mr price group limited

OPERATING REPORT

26 WEEKS ENDED
27 SEPTEMBER 2014

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")

INDEX

mr price group limited

UNAUDITED GROUP RESULTS AND INTERIM CASH DIVIDEND DECLARATION FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2014

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 17 November 2014. The full announcement is available on the Group's website at www.mrpricegroup.com and copies may be requested at the Company's registered office. Any investment decision in relation to the Company's shares should be based on the full announcement.

RESULTS

26 weeks ended	2014 27 Sept	2013 28 Sept	% change
Revenue (R'm)	8 266	7 204	14.7
Operating profit (R'm)	1 242	1 013	22.6
Operating margin (%)	15.1	14.1	
Earnings per share (c)			
- Basic	370.5	303.8	21.9
- Headline	371.1	305.0	21.7
- Diluted headline	349.0	283.6	23.0
Dividend per share (c)	211.5	168.0	25.9
Dividend payout ratio (%)	57.0	55.1	

HIGHLIGHTS

- Diluted HEPS up 23.0% & DPS up 25.9%
- 10 year CAGR in HEPS of 28.0% & DPS of 32.0%
- Cash sales growth of 17.5% (80.9% of Group)
- Non-SA sales up 25.4%
- Operating margin continues to increase
- 4th in Business Times Top 100 Companies, highest ranked retailer & JSE Top 40 Index company
- Cash resources of R2.1bn, debt free balance sheet

INTERIM CASH DIVIDEND DECLARATION

As previously communicated, over time, the Company plans to more closely align the interim and annual dividend payout ratios. As a consequence, the increase in dividend per share at the interim stage is higher than the increase in headline earnings per share. No change to the annual payout ratio of 63% is anticipated.

Notice is hereby given that the Board has declared an interim gross cash dividend of 211.5 cents per share (179.775 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 and no STC credits have been used. The salient dates for the dividend are as follows:

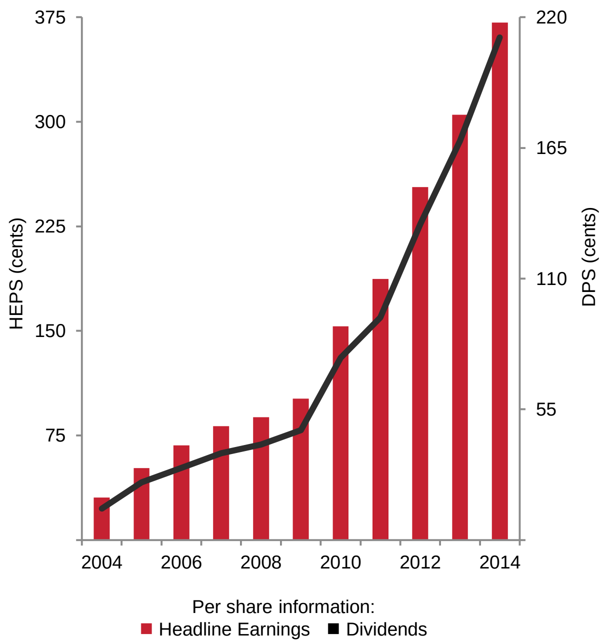
Last date to trade 'cum' the dividend	Friday	05 December 2014
Date trading commences 'ex' the dividend	Monday	08 December 2014
Record date	Friday	12 December 2014
Payment date	Monday	15 December 2014

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 08 December 2014 and Friday, 12 December 2014, both dates inclusive.

On behalf of the board

NG Payne	Chairman	Durban
SI Bird	Chief Executive Officer	17 November 2014

EARNINGS & DIVIDENDS



mrp · mrp home · mrp sport · MILADYS · sheet street

Mr Price Group Limited	Registration Number: 1933/004418/06 · Incorporated in the Republic of South Africa · ISIN: ZAE000026951 · JSE Code: MPC
Directors	LJ Chiappini* (Honorary chairman), 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*^, TA Chiappini-Young*^, SA Ellis^ * Non-executive director, ^ Alternate director Mr M Tembe retired by rotation at the Annual General Meeting on 03 September 2014 and he did not offer himself for re-election.
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
(26 weeks to 27 September 2014)

[Durban, 17 November 2014] Despite the headwinds facing the local retail environment, Mr Price today announced diluted headline earnings per share (HEPS) of 349.0c, up 23.0% and dividends per share (DPS) of 211.5c, up 25.9%. In line with the intention to more closely align the dividend payout ratios at each reporting date, the interim dividend payout ratio has increased from 55.1% to 57.0%. No change is expected to the annual payout ratio of 63.0%. The Group has achieved a 10-year compound annual growth rate in interim headline earnings per share (HEPS) of 28.0% and DPS of 32.0%.

Retail sales increased by 14.4% (comparable stores 10.6%) to R7.9 billion. Cash sales grew strongly, recording growth of 17.5%, and constituted 80.9% of total sales. South African sales growth of 13.4% was well ahead of the market (STATS SA Type D retailers), which grew by 7.1% for the five months to August. Retail selling price inflation was 9.6% (price 5.6%, mix 4.0%) and units sold increased by 4.8% to 102.2 million. The opening of 38 new and the closing of 2 stores resulted in weighted average trading space increasing by 5.3% and the Group operating 1 115 corporate-owned and 14 franchise stores.

"We are pleased that we are achieving good sales growth in all markets and new channels. This is in line with our strategy of entrenching and growing our position in South Africa and building the foundations necessary to enable our international goals," said CEO Stuart Bird.

"Two years ago we launched our online offer under the branding MRP.com and in August this year Mr Price Apparel opened a new generation MRP store at the V&A Waterfront in Cape Town. This new format is a big step forward in our strategy of integrating our store and online channels to ensure that customers receive a seamless experience," said Bird. "Importantly, this is not a 'one-up' concept – we're offering the same merchandise at the same prices as our other stores," he added. Group online sales in South Africa (SA) grew by 195.3% to R44.7 million. The Group also launched MRP Mobile, a 55% held subsidiary, offering cellular products to customers. As a MVNO (mobile virtual network operator), no investment in network infrastructure is required.

Sales to customers outside SA grew by 25.4% to R690.9 million and now represents 8.8% of Group sales. Growth in Nigeria and Ghana was 26.1% and, during the period, the Group acquired the Zambian franchise operations. International online sales were up 142.3%, albeit off a low base.

Other income rose by 23.0% to R345.0 million mainly due to increases in debtors' interest the sale of and insurance products.

The merchandise gross profit margin increased from 41.7% to 41.8% of retail sales. After accounting for airtime sales, which attract a lower GP%, and MRP Mobile, which is impacted by recognising customer acquisition costs upfront relative to the subscription period, the Group GP% was unchanged at 41.4%. Selling and administration expenses grew by 11.0% and represented 28.2% of retail sales and other income, an improvement on last year's 29.2%. These costs were impacted by inflation, space growth, and the investment in people and systems in key areas such as fashion trending, online and MRP Mobile,

Profit from operating activities increased by 22.6% and the operating margin (calculated on a revised basis in both periods of operating profit / retail sales and other income) improved from 14.1% to 15.1%.

The Apparel chains increased sales and other income by 16.4% (comparable 12.5%) to R6.0 billion. Operating profit rose by 21.5% to R1.0 billion and the operating margin increased from 16.8% to 17.5% of retail sales and other income. Mr Price Apparel, which constitutes 58.7% of Group sales, had a very good first half and once again achieved market share gains in its target market. Double digit growth was achieved in all major merchandise departments, and the division's growing online presence also had a positive impact on store performance. Sales were up 19.7% (comparable 15.1%) to R4.6 billion and operating profit was significantly ahead of budget and the prior year. Mr Price Sport grew sales by 15.3% (comparable 3.4%) to R497.3 million and an improved markdown performance contributed to a significant increase in operating profit. Miladys was impacted by the tight SA credit environment, which was anticipated, and incorrect merchandise calls in the casualwear department. Sales decreased by 0.8% (comparable 0.0%) to R659.3 million. Excellent cost control was insufficient to offset the reduction in sales and gross profit margin, with the result that operating profit was lower than last year.

The Home chains increased sales and other income by 9.9% (comparable 5.7%) to R2.2 billion. Operating profit rose by 19.5% to R270.3 million and the operating margin increased from 11.6% to 12.6% of retail sales and other income. Despite homewares purchases being more discretionary in nature, Mr Price Home, 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 11.8% (comparable 7.6%), an improved gross profit margin and costs being maintained in line with inflation. Sheet Street's sales grew by 5.8% (comparable 1.5%) to R621.6 million which was affected by its customers, who are in the mid LSM 5-8 range, being more impacted by the current economic conditions. Elements of their product offer did not fully meet their customers' tastes, with the result that operating profit was below the prior year.

Gross trade receivables increased by 7.5% to R1.8 billion. Net bad debt increased from 6.8% to 7.2% (September on September) as a percentage of the debtors' book, but reflected an improvement from the 7.6% achieved at March 2014. The provision for impairment, currently 9.3% of book, will continue to be conservatively set during a period where consumers' disposable income is under pressure.

Despite increased dividends and higher capital expenditure, the Group ended the period with cash resources of R2.1 billion and a debt-free balance sheet.

Although consumer confidence increased slightly in the third quarter of 2014, retail trading conditions are expected to remain challenging in the medium-term. The Group has some dependency on lower LSM's (Sheet Street) and credit (Miladys). In addition, the sales growth of 15.2% (comparable 11.3%) in thesecond half of last year has set a high base. Although October sales grew by 17.6% (comparable 13.1%), this was aided by a shift in school holidays from September in the prior year to October in the current year. However, the resilience of the Group's fashion-value formula and the many growth initiatives underway allow it to remain positive about long term prospects. The Group will continue to enhance systems and infrastructure, often incurring costs ahead of benefits derived therefrom. Approximately 41 new stores are planned to open in the second half of the year.

Mr Price Group Limited is a high-growth, omni-channel, fashion value retailer:

- Targeting younger customers in the mid to upper LSM categories
- Retailing predominantly own-branded merchandise
- 81% of sales are for cash
- 1 115 stores and online channels offering full product assortments
- 28-year CAGR in HEPS 23% and DPS 25% (to March 2014)
- Market capitalisation of R52 billion, ranked 35th on JSE
- Included in MSCI Emerging Markets Index
- 54% of shares held by international investors
- Ranked 4th in Business Times Top 100 Companies, highest ranked retailer & JSE Top 40 Index company

ENDS

Contacts

Public relations
Tamra Veley
Corporate Image
Tel +27 (0)21 426 1233

Investor Relations
Mark Blair, CFO
Mr Price Group Ltd
+27(0)31 310 8000

OPERATING REPORT

Highlights		2014	2013	% change
Revenue	R'm	8 266	7 204	14.7%
Retail sales	R'm	7 883	6 892	14.4%
Merchandise gross profit margin	%	41.8	41.7	
Group gross proft margin	%	41.4	41.4	
Profit from operating activities	R'm	1 242	1 013	22.6%
EBITDA	R'm	1 342	1 105	21.4%
Profit attributable to shareholders	R'm	921	747	23.3%
Group operating margin *	%	15.1	14.1	
Headline earnings per share	cents	371.1	305.0	21.7%
Diluted headline earnings per share	cents	349.0	283.6	23.0%
Dividend per share	cents	211.5	168.0	25.9%
Dividend payout ratio	%	57.0	55.1	

* revised basis of calculation (refer page 7)

Economic and retail environment

Factors such as the dramatic slowdown in unsecured credit extension, waning disposable income growth and rising inflation and interest rates have weighed heavily on South African retail sales growth over the last two years. The impact of these factors was compounded by the record-long strike in the platinum sector in the first half of 2014. In such economic conditions, the Group's cash based fashion-value model has proven resilient.

Financial performance

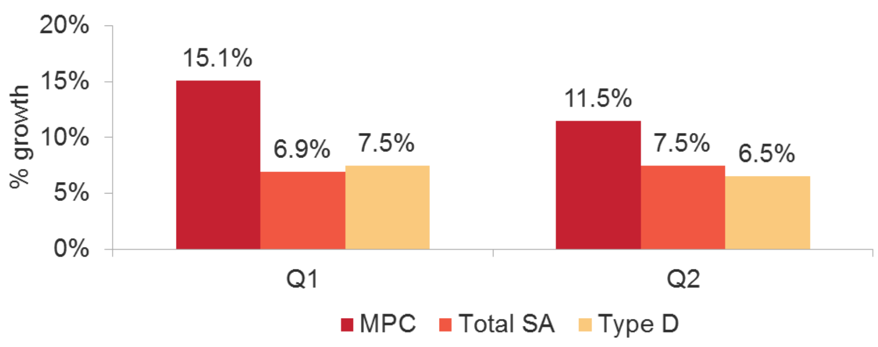
Revenue

Total Group revenue increased by 14.7% to R8.3 billion due to increases in:
- retail sales of 14.4% (comparable 10.6%) to R7.9 billion;
- other income of 23.0% to R345.0 million (mainly as a result of financial services growth of 22.4%); and
- finance income of 24.2% to R38.2 million.

The Group has achieved these results against a high base in the prior year, despite:
- The challenging retail environment currently being experienced by consumers;
- A planned curtailment of credit sales growth, which increased by only 4.2% compared to cash sales which were up by 17.5%. Cash sales now constitute 80.9% of total Group sales; and
- Incurring costs that will position the Group to realise its long term growth goals.

Growth in both existing and new channels delivered encouraging results:
- In South Africa, bricks and online retail sales grew by 13.4% to R7.2 billion, ahead of the market.

South African retail sales (per Stats SA, includes total online sales)



Sales growth for MPC Q2 F2015 are for July to September, whereas Stats SA are for July and August. The Group's sales performance for September was affected by the shift in school holidays from September in the prior year to October in the current year.

- Online sales were up by 185.2% to R53.2 million.
- International sales increased by 25.4% and now account for 8.8% of Group retail sales. Sales growth in the key African markets, outside of South Africa was as follows:

	2014 R'm	2013 R'm	% change
Nigeria	66.6	55.0	21.1%
Ghana	27.9	20.0	39.7%
Zambia*	25.1	-	N/A

* Franchise acquired on 2 June 2014.

The number of units sold increased by 4.8% to 102.2 million. Retail selling price (RSP) inflation of 9.6% comprised like-for-like input cost inflation of 5.6% and product mix inflation of 4.0%.

Trading space continued to expand (weighted average trading space was up 5.3%), with 38 new stores being opened and 2 non-performing stores being closed in the period. At period end there were 1 115 corporate-owned and 14 franchise stores.

Financial Services delivered a strong performance despite tightening credit limits and limiting new account growth. Revenues increased by growing insurance premium income by 25.4%, airtime sales by 18.8% and debtors' interest and fees by 15.7%.

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	4 790	504	713	6 007	1 512	638	2 150	8 157
% of total retail sales and other income	%	58.73	6.2	8.7	73.6	18.6	7.8	26.4	100.0
Growth in retail sales and other income	%	19.4	15.3	0.1	16.4	11.5	6.1	9.9	14.7
Comparable sales growth	%	15.1	3.4	0.0	12.5	7.6	1.5	5.7	10.6
RSP inflation	%	10.3	7.8	2.7	8.3	16.9	5.5	13.3	9.6
Units sold	million	65.9	5.2	4.3	75.4	18.4	8.5	26.8	102.2
Growth in units sold	%	8.5	7.1	-2.7	7.7	-3.9	0.5	-2.6	4.8
New stores opened during the period		17	6	2	25	2	11	13	38
Weighted average space growth	%	8.1	10.8	-1.3	6.8	2.3	2.2	2.3	5.3

The Apparel chains increased sales and other income by 16.4% (comparable 12.5%) to R6.0 billion. Operating profit rose by 21.5% to R1.0 billion and the operating margin increased from 16.8% to 17.5% of retail sales and other income. Mr Price Apparel, which constitutes 58.7% of Group sales, had a very good first half and once again achieved market share gains in its target market. Double digit growth was achieved in all major merchandise departments, and the division's growing online presence also had a positive impact on store performance. Sales were up 19.7% (comparable 15.1%) to R4.6 billion and operating profit was significantly ahead of budget and the prior year. Mr Price Sport grew sales by 15.3% (comparable 3.4%) to R497.3 million and an improved markdown performance contributed to a significant increase in operating profit. Miladys was impacted by the tight SA credit environment, which was anticipated, and incorrect merchandise calls in the casualwear department. Sales decreased by 0.8% (comparable 0.0%) to R659.3 million. Excellent cost control was insufficient to offset the reduction in sales and gross profit margin, with the result that operating profit was lower than last year.

The Home chains increased sales and other income by 9.9% (comparable 5.7%) to R2.2 billion. Operating profit rose by 19.5% to R270.3 million and the operating margin increased from 11.6% to 12.6% of retail sales and other income. Despite homewares purchases being more discretionary in nature, Mr Price Home, 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 11.8% (comparable 7.6%), an improved gross profit margin and costs being maintained in line with inflation. Sheet Street's sales grew by 5.8% (comparable 1.5%) to R621.6 million which was affected by its customers, who are in the mid LSM 5-8 range, being more impacted by the current economic conditions. Elements of their product offer did not fully meet their customers' tastes, with the result that operating profit was below the prior year.

Costs and Expenses

Cost of sales as disclosed in the statutory income statement includes that relating to the sale of merchandise, airtime and MRP Mobile. The merchandise gross profit margin (merchandise gross profit / retail sales) increased slightly from 41.7% to 41.8%. The GP% on airtime sales is low, while MRP Mobile's gross margin is impacted by customer acquisition costs being recognised upfront and due to the start-up phase. Margins will improve with scale. The overall Group gross profit margin was maintained at 41.4%.

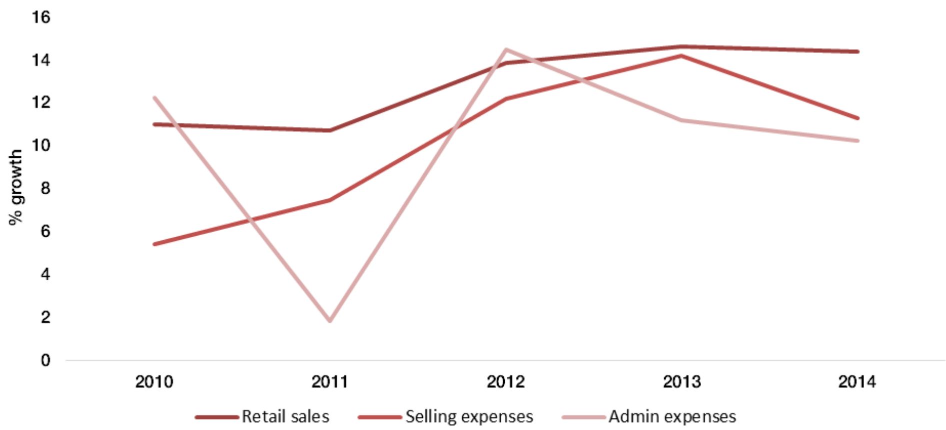
Selling expenses increased by 11.3% and constituted 21.7% of retail sales and other income, compared with 22.4% in the prior year. Significant factors driving this expense growth were:

- Employment costs up 6.4% (8.9% prior to employee tax incentives);
- Rentals up 12.2% on weighted average space growth of 5.3%;
- Improvement in performance of debtors' book (2.6% decrease in bad debts less recoveries); and
- Ongoing focus on operating efficiencies.

Administrative expenses increased by 10.2% and comprised 6.6% of retail sales and other income, an improvement on last year's 6.8%. Significant factors driving this expense growth were:

- Salary cost increases of 15.7% - investment in trend, online and 100% of MRP Mobile teams, increase in incentives (short and long-term); and
- Profit from foreign exchange transactions of R7.4 million (LY: R2.9 million).

Retail sales, selling expenses and administrative expenses growth over the past five years have been as follows:



The effective taxation rate for the year was 28.3%, slightly lower than the prior year's 28.4%.

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 22.6% and the operating margin was up from 14.1% to 15.1%, which can be explained as follows:

Operating margin - September 2013	14.1%
Other income	0.1%
Gross profit	0.0%
Selling expenses	0.7%
Administrative expenses	0.2%
Operating margin - September 2014	15.1%

The Apparel chains' operating profit rose by 21.5% to R1.0 billion and the operating margin increased from 16.8% to 17.5% of retail sales and other income. The Home chains' operating profit rose by 19.5% to R270.3 million and the operating margin increased from 11.6% to 12.6% of retail sales and other income.

Earnings and dividends per share

The number of shares in issue at period end increased by 3.5 million due to the decreased number of treasury shares held. The movement in shares is as follows (000):

Shares in issue at September 2013	245 639
Second half F2014	2 134
- treasury shares sold due to options vesting	3 882
- treasury shares purchased	(1 748)
First half F2015	1 322
- treasury shares sold due to options vesting	1 322
- treasury shares purchased	-
Shares in issue at September 2014	249 095

Headline earnings per share increased by 21.7% to 371.1 cents. The dilution impact has increased slightly from 21.3 cents last year to 22.1 cents as a result of the increase in the weighted average share price for the period (R184.79 versus R128.21) more than offsetting the reduced number of shares and options outstanding. Diluted headline earnings per share increased by 23.0% to 349.0 cents.

The interim dividend payout ratio has increased from 55.1% to 57.0%, resulting in a dividend of 211.5 cents per share, increasing by 25.9%. The increase in the payout ratio is in line with the previously communicated strategy to more closely align the interim and annual payout ratios. The annual payout ratio is expected to be maintained at 63%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

The 10-year compound annual growth rate at the interim stage is 28.0% for HEPS and 32.0% for DPS.

Financial position

Additions to property, plant and equipment for the year period to R142.1 million, of which furniture, fittings, equipment and vehicles constituted 81.6% and computer equipment 18.0%. Disposals totaling R5.0 million related primarily to the scrapping of store fixtures due to revamps, size changes or closures. The depreciation charge for the period was R86.9 million.

Intangible asset additions amounted to R88.5 million and related primarily to e-commerce and ERP systems, and goodwill of R27.8 million (R24.0 million paid and R3.8 million currency revaluation adjustment) which arose on the purchase of the Zambian franchise (refer note 5 on page 16). The amortisation charge for the period amounted to R13.0 million.

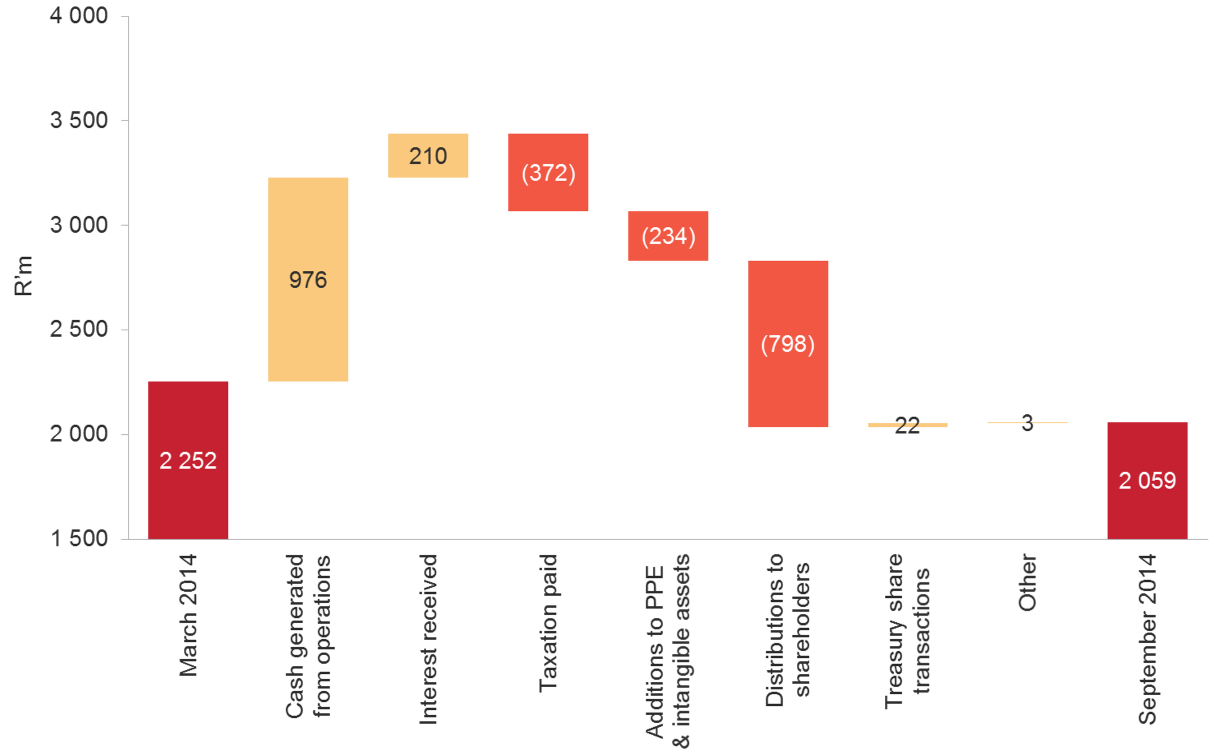
Gross inventories increased by 23.4% over last September or 16.8% from March 2014 and Group stock turn decreased from 6.7 to 6.4 times. With input inflation of 9.6% and space growth of 5.3%, inventories would be expected to increase by approximately 14.9%. The additional increase is a result of the below par sales performance of Sheet Street, increased direct importing (particularly in Mr Price Apparel) and the shift in school holidays from September last year to October this year. Overall, inventory ageing is slightly better than the prior year and the divisions are well placed for the approaching festive season.

Trade and other receivables increased by 8.7% to R1.8 billion. Gross trade receivables increased by 7.5% to R1.8 billion. Net bad debt increased from 6.8% to 7.2% (September on September) as a percentage of the debtors' book, however reflected an improvement from the 7.6% at March 2014. External benchmarking has reflected the Group's book to be one of the best performing in the industry. The provision for impairment (currently at 9.3%) will continue to be conservatively set, particularly during a period where consumer disposable income is under pressure. Other receivables increased by 52.7% to R68.4 million driven by increases in FEC assets, receivables relating to MRP Mobile and customs VAT receivables. Prepayments remained in line with the prior year.

Cash balances ended the period at R2.1 billion, which was impacted by substantial trade creditor payments being made after the period end cut-off date. Creditor and SARS payments in the subsequent week amounted to R0.8 billion. The Group seeks to strike a balance between:

- Maintaining a strong balance sheet by having adequate cash resources to fund the working capital and capital expenditure requirements to maintain and expand its operations, 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 to ensure that there is no impact on the share price; and
- Returning funds to shareholders in the form of dividends.

The movement in the Group cash balance since year end was as follows (R'm):



Equity attributable to shareholders has increased to R4.1 billion. The movement is disclosed in the consolidated statement of changes in equity on page 14. The treasury share transactions contained therein include:

The net credit on the vesting of options	R20.0m
Taxation relating to Grants from the Company to share trusts	R19.2m

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

Current liabilities increased by 25.8% from September 2013 (5.2% from March 2014). The drivers of the increase were:

- Provisional tax payment of R297 million paid subsequent to period end (LY: paid prior to close);
- Reinsurance liabilities up 15.6%;
- Current portion of lease obligations up 29.9%; and
- Trade and other payables up by 11.2%.

Outlook

Although consumer confidence increased slightly in the third quarter of 2014, retail trading conditions are expected to remain challenging in the medium-term. The Group has some dependency on lower LSM's (Sheet Street) and credit (Miladys). In addition, the sales growth of 15.2% (comparable 11.3%) in thesecond half of last year has set a high base. Although October sales grew by 17.6% (comparable 13.1%), this was aided by a shift in school holidays from September in the prior year to October in the current year. However, the resilience of the Group's fashion-value formula and the many growth initiatives underway allow it to remain positive about long term prospects. The Group will continue to enhance systems and infrastructure, often incurring costs ahead of benefits derived therefrom. Approximately 41 new stores are planned to open in the second half of the year.

INTERIM CASH DIVIDEND DECLARATION

As previously communicated, the Company plans to more closely align the interim and annual dividend payout ratios over time. As a consequence, the increase in dividend per share at the interim stage is higher than the increase in headline earnings per share. No change to the annual payout ratio of 63.0% is expected.

Notice is hereby given that an interim gross cash dividend of 211.5 cents per share has been declared for the 26 weeks ended 27 September 2014, an increase of 25.9%. As the dividend has been declared from income reserves and no STC credits are available for utilisation, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 179.775 cents per share.

The issued share capital at the declaration date is 251 183 867 listed ordinary and 13 445 081 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	Friday	05 Dec 2014
Date trading commences 'ex' the dividend	Monday	08 Dec 2014
Record date	Friday	12 Dec 2014
Payment date	Monday	15 Dec 2014

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 08 December 2014 and Friday, 12 December 2014, both dates inclusive.

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

Durban
17 November 2014

DIRECTORS

LJ Chiappini* (Honorary Chairman), SB Cohen* (Honorary Chairman), NG Payne* (Chairman), SI Bird (Chief Executive Officer), MM Blair (Chief Financial Officer), N Abrams*^, TA Chiappini-Young*^, 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.

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd

SPONSOR

Rand Merchant Bank (a division of FirstRand Bank Limited)

UNAUDITED GROUP RESULTS FOR THE 26 WEEKS ENDED 27 SEPTEMBER 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	2014 27 Sept	2013 28 Sept Restated	2014 29 Mar
Assets			
Non-current assets	1 245	1 025	1 137
Property, plant and equipment	770	681	718
Intangible assets	290	195	215
Long-term receivables and prepayments	7	7	7
Defined benefit fund asset	45	20	45
Deferred taxation assets	133	122	152
Current assets	5 647	4 540	5 426
Inventories	1 654	1 324	1 403
Trade and other receivables	1 771	1 630	1 673
Reinsurance assets	163	124	98
Cash and cash equivalents	2 059	1 462	2 252
Total assets	6 892	5 565	6 563
Equity and liabilities			
Equity attributable to shareholders	4 126	3 335	3 922
Non-current liabilities	219	205	220
Lease obligations	180	184	186
Deferred taxation liabilities	9	4	6
Long-term liabilities	7	-	6
Post retirement medical benefits	23	17	22
Current liabilities	2 547	2 025	2 421
Trade and other payables	2 164	1 945	1 982
Reinsurance liabilities	37	32	34
Current portion of lease obligations	60	43	51
Taxation	286	5	354
Total equity and liabilities	6 892	5 565	6 563

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	2014 27 Sept 26 weeks	2013 28 Sept 26 weeks Restated	% change	2014 29 Mar 52 weeks
Revenue	8 266	7 204	14.7	15 892
Retail sales	7 883	6 892	14.4	15 227
Other income	345	281	23.0	602
Retail sales and other income	8 228	7 173	14.7	15 829
Costs and expenses	6 986	6 160	13.4	13 292
Cost of sales	4 663	4 068	14.6	8 907
Selling expenses	1 784	1 603	11.3	3 354
Administrative and other operating expenses	539	489	10.2	1 031
Profit from operating activities	1 242	1 013	22.6	2 537
Net finance income	38	31	24.2	63
Profit before taxation	1 280	1 044	22.7	2 600
Taxation	362	297	22.1	733
Profit after taxation	918	747	22.9	1 867
Loss attributable to non-controlling interests	3			1
Profit attributable to equity holders of parent	921	747	23.3	1 868
Other comprehensive income:				
Currency translation adjustments	5	2		(1)
Defined benefit fund net actuarial gains	1	-		13
Total comprehensive income	927	749	23.8	1 880
Earnings per share (cents)				
- basic	370.5	303.8	21.9	757.1
- headline	371.1	305.0	21.7	765.1
- diluted basic	348.4	282.5	23.3	707.4
- diluted headline	349.0	283.6	23.0	715.1
Dividend payout ratio (%)	57.0	55.1		63.0
Dividends per share (cents)	211.5	168.0	25.9	482.0

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	2014 27 Sept 26 weeks	2013 28 Sept 26 weeks Restated	2014 29 Mar 52 Weeks
Cash flows from operating activities			
Operating profit before working capital changes	**1 144**	951	2 548
Working capital changes	**(168)**	459	343
Net interest received	**210**	175	374
Taxation paid	**(372)**	(298)	(403)
Net cash inflows from operating activities	**814**	1 287	2 862
Cash flows from investing activities			
Net receipts in respect of long-term receivables		2	1
Purchase of Zambian franchise	**(30)**		
Additions to and replacement of intangible assets	**(64)**	(105)	(151)
Property, plant and equipment			
- replacement	**(63)**	(59)	(124)
- additions	**(77)**	(65)	(129)
- proceeds on disposal	**1**	23	22
Net cash outflows from investing activities	**(233)**	(204)	(381)
Cash flows from financing activities			
Increase in long-term liabilities	**1**		6
Net sale/(purchase) of shares by staff share trusts	**88**	(70)	(102)
Deficit on treasury share transactions	**(66)**	(36)	(187)
Dividends to shareholders	**(798)**	(666)	(1 094)
Net cash outflows from financing activities	**(775)**	(772)	(1 377)
Change in cash and cash equivalents	**(194)**	311	1 104
Cash and cash equivalents at beginning of the period	**2 252**	1 150	1 150
Exchange gains/(losses)	**1**	1	(2)
Cash and cash equivalents at end of the period	**2 059**	1 462	2 252

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	2014 27 Sept	2013 28 Sept Restated	2014 29 Mar
Total equity attributable to shareholders at beginning of the period	**3 922**	3 309	3 309
Total comprehensive income for the period	**927**	749	1 880
Treasury share transactions	**39**	(88)	(247)
Recognition of share-based payments	**39**	31	75
Dividends to shareholders	**(798)**	(666)	(1 094)
Non-controlling interest	**(3)**	-	(1)
Total equity attributable to shareholders at end of the period	**4 126**	3 335	3 922

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

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	**2014 27 Sept**	2013 28 Sept Restated	% change	2014 29 Mar
Retail sales and other income				
Apparel	**6 007**	5 161	16.4	11 413
Home	**2 150**	1 957	9.9	4 290
Central Services	**71**	55		126
Total	**8 228**	7 173	14.7	15 829
Profit from operating activities				
Apparel	**1 052**	866	21.5	2 102
Home	**270**	226	19.5	591
Central Services	**(80)**	(79)		(156)
Total	**1 242**	1 013	22.6	2 537
Segment assets				
Apparel	**3 076**	2 664	15.5	2 760
Home	**919**	784	17.3	846
Central Services	**2 897**	2 117		2 957
Total	**6 892**	5 565	23.8	6 563

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

SUPPLEMENTARY INFORMATION

	2014 27 Sept	2013 28 Sept Restated	2014 29 Mar
Weighted average number of shares in issue (000)	**248 560**	245 845	246 726
Number of shares in issue (000)	**249 095**	245 639	247 763
Net asset value per share (cents)	**1 656**	1 358	1 583
Reconciliation of headline earnings (R'm)			
Attributable profit	**921**	747	1 868
Loss on disposal and impairment of property, plant and equipment and intangible assets	**2**	4	24
Taxation adjustment	**(1)**	(1)	(4)
Headline earnings	**922**	750	1 888

Refer to note 2 on page 16 for information regarding the restatement of the 2013 figures.

Notes:

1. The results at September 2014 and 2013, for which the Directors take full responsibility, have not been audited. The abridged consolidated results at March 2014, which are not itself audited, have been correctly extracted from the audited annual financial statements upon which Ernst & Young Inc. issued an unqualified opinion. The results were 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. The September 2013 results have been restated in accordance with the change in accounting policy and reclassification detailed in the 2014 annual financial statements. The Group adopted IFRS 10 which impacted the accounting for its 100% interest in the equity shares of the financial services cell captives. As a result of no longer meeting the requirements for consolidation, IFRS 4 was applied to account for the cell captives as reinsurance contracts. Airtime sales and related costs were reclassified into other income and cost of sales, whereas previously the net income was included in ‘other income’. This was a disclosure change only and had no impact on profits.

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

4. There have been no adverse changes to the contingent liabilities and guarantees provided by the Company as disclosed in the 2014 annual financial statements.

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.