property, plant and equipment	**(4)**	1	**(4)**	1
Impairment of intangible assets	**32**	1	**32**	1
Movement in reinsurance assets	**25**	(26)	**25**	(26)
Movement in reinsurance liabilities	**(16)**	12	**(16)**	12
Net finance income	**(81)**	(87)	**(73)**	(79)
Interest on trade receivables	**(384)**	(355)	**(382)**	(353)
Other non-cash items	**99**	116	**63**	103
Straight-line operating lease liability movement	**(3)**	(6)	**(5)**	(8)
Share option expenses	**105**	105	**105**	105
Other	**(3)**	17	**(37)**	6
	3 596	3 039	**3 600**	2 982

24.2 Working capital changes

Increase in trade and other receivables	**(288)**	(203)	**(237)**	(185)
Increase in inventories	**(394)**	(354)	**(378)**	(313)
(Decrease)/increase in trade and other payables	**(131)**	135	**(150)**	124
	(813)	(422)	**(765)**	(374)

24. Notes to the statements of cash flows (continued)

24.3 Taxation paid

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Amounts unpaid at beginning of the year	**260**	208	**259**	205
Taxation	**408**	354	**397**	347
Deferred	**(148)**	(146)	**(138)**	(142)
Amounts charged to the income statements	**1 042**	878	**1 011**	845
Taxation	**1 032**	908	**997**	869
Deferred	**10**	(30)	**(14)**	(24)
Amounts charged to equity	**(87)**	(31)	**(87)**	(31)
Taxation	**(53)**	(28)	**(53)**	(28)
Deferred taxation	**(34)**	(3)	**(34)**	(3)
Amounts unpaid at end of the year	**125**	(260)	**109**	(259)
Taxation	**(4)**	(408)	**(6)**	(397)
Deferred taxation	**129**	148	**115**	138
Amounts paid	**1 340**	795	**1 292**	760

24.4 Net inflows in respect of long-term receivables

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Loan to accredited supplier	**1**	1	**1**	1
Increase in mobile debtors	**(13)**	-		
Net amounts (paid)/received	**(12)**	1	**1**	1

24.5 Amounts owing to/(by) consolidated entities

R'm	Company 2016	Company 2015
Increase in current amounts owing to consolidated entities	**2**	3
Increase in current amounts owing by consolidated entities	**(79)**	(134)
	(77)	(131)

24.6 Dividends to shareholders

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Dividends to ordinary and B ordinary shareholders	**1 631**	1 391	**1 631**	1 391
Less: dividends on shares held by staff share trusts	**(60)**	(70)		
Add: dividends paid by Partners Share Trust	**21**	19		
	1 592	1 340	**1 631**	1 391

25. Capital expenditure

R'm	Group 2016	Group 2015	Company 2016	Company 2015
The capital expenditure authorised by the Directors of the Company or its consolidated entities but not provided for in the financial statements amounts to	**859**	1 290	**859**	1 290
of which contracts have been placed for	**408**	915	**408**	906

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

26. Contingencies

During the 2009 financial year, the Company was advised by 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 R43.6 million. The Company submitted a formal response to the SARS' letter on 18 September 2009. SARS responded to the Company's denial of liability on 24 April 2015, more than 5 years later, and demanded that the Company settled the alleged liability, the value of which has been revised to R74.4 million. On 13 October 2015 the Company filed a formal appeal against SARS' letter of demand. SARS' National Appeal Committee (CNAC) is required to notify the Company of their decision within 90 working days from the date of appeal, however only responded on 24 May 2016. The CNAC has determined that, due to the complexity of the matter, a meeting is required in order to ascertain the issues that are agreed upon by the parties and the issues that are still in dispute. This meeting is likely to take place in July 2016. The Company's view, supported by legal advice, is to impugn the Commissioner's decision. No adjustments have been made to the financial statements as the Directors are of the opinion that it is unlikely that any liability will be incurred.

27. Financial risk management

The Group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The Board of Directors carries the ultimate responsibility for the overseeing of the Group's risk management framework and is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the Group.

27.1. Capital and treasury risk management

The Group which is a 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.

An interest sensitivity analysis for cash and cash equivalents has not been disclosed as the amounts involved are considered immaterial.

27.2. Foreign exchange risk management

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.

27.2.1 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 the Australian, Botswanan, Nigerian, Ghanain and Zambian subsidiaries as the other countries in which the Group is invested have currencies that are pegged to the rand. The analysis below details the Group's sensitivity to a 10% increase and decrease in the rand against the pula, naira, cedi, australian dollar and kwacha respectively and its effect on equity for the year. The sensitivity analysis adjusts their translation at year end for a 10% change in the exchange rate.

27.2.1 Investment in foreign operations

		Group	
R'm		**2016**	2015
Rate variance - pula	+10%	**8**	6
	-10%	**(8)**	(6)
Rate variance - naira	+10%	**3**	2
	-10%	**(3)**	(2)
Rate variance - cedi*	+10%	**(2)**	0
	-10%	**2**	0
Rate variance - kwacha	+10%	**2**	1
	-10%	**(2)**	(1)
Rate variance - australian dollar*	+10%	**(0)**	-
	-10%	**0**	-
Group - total foreign exchange exposure	+10%	**10**	9
	-10%	**(10)**	(9)

*Less than R1 milion

27.2.2 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 receivable or payable that is denominated in the foreign currency.

27. Financial risk management (continued)

27.2. Foreign exchange risk management (continued)

27.2.2 Transactions in foreign currencies (continued)

Foreign exchange forward contracts measured at fair value through OCI 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 match the terms of the expected highly probable forecast transactions. As a result, there is no hedge ineffectiveness to be recognised in the statement of profit or loss. At year end forward exchange contract commitments were:

	Group		Company	
	2016	2015	**2016**	2015
At year end current open FEC commitments were:				
US$'m	**117**	17	**117**	17
Exchange rate R/US$ - average contract rate	**R16.196**	R11.629	**R16.196**	R11.629
Exchange rate R/US$ - year end closing rate	**R14.810**	R12.009	**R14.810**	R12.009

The contracts will mature within periods varying up to six months after year end and translates to R1.7 billion (2015: R204.2 million) at the market rate of an equivalent contract at year end.

Group and Company (US'$m)	On demand	Less than three months	Three months to one year	One to five years	Total
2016	**-**	**66**	**51**	**-**	**117**
2015	-	17	-	-	17

The cash flow hedges of the expected future purchases in 2016 were assessed to be highly effective, and as at 2 April 2016, a net unrealised loss of R118 million (2015: RNil), with a related deferred tax asset of R33 million (2015: RNil) was included in OCI in respect of these contracts.

As cash flow hedge accounting was applied during the current year from (1 January 2016), the amount removed from OCI during the year and included in profit or loss as a recycling adjustment for 2016 totalled RNil (2015: RNil). The amounts retained in OCI at 2 April 2016 are expected to mature and affect the statement of profit or loss in 2017.

The analysis below details the Group's sensitivity to a 10% increase and decrease in the average contract exchange rate and its effect on the income statement in the forthcoming year.

		Group		Company	
R'm		**2016**	2015	**2016**	2015
Rate variance - US$	+10%	**(190)**	(21)	**(190)**	(21)
	-10%	**190**	21	**190**	21

27.3 Credit risk management

Credit risk is concentrated principally in periodic short-term cash investments, in trade receivables and loans to consolidated entities. The Group deposits short-term cash surpluses only with major banks of high quality credit standing. The granting of credit to trade debtors is controlled with statistical scoring models and performance parameters which are reviewed on a regular basis. The maximum exposure in respect of trade receivables and the Group's risk management policies regarding trade receivables are disclosed in note 8. The 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		**2016**	2015	**2016**	2015
Rate variance	+1%	**19**	18	**19**	18
	-1%	**(19)**	(18)	**(19)**	(18)

At 2 April 2016 the Group did not consider there to be any significant concentration of credit risk for which it had not adequately provided.

27. Financial risk management (continued)

27.4 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 enable it to borrow funds externally should it require to do so to meet any working capital or possible expansion requirements. As a consequence of 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	**2016**	2015	**2016**	2015
Total facilities	**445**	445	**445**	445
Less: drawn down portion	**-**	(165)	**-**	(165)
Total undrawn banking facilities	**445**	280	**445**	280

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	**2016**	2015	**2016**	2015
Borrowing powers Association, borrowing powers at year end were limited to 150% of Group equity attributable to shareholders	**8 430**	7 532	**8 430**	7 532
Actual borrowings outside the Group at year end were	**(36)**	(15)		
At year end bank balances were	**1 416**	2 760	**937**	2 120
Net cash resources were	**1 380**	2 745	**937**	2 120

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
2016					
Trade and other payables	**429**	**1 414**	**144**	**-**	**1 987**
2015					
Trade and other payables	660	1 340	116	-	2 116
Company (R'm)					
2016					
Trade and other payables	**410**	**1 355**	**138**	**-**	**1 903**
2015					
Trade and other payables	645	1 295	111	-	2 051

The Group expects to meet its obligations from existing cash reserves and from operating cash flows. The Group's derivative financial liabilities comprise forward exchange contracts which are disclosed in note 27.2.2.

27.5 Fair value hierarchy

FEC's
The fair value of FEC's is measured using Level 2 techniques. The significant inputs into the Level 2 fair value of FEC's are yield curves, market interest rates and market foreign exchange rates.

Fair value of financial instruments
The estimated fair values of recognised financial instruments approximate their carrying amounts.

28. Retirement benefits

28.1 Pension schemes

28.1.1 Membership

The funds are registered in terms of the Pension Funds Act and provide for pensions and related benefits for all permanent employees in RSA. Membership is compulsory after the first year of service. Membership details are disclosed in the Remuneration Report on pages 61 to 76.

28.1.2 Contributions

In the case of the 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 7.5% of their pensionable remuneration while the employer is required to contribute mainly at the rate of 22.8% and to the defined contribution funds mainly at the rate of 11.0% of pensionable remuneration. In the case of the defined benefit fund, the employer rate has been calculated based on the Projected Unit Credit method.

28.1.3 Valuations

Defined benefit pension fund
In terms of the Pension Funds Act the defined benefit fund should be actuarially valued every three years. In the statutory valuation as at 31 December 2014, past service liabilities were determined by valuing all future payments expected to be made out of the fund in respect of benefits accrued up to the valuation date. The actuarial valuation of assets was R132.3 million and the liability for accrued benefits, including a solvency reserve of R23.7 million, was R125.6 million, resulting in a funding level of 105.3% and a distributable surplus of R6.7 million. The possible conversion of the fund's benefit structure from defined benefit to defined contribution is currently being investigated. It is expected that the distributable surplus could be required to fund such a conversion and accordingly it has been retained in the employer surplus account. The valuation took into account the minimum benefits payable on a member's exit from the fund after 1 January 2004, in terms of the Pension Funds Second Amendment Act of 2001. In the opinion of the actuary the fund was in a sound financial position.

	Group and Company	
R'm	**2016**	2015
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	**(68)**	(92)
Plan assets	**109**	132
Net benefit plan asset	**41**	40

	Group and Company	
R'm	**2016**	2015
The amounts recognised in the income statement are detailed in note 19.		
The following main assumptions were used in performing the calculation: • Discount rate - 10.20% per annum (2015: 8.10% per annum) • Inflation - 7.80% per annum (2015: 5.90% per annum) • Future salary increases - 8.80% per annum (2015: 6.90% per annum)		
Movements in the present value of the defined benefit obligation in the current period were as follows:		
Defined benefit obligation at beginning of the year	**92**	78
Current service cost	**4**	3
Member contributions	**1**	1
Interest cost	**6**	8
Actuarial (gain)/loss	**(2)**	13
Benefits paid	**(32)**	(10)
Risk premiums	**(1)**	(1)
Defined benefit obligation at end of the year	**68**	92

28. Retirement benefits (continued)

28.1.3 Valuations (continued)

R'm	Group and Company 2016	2015
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	**132**	123
Expected return on assets	**9**	12
Contributions	**4**	4
Risk premiums	**(1)**	(1)
Benefits paid	**(32)**	(10)
Actuarial gain	**(3)**	4
Fair value of plan assets at end of the year	**109**	132
%		
The estimated asset composition of the fair value of total plan assets is as follows:		
Cash	**12.4**	11.7
South African equities	**39.6**	42.1
South African bonds	**11.8**	11.9
South African property and other	**8.1**	8.6
International assets	**28.1**	25.7
	100.0	100.0

The amounts for the current and previous four periods are as follows:

R'm	2016	2015	2014	2013	2012
Defined benefit obligation	**(68)**	(92)	(78)	(85)	(76)
Plan assets	**109**	132	123	105	92
Net plan asset	**41**	40	45	20	16

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 2017 financial year is as follows; a current service cost of R130.3 million (2016: R116.5 million), an expected return on plan assets of R11.3 million (2016: R10.8 million) and an interest cost of R7.2 million (2016: R7.7 million).

Defined contribution funds
The defined contribution funds are valuation exempt. The actuarial function remains present through an Enhanced Financial Assessment (EFA) process, which is a quarterly actuarial assessment that looks at the financial soundness of the Fund; and sets out the allocations of contributions to the Fund. The report includes a comparison of the total assets to the total liabilities of the Fund in order to determine the funding level. The most recent EFA reports as at 31 December 2015 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

28.2 Post retirement medical benefits

The obligation of the Group to pay medical aid contributions for members who have retired is no longer part of the conditions of employment for new associates. A limited number of pensioners and current associates who remain members of the defined benefit pension fund are entitled to this benefit. The entitlement to the benefit for current associates is dependent upon the associate remaining in service until retirement age. An actuarial valuation, in terms of IAS 19, of the Group's liability at 31 March 2014 for this future benefit was undertaken. Valuations are undertaken every three years. The main assumptions used in performing these valuations are reviewed annually. Any detection of a material variation in a main assumption would give rise to a new valuation. The obligation for post retirement medical aid benefits is unfunded. The following main assumptions were used in performing the valuation at 31 March 2014:

Liability was based on current membership
Health care cost inflation - 9.0% per annum
Discount rate - 10.0% per annum
Average retirement age - 62 years
Continuation at retirement - 100%

Activity during the year was as follows:

R'm	Group and Company 2016	2015
Benefit obligation at beginning of the year	**24**	22
Net increase in provision during the year	**2**	2
Benefit obligation at end of the year	**26**	24

The amounts for the current and previous four periods are as follows (R'm):

	2016	2015	2014	2013	2012
Defined benefit obligation	**26**	24	22	16	15

29. Related party transactions

29.1 Directors

Refer to the Report of the Directors on page 80 in respect of transactions with Directors.

29.2 Compensation of key management personnel

R'm	Group 2016	Group 2015	Company 2016	Company 2015
Short-term employee benefits	**72**	76	**72**	76
Post employment pension benefits	**9**	9	**9**	9
Share-based payments	**25**	24	**25**	24
	106	109	**106**	109

The above compensation includes amounts paid to executive senior management personnel and excludes amounts paid to Directors as disclosed in the Remuneration Report.

29.3 Transactions with related parties

The following transactions were entered into with individuals, who meet the definition of close family members to key management personnel, or entities over which such individuals are deemed to have a controlling influence:

Related party - BVPG, firm of attorneys of which Mr K Getz, a non-executive Director, is a partner.

Legal fees of R4.1 million (2015: R4.8 million)

29.4 Participants in staff share trusts

Refer to notes 9 and 11 in respect of transactions with participants in the staff share trusts.

29.5 Post retirement benefit funds

Refer to notes 28.1 and 28.2 in respect of transactions with post retirement benefit funds.

29.6 Inter group transactions

The following transactions occurred between the Company and its consolidated entities:

R'm	Company 2016	Company 2015
Sales	**881**	867

Refer to note 19 for income received from consolidated entities.

30. 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 prescribed officers.

As a result of the change in the structure of the reporting of Segments to the chief operating decision maker, the Financial Services and Cellular Segment was classified as a separate reporting segment, the prior year comparatives have been restated as required by IFRS 8 Operating Segments.

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 manages the Group's trade receivables and all financial services and mobile products; 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	**2016**	2015 restated	**2016**	2015 restated	**2016**	2015 restated	**2016**	2015 restated	**2016**	2015 restated	**2016**	2015 restated
Revenue	**14 139**	12 737	**4 922**	4 565	**854**	702	**116**	134	**(108)**	(127)	**19 923**	18 011
External	**14 139**	12 737	**4 922**	4 565	**854**	702	**8**	7	**-**	-	**19 923**	18 011
Internal	**-**	-	**-**	-	**-**	-	**108**	127	**(108)**	(127)	**-**	-
Profit from operating activities	**2 630**	2 333	**793**	650	**345**	259	**(165)**	(166)	**-**	-	**3 603**	3 076
Net finance income											**81**	87
Profit before taxation											**3 684**	3 163
Taxation											**1 042**	878
Profit after taxation											**2 642**	2 285
Divisional assets	**2 424**	1 851	**696**	619	**2 001**	1 912	**2 942**	3 485	**-**	-	**8 063**	7 867
Divisional liabilities	**1 478**	1 487	**607**	657	**143**	119	**223**	590	**(8)**	(7)	**2 443**	2 846
Capital expenditure	**186**	173	**46**	70	**16**	5	**896**	209	**-**	-	**1 144**	457
Depreciation and amortisation	**111**	97	**42**	36	**3**	2	**72**	73	**-**	-	**228**	208

31. Geographical segments

	South Africa		International		Total	
R'm	**2016**	2015	**2016**	2015	**2016**	2015
Revenue	**18 537**	16 715	**1 386**	1 296	**19 923**	18 011
Assets	**7 332**	7 238	**731**	629	**8 063**	7 867
Capital expenditure	**1 104**	387	**40**	70	**1 144**	457

financial interest in consolidated entities

for the year ended 2 April 2016

R'm	Notes	Issued capital 2016 Shares	Issued capital 2015 Shares	Carrying value of shares 2016	Carrying value of shares 2015	Indebtedness less impairment provisions 2016	Indebtedness less impairment provisions 2015
Operating subsidiaries							
MRP Stores (Botswana) (Pty) Limited	1	**100**	100	**-**	-	**67**	70
Mr Price (Lesotho) (Pty) Limited	2	**1 000**	1 000	**-**	-	**10**	12
Mr Price Group (Namibia) (Pty) Limited	3	**100**	100	**-**	-	**57**	143
Mr Price Chain Stores International Limited (Nigeria)	4	**500 000**	500 000	**2**	2	**88**	57
Mr Price Chain Stores International Limited (Ghana)	5	**480 000**	480 000	**2**	2	**71**	50
MRP Zambia Limited	6	**5 000**	5 000	**-**	-	**73**	67
Millews Fashions (Johannesburg) (Pty) Limited	7	**14 000**	14 000	**-**	-	**1**	1
Associated Credit Specialists (Pty) Limited	8	**100**	100	**-**	-	**12**	4
MRP Mobile (Pty) Limited	9	**100**	100	**-**	-	**45**	19
MRP Retail Australia (Pty) Limited	10	**100**	-	**-**	-	**105**	-
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						**1**	1
Mr Price Executive Share Trust						**1**	-
Mr Price Senior Management Share Trust						**-**	1
Mr Price General Staff Share Trust						**4**	7
Mr Price Partners Share Trust						**-**	-
Dormant subsidiaries							
Raava Jewellers (Namibia) (Pty) Limited		**100**	100	**1**	1	**-**	-
Hughes Extension 17 Township (Pty) Limited		**100**	100	**-**	-	**-**	-
Total				**5**	5	**535**	432

Notes:

1. Operates mrp, mrpHome, mrpSport, Miladys and Sheet Street stores in Botswana.
2. Operates mrp, mrpHome 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, mrpHome stores in Ghana.
6. Operates mrp, mrpHome stores in Zambia.
7. Develops and leases premises to Group operations.
8. Recovers overdue debts from credit customers.
9. Operates as a celluar MVNO (mobile virtual network operator) only in South Africa and is a 55% held subsidiary of the Company.
10. Operates mrp stores in Australia.

The Company owns 100% of the equity and preference share capital (where applicable) of all subsidiaries and cell captives except for MRP Mobile (Pty) Ltd in which it holds 55% of the issued share capital with the remaining 45% being held by non-controlling interests.

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mrpSport		031 310 8545	031 306 9347	*mrpricesport.com*
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Customer Care		0800 212 535		
Account Services		0861 066 639		

definitions

AMPS	Measure of through-the-door shoppers
B-BBEE	Broad-Based Black Economic Empowerment
CAGR	Compound annual growth rate
Comparable sales	Like-for-like location store sales
Company	Refers to Group
CRM	Customer Relationship Management
DC	Distribution Centre
DPS	Dividends per share
dti	The department of Trade and Industry
ERP	Enterprise Resource Planning
ETI	Ethical Trading Initiative
Gross profit	Retail sales including franchise income, airtime and mobile revenue less total cost of sales
Gross margin	Gross profit as a percentage of retail sales including franchise income, airtime and mobile revenue
Group	Refers to Company
HCM	Human Capital Management
HEPS	Headline earnings per share
Inventory turn	Cost of sales as a ratio of average inventories
JSE	Johannesburg Stock Exchange
LSM	Living Standard Measure
MPC	Mr Price Group
MRP Foundation	MRP Foundation NPC, a registered Non-Profit and Public Benefit Organisation.
MVNO	Mobile Virtual Network Operator
Nedlac	National economic development and labour council
Operating margin	Profit from operating activities as a percentage of retail sales and other income
PMO	Price Mark On
POS	Point Of Sale
Profit from operating activities	Retail sales and other income less costs and expenses
Return on average shareholder equity	Headline earnings attributable to ordinary and B ordinary shareholders as a percentage of average equity attributable to shareholders
Return on net worth (RONW)	Profit attributable to shareholders as a percentage of equity attributable to shareholders
Return on operating assets	Profit from operating activities as a percentage of average equity attributable to shareholders, interest-bearing loan finance
RLC	Retail Liaison Committee
ROGA	Return On Gross Assets
RSP	Retail Selling Price
SACU	Southern African Customs Union
Sales density	Retail sales per weighted average net square metre
SEDEX	Supplier Ethical Data Exchange
SETA	Sector Education and Training Authority