mr price group limited

Operating Report

52 Weeks Ended 29 March 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

AUDITED GROUP RESULTS AND FINAL CASH DIVIDEND DECLARATION FOR THE 52 WEEKS ENDED 29 MARCH 2014

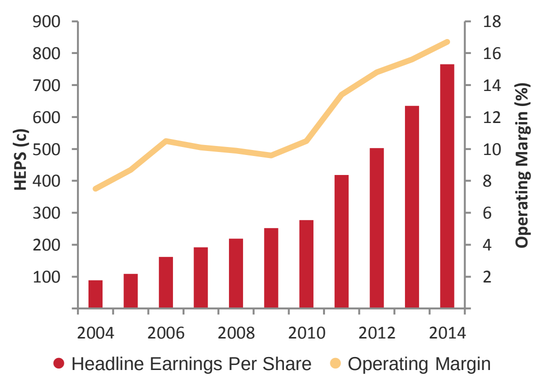
28 YEAR COMPOUND ANNUAL GROWTH RATE - HEPS : 23.4% DPS : 25.2%

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 annual results announcement released on SENS on 27 May 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. Certain information in the prior year has been restated, resulting in a R2.8m reduction in headline earnings - refer to the Annual Integrated Report for full details.

HIGHLIGHTS

52 weeks ended	2014 29 March	2013 30 March	% change
Revenue (R'm)	**15 892**	13 800	15.2
Operating profit (R'm)	**2 537**	2 069	22.6
Operating margin (%)	**16.7**	15.6	
Earnings per share (c)			
- Basic	**757.1**	626.5	20.8
- Headline	**765.1**	634.8	20.5
- Diluted headline	**715.1**	584.2	22.4
Dividend per share (c)			
- Final	**314.0**	265.0	18.5
- Annual	**482.0**	398.0	21.1
Dividend payout ratio (%)	**63.0**	62.7	
Return on shareholders equity (%)	**52.2**	51.1	

HEPS AND OPERATING MARGIN



FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that the Board has declared a final gross cash dividend of 314.0 cents per share (266.90 cents net of dividend withholding tax) per ordinary and B ordinary share. The increase in the final dividend is lower than HEPS growth due to the increase in the dividend payout ratio at the interim stage. The dividend has been declared from income reserves and no STC credits have been used. A dividend withholding tax of 15% will be applicable to shareholders who are not exempt. The salient dates for the dividend are as follows:

Last date to trade 'cum' the dividend	Thursday	12 June 2014
Date trading commences 'ex' the dividend	Friday	13 June 2014
Record date	Friday	20 June 2014
Payment date	Monday	23 June 2014

Shareholders may not dematerialise or rematerialise their share certificates between Friday, 13 June 2014 and Friday, 20 June 2014, both dates inclusive.

On behalf of the board

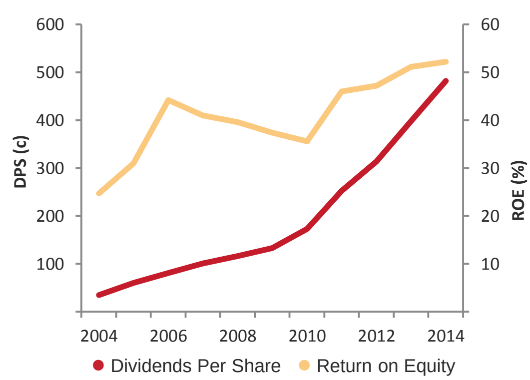
NG Payne Chairman

SI Bird Chief Executive Officer

Durban

27 May 2014

DPS AND RETURN ON EQUITY



Mr Price · MILADYS · Mr Price SPORT · sheet street loving your home! · Mr Price HOME

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*, M Tembe*, N Abrams*^, TA Chiappini-Young*^, SA Ellis^ * Non-executive director, ^ Alternate director

Sponsor Rand Merchant Bank (a division of FirstRand Bank Limited)

Transfer Secretaries Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE DELIVERS A SOLID PERFORMANCE IN TOUGH RETAIL ENVIRONMENT
52 weeks ended 29 March 2014

[Durban, 27 May 2014] Mr Price Group today announced diluted headline earnings per share of 715.1 cents, up 22.4%, and dividends per share of 482.0 cents, up 21.1%. The Company has achieved a 28-year compound annual growth rate in HEPS of 23.4%, DPS of 25.2% and share price of 27.1%. The return on equity of 52.2% is the highest achieved to date.

Total revenue increased by 15.2% to R15.8 billion while retail sales were up by 14.8% (comparable 10.6%) to R15.2 billion. In South Africa, the Group's target customers, who are mainly in the mid to upper income levels that are less impacted by the poor economic environment, responded well to the fashion value offer, resulting in store sales growing by 13.1%. Strong growth was achieved in the new markets and channels of West Africa (Nigeria and Ghana up 98.2%) and online (up 293.4%). Other income increased by 25.9%, driven by a 19.7% increase in interest on trade receivables and a 38.1% increase in insurance product premiums.

Retail selling price inflation was 9.7%, which comprised like-for-like input cost inflation of 5.3% and product mix inflation of 4.4%. By opening 68 new stores and expanding 22, the Group grew new space by 4.8%. After planned closures and space reductions, closing space growth was 3.6%. Right-sizing has a positive impact on store profitability and will be an ongoing feature. The Group sold 216.9 million units, an increase of 4.9%.

The merchandise gross profit margin was in line with last year at 42.2%, and after accounting for the reclassification of airtime sales, it was 42.0% in both periods. Selling and administrative expenses were up by 11.5% and were contained at a level lower than sales growth. The impact of increased costs relating to inflation, space growth, investing in online and merchandise trending teams and systems, and a new human capital management system were compensated by operational efficiencies gained.

Profit from operating activities increased by 22.6% and the operating margin improved from 15.6% to 16.7% of retail sales. "We are very proud of these results, which are a direct consequence of the outstanding efforts of committed associates working in an energised environment," said CEO Stuart Bird.

The Apparel chains increased sales and other income by 17.0% to R11.4 billion and comparable sales by 11.9%. Operating profit grew by 21.7% to R2.1 billion and the operating margin increased from 18.3% to 19.1% of retail sales. Mr Price Apparel opened 24 new stores and recorded sales growth of 18.9% (comparable 13.0%) to R8.6 billion (56.4% of Group sales). Mr Price Sport recorded sales growth of 14.2% (comparable 6.5%) to R962.4 million and Miladys 7.0% (comparable 7.2%) to R1.4 billion.

The Home chains increased sales and other income by 10.2% to R4.2 billion with comparable sales up by 7.3%. Operating profit rose by 20.2% to R590.6 million and the operating margin increased from 12.9% to 14.0% of retail sales. Mr Price Home increased sales by 10.5% (comparable 8.2%) to R2.9 billion and Sheet Street by 8.9% (comparable 5.4%) to R1.3 billion.

Trade receivables increased by 13.1% to R1.8 billion, with much of the growth occurring in the first half of the financial year. The net bad debt to book ratio increased from 6.5% to 7.6% partly due to book growth in the second half slowing to 6%. There have been positive signs in ageing profiles in recent months, however provisioning (9.8% of book) will continue to be conservative until such time that the improvements are considered permanent. "Our cautious approach to credit has resulted in cash sales growth of 16.1% outstripping credit sales growth of 9.6%. Overall we may have lost some sales opportunities by restricting our credit growth, but we are confident that this approach remains the right one and will benefit us in the long run," said Bird. Independent benchmarking confirms that the Company continues to have one of the cleanest debtors' books in the industry.

Annual dividends have increased by 21.1% to 482.0 cents per share with the annual dividend payout ratio increasing from 62.7% to 63.0%. The final dividend of 314.0 cents per share reflects a lower rate of growth because of the increase in payout ratio at the interim stage. "We are more closely aligning the dividend payout ratios at the half year and year end and further increases in the interim payout ratio can be expected," said Bird.

Despite increased dividends of R1.1 billion, capital expenditure of R404.6 million and purchasing shares to the value of R364.9 million to partly cover share scheme commitments, the Group's financial position is strong, with cash resources of R2.3 billion. "Our model is cash generative, with 80.8% of total sales being for cash and this ratio will likely increase given our international growth plans, which will be entirely cash based," said Bird.

Looking forward, we are preparing for the tough SA retail environment to persist for the remainder of the year. Strategically the Group is well placed to gain market share, however will be wary as competition will intensify and there are elements of the business that retail merchandise which is more discretionary in nature. The Company will therefore continue to be fully committed to offering incredible value and appropriate assortments.

Taking a long term view has always been the Group's priority and initial results from the new growth areas are encouraging. The online sales platforms are gaining momentum. During the year, the Apparel division opened its site globally and has shipped to over 130 countries. "Mr Price Home and Sheet Street launched their local online offers in November 2013, with Mr Price Sport and Financial Services planned for the new financial year," said Bird. The Group's international stores in Ghana and Nigeria continue to perform well and additional stores are planned in both territories this year. In March 2014, Nigeria became another multi-channel market for the Group, when it became the first international e-commerce retailer to open with an in-country operation. The Company has also acquired its Zambian franchise and will look to expand that market further in the new year.

"We will devote appropriate time and effort to crystallising the entry strategies of our Mr Price brands (Apparel, Home and Sport) into new markets while being mindful of the challenges in the local market. The Group plans to invest in excess of R2 billion over the next 3 years to provide the means to realise its vision, which is to be a top performing international, omni-channel retailer," concluded Bird.

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
- +80% of sales are for cash
- 1 079 stores and online channels offering full product assortments
- 28-year CAGR in HEPS and dividends +20%
- Market capitalisation of R39 billion, ranked 42nd on JSE
- Included in MSCI Emerging Markets Index
- 50% of shares held by international investors (USA 23%, UK 13%)
- 3rd in Financial Mail Top Companies 2013 and 6th in Sunday Times Top 100 Companies
- Finalist in World Retail Awards 'Emerging Market Retailer of the Year' 2013

ENDS

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OPERATING REPORT

Highlights		2014	2013	% change
Revenue	R'm	**15 892**	13 800	15.2
Retail sales	R'm	**15 227**	13 266	14.8
Merchandise gross profit margin	%	**42.2**	42.2	
Profit from operating activities	R'm	**2 537**	2 069	22.6
Group operating margin	%	**16.7**	15.6	
Headline earnings per share	cents	**765.1**	634.8	20.5
Diluted headline earnings per share	cents	**715.1**	584.2	22.4
Dividend per share	cents	**482.0**	398.0	21.1
Dividend payout ratio	%	**63.0**	62.7	
Cash and cash equivalents	R'm	**2 252**	1 150	

Economic and retail environment

The challenging retail environment that we experienced last year has continued into the current reporting period and is likely to continue for the year ahead. Although all retailers have previously benefitted from the tailwinds driven by credit extension and strong real wage growth, these have now slowed. Consumers, particularly those in the lower income groups, are being financially stretched and, where possible, will avoid or postpone spending, particularly on big ticket durable items. In such circumstances, our value offering is a distinct advantage.

Change in Accounting Policy and Disclosures

The Group adopted IFRS 10 in the current year, 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 has been applied to account for the cell captives as reinsurance contracts. Full disclosure of the impact on the income statement and financial position is provided in the Annual Integrated Report. The prior year's reported earnings were restated, reducing by an immaterial amount of R2.8 million.

Airtime sales and related costs have been reclassified in the current and prior period 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.

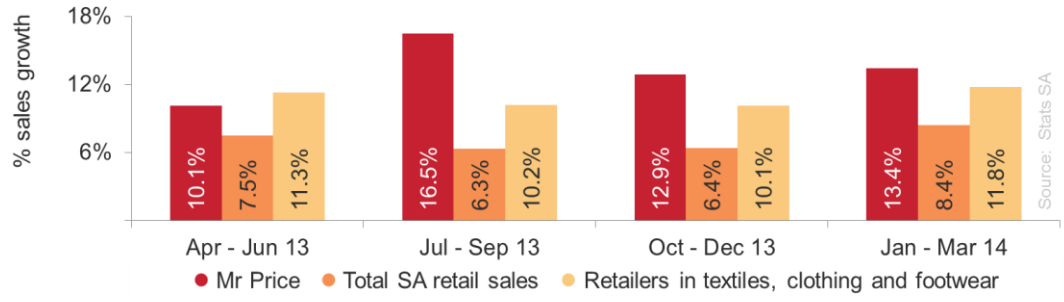
Financial performance

Revenue

Total Group revenue increased by 15.2% to R15.9 billion primarily due to increases in:
- retail sales of 14.8% (comparable 10.6%) to R15.2 billion and
- financial services income growth of 27.8% to R582.5 million

We are delighted that the Company has produced a strong set of results on the back of a good performance in the prior year, despite:
- The challenging retail environment detailed elsewhere in this report
- Incurring costs that will position the Group to realise its long term growth goals
- A planned curtailment of credit sales growth, which increased by only 9.6% compared to cash sales which were up by 16.1%.

Retail sales for the Group reflected growth of 14.8% highlighting the appeal of our merchandise offer. South African retail sales increased by 13.4% compared with the total retail sector which grew by 7.0%.



Growth in our new channels delivered encouraging results:

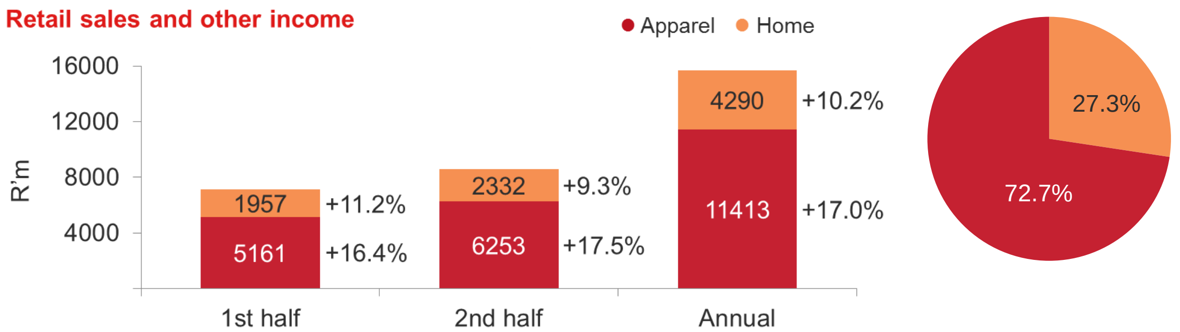
- Online sales were up by 293.4%
- International sales increased by 37.6% and now account for 7.3% of Group retail sales. In the key West African markets of Nigeria and Ghana, sales were up by 98.2%.

The number of units sold increased by 4.9% to 216.9 million. Retail selling price (RSP) inflation of 9.7% comprised like-for-like input cost inflation of 5.3% and product mix inflation of 4.4%.

Trading space continued to expand, with 68 new stores being opened and 18 non-performing stores being closed. At year end there were 1 079 corporate-owned and 23 franchise stores. Gross space added in the form of new stores and expansions represents an increase of 4.8% over the prior year. After store closures and space reductions, weighted average trading space increased by 3.4%. New stores and space reductions and expansions continued to have a positive effect on profitability.

Financial Services delivered a strong performance despite tightening credit limits and limiting new account growth. Revenues increased by growing insurance premium income by 38.1%, airtime sales by 41.7% and debtors' interest and fees by 19.2%.

Segmental analysis



The Apparel chains increased retail sales and other income by 17.0% to R11.4 billion with comparable sales up by 11.9%. Retail selling price inflation was 9.3% and 157.0 million units were sold. Mr Price Apparel opened 24 new stores and recorded sales growth of 18.9% (comparable 13.0%) to R8.6 billion. The division's excellent second half performance significantly outperformed the market, with comparable sales increasing by 15.3%. In contrast, Miladys had a disappointing second half which had the effect of reducing annual sales growth to 7.0% (comparable 7.2%) to R1.4 billion. Mr Price Sport recorded sales growth of 14.2% (comparable 6.5%) to R962.4 million.

The Home chains increased retail sales and other income by 10.2% to R4.3 billion with comparable sales up by 7.3%. Retail selling price inflation was 10.9% and 59.8 million units were sold. Mr Price Home increased sales by 10.5% (comparable 8.2%) to R2.9 billion and Sheet Street by 8.9% (comparable 5.4%) to R1.3 billion.

Costs and Expenses

The **gross profit margin**, which is calculated as cost of sales divided by retail and airtime sales, remained in line with last year at 42.0%, while the merchandise GP% in both periods was 42.2%.

Selling expenses increased by 11.9% and constituted 22.0% of retail sales compared with 22.6% in the prior year. Significant factors driving this expense growth were an increase in net bad debt, store rentals (as a consequence of performance based turnover clauses and weighted average space growth), increased computer licence fees relating to the new human capital management and e-commerce systems, and staff costs, which rose in line with salary inflation and space growth. Higher performance based store incentives were paid. **Administrative expenses** increased by 10.3% and comprised 6.8% of retail sales, an improvement on last year's 7.0%. Staff costs relating to building online and merchandise trending teams, higher incentives paid as a result of divisional and Group performance and a reduction in foreign exchange gains were the significant movements.

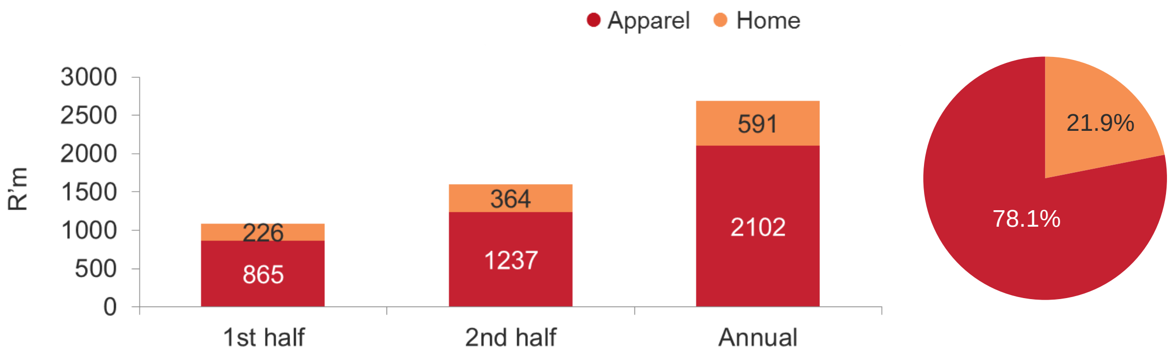
The effective taxation rate for the year was 28.2%, higher than the prior year (27.8%) primarily due to a capital gains tax release in the base period.

Operating profit

Group operating profit increased by 22.6% and the operating margin increased to 16.7% of retail sales, compared with last year's 15.6%. The increase in operating margin can be explained as follows:

Operating margin 2013	15.6%
Other income	0.3%
Selling expenses	0.6%
Administrative expenses	0.2%
Operating margin 2014	16.7%

Segmental analysis



The Apparel chains operating profit grew by 21.7% to R2.1 billion and the operating margin increased from 18.3% to 19.1% of retail sales. The Home chains operating profit rose by 20.2% to R590.6 million and the operating margin increased from 12.9% to 14.0% of retail sales.

Earnings and dividends per share

The number of shares in issue at year end increased by 2.0 million due to the decreased number of treasury shares held. Treasury shares sold (4 649 937 shares) as a result of share options vesting exceeded treasury share purchases during the year (2 649 714 shares at an average cost of R137.70 per share totaling R364.9 million).

Headline earnings per share increased by 20.5% to 765.1 cents. The dilution impact has reduced slightly from 50.6 cents last year to 50.0 cents this year as a result of the increase in the weighted average share price for the year (R139.41) being more than offset by the reduced number of shares and options outstanding. Accordingly, diluted headline earnings per share increased by 22.4%. The Group is pleased to have performed in line with its long-term performance, which is a 28-year CAGR in HEPS of 23.4%.

The annual dividend payout ratio has increased from 62.7% to 63.0%, resulting in dividends of 482.0 cents per share increasing by 21.1%, marginally higher than the increase in HEPS of 20.5%. The final dividend to be paid in June 2014 will be 314.0 cents per share which is an 18.5% increase. This is lower than the increase in the interim dividend and 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 52.5% to 55.1%. Dividend withholding tax of 15.0% will be applicable to shareholders who are not exempt.

The return on equity of 52.2% and the return on net worth (RONW) of 47.6% are the highest achieved to date. Over the last five years, the latter has been driven mainly by an increased net profit margin as follows:

		2014	2009
Net profit margin	%	**12.3**	7.2
Asset turn	times	**2.3**	2.6
Return on assets	%	**28.3**	18.7
Leverage	times	**1.7**	1.9
RONW	%	**47.6**	34.9

Financial position

Additions to **property, plant and equipment** for the year amounted to R253.0 million, of which furniture, fittings, equipment and vehicles constituted 83% and computer equipment 13%. Disposals totaling R30.7 million related primarily to the sale of a retail property. The depreciation charge for the year was R162.2 million.

Intangible asset additions amounted to R151.6 million and related primarily to e-commerce and ERP systems. The amortisation charge for the year amounted to R29.1 million.

Gross inventories were well managed, increasing by 12.3% relative to a 14.8% increase in retail sales and group stock turn increased from 6.4 to 6.8 times.

Trade and other receivables increased by 10.6% to R1.7 billion. Prepayments decreased from the prior period, while gross trade receivables increased by 13.1% to R1.8 billion. Despite the net bad debt increasing from 6.5% to 7.6% as a percentage of the debtors' book, external benchmarking has reflected the Group's book to be one of the best performing in the industry. Since December 2013 the improved ageing profile of the book has been encouraging. However, until such time that the economic conditions detailed in the outlook section below show signs of improvement, and the improvement in ageing profile of the Company's trade receivables is considered sustainable, the provision for impairment, currently at 9.8%, will continue to be conservatively set.

Cash balances ended the year at R2.3 billion, which was impacted by substantial trade creditor payments being made after the year end cut-off date. After creditor and SARS payments in the subsequent week, cash balances were approximately R1.5 billion. Cash sales remained high at 80.8% of total sales. 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. During the year treasury shares to the value of R364.9 million were purchased and the hedged ratio at year end was 65.2%
- returning funds to shareholders in the form of dividends

Equity attributable to shareholders has increased to R3.9 billion. The movement is disclosed in the consolidated statement of changes in equity. The treasury share transactions contained therein includes (R'm):

The purchase of treasury shares to partially cover options granted	(364.9)
The net credit on vesting of options	75.4
Taxation relating to grants from the Company to share trusts	40.8

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

Trade and other payables increased by 56.1% to R2.0 billion. Trade payables grew by 74.9% to R1.2 billion (2013: R673.3 million) as a result of the timing of creditor payments referred to above. Accruals and other payables increased by 34.8% to R804.2 million mainly as a result of stock in transit, increased incentive accruals and higher turnover rentals due.

Outlook

South Africa is in a rising interest rate cycle, although this is not expected to be as extreme as previous cycles. The impact of currency weakness has found its way into the broader economy, increasing inflation, which now exceeds the Reserve Bank's targeted range and affects the cost of living of all South Africans.

The Group's target customers are mainly in the mid to upper LSM categories, who have to date been less affected by the constraints mentioned above. If inflation rises further and interest rates increase materially this situation could change. In the short-term consumers will need to address the economic challenges facing them by spending wisely and reducing debt. We aim to ease their plight, and ensure that all areas of our business, including those which can be described as ‘discretionary buys’ or are exposed to lower income customers, receive our intense focus. Detailed plans are in place to protect and entrench the foundations upon which the business has been built – selling fashionable merchandise at incredible value for cash.

However, cycles are temporary and the Group has many reasons to have an optimistic long term view. Locally, we plan to capitalise on changing market conditions and continue with our approach of delivering quality growth. This includes a cautious approach to credit, being selective in new space acquired and constantly challenging all aspects of the business for improved processes and efficiencies. The Group has high expectations of the performance of its South African operations and is confident of achieving further market share gains.

The performance of our new channels and markets, being online and West Africa, are very encouraging, providing early support for our intentions of taking our proven business concepts to new territories, rather than looking for acquisitive growth. We have much work to do to realise the full potential of the brand beyond our borders and will approach this sensibly on a research and test basis prior to committing to substantial expansion.

We are prepared tactically for a tough year ahead, but at the same time our sights are set on a long term growth strategy that will build on our 28 year earnings growth history. By achieving these goals we hope to reward investors, improve the lives of our associates and positively contribute to society.

FINAL CASH DIVIDEND DECLARATION

Notice is hereby given that a final gross cash dividend of 314.0 cents per share has been declared for the 52 weeks ended 29 March 2014, an increase of 18.5%. 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 266.9 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	Thursday	12 June 2014
Date trading commences 'ex' the dividend	Friday	13 June 2014
Record date	Friday	20 June 2014
Payment date	Monday	23 June 2014

Shareholders may not dematerialise or rematerialise their share certificates between Friday 13 June 2014 and Friday 20 June 2014, both dates inclusive.

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

Durban
27 May 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*, M Tembe*

* Non-executive director ^ Alternate director

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 29 MARCH 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	**2014 29 March**	2013 30 March Restated	2012 31 March Restated
Assets			
Non-current assets	**1 137**	927	744
Property, plant and equipment	**718**	660	540
Intangible assets	**215**	105	102
Long-term receivables	**7**	8	10
Defined benefit fund asset	**45**	20	16
Deferred taxation assets	**152**	134	76
Current assets	**5 426**	3 971	3 552
Inventories	**1 403**	1 236	1 168
Trade and other receivables	**1 673**	1 513	1 183
Reinsurance assets	**98**	72	51
Cash and cash equivalents	**2 252**	1 150	1 150
Total assets	**6 563**	4 898	4 296
Equity and liabilities			
Equity attributable to shareholders	**3 922**	3 309	2 777
Non-current liabilities	**220**	206	195
Lease obligations	**186**	185	179
Deferred taxation liabilities	**6**	5	1
Long-term liabilities	**6**	-	-
Post retirement medical benefits	**22**	16	15
Current liabilities	**2 421**	1 383	1 324
Trade and other payables	**1 982**	1 270	1 228
Reinsurance liabilities	**34**	28	18
Current portion of lease obligations	**51**	38	35
Taxation	**354**	47	43
Total equity and liabilities	**6 563**	4 898	4 296

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	**2014** **29 March** **52 weeks**	2013 30 March 52 weeks Restated	% change
Revenue	**15 892**	13 800	15.2
Retail sales	**15 227**	13 266	14.8
Other income	**602**	478	25.9
Retail sales and other income	**15 829**	13 744	15.2
Costs and expenses	**13 292**	11 675	13.8
Cost of sales	**8 907**	7 744	15.0
Selling expenses	**3 354**	2 996	11.9
Administrative and other operating expenses	**1 031**	935	10.3
Profit from operating activities	**2 537**	2 069	22.6
Net finance income	**63**	56	12.6
Profit before taxation	**2 600**	2 125	22.4
Taxation	**733**	591	24.0
Profit after taxation	**1 867**	1 534	21.7
Loss attributable to non-controlling interests	**1**	-	
Profit attributable to equity holders of parent	**1 868**	1 534	21.8
Other comprehensive income:			
Currency translation adjustments	**(1)**	6	
Defined benefit fund net actuarial gain	**13**	2	
Total comprehensive income	**1 880**	1 542	21.9

Earnings per share (cents)

- basic	**757.1**	626.5	20.8
- headline	**765.1**	634.8	20.5
- diluted basic	**707.4**	576.5	22.7
- diluted headline	**715.1**	584.2	22.4
Dividend payout ratio (%)	**63.0**	62.7	
Dividends per share (cents)	**482.0**	398.0	21.1

CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	**2014 29 March 52 weeks**	2013 30 March 52 weeks Restated
Cash flows from operating activities		
Operating profit before working capital changes	**2 548**	2 116
Working capital changes	**343**	(391)
Net interest received	**372**	321
Taxation paid	**(403)**	(615)
Net cash inflows from operating activities	**2 862**	1 431
Cash flows from investing activities		
Net receipts in respect of long-term receivables	**1**	2
Additions to and replacement of intangible assets	**(151)**	(49)
Property, plant and equipment		
- replacement	**(124)**	(173)
- additions	**(129)**	(116)
- proceeds on disposal	**22**	1
Net cash outflows from investing activities	**(381)**	(335)
Cash flows from financing activities		
Increase in long-term liabilities	**6**	-
Net purchase of shares by staff share trusts	**(102)**	(100)
Deficit on treasury share transactions	**(187)**	(113)
Dividends to shareholders	**(1 094)**	(888)
Net cash outflows from financing activities	**(1 377)**	(1 101)
Change in cash and cash equivalents	**1 104**	(5)
Cash and cash equivalents at beginning of the year	**1 150**	1 150
Exchange (losses)/gains	**(2)**	5
Cash and cash equivalents at end of the year	**2 252**	1 150

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	**2014** **29 March**	2013 30 March Restated
Total equity attributable to shareholders at beginning of the year	**3 309**	2 777
Total comprehensive income for the year	**1 880**	1 542
Treasury share transactions	**(247)**	(185)
Recognition of share-based payments	**75**	63
Dividends to shareholders	**(1 094)**	(888)
Non-controlling interests	**(1)**	-
Total equity attributable to shareholders at end of the year	**3 922**	3 309

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** **29 March**	2013 30 March	% change
Retail sales and other income			
Apparel	**11 413**	9 759	17.0
Home	**4 290**	3 893	10.2
Central Services	**126**	92	
Total	**15 829**	13 744	15.2
Profit from operating activities			
Apparel	**2 102**	1 728	21.7
Home	**591**	492	20.2
Central Services	**(156)**	(151)	
Total	**2 537**	2 069	22.6
Segment assets			
Apparel	**2 760**	2 510	10.0
Home	**846**	721	17.4
Central Services	**2 957**	1 667	
Total	**6 563**	4 898	34.0

SUPPLEMENTARY INFORMATION

	2014 **29 March**	2013 30 March
Weighted average number of shares in issue (000)	**246 726**	244 980
Number of shares in issue (000)	**247 763**	245 772
Net asset value per share (cents)	**1 583**	1 346
Reconciliation of headline earnings (R'm)		
Attributable profit	**1 868**	1 534
Loss on disposal and impairment of property, plant and equipment and intangible assets	**24**	27
Taxation adjustment	**(4)**	(7)
Headline earnings	**1 888**	1 554
Capital expenditure (R'm)		
- expended during the year	**404**	338
- authorised or committed at year end	**608**	549
Number of stores	**1 079**	1 029

Notes:

1. These abridged 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 and are consistent with those applied in the 2013 annual financial statements. All new and revised Standards and Interpretations that became effective during the period were adopted. The Group adopted IFRS 10 which impacted the accounting for its 100% interest in the Financial Services insurance cell captives. For all financial years up to 30 March 2013, the cell captives were considered to be subsidiaries under IAS 27 and SIC 12, due to the fact that the Group was responsible for 100% of the insurance risk. Under IFRS 10, the cell captives do not meet the requirements of a deemed separate entity as the assets, liabilities and equity are not ring-fenced in all events. Accordingly, the cell captives are no longer consolidated, but are now reflected in the financial statements as reinsurance assets and liabilities in terms of IFRS 4. This change in policy has been accounted for retrospectively and the opening balances as at 1 April 2012 have been restated. The quantitative impact on the financial statements is as follows:

Statement of Financial Position (Group):
- Prior year opening retained income reduced by R4.2 million
- Reinsurance assets and liabilities separately disclosed

Statement of Comprehensive Income (Group):
- Prior year earnings reduced by R2.8 million
- Current year earnings reduced by R2.3 million

Reclassification: As a result of the imminent launch of MRP Mobile and the increase in, and focus on, the related telecom revenue streams and costs, it is necessary for airtime sales and the related cost of sales to be disclosed separately. In the current year the airtime sales and cost of sales have been separately disclosed in the statement of comprehensive income and the prior period has been reclassified accordingly for comparative purposes. The value of this reclassification in the prior year is R80 million and there has been no impact on profit.

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 2013 annual financial statements.