mr price group limited

Operating Report - 52 weeks ended 28 March 2015

Registration number 1933/004418/06
Incorporated in the Republic of South Africa
ISIN: ZAE 000026951
JSE share code: MPC
("Mr Price" or "the Company" or "the Group")

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mr price group limited

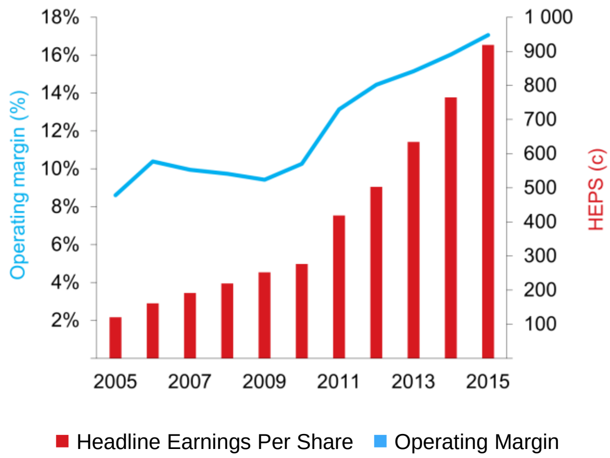
AUDITED GROUP RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE 52 WEEKS ENDED 28 MARCH 2015

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement released on SENS on 02 June 2015. The full announcement is available on the Group's website at www.mrpricegroup.com and copies may be requested from the Company Secretary at the Company's registered office. Any investment decision in relation to the Company's shares should be based on the full announcement.

RESULTS

52 weeks ended	2015 28 Mar	2014 29 Mar	% change
Revenue (R'm)	**18 099**	15 892	13.9
Operating profit (R'm)	**3 076**	2 537	21.3
Operating margin (%)	**17.1**	16.0	
Earnings per share (c)			
- Basic	**917.3**	757.1	21.2
- Headline	**919.7**	765.1	20.2
- Diluted headline	**865.1**	715.1	21.0
Dividend per share (c)			
- Final	**368.5**	314.0	17.4
- Annual	**580.0**	482.0	20.3
Dividend payout ratio (%)	**63.1**	63.0	
Return on shareholders equity (%)	**51.4**	52.2	

HEPS AND OPERATING MARGIN



FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that the Board has declared a final gross cash dividend of 368.5 cents per share (313.225 cents net of dividend withholding tax of 15% for shareholders who are not exempt) per ordinary and B ordinary share. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

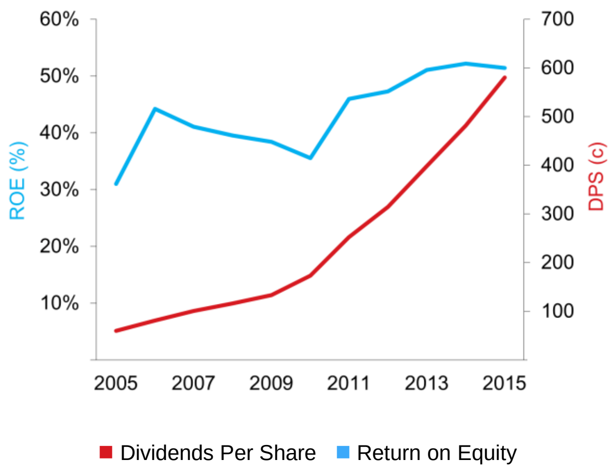
Last date to trade 'cum' the dividend	Thursday	11 June 2015
Date trading commences 'ex' the dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Monday	22 June 2015

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 12 June 2015 and Friday, 19 June 2015, both dates inclusive.

On behalf of the board

NG Payne	Chairman	Durban
SI Bird	Chief Executive Officer	22 May 2015

DPS AND RETURN ON EQUITY



29 YEAR COMPOUND ANNUAL GROWTH RATE – HEPS: 23.3% DPS: 25.0%

mrp mrphome mrpsport mrpmoney MILADYS sheet-street mrpmobile mrpfoundation

Mr Price Group Limited	Registration Number: 1933/004418/06 · Incorporated in the Republic of South Africa · ISIN: ZAE000026951 · JSE Code: MPC
Directors	SB Cohen* (Honorary chairman), NG Payne* (Chairman), SI Bird (Chief executive officer), MM Blair (Chief financial officer), K Getz*, MR Johnston*, RM Motanyane*, D Naidoo*, MJD Ruck*, WJ Swain*, N Abrams*^, SA Ellis^ * Non-executive director, ^ Alternate director Mr M Tembe retired by rotation at the Annual General Meeting on 03 September 2014 and did not offer himself for re-election Mr LJ Chiappini retired from the Board on 27 February 2015, as did his alternate, Mrs TA Chiappini-Young
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE GROUP LIMITED'S CASH-BASED FASHION-VALUE MODEL PRODUCES STRONG RESULTS (52 weeks ended 28 March 2015)

[Durban, 2 June 2015] Mr Price today announced diluted headline earnings per share of 865.1c, up 21.0% and dividends per share (DPS) of 580c, up 20.3%. The Company has achieved a 29-year compound annual growth rate in headline earnings per share (HEPS) of 23.3% and DPS of 25.0%.

Total revenue grew by 13.9% to R18.1 billion and retail sales increased by 13.5% (comparable stores 9.2%) to R17.3 billion. Cash sales grew by 14.9%, ahead of credit sales of 7.5%, and constituted 81.9% of total sales. Retail selling price inflation was 7.7% (price 4.3%, mix 3.4%) and units sold increased by 5.5% to 228.9 million. The opening of 76 new and the closing of 5 stores resulted in weighted average trading space increasing by 5.1% and the Group operating 1 150 corporate-owned and 15 franchise stores. The positive earnings growth of the first half of the year continued and the Company achieved a 22.4% increase in profit attributable to shareholders in the second half of the year. "While we have identified opportunities for improvement, we are very satisfied with the results achieved in an environment in which the economy and consumers are struggling," said CEO Stuart Bird.

Sales to customers outside SA, including the acquired Zambian franchise operations, grew by 24.8% to R1.5 billion. Trading in Nigeria and Ghana in the second half was challenging as a result of their weakening currencies and increasing inflation, however all territories contributed positively to Group earnings and are considered good long term prospects.

Other income, derived mainly from the financial services business, mrpMoney, rose by 20.7% to R726 million. Insurance premium income rose by 20.5%, mobile (cellular) revenue by 34.3% and debtors' interest and fees by 14.8%. Bad debts improved from 7.6% to 6.2% of the debtors' book, assisting the division to deliver another strong performance despite tightening credit limits and limiting new account growth. "Our collections performance shows the healthy state of our internal credit environment relative to the industry, however, recognising the headwinds facing consumers, we have set the impairment provision at 8.9%," said Bird.

Despite an improved markdown performance, the merchandise gross profit margin declined from 42.2% to 42.0% of retail sales, mainly as a result of the weakening Rand. After accounting for airtime sales, which attract a lower GP%, and mrpMobile, which is impacted by recognising customer acquisition costs upfront relative to the subscription period, the Group GP% of 41.6% was 0.4% lower than last year. Selling and administration expenses grew by 8.3% and represented 26.4% of retail sales and other income (RSOI), an improvement on last year's 27.7%. Profit from operating activities increased by 21.3% and the operating margin improved from 16.0% to 17.1% of RSOI.

The Apparel chains increased RSOI by 15.4% to R13.2 billion. Operating profit rose by 20.6% to R2.5 billion and the operating margin increased from 18.4% to 19.2%. Mr Price Apparel, branded 'mrp' in its new concept stores and new markets, had a very good year and once again achieved market share gains. A growing online presence also stimulated store sales, consistent with the increasing trend of shoppers planning their purchases online. Sales were up 17.9% (comparable 12.8%) to R10.1 billion and now constitute 59% of Group sales. Operating profit, impacted by a slightly lower GP% and expenses growing at a slower rate than sales, was significantly ahead of the prior year. mrpSport grew sales by 16.2% (comparable 4.5%) to R1.1 billion. Lower markdowns contributed to an improved GP% and a significant increase in operating profit. Miladys struggled due to a below-par merchandise performance and a trading environment that was not conducive to higher margin credit businesses. Sales increased by 0.9% (comparable 0.9%) to R1.4 billion. Operating profits were down on the previous year despite tight cost control.

The Home chains increased RSOI by 8.7% to R4.7 billion. Operating profit rose by 19.4% to R705.2 million and the operating margin increased from 13.8% to 15.1%. mrpHome, which targets customers in the upper LSM 8-10 range, delivered results that were well ahead of budget and the prior period. Results were driven by sales growth of 10.2% (comparable 6.6%) to R3.2 billion, an improved gross profit margin and costs being maintained in line with inflation. Sheet Street's customers, who are more susceptible to the current economic environment, curtailed their spending on discretionary purchases. Sales grew by 4.9% (comparable 0.9%) to R1.4 billion and operating profit was down slightly on the prior year.

The annual dividend payout ratio of 63.1% is consistent with the prior year. The final dividend of 368.5 cents per share to be paid in June 2015 reflects an increase of 17.4%. This is lower than the increase in the interim dividend and second half HEPS growth due to the ongoing gradual alignment of interim and annual dividend payout ratios. In the current year, the interim payout ratio was increased from 55.1% to 57.0%.

The factors impacting the local economy and consumer environment are expected to endure for the forthcoming financial year and the Group is anticipating tough trading conditions. As a value retailer selling predominantly for cash to customers in the mid to upper LSM categories, the Group is comparatively well positioned to withstand these challenges, however it is not immune. Every effort will be made to keep prices low during these tight economic times, and to remain the destination of choice for our target customers.

The issues which affected performance that are under our control have been identified and addressed and are seen as improvement opportunities in the year ahead. We will focus intently on the various aspects of our proven business model, anticipate challenges and be responsive to opportunities.

"We have been focused on identifying new markets for expansion of our mrp and mrpHome chains. Based on online testing and detailed desktop and on-the-ground research, we believe that there is an opportunity for a fashion value retailer in Australia. Our plans there will commence with mrp opening test stores this year in time for peak festive season trade," Bird added.

In support of the growth strategy, capital expenditure of R3.5 billion is expected over the next 5 years, which will be funded by current cash resources and the Company's cash generative business model. This includes new ERP and merchandise planning systems and a new distribution centre.

This is the beginning of an exciting new chapter for the Group and in particular the mrp divisions, which account for 84% of Group sales and contributed 96% of the increase in sales during the year.

The 2016 financial trading period will incorporate a 53rd week.

About Mr Price Group Limited

A high-growth, omni-channel, fashion value retailer:
- Targeting younger customers in the mid to upper LSM categories
- Retail predominantly own branded merchandise
- 82% of sales are for cash
- 1 150 stores and online channels offering full product assortments
- 29-year CAGR in HEPS of 23.3% and DPS of 25.0%
- Market capitalisation of R64 billion, ranked 32nd on JSE
- Included in MSCI Emerging Markets Index
- International shareholding of 53%
- 4th in Business Times Top 100 Companies, highest ranked retailer
- Ranked 6th in Financial Mail 2014 Top Companies
- Included in JSE Top 40 and Socially Responsible Investment Index

ENDS

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OPERATING REPORT

Highlights		2015	2014	% change
Revenue	R'm	18 099	15 892	13.9
Profit from operating activities	R'm	3 076	2 537	21.3
Group operating margin	%	17.1	16.0	
EBITDA	R'm	3 291	2 728	20.6
Profit attributable to shareholders	R'm	2 293	1 868	22.8
Headline earnings per share	cents	919.7	765.1	20.2
Diluted headline earnings per share	cents	865.1	715.1	21.0
Dividend per share - annual	cents	580.0	482.0	20.3
- final	cents	368.5	314.0	17.4
Dividend payout ratio	%	63.1	63.0	
Return on shareholders' equity	%	51.4	52.2	

Accounting Policies

The Board believes that appropriate accounting policies, supported by sound management judgments 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.

Financial performance

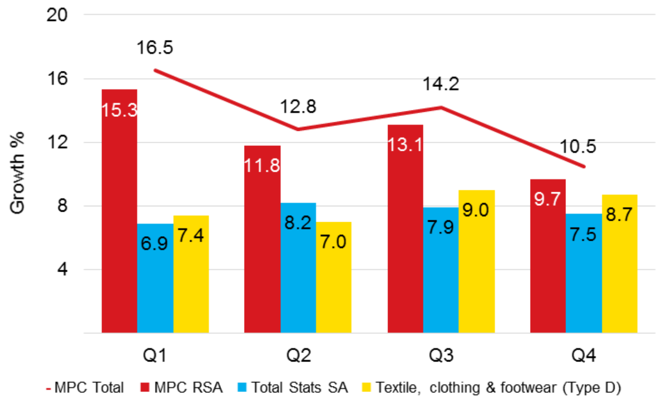
The Group has produced a strong set of results against a high base in the prior year, despite:
- The continued challenging retail environment which has a specific impact on:
  - higher price-point credit retailers such as Miladys, which has a 54% credit sales contribution
  - sales of 'discretionary' merchandise such as homewares (mrpHome and Sheet Street)
  - companies targeting mid-income households (Sheet Street)
- Business interruption caused by power outages
- A weak currency, which increased the landed cost of imported merchandise for all retailers
- Start-up losses in online and mrpMobile, the 55% held MVNO which was launched in June 2014.

Revenue

Total Group revenue increased by 13.9% to R18.1 billion primarily due to increases in:
- Retail sales of 13.5% (comparable 9.2%) to R17.3 billion
- Other income of 20.7% to R726 million, mainly as a result of financial services growth
- Finance income of 40.1% to R88.0 million.

As planned, credit sales growth of 7.5% continued to grow at a slower rate than cash sales growth of 14.9%. Cash sales now constitute 81.9% of total Group sales.

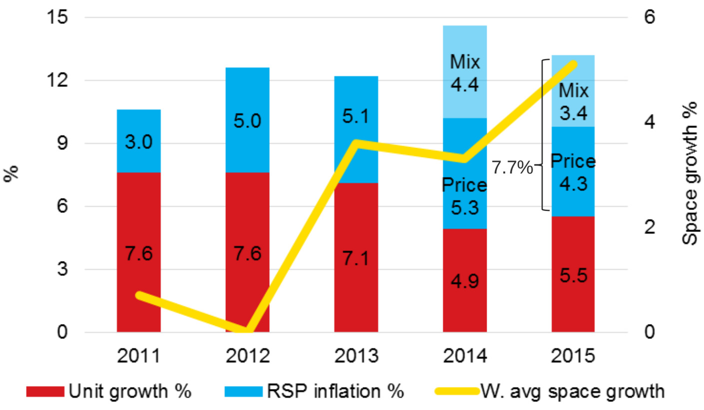
Growth in both existing and new markets delivered pleasing results:
- In South Africa, sales from traditional bricks stores grew by 12.2%, while online sales grew by 110.6%. Combined, sales were R15.8 billion, up 12.6%. Group sales exceeded market growth, as depicted below. The two largest divisions, mrp and mrpHome, which constitute 77% of Group sales, both grew market share to January 2015, after which RLC data was no longer available.



- Total online sales (RSA and International) were up by 107.3% to R112.3 million.
- International sales (excluding RSA) increased by 24.8% and accounted for 8.6% of Group retail sales. The Zambian franchise operations were acquired in June 2014, and together with the other southern African territories, which constitute 84% of corporate-owned store sales outside South Africa, produced very good results. Sales were up by 26.5%, accompanied by good operating margins. Ghana and Nigeria's performance declined in the second half of the year after a good first half. Depreciating currencies and inflation impacted these economies, particularly Ghana, which fortunately has little impact on the Group at this stage.

The number of units sold increased by 5.5% to 228.9 million. Retail selling price (RSP) inflation of 7.7% comprised like-for-like input cost inflation of 4.3% and product mix inflation of 3.4%.

New weighted average trading space expanded by 6.1% as 76 stores were opened (33 906 m^2) and 27 expanded (4 370m^2). Space reductions included 5 store closures (1 293m^2) and 26 stores being reduced in size (8 168m^2). Net weighted average trading space increased by 5.1%. At year end there were 1 150 corporate-owned and 15 franchise stores.



Divisional and segmental performance was as follows:

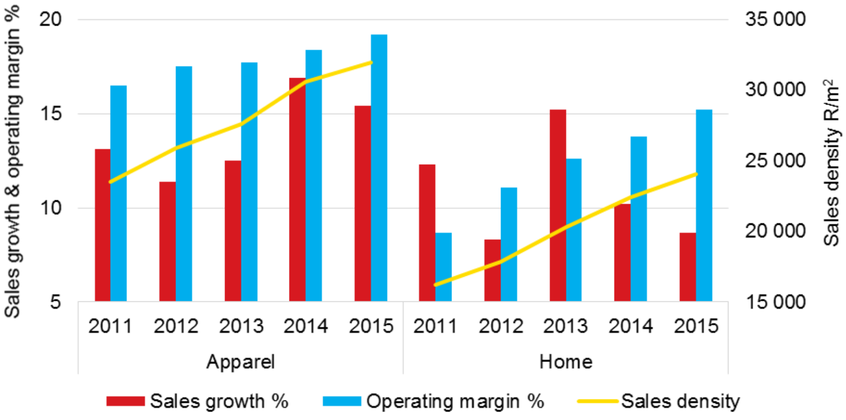
		Mr Price Apparel	Mr Price Sport	Miladys	Apparel segment	Mr Price Home	Sheet Street	Home segment	Total
Retail sales and other income	R'million	10 532	1 132	1 511	13 175	3 268	1 397	4 665	*17 840
% of total retail sales and other income	%	59.0	6.3	8.5	73.8	18.4	7.8	26.2	100.0
Growth in retail sales and other income	%	17.6	16.2	1.9	15.4	10.3	5.2	8.7	13.6
Comparable sales growth	%	12.8	4.5	0.9	10.9	6.6	0.9	4.8	9.2
RSP inflation	%	8.2	6.9	2.3	6.6	13.7	4.7	10.8	7.7
Units sold	million	149.0	12.1	9.1	170.2	39.9	18.8	58.7	228.9
Growth in units sold	%	9.0	8.7	-1.5	8.4	-3.1	0.6	-1.9	5.5
New stores opened during the year		35	11	7	53	8	15	23	76
Weighted average space growth	%	8.3	11.2	-0.4	7.2	0.7	2.2	1.1	5.1

* excludes other income reflected in central services

The Apparel chains increased retail sales and other income (RSOI) by 15.4% to R13.2 billion. Operating profit rose by 20.6% to R2.5 billion and the operating margin increased from 18.4% to 19.2% of RSOI. mrp, which constitutes 59% of Group sales, had a very good year and once again achieved market share gains. The division's growing online presence also had a positive impact on store performance. Sales were up 17.9% (comparable 12.8%) to R10.1 billion and operating profit, impacted by a slightly lower GP% and expenses growing at a slower rate than sales, was significantly ahead of the prior year. mrpSport grew sales by 16.2% (comparable 4.5%) to R1.1 billion. Lower markdowns contributed to an improved GP% and a significant increase in operating profit. Miladys had a poor year with sales increasing by 0.9% (comparable 0.9%) to R1.4 billion. External factors affecting performance included a decline in the sale of outsized merchandise, a trend consistent with the rest of the market. Operating profits were down on the previous year despite excellent cost control.

The Home chains increased retail sales and other income by 8.7% to R4.7 billion. Operating profit rose by 19.4% to R705.2 million and the operating margin increased from 13.8% to 15.1%. mrpHome, which targets customers in the upper LSM 8-10 range, delivered results that were well ahead of budget and the prior period. Results were driven by sales growth of 10.2% (comparable 6.6%), an improved gross profit margin and costs being maintained in line with inflation. Sheet Street's customers, who are more susceptible to the current economic environment, curtailed their spending on discretionary purchases. Sales grew by 4.9% (comparable 0.9%) to R1.4 billion and operating profit was down slightly on the prior year.

The financial services division, mrpMoney, delivered another strong performance despite tightening credit limits and limiting new account growth. Revenues increased by growing insurance premium income by 20.5%, mobile (cellular) revenue by 34.3% and debtors' interest and fees by 14.8%. Bad debts were very well controlled and contributed significantly to the division recording excellent profit growth.



Costs and Expenses

Cost of sales as disclosed in the statutory income statement includes that relating to the sale of merchandise, airtime and mrpMobile. The merchandise gross profit margin (merchandise gross profit / retail sales) decreased by 0.2% to 42.0% mainly as a result of the weakening Rand. The gross profit margin has not increased over time. In that way the Group is able to keep on delivering value to its customers by keeping prices low. The GP% on airtime sales is low, while mrpMobile's gross margin is impacted by customer acquisition costs being recognised upfront and due to it being in the start-up phase. Margins will improve with scale. The overall Group gross profit margin decreased from 42.0% to 41.6%.

Selling expenses increased by 7.4% and constituted 20.0% of retail sales and other income compared with 21.2% in the prior year. A significant improvement in the net bad debt expense, together with the Employment Tax Incentive (ETI) have resulted in a lower than expected growth in overall selling expenses. If the impact of these two items is excluded, the increase is 10.5%, which is in line with weighted average space growth plus inflation.

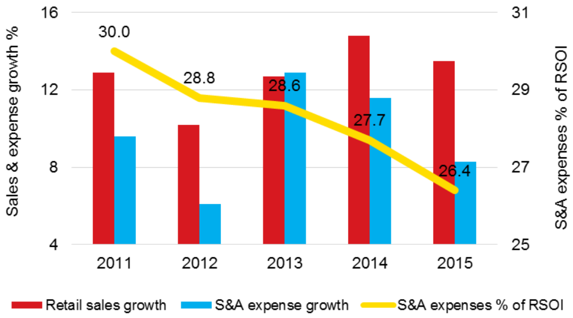
Administrative expenses increased by 11.3% and comprised 6.4% of retail sales and other income, an improvement on last year's 6.5%. Higher computer license fees and running costs (which included the new Oracle ERP system planned), staff costs relating to training and recruitment and increased share-based payments costs were the significant movements.

The effective taxation rate for the year was 27.8%, lower than the prior year (28.2%) primarily due to the ETI being exempt from taxation.

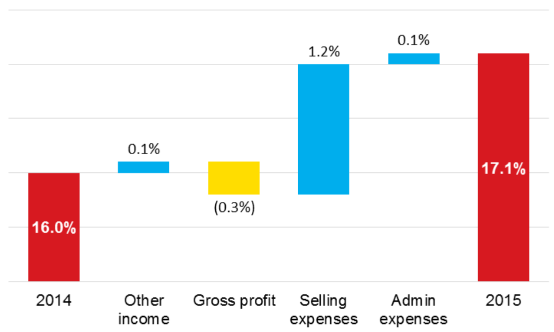
Operating profit

The basis of computing operating margin has been amended from previously being calculated as operating profit / retail sales to operating profit / retail sales and other income. Group operating profit increased by 21.3% and the operating margin increased to 17.1% of retail sales and other income, compared with last year's 16.0%. The increase in operating margin can be explained as follows:

Focus on operating leverage



Improvement in operating margin



Earnings and dividends per share

The number of shares in issue at year end increased by 4.7 million due to the decreased number of treasury shares held. Treasury shares sold (4 823 452 shares) as a result of share options vesting exceeded treasury shares purchased during the year (161 817 shares at an average cost of R239.25 per share totaling R38.7 million).

Headline earnings per share increased by 20.2% to 919.7 cents. Diluted headline earnings per share increased by 21.0%. The Group is pleased to have performed in line with its long-term performance, which is a 29-year CAGR in HEPS of 23.3%.

The annual dividend payout ratio has increased slightly to 63.1%, resulting in a dividend of 580.0 cents per share, an increase of 20.3%, in line with HEPS growth. The final dividend to be paid in June 2015 will be 368.5 cents per share, an increase of 17.4%, which is lower than the increase in the interim dividend and second half HEPS growths due to the closer alignment of interim and annual dividend payout ratios. In the current year, the interim payout ratio was increased from 55.1% to 57.0%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

Financial position

Additions to property, plant and equipment for the year amounted to R311.8 million. Furniture, fittings, equipment and vehicles constituted 83% (2014: 83%) and computer equipment 15% (2014: 13%). Disposals and impairments totaled R11.0 million and the depreciation charge was R180.8 million (2014: R162.2 million).

Intangible asset additions amounted to R145.2 million and related primarily to the e-commerce and ERP systems and goodwill arising on the purchase of the Zambian franchise. The amortisation charge for the year amounted to R27.2 million (2014: R29.1 million).

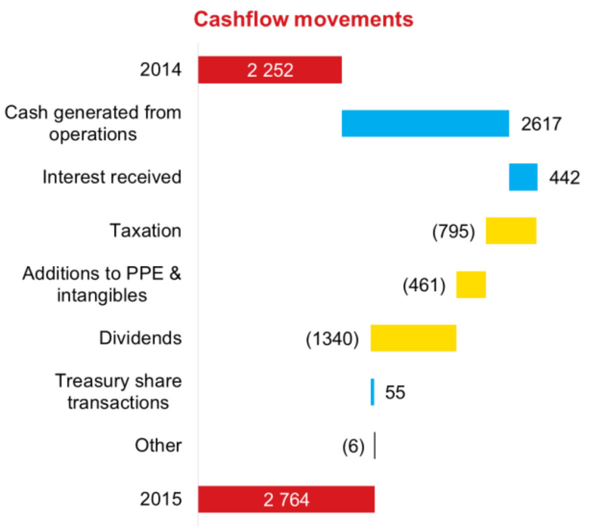
Gross inventories were up 23.9% due to the significant increase in goods in transit at year end. This is a result of the Group's strategic decision to increase direct/FOB purchases. Certain stock purchases were brought forward due to Chinese New Year and for Easter which was the first weekend in the new financial year. As a result, the Group stock turn slowed to 6.4 times (2014: 6.8 times). Excluding the impact of goods in transit, gross inventories were up by 12.5% which is lower than sales growth of 13.5%.

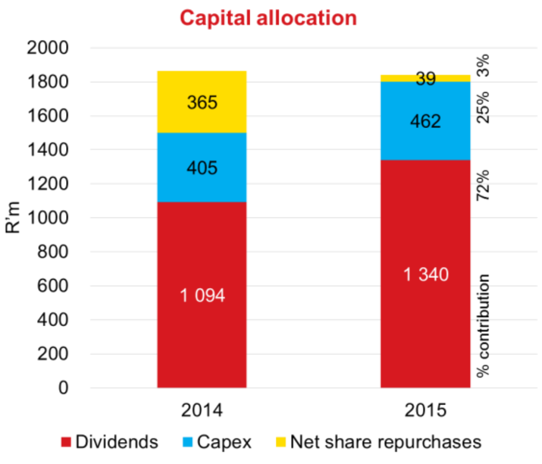
Trade and other receivables increased by 12.0% to R1.9 billion. Prepayments and other receivables increased over the prior period, while gross trade receivables increased by 9.1% to R1.9 billion. Net bad debt decreased from 7.6% to 6.2% of the debtors' book which was an excellent performance. External 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 8.9% is reflective of the financial headwinds facing South African consumers.

Cash balances ended the year at R2.8 billion. Cash sales remained high at 81.9% of total sales. 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 there is no impact on the share price. During the year treasury shares to the value of R38.7 million were purchased and the hedged ratio at year end was 56.7%
- Returning funds to shareholders in the form of dividends. The current payout ratio policy is 63.1% of HEPS.

Cash generative business model





Return on equity 51.4% (PY: 52.2%)

Equity attributable to shareholders has increased to R5.0 billion. The movement is disclosed in the consolidated statement of changes in equity on page 14. The treasury share transactions contained therein includes:

	R'm	
The purchase of treasury shares to partially cover options granted	(38.7)	Net R55.4m included in cash flow statement on page 13
The net credit on the vesting of options	94.1	
Taxation relating to grants from the Company to the share trusts	27.5	
	82.9	

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

Current liabilities increased by 8.8%. The drivers of the increase were:
- Trade and other payables of 6.8%, lower than the increase in inventory as a result of the move to direct importing, which required earlier supplier settlement;
- Reinsurance liabilities of 35.1%;
- Current portion of lease obligations of 17.7%; and
- The taxation liability of 15.4%.

Outlook

The external factors impacting the South African economy detailed on page 5 are expected to endure for the forthcoming financial year. We are, therefore, anticipating tough trading conditions. Our target customers are primarily in the mid to upper LSM categories, who are generally less impacted by the constraints mentioned above. However, this could change if inflation and interest rates spike. As a fashion-value retailer selling predominantly for cash, the Group is comparatively well positioned to withstand these challenges, however, it is not immune. Every effort will be made to keep prices affordable during these tight economic times, and to remain the destination of choice amongst our target customers.

Although sales growth was lower in the second half of the year, this is not wholly due to the market factors mentioned earlier. The internal factors which affected performance have been identified and addressed and will be seen as improvement opportunities in the year ahead. We will focus intently on the various aspects of our proven business model, anticipate challenges and be responsive to opportunities.
The Group remains positive about its long term prospects:
- **South Africa** - we will continue with our approach of opening stores that meet our stringent requirements, expanding stores that have proven performance and shedding unproductive space. Credit will be cautiously approached, and all areas will be subject to scrutiny for improved processes and efficiencies. Online and mrpMobile, both in the start-up phase, incurred combined losses of R39.4 million in the current period and are targeting improved performances as they increase scale.
- **Africa** – in our view, this is as an important region to be invested in for the long term. Territories we operate in have had varying degrees of success, however all are contributing positively to Group earnings. Although growth is not expected be explosive, and certain markets can be volatile, we are not over invested in any one market. As a combined unit, good future growth is expected.
- **International** – The Group is actively seeking new markets to take our proven concepts to. Following online testing and detailed desktop and on-the-ground research, mrp will open its first test stores in Australia in the second half of the new financial year. Once again, we will approach this sensibly on a test basis prior to committing to substantial expansion. mrpHome is progressing their international strategy while, in time, mrpSport will do likewise.

In anticipation of this continued growth, capital expenditure of R3.5 billion is expected over the next 5 years. This includes new ERP and merchandise planning systems and a new distribution centre.

This is the beginning of an exciting new chapter for the Group and in particular the 'mrp' divisions, who account for 84% of Group sales and contributed 96% of the increase in sales during the year.

The 2016 financial trading period will incorporate a 53rd week.

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 368.5 cents per share has been declared for the 52 weeks ended 28 March 2015, an increase of 17.4%. 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 313.225 cents per share.

The issued share capital at the declaration date is 253 183 867 listed ordinary and 11 445 081 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	Thursday	11 June 2015
Date trading commences 'ex' the dividend	Friday	12 June 2015
Record date	Friday	19 June 2015
Payment date	Monday	22 June 2015

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 12 June 2015, and Friday, 19 June 2015, both dates inclusive.

On behalf of the board
NG Payne - Chairman
SI Bird - Chief Executive Officer

Durban
22 May 2015

DIRECTORS
SB Cohen* (Honorary Chairman), NG Payne* (Chairman), SI Bird (CEO), MM Blair (CFO),
N Abrams*^, SA Ellis^, K Getz*, MR Johnston*, RM Motanyane*, D Naidoo *, MJD Ruck*, WJ Swain*

* Non-executive director ^ Alternate director

Mr M Tembe retired by rotation at the Annual General Meeting on 3 September 2014 and did not offer himself for re-election. Mr LJ Chiappini retired from the Board at the end of February 2015, as did his alternate, Mrs TA Chiappini-Young.

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)

AUDITED GROUP RESULTS FOR THE 52 WEEKS ENDED 28 MARCH 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2015 28 Mar	2014 29 Mar
Assets		
Non-current assets	1 364	1 137
Property, plant and equipment	838	718
Intangible assets	328	215
Long-term receivables and prepayments	6	7
Defined benefit fund asset	40	45
Deferred taxation assets	152	152
Current assets	6 503	5 426
Inventories	1 741	1 403
Trade and other receivables	1 874	1 673
Reinsurance assets	124	98
Cash and cash equivalents	2 764	2 252
Total assets	**7 867**	**6 563**
Equity and liabilities		
Equity attributable to shareholders	5 021	3 922
Non-current liabilities	213	220
Lease obligations	170	186
Deferred taxation liabilities	4	6
Long-term liabilities	15	6
Post retirement medical benefits	24	22
Current liabilities	2 633	2 421
Trade and other payables	2 116	1 982
Reinsurance liabilities	46	34
Current portion of lease obligations	63	51
Taxation	408	354
Total equity and liabilities	**7 867**	**6 563**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	2015 28 Mar 52 weeks	2014 29 Mar 52 weeks	% change
Revenue	18 099	15 892	13.9
Retail sales	17 285	15 227	13.5
Other income	726	602	20.7
Retail sales and other income	18 011	15 829	13.8
Costs and expenses	14 935	13 292	12.4
Cost of sales	10 186	8 907	14.4
Selling expenses	3 602	3 354	7.4
Administrative and other operating expenses	1 147	1 031	11.3
Profit from operating activities	3 076	2 537	21.3
Net finance income	87	63	38.5
Profit before taxation	3 163	2 600	21.6
Taxation	878	733	19.7
Profit after taxation	2 285	1 867	22.4
Loss attributable to non-controlling interests	8	1	
Profit attributable to equity holders of parent	2 293	1 868	22.8
Other comprehensive income:			
Currency translation adjustments	(26)	(1)	
Defined benefit fund net actuarial (losses) / gains	(8)	13	
Total comprehensive income	2 259	1 880	20.2
Earnings per share (cents)			
- basic	917.3	757.1	21.2
- headline	919.7	765.1	20.2
- diluted basic	862.9	707.4	22.0
- diluted headline	865.1	715.1	21.0
Dividend payout ratio (%)	63.1	63.0	
Dividends per share (cents)	580.0	482.0	20.3

CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2015 28 Mar 52 weeks	2014 29 Mar 52 Weeks
Cash flows from operating activities		
Operating profit before working capital changes	3 039	2 548
Working capital changes	(422)	343
Net interest received	442	374
Taxation paid	(795)	(403)
Net cash inflows from operating activities	2 264	2 862
Cash flows from investing activities		
Net receipts in respect of long-term receivables	1	1
Purchase of Zambian franchise	(30)	
Additions to and replacement of intangible assets	(121)	(151)
Property, plant and equipment		
- replacement	(138)	(124)
- additions	(172)	(129)
- proceeds on disposal	4	22
Net cash outflows from investing activities	(456)	(381)
Cash flows from financing activities		
Increase in long-term liabilities	9	6
Net sale/(purchase) of shares by staff share trusts	322	(102)
Deficit on treasury share transactions	(267)	(187)
Dividends to shareholders	(1 340)	(1 094)
Net cash outflows from financing activities	(1 276)	(1 377)
Change in cash and cash equivalents	532	1 104
Cash and cash equivalents at beginning of the year	2 252	1 150
Exchange gains/(losses)	(20)	(2)
Cash and cash equivalents at end of the year	2 764	2 252

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	2015 28 Mar	2014 29 Mar
Total equity attributable to shareholders at beginning of the year	3 922	3 309
Total comprehensive income for the period	2 259	1 880
Treasury share transactions	83	(247)
Recognition of share-based payments	105	75
Dividends to shareholders	(1 340)	(1 094)
Non-controlling interest	(8)	(1)
Total equity attributable to shareholders at end of the year	5 021	3 922

SEGMENTAL REPORTING

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
- The Home segment retails homewares; and
- The Central Services segment provides services to the trading segments including information technology, internal audit, human resources, group real estate and finance.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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.

R'm	2015 28 Mar	2014 29 Mar	% change
Retail sales and other income			
Apparel	13 175	11 413	15.4
Home	4 665	4 290	8.7
Central Services	171	126	
Total	18 011	15 829	13.8
Profit from operating activities			
Apparel	2 535	2 102	20.6
Home	705	591	19.4
Central Services	(164)	(156)	
Total	3 075	2 537	21.2
Segment assets			
Apparel	3 239	2 760	17.4
Home	995	846	17.6
Central Services	3 633	2 957	
Total	7 867	6 563	19.9

SUPPLEMENTARY INFORMATION

	2015 28 Mar	2014 29 Mar
Weighted average number of shares in issue (000)	**249 990**	246 726
Number of shares in issue (000)	**252 449**	247 763
Net asset value per share (cents)	**1 989**	1 583

Reconciliation of headline earnings (R'm)		
Attributable profit	**2 293**	1 868
Loss on disposal and impairment of property, plant and equipment and intangible assets	**8**	24
Taxation adjustment	**(2)**	(4)
Headline earnings	**2 299**	1 888

Notes:

1. These preliminary consolidated results, for which the Directors take full responsibility and which is not itself audited, have been correctly extracted from the audited annual financial statements upon which Ernst & Young Inc. has issued an unqualified opinion. A copy of the opinion and the group annual financial statements are available for inspection at the Company's registered office. The results have been prepared under the supervision of Mr MM Blair, CA(SA), Chief Financial Officer.

2. The accounting policies and estimates applied are in compliance with IFRS including IAS 34 Interim Financial Reporting, as well as the SAICA Financial Reporting Guides and Financial Pronouncements as issued by the Financial Reporting Standards Council and are consistent with those applied in the 2014 annual financial statements. All new and revised Standards and Interpretations that became effective during the period were adopted and did not lead to any material changes in accounting policies.

3. The financial statements have been prepared in accordance with the Companies Act of South Africa.

4. 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 SARS' letter on 18 September 2009. SARS responded to the Company's denial of liability on 24 April 2015, more than 5 years later. The SARS response fails to furnish any substantive reply to the detailed reasons for denial of responsibility furnished in the Company's 2009 letter. SARS now demands that the Company, by 9 June 2015, settles the alleged liability, which has now been calculated at R74.4 million.

The Company has once again sought legal advice which supports its view to impugn the Commissioner's decision. As a result, no adjustments have been made to the annual financial statements, as the directors are of the opinion that it is not probable that any liability will be incurred.

5. As part of the Group's expansion into Africa, it acquired the net assets of five previously franchised stores in Zambia on 2 June 2014. Details of the transaction are as follows:

Fair value of assets at the date of acquisition

	R'm
Property, plant and equipment	2
Inventory	5
Goodwill arising on acquisition	24
Purchase price	31
Amount outstanding	(1)
Cash outflow	30

Goodwill of R24 million comprises the fair value of the intangible assets that do not qualify for separate recognition, and represents the growth and synergies that are expected to accrue from the acquisition. The goodwill is not deductible for taxation purposes.