

our report

2014

ANNUAL INTEGRATED REPORT

APR 2013 - MAR 2014

mr pricegrouplimited

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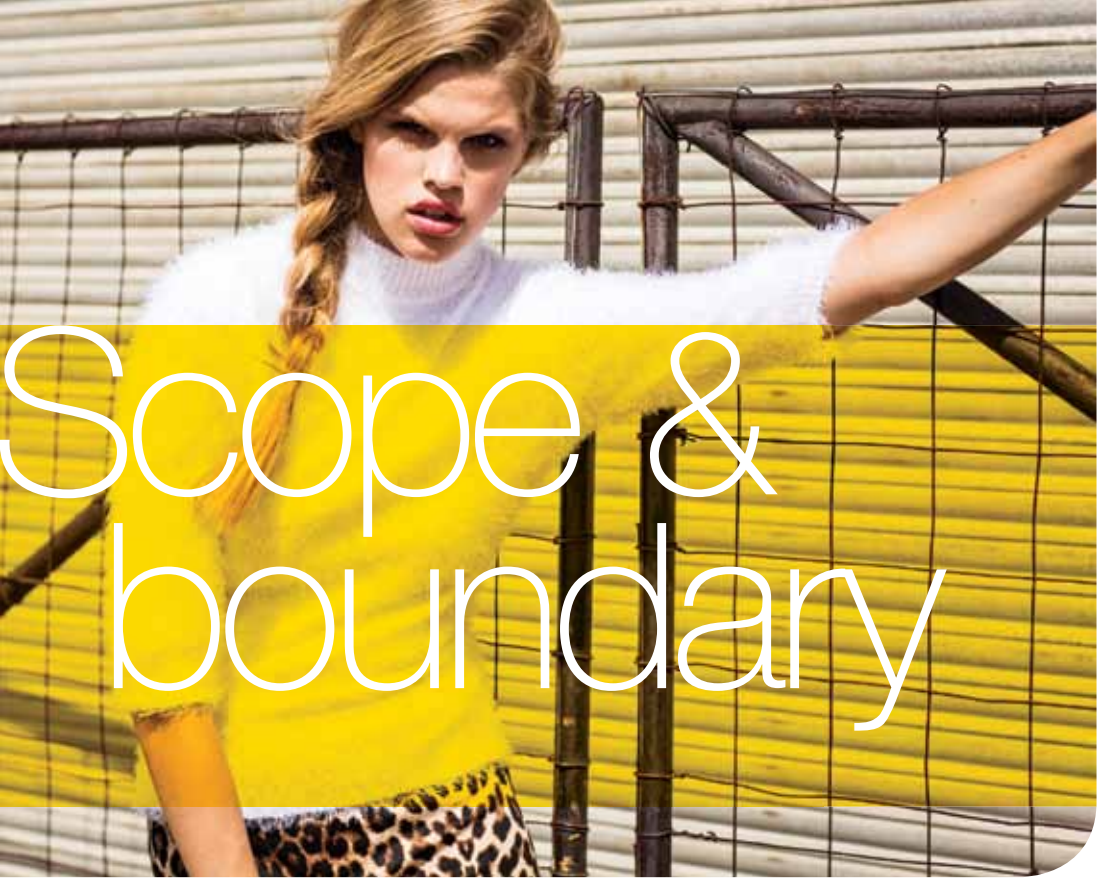
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Scope & boundary

about the report

"The Group is committed to integrating social, environmental and governance principles with financial performance in accordance with the King Code of Governance for South Africa, 2009 (King III)."

All matters that are considered to be material to the business have been incorporated into this report. Material matters have been identified and prioritised after taking into consideration:

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

The International Integrated Reporting Framework has also provided guidance on identifying issues material to long-term sustainability.

This year we have printed and distributed an abridged report to our shareholders with the full Annual Integrated Report only being made available online. Additional information pertaining to the Group is available on our website *www.mrpricegroup.com*.

scope and boundary

This Annual Integrated Report, for the 52 week period ended 29 March 2014, includes the financial results of Mr Price Group Limited trading in South Africa, Botswana, Namibia, Lesotho, Swaziland, Ghana and Nigeria as well as the income received from franchise operations trading elsewhere in Africa. The geographical footprint of our operations is detailed on page 16.

The Annual Financial Statements have been prepared on the historic cost and going concern bases, and in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act of South Africa (71 of 2008) and the JSE Listings Requirements.

The Group's social investment is focused on South African national priorities and the carbon footprint incorporates only South African operations at this point.

assurance

The Group's consolidated Annual Financial Statements were audited by the independent external auditor, Ernst & Young Inc. Their unqualified report can be found on page 80.

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The independent external auditor also verified the information in the Remuneration Report on page 63.

The South African Broad-Based Black Economic Empowerment (B-BBEE) accreditation level has been externally verified by a SANAS accredited organisation, BEESCORE (Pty) Ltd.

The Group's Internal Audit Division has verified the disclosures contained in Our People Report (page 20) and Our Corporate Citizenship Report (page 24).

The Board is satisfied with the level of integrated reporting, but recognises that it is premature to subject the Annual Integrated Report to external assurance at this point.

directors' responsibility

The Board acknowledges its responsibility to ensure the integrity of the Annual Integrated Report. The Board has applied its mind to the Annual Integrated Report and confirms that it addresses all material matters, and presents fairly the integrated performance and impact of the Group. The Annual Integrated Report has been prepared in line with best practice pursuant to the recommendations of the King III Code (principle 9.1) and in accordance with the International Integrated Reporting Framework.

The Board authorised the Annual Integrated Report for release on 27 May 2014.

NG Payne	SI Bird	MM Blair
CHAIRMAN	CEO	CFO

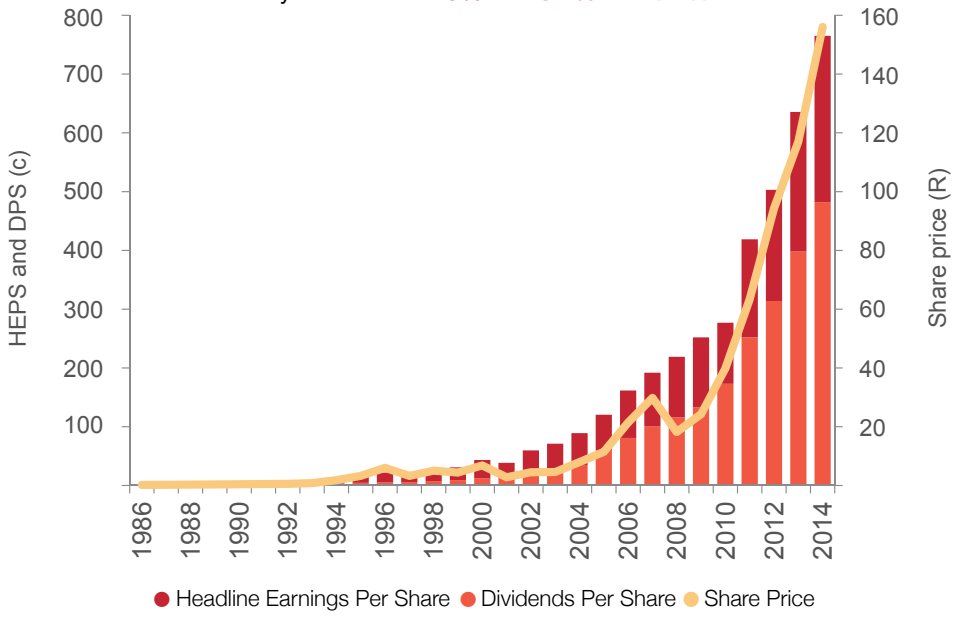


2014 highlights

operating profit	+	22.6%
diluted headline earnings per share	+	22.4%
dividends per share	+	21.1%
revenue	+	15.2%
new channels (online) & markets (West Africa)	+	125.1%
return on equity		52.2%
cash resources		R2.3 bn

COMPOUND ANNUAL GROWTH RATE

	HEPS	DPS	SP
28 years	23.4%	25.2%	27.1%
10 years	24.0%	30.0%	34.7%
5 years	24.9%	29.4%	45.1%



whoweare

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



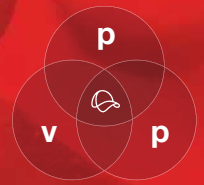
ourvision

To become a top performing international, omni-channel retailer.

ourpurpose

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

ourvalues



PASSION • VALUE • PARTNERSHIP

These are the 3 key values upon which the Group has been built. They are the foundation stones of the business and never change. By staying true to PASSION, VALUE and PARTNERSHIP, we ensure that we are building a sustainable business as we progress towards our vision and fulfilling our dreams for our partners – our Mr Price family.

PASSION is our engine. This means ordinary people doing extraordinary things. It is the positive attitude and enthusiasm of all our associates who approach each day bright-eyed, smiling and projecting a positive image – believing that work is fun.

VALUE is the heart of our business. Our success has been, and will continue to be, built on our ability to add value to our customers' lives. But it is more than just price. It's about quality, fashion, being in stock of the wanted item and delighting our customers by doing more than what is expected.

PARTNERSHIP Mutual respect is integral to the ethos of the Group. We therefore refer to our co-workers as "associates" and, once they own shares or share options, they are referred to as "partners". Partnership is sharing the ownership and success of the Company with all our associates and fostering solid and long-term partnerships with our suppliers. Without our customers, we don't have a business and they are one of our most valued partners. We partner with our community by investing in strategic initiatives that improve the lives of those who are less fortunate, particularly children and youth.

chairman's report



Nigel Payne

CHAIRMAN

On behalf of the Board, I am privileged to report to our people, customers, suppliers, shareholders and to all other stakeholders. Another year of pleasing operational and financial performance is reported on by our CEO, Stuart Bird and CFO, Mark Blair.

The Annual Integrated Report contains a wealth of information about our DNA and values, our vision to become a top performing international omni-channel retailer, our strategy to get there and the related risks we are embracing and mitigating. When read together with our previous Annual Integrated Reports, it is clear that, not only have our intentions remained the same with a well defined strategic plan to guide our journey, but we have largely implemented the things we said we would. We continue this phase of our journey with the same conviction we had when we embarked upon it, but now with even greater assurance that the path we have chosen is the correct one, and that we will attain the goals we pursue.

The Annual Integrated Report also details how we govern the Group, appoint and evaluate the Board, deploy the skills of our Directors in various Board Committees, align the remuneration of the executives to the achievement of earnings targets and strategic milestones, and ensure that we invest appropriately for the future. I believe that these structures, processes and outcomes remain appropriate. I again thank Lead Independent Director, Bobby Johnston, for shouldering much of the corporate governance responsibilities, most of which takes place outside the boardroom. This allows me to focus on ensuring that the Board's role in relation to strategy and risk management is appropriate, and that most of the Board's meeting time is devoted to these issues.





“Our opportunities for growth are exciting, and are not based upon chasing diminishing marginal returns.”

nigel payne, chairman

Our Mr Price people have again demonstrated how much can be achieved by a committed team, with a common purpose, in an energised environment. This report, and our 28-year history of earnings growth, is a celebration of our people, and evidence of the power of an effective team. Well done and thank you to our leaders and to every member of the Mr Price family.

The global and South African economies are currently not stable, predictable or safe. Turbulent times are to the advantage of those who are alert, lean, disciplined and prepared. The fact that the vast majority of our management and staff have an ownership stake in the Company equips us better than most to tackle more challenging times.

Securing sustainable economic growth requires countries to make tough choices to avoid populism, take bold action to implement structural reforms, deregulate labour and product markets, remove tariff barriers to employment and trade, increase transparency and competitiveness, and remove disincentives to hard work and entrepreneurship.

The retail industry is in the early phases of a number of disruptive trends, including the integration of online with other channels to market, fast fashion and the globalisation of customers and suppliers. We have made it our business to be one of the disruptors, with much of our efforts over the past few years being devoted to these opportunities. Even as societies in some advanced economies are ageing rapidly, there are millions of emerging consumers aspiring to own fashionable goods, available where they live and at prices they can afford - ideal Mr Price customers. Our opportunities for growth are exciting, and are not based upon chasing diminishing marginal returns. Our value focus remains on offering our merchandise at prices that people can afford, at the leading edge of fashion, so they will be desired, and on an overwhelmingly cash sales basis, so as to continuously recycle our working capital and avoid the various traps related to credit and debt. Increasing innovation in our business model, coupled with ongoing investment in our merchandising, supply chain, logistics and information technology backbones, are aimed at achieving our targeted rates of sales and profit growth for many years to come. This is notwithstanding any short-term impact of having to invest ahead of such growth.

The Board has devoted a significant amount of its time to ensuring that we remain true to our values, with an appropriate strategy and the best possible leadership team to implement it. Our recruitment, development and reward mechanisms are all tailored to this end. I believe that our remuneration policies and practices, are well conceived, have been fairly and consistently applied, and serve the best interests of the Company in the short, medium and long-term. Refer to the Remuneration Report on page 63 for more details.

No company can survive apart from the society in which it operates. We thus continue to passionately drive our many corporate social investment initiatives via RedCap Foundation, in conjunction with other funders who have chosen the Foundation as a custodian for their CSI investments. We are very proud to be working in partnership with you.

I believe that the Board and each individual Director have functioned effectively during the year, have made a valuable contribution to the Group, and have earned their Directors’ fees. The culture in the boardroom is robust, based upon transparency and mutual respect, but with significant space for challenge and independent thinking, and with no tolerance for sloth or mediocrity. Particular thanks are due to the Chairmen of our Board Committees for their ongoing commitment to excellence.

I am thoroughly enjoying my role as Chairman, with such passionate and talented people, a special business model built upon a robust value system, and a world of opportunities awaiting us. Thank you to our Mr Price people, our shareholders and other stakeholders for your engagement with the Board and with me during the year. We appreciate being entrusted with the leadership and governance of your Company into its exciting future.







ceo’s report



Stuart Bird

CHIEF EXECUTIVE OFFICER

We have made good progress over this reporting period towards realising our vision of being a top performing international retailer as measured against our global peers.

The consumer environment in South Africa continued to deteriorate over this reporting period. Despite this, our formula of great fashion and quality at excellent prices, has again delivered good results in our established markets, as well as giving us pleasing growth in the new markets and channels we have entered.

current trade

The Mr Price Apparel division has had a very good year, continuing to gain momentum throughout the period as well as making good progress with the major projects of the online business, corporate stores in West Africa and the enhancements to the supply chain.

Despite some lessons being learnt and further improvements required to get our West African business operating at the desired level, the positive results achieved confirm our view of the long-term potential in the region.

The online business is now expected to be in our top 10 stores with current monthly growths in excess of 100%. After opening the site to international customers in June 2013, we have successfully shipped to over 130 countries and the international portion is now approximately 25% of online sales. In March 2014, an online site was launched in Nigeria with fulfilment from our Ikeja store. The results to date have been pleasing, as well as proving that we can successfully operate an online business within specific markets without having to install major infrastructures.

Mr Price Home had another good year, exceeding expectations in a difficult market. The division also successfully launched its online business locally in November 2013.

Despite the discretionary nature of their markets, Mr Price Sport and Sheet Street also delivered solid results.

After a satisfactory first half, Miladys has unfortunately had a difficult second half. Whilst the higher margin and credit-based segment in which they operate has undoubtedly been difficult, much of the slower performance was a consequence of the product assortment not being at the level their customers required. We are expecting to see an improvement as we progress into the new period.

investing for the future

We aim to be an internationally competitive, omni-channel retailer. To realise these plans, significant investment in our systems, processes and supply chain capabilities is required.

The project to implement new core IT systems is well advanced, with the selection and design phases complete. The build phase is now

underway, with the first division, Mr Price Sport, expected to "go live" in April 2015, followed by the Mr Price Apparel division, with their target to be operational before peak trade in December 2015.

The plans to have our new distribution centre operational by August 2015 were unfortunately disrupted by the final municipal zoning approval not being obtained, despite the municipality having indicated during the entire process that approval would be given. Fortunately, contingency plans were in place for such an eventuality and no disruptions are expected, particularly over the forthcoming peak periods. A new site that the municipality is in favour of has since been sourced, for which zoning approval is now awaited. Completion date is now expected to be August 2016.

the Mr Price way

"Our achievements, both past and in the future, are and will be as a consequence of our people and the culture we have in the business, no matter where we operate. We see both our people and our culture as precious assets that require constant care, attention and investment. To this end, our associates have attended over 28 800 courses, aimed at personal development and to instil our culture of Passion, Value and Partnership."

We strongly subscribe to transformation and have made good progress towards our employment equity targets and improved our B-BEEE status from a level 6 to a level 5 contributor. We remain of the view that, for our transformation strategy to be meaningful and sustainable, there is no quick fix. Our approach is to consistently invest in and develop people both within our Group and in related businesses outside the Group to grow and transition them meaningfully.

The Group has always been committed to investing in the communities in which it operates, not only through employment, but also through positively impacting the lives of children and youth through RedCap Foundation's national imperatives. In August 2013, RedCap Foundation's JumpStart Manufacturing Programme was launched. This is a partnership between Mr Price Apparel, Miladys, RedCap Foundation and 5 selected strategic suppliers, to develop the skills in the local clothing and footwear manufacturing sector, including quick response as a key strategy to build a sustainable supply chain. The Group's local commitment was rewarded when the Department of Trade and Industry (dti) approved both cluster applications aimed at strengthening the competitiveness of the South African Clothing, Footwear and Textile Industry.

The Group joined the Ethical Trading Initiative as a Foundation Stage Member during the year as well as the Supplier Ethical Data Exchange. Social responsibility and a deeper understanding of our supply chain are critical to a sustainable business that creates value over the short, medium and long-term.

as we look ahead

The challenging economic and consumer environment is expected to continue for the foreseeable future, particularly in our current major market of South Africa.

Nonetheless, by continuing to deliver on our formula of great fashion and quality at excellent prices and continuing to build our capacity to further execute this formula, I am confident that we will satisfy our customers in both current and new markets and deliver positive future results.

In closing, I would like to thank all our wonderful associates across the Group, who have not only played their role in delighting our customers and consequently delivering the results that we have achieved, but also for making this such a special place to work.



cfo's report



Mark Blair

CHIEF FINANCIAL OFFICER

highlights

		% change
Revenue	**R15 892m**	+15.2%
Gross profit margin	**42.0%**	0.0%
Profit from operating activities	**R2 537m**	+22.6%
Group operating margin	**16.7%**	+1.1%
Headline earnings per share	**765.1c**	+20.5%
Diluted headline earnings per share	**715.1c**	+22.4%
Dividends per share - annual	**482.0c**	+21.1%
- final	**314.0c**	+18.5%
Cash resources	**R2 252m**	+95.9%
Return on shareholders' equity	**52.2%**	+1.1%

economic and retail environment

The challenging retail environment that we experienced last year has continued into the current reporting period. 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 will avoid or postpone spending where possible, especially on big ticket durable items. In such circumstances our positioning, being a value retailer targeting customers mainly in the mid to upper LSM categories, is a distinct advantage.

change in accounting policies 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 Financial Statements. The prior year's reported earnings were restated, reducing by an immaterial amount of R2.8 million.

Airtime sales 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 profit.

financial performance

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
- financial services income growth of 27.8% to R582.5 million.







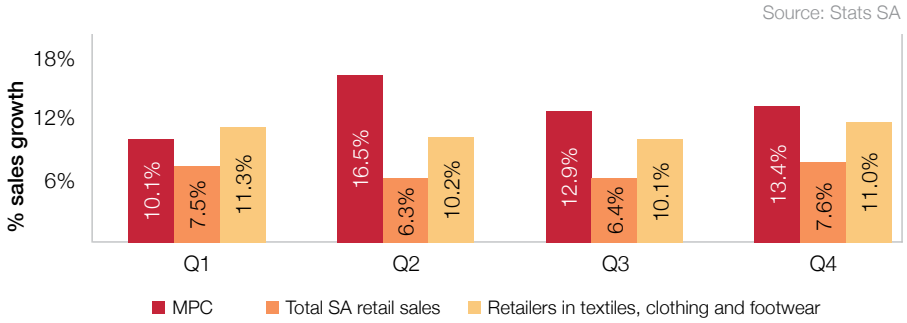




We are delighted that the Group has produced a strong set of results on the back of a good performance in the prior year, despite:

- the challenging retail environment
- 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 16.1%.

Retail sales for the Group reflected growth of 14.8% highlighting the appeal of our merchandise offer. The Group's South African retail sales increased by 13.4% compared with the total retail sector which grew by 6.9%.



Growth in our new channels delivered encouraging results:

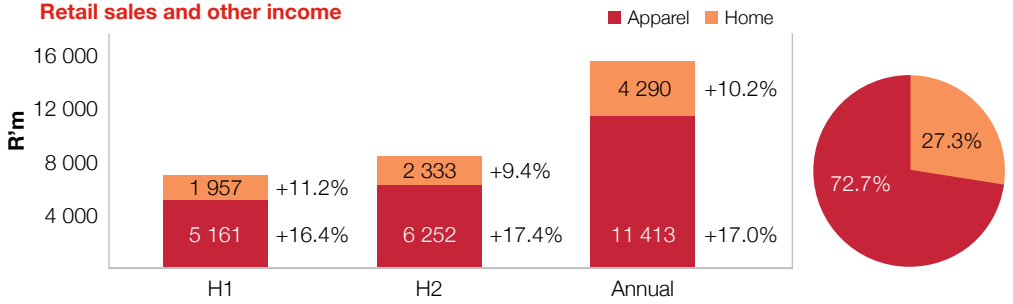
- Online sales were up by **293.4%**
- International sales increased by 37.6% and now account for 7.3% of Group retail sales. In the key West African markets of Nigeria and Ghana, **sales were up by 98.2%.**

Retail selling price (RSP) inflation was 9.7%, which comprised input price inflation of 5.3% and product mix inflation of 4.4%. Unit sales were up by 4.9% to 216.9 million.

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%.

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 retail sales and other income increased 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 remained in line with last year at 42.0% (after adjusting for the reclassification of airtime sales and related costs discussed earlier), while the merchandise gross profit percentage 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 rental 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.

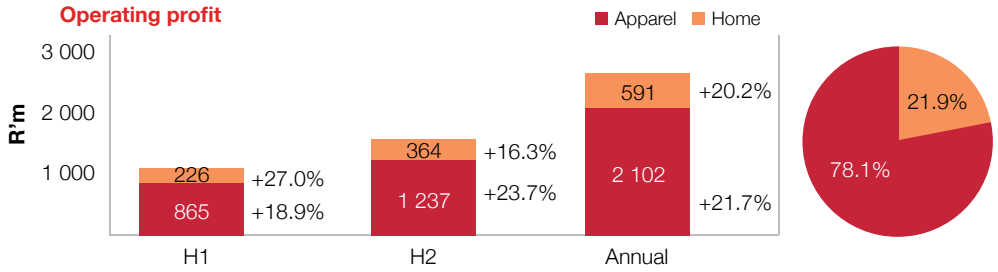
Administrative expenses increased by 10.3% and comprised 6.8% of retail sales, an improvement on last year's 7.0%. Staff costs relating to building online and merchandise trending teams, higher incentives paid as a result of divisional and Group performance and a reduction in foreign exchange gains were 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 from 15.6% to 16.7% of retail sales.

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 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 risen from 62.7% to 63.0%, resulting in a dividend of 482.0 cents per share, an increase of 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, an increase of 18.5%, which 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, and over the last 5 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 million, of which furniture, fittings, equipment and vehicles constituted 83% and computer equipment 13%. Disposals totaling R30 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 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% 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, an improved ageing profile of the Group's debtors 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 profiles of the Group's trade receivables are 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 by R613 million to R3.9 billion. The movement is made up as follows (R'm):

Opening balance	**3 309**
Total comprehensive income for the year	**1 880**
Treasury share transactions	**(247)**
The purchase of treasury shares to partially cover options granted	**(365)**
The net credit on vesting of options	**77**
Taxation relating to grants from the Company to share trusts	**41**
Recognition of share-based payments	**75**
Dividends to shareholders	**(1 094)**
Non-controlling interests	**(1)**
Closing balance	**3 922**

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

Trade and other payables increased by 56.1% to R2 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

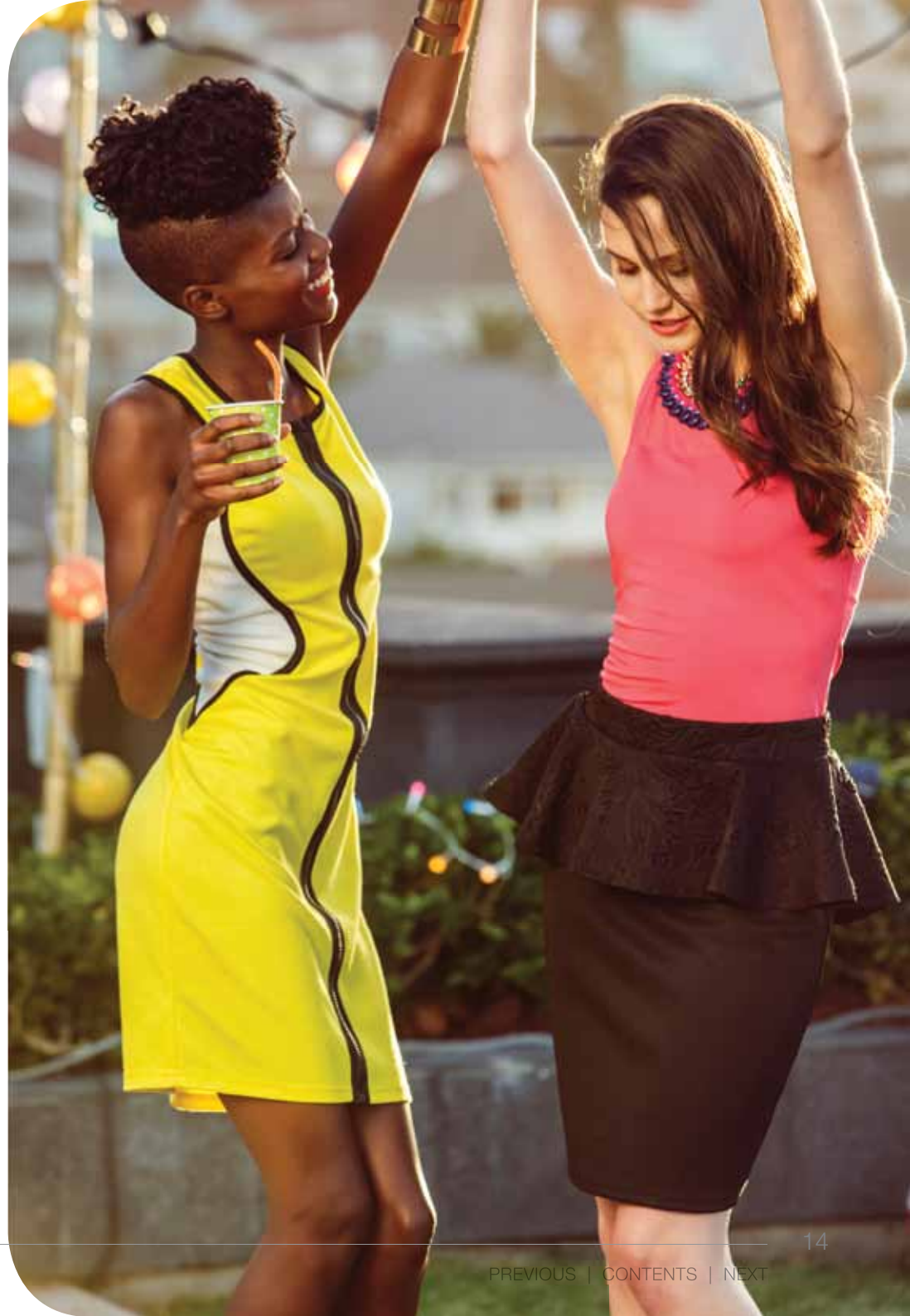
The country is in a rising interest rate cycle, although this is not expected to be as extreme as previous cycles. The impact of currency weakness has found its way into the broader economy, increasing inflation, which now exceeds the Reserve Bank's targeted range and affects the cost of living of all 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 requiring quality growth. This includes a cautious approach to credit, being selective in new space acquired and constantly challenging all aspects 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 look 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 do homage to 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."



our business model

value is at the very core of the Group's existence...



fashion 1

Fashionable merchandise at everyday low prices.

THIS IS HOW WE SATISFY OUR CUSTOMERS' NEEDS FOR FASHION:

- Fashion research, specialist trend teams and frequent international travel
- Active dialogues through digital and social media
- Responding to customers' changing fashion needs
- Thorough product testing before making large merchandise commitments
- Slow selling merchandise is cleared to make way for new fresh merchandise

value 2

fashion + quality + price

MAINTAINING A LOW OVERHEAD STRUCTURE IS IMPERATIVE TO DELIVERING ACCEPTABLE OPERATING MARGINS:

- Best price for quality and fashion offered
- Being a value retailer means lower mark-ups in order to offer 'everyday low prices'. This results in large order quantities and higher sales volumes that keep input prices low
- The Company seeks to balance this with incurring costs often ahead of revenue generation, which will support future growth

cash 3

Remaining a cash-driven retailer with a cash sale contribution of 80% of total sales.

THIS LEVEL OF CASH ENSURES THAT THE GROUP IS:

- Less impacted by the cyclical nature of retail
- Not dependent on releasing more credit into the market to drive turnover, particularly during poor economic times
- Less exposed to bad debt
- Able to fund future growth without gearing. Strong cash flows will support increased capital expenditure and maintain an appropriate dividend pay-out ratio.



our operations & footprint

404 Mr Price Apparel Stores
Average store size **632m²**
Total trading area **255 380m²**

158 Mr Price Home Stores
Average store size **883m²**
Total trading area **139 452m²**

61 Mr Price Sport Stores
Average store size **813m²**
Total trading area **49 578m²**

265 Sheet Street Stores
Average store size **187m²**
Total trading area **49 584m²**

191 Miladys Stores
Average store size **318m²**
Total trading area **60 748m²**

1 079 Total Stores
Total trading area **554 742m²**

South Africa
1 014 Total Stores
- 369 Mr Price Apparel
- 148 Mr Price Home
- 60 Mr Price Sport
- 253 Sheet Street
- 184 Miladys

Botswana
19 Total Stores
- 10 Mr Price Apparel
- 3 Mr Price Home
- 4 Sheet Street
- 2 Miladys

Namibia
29 Total Stores
- 16 Mr Price Apparel
- 4 Mr Price Home
- 1 Mr Price Sport
- 5 Sheet Street
- 3 Miladys

Lesotho
4 Total Stores
- 2 Mr Price Apparel
- 1 Mr Price Home
- 1 Sheet Street

Swaziland
7 Total Stores
- 2 Mr Price Apparel
- 1 Mr Price Home
- 2 Sheet Street
- 2 Miladys

Nigeria
4 Total Stores
- 4 Mr Price Apparel

Ghana
2 Total Stores
- 1 Mr Price Apparel
- 1 Mr Price Home

Franchise
23 Total Stores
- 8 Kenya
- 2 Mauritius
- 3 Mozambique
- 2 Rwanda
- 2 Tanzania
- 1 Uganda
- 5 Zambia



stakeholder engagement

The Group recognises the importance of engaging with its stakeholders to ensure the long-term sustainability of the business. This process ensures greater transparency, as key stakeholder issues are identified and response plans developed.

An analysis of the business from a strategic and operational perspective highlighted where particular external parties currently have an interest in the organisation or may have an interest in the future.

Key stakeholders were then mapped and prioritised as those individuals, groups of individuals or organisations who affect and/or could be affected by the Group's activities, products, services and performance of the Group. Each key stakeholder group has a business owner who is the individual in the Group primarily accountable for managing the relationship with the particular stakeholder or stakeholder group.

The tables that follow provide information on the Group's key stakeholders. Although we have not listed the communities in which we operate and certain government departments with whom we have a relationship, it is important to note that the Group acts in a responsible and compliant manner towards these stakeholders.

	shareholders and the investment community	customers
Why they are important to us	Shareholders are the owners of the Company and require information about its performance and business strategy. The investment community assists shareholders to understand the value of the Company.	To better understand needs so that we may provide the wanted product and service; to understand brand perceptions so that we may grow long-term loyalty with our brand by relevant targeted customer communication. Our customers thrive on engagement - the more we connect and engage, the more social capital we build and the more we are a part of their decisions as a brand in the fashion value space. Ultimately, top of mind brands translate into increased market share.
What we engage on (key themes / issues identified)	• Company performance • Retail market trends and issues • Dividend policy • Share price performance • Share schemes • Business strategy • Future prospects	• The common engagement themes and issues are related to product, delivery and payment followed by store experience, staff and environment • Brand perception and expectations • Fashion trends • Customer service levels • Product and quality feedback • Community support and fundraising through RedCap Foundation • e-Commerce technical assistance, orders and queries • Account queries and payment
How we engage	• Annual General Meetings • Results announcements and presentations to the Investment Analysts Society and roadshows to the UK and USA • SENS announcements • Trading updates • Group website • Annual Integrated Report • Annual Results booklet • Press releases	• In-store interaction • Traditional and digital media • Telephone, email and various social media platforms • Live chat feedback on our e-commerce sites • Affiliate publisher partners in foreign markets, these local market affiliates feedback weekly via email any successes or challenges faced in their local market • Inbound and outbound call centres • Customer and market surveys • Advertising campaigns and competitions • Customer panel surveys • Mystery shopper programme
Engagement frequency	• Throughout the year with increased engagement during the release of the interim and year-end results	• Daily in-store, customer care engagement, social media channels and online • Weekly and bi-weekly through e-mailers and customer/market research • Monthly communication across various channels
How we measure our engagement	• Responses by shareholders to resolutions voted on at the Annual General Meeting • Feedback from the Investment Analysts Society • Share price	• Call centre service levels • Campaign response rate • Social media reporting • In-store sell offs • Data collection to continue engagement • Customer feedback

	associates and partners (our people)	suppliers
Why they are important to us	Our associates are our most valuable asset and brand ambassadors as their efforts and activities drive our profitability and the effectiveness of our customer engagement. To enhance associates' sense of value, commitment and motivation; to align associates to the Group strategy; and to receive feedback on areas for workplace and performance improvement.	Suppliers are key to our performance and core to our strategic positioning.
What we engage on (key themes / issues identified)	• Vision and values • Business Code of Conduct • Group policies and guidelines • Company financial performance • Individual and team performance • Remuneration, benefits and incentives • Transformation and employment equity • People development and training • Wellness programmes • Health and safety • Culture survey issues	• Supplier performance • Order quantities, factory capacities, product cost and quality • Future growth and expectations of the Group • Supplier core competencies • Future trends in product and sourcing opportunities • DC requirements • Quick Response • Supplier Ethical Data Exchange (SEDEX) • RedCap Foundation Manufacturing Programme (Skills development) • National textile and apparel cluster • Regional Footwear cluster interaction • B-BBEE Compliance
How we engage	• Induction programmes • Training needs • Performance reviews and fireside chats • Career planning discussions • Culture and climate surveys • Internal media – Red Cap Radio and TV • Team meetings • Results presentations • Divisional events, including awards events • Whistleblowers' hotline	• Supplier days • Regular supplier meetings • Supplier performance reviews • Strategic partnerships • Quality audits • Ethical and social audits • Distribution Centre (DC) tours • Factory visits and tours • Whistleblowers' hotline
Engagement frequency	• On joining, through "Your Journey" induction programme • Communication sessions throughout the year • Internal TV broadcasts (fortnightly) • Company results communicated (bi-annually) • Fireside chats and performance reviews (bi-annually) • Incentives set, aligned to business strategies (annually) • Training plans compiled (annually) • Cost-to-company letters distributed to all associates, including updated share option information (annually) • Divisional and Group succession plans reviewed (annually) • Culture survey conducted (annually)	• Supplier opening meetings and tours • Ad-hoc meetings on topical issues • Continuous quality audits • Weekly or fortnightly current trade meetings • Bi-annual/seasonal performance reviews • Annual ethical and social audits (1st tier suppliers) • Annual supplier days
How we measure our engagement	• Culture and climate survey results • Solutions Café's following Culture Survey • Feedback from fireside chats/performance reviews • Employment Equity Committee Evaluation • Whistleblower complaints and compliments • Turnover statistics • Exit interviews	• Integrated Supplier Grading Tool • Performance to Strategic Agreements – capacity, performance, flexibility to trade • Performance to Service Level Agreements • Supplier audit results







ourpeople

The Group strives to be a sought-after international company of employment choice by offering leading career opportunities in fashion value retailing.

capacity building

The past year was characterised by considerable investment in human capacity in line with the upgrading and renewal of processes, systems, technologies and ways of working across the Group. A number of new roles were established creating valuable new skills that improve the Group's competitive advantage. Most of these positions were filled internally indicating excellent progress in providing career opportunities for our associates.

In the year ahead we will continue to look for people who are adaptive, enjoy working in a fast-paced, progressive and changing environment and who thrive on high performance.

associate engagement

Inspired by our core values of Passion, Value and Partnership, our energetic and entrepreneurial culture continues to be central to the Company's successful performance. We have paid close attention to our culture during this period of high growth and organisational change by striving to understand the climate within our working environments. This has been achieved through our annual independently conducted culture and climate survey, followed by sessions designed to listen to the needs of associates, while protecting our core values.

In line with our culture, we ensure that communication is ongoing through frequently held "Comm Times", regular internal TV broadcasts and social media platforms. Close working relationships between managers and associates are valued and, to allow associates to participate proactively in this relationship, employee self service and interactive learning management systems have been introduced. These will provide associates with direct access to information relating to personal performance and management of their careers, thereby improving the quality of discussions with their managers.

The Group beneficially impacts the lives of associates, their families and the communities in which they live through RedCap Foundation. We also reach into communities through our talent attraction and acquisition teams, ensuring that young people are engaged at an early stage of their careers and gain insight into the many employment opportunities available in our Group.

performance recognition and reward

Our Group thrives on happy, motivated employees. A very important element of our culture is to actively encourage, recognise and reward exceptional performance and the achievement of personal goals. Well-defined incentive targets are set annually, with performance discussions conducted at year-end or as required through the year. The result is generous financial incentives for outstanding performance. All associates within the SADC region are invited to participate in the Mr Price Group share or share option schemes. This after fulfilling the specific employment tenure requirements of that scheme as detailed on the Group's website. As these employees are part-owners in the Company, we refer to them as partners or associates. Further details are contained in the Remuneration Report on page 63 and on the Group's website.

We use every opportunity to celebrate team or personal achievements and reinforce the spirit of performance. Group results are presented to associates bi-annually at communication sessions and, more frequently, divisional performance is discussed in the respective divisions. A highlight is the award of the Mr Price Group 'Running Man' statue, presented to selected associates who have made extraordinary contributions over an extended period. These highly valued individuals embody the Group's culture and core beliefs and demonstrate consistently high dedication and performance. Additionally, the Mr Price Group medallion is awarded to associates who have delivered outstanding performance or exceptional innovation through the year. These individuals set new standards and become role models for those who follow. In this way we are able to maintain a working culture that encourages people to succeed and drives them towards their personal aspirations.

human capital management (hcm) systems

The continuous transformation of our human capital management capabilities to world-class standards has included investment in leading edge workforce management, learning management and payroll systems. These enable us to better manage and develop our people, supporting our objective to differentiate the Group as an employer of choice. Intended benefits are higher levels of productivity and cost efficiency as well as improved HCM transactional efficiency in support of our business expansion plans.

We have also planned for a Business Intelligence solution that will enable our business leaders to make better-informed and predictive HCM decisions, particularly relating to building people capacity ahead of strategic requirements. All associates will be offered access to employee self service and learning management platforms with readily available personal information. This will engender a modern culture of performance accountability through direct ownership of career planning and development. The roll-out of these platforms will continue to be a focus in the new financial year.

talent acquisition and development

"Developing 'homegrown' talent is a strategy that has served the Group extremely well to date and will continue to be our core area of focus."

Attracting the right skills externally has become increasingly important in the high growth environment. We frequently conduct fun, exciting and creative campaigns to profile our employment proposition, either to potential associates through our social networking platform or through direct involvement with schools, colleges and universities. Systems to administer and hold application data allow proactive management of these talent pools.

Our talent acquisition teams are constantly striving to improve our induction processes to cater for the increasing geographic spread of associates. On joining, new associates attend induction programmes introducing their job specific requirements and we use this opportunity to introduce the core values and the benefits of belonging to an exciting working environment.

Turnover at senior management and executive levels is low, indicating the Group's ability to retain key staff. Store associate turnover for this financial year was 20.1%, substantially below comparative industry norms of 30.9%. Our stringent pre-employment assessments for store and key positions which include numeracy and behavioural attributes, ensure that the required levels of skill are maintained. The introduction of psychometric assessments has also proved highly effective in screening of key skills at the point of hiring.

career and personal development

"We offer outstanding career opportunities and associates are actively encouraged to pursue their ambitions within the Group."

In the last 2 years many new career opportunities have been created such as in Digital Marketing, e-Commerce, ERP Systems, Business Process Improvement, Product Development, Resourcing, Supply Chain, International, Governance and Legal.

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



management and leadership development

Given the hands-on nature of retail, managers are encouraged to take direct ownership for their areas of responsibility and to use the programmes provided to build their own entrepreneurial leadership style. We have continued to partner with leading training organizations and business schools, locally and internationally, to design and run creative leadership development programmes. We favour flexibility in the design of these programmes to cater for unique peer group needs within the demands of their busy day-to-day working environments.

The successful Emerging Leaders Development Programme has enriched our succession plans with entry-level leaders who display high potential for future leadership positions. A Leadership Series is planned for the forthcoming year. This will focus on individuals in positions of influence who are candidates for growth into higher levels of leadership, as well as incumbent senior executives with specific developmental requirements relating to the demands of their positions and/or strategic priorities.

"Our productive relationship with the Wholesale and Retail SETA has led to a number of our managers being selected for the SETA's International Leadership Development Programme."

Managers from across the Group have also participated in the Retail Management Development Programme since February 2012.

The personal growth and development of our leaders is supported by personal and career development discussions, comprehensive leadership assessments, development of personal development plans and regular performance feedback. Mentoring and coaching are offered on-the-job or as required.

talent development

We pride ourselves on our ability to excite all associates with the training opportunities that are provided throughout the Company, both on and off the job. Recognising that attracting, developing and retaining world-class retailers is critical to our competitiveness and long-term sustainability, we pay very high attention to succession planning and continuously improving the quality and delivery of training. This is reflected in the allocation of a longer-term budget to the development of our talent.

The SETA accredited Red Cap Academy has served as the in-house institution through which all learning and development programmes are facilitated and, aligning with Group strategy, this will undergo significant renewal in the coming year.

As a top retail training ground, we employ innovative training practices that draw on internal subject matter experts, top external faculty and carefully selected service providers. We have become more precise at job and competency profiling as the core of the design and development of training material, coupled with the effective identification of training needs. This is critical given the planned rollout of the new enterprise resource planning system, including redesigned core processes.

Our primary focus areas for training are merchandise skills, frontline operational associates who are challenged with the complexities of expansion into new territories and skills associated with new workplace systems. Our intern and graduate development programmes in merchandise and store operations feed externally selected trainees into areas of need, while internal trainees are provided with meaningful work under the guidance of allocated mentors and trained according to an individually paced hierarchy of learning.

As highlighted earlier, significant investment in leading technologies has enabled us to make training available to associates regardless of where they are geographically located. Our e-learning methodology makes learning available to thousands of associates at store level through point-of-sale terminals on a daily basis. The effectiveness of the medium is highlighted by the high number of associates who have completed one or more of the available modules such as point-of-sale, stock control, credit and business administration, customer service or a specific module on product knowledge. New modules are continually developed.

The Group supports the national skills initiative through learnerships. These are available across various disciplines enabling associates to receive a nationally recognised qualification. During the year 119 associates were involved in a learnership programme, of which 92% were previously-disadvantaged.

During the past year we invested in training systems and upgrades to e-learning which will enable a higher quality of training intervention. Increased training attendance is expected as a result in the coming year.

Key achievements in talent development	2014	2013	2012
Investment in learning and development	**R33 775 854**	R30 855 899	R25 160 637
Total annual number of hours allocated to learning	**230 973**	266 416	246 393
Average learning and development days per person	**2.5**	2.8	3.7
Associates who have completed leadership development programmes	**2 662**	3 748	3 241
Percentage of associates participating in learning and development programmes who are previously-disadvantaged	**90%**	88%	87%
Percentage of associates participating in learning and development programmes who are female	**69%**	70%	70%
Percentage of associates trained through e-learning who are previously-disadvantaged	**94%**	94%	94%
Percentage of associates on learnerships who are previously-disadvantaged	**92%**	93%	83%

employee relations

Maintaining sound working relationships is of utmost importance to us, hence one-on-one relationships between managers and associates and open communication channels are encouraged. Frequent communication sessions are held to update all associates on business progress, celebrate achievements and introduce new associates.

General employee communication is conducted through Red Cap TV with informative broadcasts delivered twice monthly via intranet or point-of-sale technologies. A Social Media policy is in place to provide guidelines for new and innovative ways of communicating internally using social networking technologies.

employment legislation

The Group complies with all relevant legislation including the Labour Relations Act, the Basic Conditions of Employment Act, the Sectoral Determination Act No. 9, the Skills Development Levy Act, the Skills Development Act, the Employment Equity Act, the Unemployment Insurance Fund Act and the Occupational Health and Safety Act. Line management is supported by well-trained employee relations practitioners who guide the interpretation and application of legislation in the workplace.

There have been significant changes to national employment legislation during the past year, including changes to the Basic Conditions of Employment Act, Employment Equity Act and Employment Services Act (effective dates are not determined at time of this report). Changes contained in the Labour Relations Amendment Bill and the Employment Equity Regulations were subject to negotiation at the time of this report. The process regarding the proposed amendments to the Unemployment Insurance Bill and the newly proposed Women Empowerment and Gender Equality Bill are being monitored.

The Group has taken positive steps to transform contractual relationships with all employees through conversion of non-permanent employee contracts to permanent. This aligns with the requirements of future national employment legislation and in particular the principle of “equal pay for work of equal value”.

We have commenced implementation of our responses to the major impact areas of the Labour Relations Act and the Basic Conditions of Employment Act and are responding proactively to proposed changes to the Employment Equity Regulations. This ensures that the Group is compliant with national employment legislation.

We have maintained active membership of the National Retail Association, through which representation to Nedlac and participation in discussions of national interest is facilitated. This has assisted us to stay abreast of labour law developments and plan our responses accordingly.

ethical behaviour

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

wellness

Our associates are encouraged to make healthy lifestyle choices, a philosophy that is promoted annually through a Wellness Week and via regular Red Cap TV broadcasts. Associates have access to health counselling and programmes to assist with information and treatment regarding serious illnesses. Wellness initiatives include assistance with personal financial planning and retirement planning.

Currently we have 2 910 associates covered by one of the available medical aid options, this represents 22% of all permanent staff, which includes a low cost entry-level medical plan specifically offered for store associates.

We recognize the ongoing challenges of HIV/Aids and strive, where possible, to assist our associates who are affected by the disease. Regular HIV/Aids awareness communication is distributed to all associates via the intranet, point-of-sale system and printed media. The Group is an active member of Retailers Unite, a voluntary association of retailers who collectively arrange wellness days where health screenings are offered free of charge to employees of participating members.

occupational health and safety

Safe working practices are encouraged throughout our businesses and monitored with regular attention being paid to workplace health and safety training, practice drills and safety reviews. In the year under review 75 work-related accidents occurred with no major accidents reported involving associates. This represents a 12% decrease in the number of accidents compared to last year.





our corporate citizenship

Sustainability is deeply entrenched in the Group's corporate values and its commitment to long-term business success.

In this report we provide an overview of performance against the generic Broad-Based Black Economic Empowerment (B-BBEE) Scorecard and key social and environmental sustainability issues in relation to our value-adding journey. The Social, Ethics, Transformation and Sustainability Committee reviews the Group's corporate citizenship agenda and related activities. Their report is located on page 91.

Our Governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity. The Board subscribes to ethical leadership, business sustainability, stakeholder inclusivity and sound values of good corporate governance. The principles of governance are a natural extension of our values of Passion, Value and Partnership and have been adopted and integrated into our business. More information on the Group's governance strategy and activities during the period can be found in the Corporate Governance Report on page 48.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

Our Level 5 Compliance has been independently verified against the Department of Trade and Industry's (dti's) B-BBEE Codes of Good Practice, 2007 by BEESCORE (Pty) Ltd, a SANAS accredited verification agency.

We are committed to driving social transformation and B-BBEE in a way that is both meaningful and sustainable. A high level assessment of the impact of the Revised Codes on our future scorecard has been conducted and it is acknowledged that the scorecard result is likely to be less favourable. Current initiatives that will be impacted include the Mr Price Partners Share Trust (which has approximately 95% black participants), as well as significant investment in people's skills, local suppliers and local communities (through RedCap Foundation).

B-BBEE Scorecard

element	total weighting	F2014	F2013	F2012
Ownership	20	**5.51**	6.47	5.46
Management	10	**3.08**	3.38	3.68
Employment Equity	15	**6.26**	6.18	6.01
Skills Development	15	**12.00**	12.00	12.00
Preferential Procurement	20	**15.92**	14.54	11.20
Enterprise Development	15	**7.55**	7.09	8.80
Socio-economic Development	5	**5.00**	5.00	5.00
Total	**100**	**55.31**	54.66	52.15
B-BBEE Level		**5**	6	6

management and employment equity

The Group recognises the need for its workforce to be representative of national and regional demographics and continues attracting, employing and developing people from previously disadvantaged groups. Focus is given to taking in graduates from previously disadvantaged backgrounds and preparing them for management and specialist retail positions. Pre-employment internships are also offered as a means of evaluating prospective employees and the RedCap Foundation's JumpStart programme provides soft skill training and retail work experience for unemployed matriculants.

The Group's philosophy is to encourage all associates to achieve to their full potential, irrespective of race or gender. Associates are encouraged to apply for and secure growth opportunities within the Group as these arise. Those who have the potential to attain top management positions and meet the needs of the succession plans are invited to attend internal and external leadership programmes that provide relevant business exposure and highlight development areas. This assists in the attainment of the employment equity (EE) goals set for the various occupational levels. The EE goals, set to 2017, have supporting action plans to address representation requirements at senior levels and there is regular reporting in place to monitor progress.

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

enterprise development

The Enterprise Development investment has been centered on the development of strategic local suppliers in order to build the local South African manufacturing capacity. The investment may involve a combination of loan, early payment (to assist with cash flow) and skills development (through RedCap Foundation's Jumpstart Programmes) and is dependent on the needs of the individual supplier, their level of supplier performance and capacity.

The Group's commitment to partnering with suppliers to build a sustainable local supply base is demonstrated through the Group's role as the founding retailer in the dti approval of 2 cluster applications aimed at strengthening the competitiveness of the South African Clothing, Footwear and Textile Industry. The Footwear and Leather Regional Goods Cluster and the National Sustainable Textiles and Apparel Cluster will receive the full funding required to further their objectives. The objective of the Regional Footwear Cluster is to deepen and widen engagement in people, product and processes in the footwear and leather value chain to increase profitability and employment levels within the region. The suppliers involved are strategic partners in the RedCap Foundation JumpStart Manufacturing Programme and they are Enterprise Development beneficiaries. The cluster has a budget of R51 million over 5 years.

The National Textile and Apparel Cluster aims to strengthen South Africa's competitiveness in producing sustainable raw materials and textiles for local consumption and potential exports in future. This will inform the Group's future raw material considerations and will enable the availability of raw material sourcing data for business decisions and reporting. The cluster has a 5 year budget of R228 million, of which R61 million will be allocated for the first year's implementation.

socio-economic development

The strategy is to invest in South African communities to support a local sustainable market and skilled labour force. Social funds are strategically invested in a way that unlocks empowerment in the hands of individuals rather than creating a cycle of dependence.

The social investment initiatives are implemented by RedCap Foundation NPC, a registered Non-Profit and Public Benefit Organisation. Partnerships with various stakeholders, including the National Department of Basic Education (DBE) and the JobsFund, remain focused on delivering innovative solutions whilst building towards systemic change at a national level.

The Foundation has a vision of a South Africa where young people create positive social change by being inspired, healthy and engaged citizens. Gap areas within the national priorities form the space in which the Foundation focuses its attention, by delivering strategic and innovative

Equity Statistics for all South African Associates

occupational level	female				male				grand total	foreign national	
	A	C	I	W	A	C	I	W		female	male
Top Management		1	1	8				25	**35**		
Senior Management		2	10	56	3	1	5	38	**115**	4	1
Professionally Qualified	19	23	69	172	17	7	61	117	**485**	3	0
Skilled technical	1 065	560	282	446	455	109	123	124	**3 164**	8	6
Semi-Skilled	4 613	1 178	293	120	1 797	294	119	38	**8 452**	5	7
Unskilled	47	8	5		41	1	11		**113**		
Total Permanent 2014	5 744	1 772	660	802	2 313	412	319	342	**12 364**	20	14
Non-Permanent 2014	2 594	492	79	74	1 019	152	23	44	**4 477**	1	
Total	**8 338**	**2 264**	**739**	**876**	**3 332**	**564**	**342**	**386**	**16 841**	**21**	**14**









solutions to the socio-economic issues. The Foundation's partnership with the Group allows it to respond with strategic solutions designed to meet the socio-economic needs of society as well as those of the Group and its supply chain.

This year the Foundation initiated the **JumpStart Manufacturing Programme** to develop the skills of unemployed youth in the clothing and footwear manufacturing industry, thereby addressing the needs of both the youth and industry alike. In February 2014, 21 pre-production and 100 production students started an internship programme across 5 manufacturing sites of strategic suppliers in KZN. In June 2014, another intake of 100 students will take the total to 200 multi-skilled production trainees being skilled for the sector in 2014. The **JumpStart Retail Programme** has assisted 717 previously unemployed youth to find job placements within the Group and other business partners of the programme during the past year. The investment cost per delegate is a mere R1 750 per person. The programme started in 2007 and is currently implementing a successful collaborative programme in partnership with National Treasury through the JobsFund. This has resulted in 2 061 job placements since its inception.

The **YoungHeroes Programme** expanded to the Free State and made history by implementing all elements (physical education, extra-mural, intra-school and inter-school) of the programme simultaneously at the time of launch. The programme has been successfully implemented in 8 provinces and continues to show best practice in Physical Education (PE) and school sport. The programme started in 2005 and was enhanced in 2009 with the collaboration between the Foundation and the DBE. The objective of this collaboration was for the Foundation's programmes and learnings to be incorporated into the new School Sport Policy and the Department's National Strategy on PE and school sport for all public schools. In the next year, 2 of the YoungHeroes provinces will enter the sustainability phase, which will test the ability of the local Department of Education officials to manage the programme.

The **RedCap Schools** in Kwa-Dukuza further improved their academic results to above the KZN average of 42% and the national average of 40%. At these schools, the Iciko Programme (focused on arts, drama, dance and music) achieved significant results and overwhelming support from principals and teachers to integrate the programme into school curricula. This integration started in February 2014. From March 2014, the Foundation will utilise the RedCap Schools computer laboratories to launch the Global Literacy and Numeric programmes in support of further developing both educators and learners in the areas of Maths and English.

The Foundation's **Saturday School** was launched in early 2013 with 129 learners (from grades 2 to 12) attending lessons in Maths and English on a Saturday morning at the Group Head Office.

The Foundation raised over R2.8 million in outside donations this year, Facebook visits increased from 636 likes to 1 051 over a period of 6 months (65% increase) and the number of visits on the website increased by around 47% since last year. For further information on the activities of the Foundation refer to *www.redcapfoundation.org*

social responsibility

The Group's social strategy, guided by its values, recognises the partnership with society, acknowledges the impact on partners and takes the necessary steps to ensure that our involvement is of a positive nature and results in "win-win" outcomes.

The health, wellbeing and physical environment in countries where people produce our products is important to us. To this end, the Group has become a Foundation Stage Member of the Ethical Trading Initiative (ETI) during the year. The ETI membership gives the Group access to a framework and expertise that will assist in developing a process of supplier compliance and alignment to our core values. By becoming a member, we have joined a list of many international businesses from various sectors which are committed to improving the lives of global supply workers.

The alignment of the Group's Supplier Code of Conduct to the ETI Base Code is one of the key steps in committing to trading ethically and improving conditions in a vast, complex and global supply chain. A deeper engagement with our suppliers on these issues is fundamental to influencing future change and obtaining transparency. Further to this, the Group also joined the Supplier Ethical Data Exchange (SEDEX) during the year. SEDEX provides member companies with a secure online tool for sharing and managing supply chain information on 4 key pillars: health and safety, labour standards, business practices and the environment. Becoming a member highlights the Group's willingness to share information and to utilise the available information to manage and improve ethical standards within the supply chain.



environmental responsibility

The business is reliant on the environment for basic needs such as water, energy and the provision of raw materials needed to produce and transport products. The reliance on natural resources and the implications of climate change have recently been acknowledged in terms of the impact on the business risk profile. Whilst sufficient sector specific information is still largely lacking to effectively inform business decisions, it is acknowledged that, for future survival and success, a resilience to sustain the impacts of climate change has to be built.

"The Group recently joined WWF as a corporate network partner to access the expertise of global subject matter experts in environmental issues."

Raw materials and supply chain

The Group's most significant environmental impact occurs within its supply chain, during the process of production and transportation, as well as during the customer washing and drying of the apparel and textile products.

The Supplier Code of Conduct requires compliance with in-country environmental legislation, but it is acknowledged that further work is required to ensure that the Code is actually in line with international legislation, particularly in countries where laws do not sufficiently address environmental degradation.

In order to fully understand the climate change risk and impact on raw materials used in the production of the Group's products, detailed and specific research appropriate to the needs of the industry is required. It is expected that the participation in the National Sustainable Textile and Apparel Cluster will produce life cycle assessments that will assist the South African textile industry to make informed decisions regarding the fibers that are socially and environmentally appropriate for local production and it will assist retailers to make appropriate textile and design decisions.

Energy and carbon footprint

The regular interruption of the national power grid and rising cost of electricity could have a significant impact on the Group.

The Group's commitment is to reduce its carbon footprint by 10% over the medium-term (on baseline year 2013). During this year our carbon footprint was reduced by 2.9 million Kwh (2 871 tons CO_2 emissions). The accuracy of the carbon footprint calculation improved significantly and initiatives to calculate, monitor and reduce the emissions were implemented.

The Group's direct impact on the environment is limited, with the largest impact being electricity usage at store level. Carbon reduction initiatives included lighting retrofitting in stores, ongoing evaluation of energy requirements and improved user behavior around energy reduction. The initiatives have been enabled through an energy management programme and meters installed at store level. New store designs are now 30% more energy efficient than they were 5 years ago.

Water

The Group has not yet focused on water usage reduction as the nature of our business operations requires a very low usage of water. It is acknowledged, however, that South Africa is considered to be a water scarce country and we anticipate incorporating responsible water usage in our value chain in the future.

Waste

Our office recycling rates are still fairly low compared to industry norms and a target recycling rate of 20% has been set for F2015. To this end, the recycling initiative at our Head Office recently underwent a re-launch to simplify source separation and a packaging specialist has been commissioned to investigate opportunities for further product packaging efficiencies and guide in-store recycling efforts.

Both our Distribution Centres (DC) have excellent recycling rates with an average of 95% of all waste generated being recycled.

Further to this, the DC has implemented an innovative solution to the standard wooden pallets- recycled cardboard pallets have been implemented for all airfreighted stock. This pallet is lightweight and eliminates the need for fumigation of containers when sending stock to our international operations. They have also reduced the quantity of cardboard boxes (cartons) in the post distribution process by eliminating the need for repacking through engagement with suppliers on carton dimensions and specifications to supply merchandise into the DC.

Fuel and travel

The Group's outbound transportation and distribution is managed by an external service provider who has successfully implemented fuel and kilometer travel reduction for the distribution to stores. Due to the rising cost of fuel, this could have a significant impact on the Group if not well-managed. Scope 3 emissions, relating to business travel and emissions in the value chain, are currently not included in the Group's carbon footprint however opportunities for reduction are constantly investigated.

Awareness and education

Over the past year, regular awareness campaigns to associates involved energy tips, recycling and a continuous focus on improving waste recycling.

our strategy

The Group's strategy has been developed after careful consideration of the operating environment within the international, local and retail industry contexts. In particular, cognisance has been given to the following significant matters:

- economic and socio-political landscape of South Africa
- globalisation of retail and the need for robust systems and processes to ensure competitive advantage both in South Africa and new markets
- increasing role of technology in everyday life and the impact on current operations and international expansion
- supply chain, infrastructure and retail space challenges in new markets
- sustainability, the environmental and social impacts of a company's operations.

retail industry

Retail is a highly dynamic sector involving property, design, technology, logistics, fashion and popular culture. The current context of retail is challenging due to many retailers facing market saturation and increased commoditisation, and many wrestling with new multi-channel strategies to drive sales in a period of low economic growth. At the same time, retailers are under increased pressure to consider the environmental and social impacts of their operations.

Customers have begun to move with much greater fluidity between physical, mobile and PC-based interfaces. Accordingly, it is critical that brands create customer experiences that fuse the physical and digital worlds. The international trend is for an omni-channel approach (bricks and clicks) and presenting a consistent look and feel across all contact points. Social media has become a critical success factor in the retail environment. Real-time mass communication can be leveraged as an advantage, for example to test consumer opinion on an issue or on merchandise, but can also have the opposite impact in the event of poor quality or an unpleasant shopping experience. The Group's target customers have fully embraced these new disruptive technologies. New-generation shoppers want to engage with retailers who are at the forefront of technology, both in store and online, and interact in a world without walls. Several exciting initiatives are underway to ensure that the Group meets and exceeds such expectations.



"Retailers are also continuing to focus heavily on resourcing, supply chain and costs to reduce lead times, the cost of procurement, enhance efficiency and improve working capital in an increasingly competitive environment."








local market

Economic considerations

South African retailers have, in general, experienced a decade of remarkable growth, benefitting from the expansion of the emerging middle class.

The recent slower momentum, which impacts all retailers, is due to the following:

- Wage growth has slowed and, although still higher than inflation, the gap has narrowed significantly.
- Current rand weakness is fuelling an already pressurised environment, impacting imports and the cost of goods and services. South Africa has a volatile currency and, as the major South African apparel retailers import the majority of their merchandise, all are affected. Locally produced apparel also does not escape the volatility of the exchange rate as the majority of fabric used in South Africa is imported. With its average selling prices being lower than its competitors (which can be as much as 3 times higher), the Group is potentially less impacted than its competitors by currency weakness. The same percentage increase in the landed cost price due to a weak rand will widen the selling price gap, making the Group's merchandise offer more attractive on a relative basis. Our strategy is to maintain the gross profit margin during periods of currency weakness, rather than absorbing the cost thereof.
- Inflation is on the rise and has exceeded the targeted range of 3-6%. This has a knock-on effect across the whole economy, however it has the biggest impact on lower income customers. The Group generally targets customers in the mid to upper income groups, although Sheet Street's target customers are in the mid LSM 5-8 bands.
- Interest rates have entered an upward cycle, however the impact is not expected to be as extreme as previous cycles. If increases are moderate, the impact on retail sales will be minimal and the Group will benefit from higher interest income on its cash resources and accounts receivable.
- Unsecured credit, which accounts for 12% of total credit in South Africa, is slowing as lenders lower their risk appetites. The credit quality of this segment continues to weaken, however the ageing profiles of other credit types remain strong. The Group's credit quality is strong relative to the industry.

The business model, which is explained in detail on page 15, has proven itself in previous economically challenging times. Consumers will look for greater value and, for fear of falling into a debt trap, will be more confident paying by cash. In these conditions, as a cash-based value retailer, the Group is well placed to capture further market share. The past few years have seen an increasing number of international apparel retailers establishing a presence in South Africa. However, their market positioning results in them competing more with the higher price-point credit retailers. The Mr Price brand is well entrenched in the hearts and minds of South African consumers and Mr Price Apparel has continued to increase market share despite the presence of international retailers. Although the local market is still very important, the Group's strategy is to take our proven business concepts to new markets and expose consumers there to the merchandise offer that has served us so well to date.

With regard to real estate, there is always high demand for premium locations and there have been instances where new entrants have been willing to pay higher rentals in order to secure space. However, the Group has strict store feasibility guidelines and would rather decline such space opportunities than run the risk of performing sub-optimally as a result of inappropriate overhead structures.

Social and political considerations

The South African social landscape remains challenging, with low levels of education, a high unemployment rate and pressure on National Government as a result of the high number of people employed by that sector or drawing social benefits from it. Critical skill shortages continue to impact the business environment, including the retail, clothing and textile industries.

While the Company gives preference to and sources a proportion of its merchandise from local suppliers, its efforts are hampered by the lack of competitiveness of the local manufacturing industry. A lack of investment in new technology and high cost of employment, without a corresponding increase in productivity, contributes to the high costs of local manufacturing. In response to the opportunity to assist the competitiveness of local manufacturers, the Group has developed an Enterprise Development Strategy and has recently been involved in the establishment of 2 dti-approved competitiveness clusters. Refer to Our Corporate Citizenship report on page 24 for further details.

Through the Red Cap Academy, talent and management development programmes support the development of black managers and grow the leadership in the Group. Electronic retail-specific training programmes train associates for a career in retail. Refer to the report on Our People on page 20.

The Group remains committed to acting responsibly and to considering the interests of its key stakeholders – in short, being a good corporate citizen. In doing so, the Group abides by the laws of the territories in which it transacts and expects its associates, suppliers and stakeholders to do likewise. Refer to the Corporate Governance Report on page 48.





international

The African continent, with a rapidly urbanising population of nearly

900 million,

is being considered by many as “the next big thing”.

Disposable incomes are rising and consumer spending is expected to grow to almost $1 trillion. GDP growth is close to 6% and several Sub-saharan African countries rank among the 10 fastest growing economies globally. A middle class is emerging and increasingly wealthy consumers are embracing Western brands, products and lifestyles. Mobile phones and the internet are proliferating rapidly across the continent and internet penetration is expected to increase from 167 million to 600 million by 2025, and smart phone utilisation to increase from 67 million to 360 million over the same timeframe. There are significant opportunities for retail in developing economies. Africa represents a major opportunity for us to expand but capturing it will require patience, hard work and ingenuity. Formal retail space (malls and shopping centres) is scarce and expensive, while under-developed supply chains, corruption and lack of infrastructure are additional challenges. The Group’s growth strategy is multi-faceted, incorporating local, African and international growth.

The East, particularly China, continues to be the major force in apparel manufacturing, however sourcing from that location is not always ideal as the need for fast-fashion and shorter lead times would, in theory, seem to support local sourcing. Where possible, the Group procures from local manufacturers and suppliers, however the ability to accommodate our order volumes at the most attractive price requires the Group to source from international suppliers to a significant extent. The Company is currently reviewing its resourcing strategy to enable quick response and is working with strategic suppliers to develop key manufacturing skills. Refer to the Group’s social responsibility initiatives on page 26.

Worldwide businesses have acknowledged the need to address climate change via more efficient and effective usage of resources such as energy, water and fuel. This reduces carbon footprints and the overall impact on the environment and mitigates rising costs. The Group’s usage of these resources is under scrutiny, through energy and supply chain initiatives. Read further on the Group’s environmental responsibility on page 27.

group strategy

The Company’s vision is to become a top performing, international omni-channel retailer which requires sustainable value creation over the short, medium and long-term. The Board of Directors reviews the appropriateness of the strategic objectives annually and performance against set targets regularly throughout the year. An integrated approach to strategy, risk management, performance and sustainability has been adopted and there is continued commitment to the alignment of “people, profit and planet”. The Group’s strategy has been captioned ‘FIX, INVEST, GROW’:

FIX	**Address all areas of operational weakness and improve the operating margins of underperforming divisions.** This phase was targeted at the Home businesses which were performing below expectation and Mr Price Sport which was a start-up business that had not yet achieved critical mass and was incurring losses. These divisions have improved their trading densities and operating margins are now all in excess of 10%. A revised target of a minimum of 15% within the next 5 years has been set, while Apparel and Miladys are targeting in excess of 20%.
INVEST	**Improve processes and systems, the foundations of which will support and enable the growth strategy.** Detailed assessments of systems, people, resourcing and supply chain have taken place and the Group has committed to capital expenditure of R3 billion over the next 5 years. Significant investments are a new ERP system and distribution centre (page 31 & 32).
GROW	**To be an internationally competitive omni-channel retailer with robust top line growth and an increasing contribution of foreign revenue.** The Group’s approach to expansion is to fully test foreign markets before committing to an entry strategy. Early results are encouraging, with focus now being placed on supply chain improvements to ensure appropriate pricing and consistent brand positioning in all markets and research into other territories (page 31).

The Group’s most material matters are those which affect the execution of its strategy and its ability to create and sustain value in the short, medium and long-term. These material matters have been identified and prioritised after taking into consideration the Group’s business model, unique culture and partnership philosophy, the top of mind issues for the Board and executive management, issues that have been derived from key stakeholder engagement, strategic objectives and key risks. The Group’s most material matters have not been reported separately; instead these are integrated throughout this report.

strategic objectives and kpi's	progress to date	key risks and mitigations	future priorities
Deliver sustainable growth in revenue and profitability in targeted markets and channels. Increase in: • Revenue • Trading space • Trading density • Operating profit • Operating margin • HEPS • Return on equity • Return on investment	**South Africa -** 'home base' is the foundation which will fund infrastructure and future growth. Sales growth of 13.1% achieved and 59 stores were opened. **Other Markets** – opened 9 corporate owned stores to bring the total to 65. Sales increased by 37.6% which included Nigeria and Ghana, which grew by 98.2%. Acquired Zambian franchise and awaiting Competitions Board approval. New **trading space** increase by 4.8% (3.4% net of closures and reductions). **Online** launch of Mr Price Apparel internationally (mrp.com) and in Nigeria (mrp.com/ng) and Mr Price Home and Sheet Street in SA. Total online sales increased by 293.4%. **Research** in progress in other African and international markets to identify additional growth opportunities. Improved returns are detailed in the CFO's report on page 10.	**Slowdown in consumer spending in SA** • Focus on fashion-value business model, including trend and design capabilities, systems, logistics and suppliers to maintain low cost structures and value positioning • International expansion strategy • All international growth to be cash based. Cap on total credit contribution of 20% of Group sales **Increasing competition, including presence of international retailers in SA** • Focus on fashion-value business model • Development of merchant and trend teams • Raised level of pre-season planning • Improved supply chain and resourcing processes • Associate retention policies **Investment in wrong market or format** • Clearly defined risk appetite • Multi-channel approach to expansion in order to overcome limited availability of retail space • Intensive research and test strategy for new markets and new channels • Stringent feasibility requirements and approval processes • Primary focus on logistics, pricing and competition • Focus on effective people and management structures • Pricing initiatives in progress include new transfer pricing model and supply chain initiatives to eliminate double duties	• Grow new revenue streams which are showing encouraging early signs. Ensure that we continue to execute well locally and increase market share • Target new annual space growth of 5% and exit from unproductive space which is presently 9% of total space • Design and test Mr Price Apparel new-age store • Implement new operations structures, targeting improved customer service and operational efficiency • Enhance shoppers' online experience via improved navigation and integration with physical stores • Enhance our CRM processes to ensure that customer experience across all touch-points is consistent • Launch online in remaining trading divisions • Acquire key franchise operations and continue with African expansion, focusing on value and channels to market • Further research to identify the international markets and formats (physical or digital) appropriate for the expansion of the red cap brands - Apparel, Home and Sport • Build brand equity in new markets • Extend our track record of growth
Develop world class information system capabilities to enable more intuitive and agile processes, improve efficiency and support international growth. • Successful implementation of new ERP and merchandise planning systems • Achievement of detailed project milestones • Timeous and successful implementation in test division • Key business needs met • Minimisation of new project requests and scope creep • Roll-out to remaining divisions in line with project plan • Capex and operating costs within budgeted levels	Oracle has been selected as the new Enterprise Resource Planning (ERP) system and Just Enough as the new Planning Solution. The project is underway, with the design phases having being completed and the build phases having commenced. Implementation in the 1st 'test division' for the new ERP system is scheduled for April 2015, with the remainder of the Group's divisions following thereafter.	**Systems and business requirements are misaligned or a problematic implementation disrupts the business** • Establishment of the MRP World team to ensure alignment with business requirements and Group strategy • Deployment of senior resources and appointment of IT specialists and independent advisors • Effective IT governance structures and processes, including Executive Steering Committee and oversight by the Risk Committee • Phased implementation plan, commencing with a small division before being rolled out further • Effective change management processes	• Mr Price Sport live on new ERP by April 2015 and overall project completion by 2nd half of 2016 • Implementation of online and customer interface requirements • Control capital expenditure within budget of R210 million

strategic objectives and kpi's	progress to date	key risks and mitigations	future priorities
Build an improved end-to-end supply chain, including resourcing and logistics, to improve visibility, optimise costs, reduce lead times and support international expansion • Ongoing transition of resourcing strategy - % of inputs acquired via direct relationships with manufacturers • Like-for-like product input price inflation • Delivery performance – on time in full, lead times • Elimination of double duties in foreign trading territories - % of merchandise delivered from point of manufacture to each respective market • Achievement of consolidation centre and bond store utilisation targets • DC cost per unit • Freight cost as % of FOB value • Build a new distribution centre in SA – timing, efficiency gains and costs	Direct imports increased by 53% to 16% of total imported merchandise. Group input price inflation was 9.7%, of which approximately 5.3% was like-for-like input prices and 4.4% mix. Bond store established and accredited. 4 consolidation centres established in the East. New DC plans were well advanced, however setback due to municipal approval being declined. Alternative approved site identified and an environmental impact assessment is underway. Freight as a % of FOB reduced, exceeding initial targets set.	**Increased direct exposure to exchange rates may cause volatility in selling prices and gross margin %** • Increase in direct imports is on a phased basis over a few years • Hedging strategy in place and treasury committee established • Selling prices routinely checked against competitors **Inability to eliminate double duties will result in retail selling prices in foreign markets being higher than desired. This will hamper our competitiveness, result in the brand identity not being consistent in all markets and the growth strategy being impacted** • Detailed plans to eliminate double duties • Amended transfer pricing policies awaiting regulatory approval • RSP's to be lowered as benefits accrue which will positively impact competitiveness against informal markets and increase market share **Distribution Centre capacity may be unable to cope with peak trading throughputs and future growth** • Interim focus on process and stock-flow optimisation • Use of off-site facilities during peak periods • New DC project has been set up as a major initiative, with a focused team, appointment of specialists, sound project governance structures and processes including reporting to the Services Division Board and Risk Committee • New DC to be in use by August 2016	• Ensure that suppliers are reputable and able to meet our increasingly complex requirements. • Achieve consistent progress on factory direct and trading relationships, with 85% of imports to be on this basis by F2019 • Eliminate double-duty in foreign markets. Foreign stores incurring single duty to increase from present level of 17% to 90% over the next 5 years • Conduct limited tests on direct shipments from China to Nigeria in July 2014 • Obtain necessary approvals for new distribution centre and achieve project milestones • Establish the potential of bringing the fulfillment of e-commerce sales in house
Empower and engage people, enhance people and leadership capabilities and ensure that company values and corporate 'DNA' are embedded • Effective staff recruitment strategy • Effectiveness of succession plan • Appropriate training investment • Achievement of Employment Equity (EE) targets • Successful implementation of human capital management (HCM) system • Results of culture surveys • Staff retention	• Investment in learning and development increased to R33.8 million • Continued investment in e-learning facilitated training across a widespread footprint • Various initiatives to train the new skills required to support the Group's strategy • Focus on leadership development, including EE • 96% of associates that joined the Group in 2014 were from disadvantaged backgrounds • 119 associates, 92% of whom are disadvantaged were involved in a learnership programme	**Poor education levels and a lack of skills result in the further decline in the manufacturing industry which is already struggling with competiveness** • Supplier and enterprise development plans, by the merchandise, resourcing and sustainability teams aimed at improving supplier sustainability and quick response capabilities in SA • RedCap Foundation participation in skills development with strategic suppliers in the footwear and apparel manufacturing sectors (JumpStart Manufacturing) • RedCap Foundation JumpStart Retail Project	Remuneration structures will be reviewed across all levels to ensure that they are still relevant to those whom they impact and continue to act as a strong motivator to drive future growth. Significant focus will be placed on the completion of the HCM system roll-out and the results obtained. Refer Our People report on page 20.

strategic objectives and kpi's	progress to date	key risks and mitigations	future priorities
	• Achievement against EE targets • At store level, the staff turnover rate of 20.1%, is within industry norms. The retention of head office staff is high • Further roll-out of a world class HCM system, labour scheduling module to all stores in the next financial year and implement the learning management module • Succession plans are in place for key positions and is reviewed annually by the Board	**The Group may not be able to attract and retain critical skills** • Brand profiling and talent search strategy, including intern and graduate programmes • Improved recruitment processes and information • Ongoing focus on skills development in order to create suitable talent pools, particularly around merchandise skills • Continued focus on embedding of Group culture and enhancing the work environment **Leadership does not have the ability to execute the strategy** • Executive development initiatives include strategy and operating in a global marketplace • Board oversight of performance to strategic KPI's • Robust succession planning	
Be a responsible corporate citizen that operates in a sustainable manner • King III application register • Number of incidents of legislative infringements • B-BBEE accreditation (in SA) • Volume of carbon emissions (in SA) • Electricity consumed (in SA) • Social Investment • Enterprise Development Investment • Adherence of our associates and suppliers to our codes of conduct	Mr Price Group has an established foundation of good corporate governance - refer to the Our Governance section on page 48. Further enhancements were made to the Group's governance processes, including: • Optimisation of Board structures and mandates • Implementation of a new strategic risk appetite policy, the core instrument for aligning strategy, risk management, performance and sustainability • Publishing of the King III Application Register, which confirmed the Group's commitment to uphold and integrate the spirit and principles of good governance • Updates to key Governance policies, including the delegation of authority, to further improve the Board's oversight over strategic areas and to advance empowered leadership The Group joined the Ethical Trading Initiative (ETI) and Supplier Data Exchange (SEDEX) to encourage socially responsible practices in its supply chain. The installation of efficient lighting and electricity meters in stores resulted in a more accurate calculation of consumption and carbon emissions and lower costs. Level 5 Contributor B-BBEE status was attained through sustainable interventions, including social investment through RedCap Foundation, preferential procurement and enterprise development investment with strategic suppliers.	**Insufficient engagement with or consideration of business input into new or changed legislation may result in onerous compliance requirements e.g. dti's Revised B-BBEE Codes of Good Practice will result in a less favourable rating, despite the Group's firm commitment and significant advancements in this area** • Continuous involvement in national and retail forums and considered input into proposed changes • Engaging and building positive relationships with regulators • Group's compliance philosophy • Sustainability strategy **Although the Group insists that suppliers uphold the standards set in the code of conduct it is possible that this may be breached by suppliers, and may cause undue reputational risk to the Group.** • Enhanced supplier code of conduct and supplier's annual declaration process • Supplier relationships and engagement • Joined the Ethical Trading Initiative (ETI) and Supplier Data Exchange (SEDEX) to encourage socially responsible supplier practices • Partnership with independent quality assurance provider in aligning conduct to the ETI Base Code • Group's consistent and direct response to noted breaches	The Group governance strategy has remained one that is "Beyond Compliance", and is therefore focussed on enabling the adoption, integration and embedding of the spirit and principles of governance (fairness, accountability, integrity, responsibility and transparency) in all areas of the business. The ETI Framework and SEDEX will be implemented across the Group over the next 3 years. The energy behaviour across the Group is being monitored and further savings in electricity are expected as the initiatives undertaken are expanded further across the business. The Group will respond to the Revised Codes of Good Practice issued by the dti.

Key Performance Indicators

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

	Unit	2014	2013	2012	2011	2010
Economic						
Retail sales	R'm	**15 227**	13 266	11 767	10 673	9 454
Headline earnings per share	cents	**765.1**	634.8	503.0	418.9	276.9
Operating margin	%	**16.7**	15.6	14.8	13.4	10.5
Dividends per share	cents	**482.0**	398.0	314.0	252.0	173.0
Share price (closing)	Rand	**156.01**	116.99	94.34	63.38	39.80
Return on net worth	%	**47.6**	46.4	43.8	42.2	32.5
Cash sales as a % of total sales	%	**80.8**	79.9	81.4	83.8	83.9
Social						
Total number of people employed		**18 104**[1]	19 384	17 894	17 887	17 300
Staff turnover	%	**20.08**	21.5	22.6	22.1	25.7
Black staff as a % of total permanent staff	%	**91**	94	91	89	90
Promotions of black people as a % of total promotions	%	**82**	87	85	78	83
Investment in people learning & development	R'm	**33.8**	30.8	25.1	9.9	7
Black people participating in learning & development	%	**90**	88	87	83	78
B-BBEE rating	Level	**5**	6	6	6	Not measured
Corporate Social Investment	R'm	**18.8**	16.7	13.0	11.4	7.4
Enterprise Development Investment	R'm	**28.0**	23.2	21.4	1.5	Not measured
Environmental[2]						
Carbon emissions (estimated) (in SA)	Tonnes	**157 639**	210 786			
Electricity consumed (Kwh in SA)	Million	**2.9**	Not reported			

[1] The decline in associates employed is due to the Group addressing employment contract types in response to amended labour legislation, where the conversion of casuals to permanent contracts resulted in fewer people being employed. Refer to Our People Report on page 20 for further information

[2] Refer to Our Corporate Citizenship Report on page 24 for further information



Mr Price

Nicci Lyne

MANAGING DIRECTOR, MR PRICE APPAREL

Mr Price is a leading fashion value retailer that provides an inspired range of differentiated, on-trend clothing, intimatewear, shoes and accessories offering distinctive and market-leading value.

who we are

We retail a selection of own sub-brands along with designer collaborations. Assortments are differentiated and category dominant in the wanted fashion items of the season. We target young and youthful customers in the LSM 6 to 10 range who love fashion and appreciate exceptional value.

An omni-channel retail approach is used to leverage multi-markets, together with social media platforms, to engage with customers.

The store footprint is supported by a strong e-commerce capability, thereby giving customers access to our full assortment online.









what we did

The division had an exceptional year, with sales growing by 18.9% and comparable sales by 13.0%.

This performance was driven by the following:

- Weighted average trading space growth of 8.4%, the highest in the Group, as a result of opening 24 stores and expanding another 15. In total, the sales performance of these new stores exceeded feasibility
- West African stores continue to perform well, growing sales by 95.8%
- Growth of our e-commerce in South Africa since the launch in July 2012 and the launch of e-commerce internationally in June 2013.

R8.6 billion Sales

18.9% Sales growth

13.0% Comparable sales growth

e-Commerce has added an exciting new dimension to our business, strategically opening up new growth opportunities and positioning us as one of the most progressive omni-channel retailers in Africa. Significant improvements to all aspects of the online platform have been made since the launch, resulting in growth of 203.5% year-on-year. We have also noted the positive impact that the online business has had on our physical store (bricks) sales and believe that this has been a key driver in our overall market share gains this year.

Although RSP inflation of 11% appears high, it was impacted by product mix and lower markdowns. Like-for-like product input prices increased by 4.7%.

The gross profit percentage increased primarily due to an improved markdown performance. Overhead growth, despite the many investments being made to position the Group for future growth (which are most often first implemented in Mr Price Apparel), increased at a rate lower than sales growth.

where we are going

Significant investment has already been made in securing and up-skilling human resource capabilities, improving merchandise buying and planning processes, acquiring new systems and streamlining our resourcing and logistics. However, the capacity building will be ongoing, as we plan to penetrate selected international markets through a focused omni-channel approach.

We are optimistic about the opportunities for the brand beyond our borders, given the customer response to our initial tests. Value is a key differentiator in all new markets and we have identified further opportunities to enhance our value positioning, mainly via supply chain improvements.

Mr Price SPORT

Clint Larsson

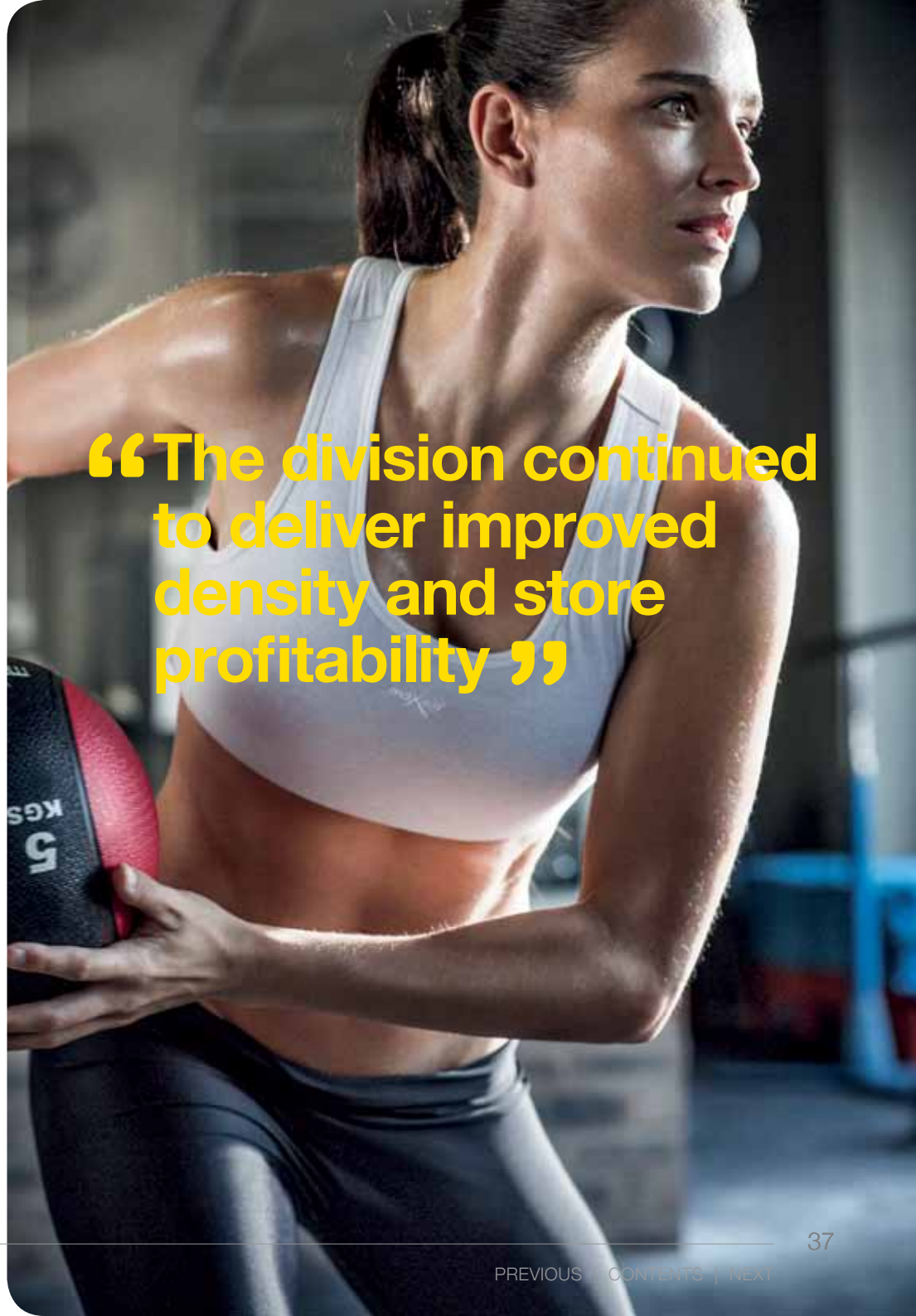
MANAGING DIRECTOR, MR PRICE SPORT



who we are

We are a value retailer selling sporting and outdoor apparel, equipment, footwear and accessories.

Our target market is value-minded sports and outdoor enthusiasts, from age 6 upwards, within the 8 to 10 LSM range.





what we did

The focus on maintaining a strong value offering in inflationary conditions enabled us to grow top line sales, which exceeded R1 billion (VAT inclusive) for the first time. Sales growth of 14.2% (comparable 6.5%) was driven by inflation of 6.0% and volume growth of 8.0%. Gross profit improved due to lower markdowns and this, together with good cost control, resulted in a strong increase in operating profit. The operating margin exceeded 10% for the first time.

The division continued to deliver improved density and store profitability. The weighted average trading space for the division grew by 0.8% as 9 new stores were opened and excess space of 3 251m^2 was reduced.

The successful testing of smaller format stores has confirmed the opportunity for future store expansion.

New resource channels and strengthening of direct manufacturer relationships has resulted in the further development of the 'one-up' brands, Maxed Elite and Trail Tech, and enhanced the value of the current core house brands, Maxed and Trail. During the current challenging economic environment, seasonal sports in private label brands have performed well, and, as expected, the growth in branded merchandise has slowed, as a result of higher retail selling prices and RSP inflation.



R1 billion Sales

14.2% Sales growth

8.0% Unit growth

where we are going

In the new year, the division will continue to roll-out stores in suitable Southern African locations and Mr Price Sport will be launched online. Research into international markets will be conducted to explore the possibility of trading in new territories.

MILADYS

Larry Simon

MANAGING DIRECTOR, MILADYS



who we are

Miladys retails a focused assortment of own brand women's clothing, intimatewear, shoes, bags and accessories which are of good value, trend right, differentiated and of flattering fit.

Our customer is primarily a 40+ family-orientated woman who is not a fashion "risk taker" but has fashion sense and wants to look on trend. She is in the LSM 6 to 10 range and requires good quality, comfortably fitting garments and value for money.








what we did

The division delivered a solid first half performance, however, the gains were diminished as a result of performance in the second half of the year falling short of expectations.

Being predominantly a credit retailer (54.3% of sales are on store credit), the division has been impacted by the tightening of credit extension in line with its peers. This, together with a poor performance in certain merchandise categories, resulted in a second half sales growth of 4.6%, impacting the annual performance substantially.

Weighted average trading space reduced by 2.0% as a result of the opening of 7 stores being offset by the closing of 5 stores and right-sizing of a further 6 stores.

The division was able to partly mitigate the lost sales opportunities and lower gross profit percentage (higher markdowns) by maintaining overhead costs in line with the prior year. As a result, the division was able to deliver a meaningful increase in annual operating profit.

The focus on windows and in-store displays to improve the brand experience was positively acknowledged in our market research.

R1.4 billion Sales

7.0% Sales growth

where we are going

The past trading period highlighted opportunities for improvement in certain merchandise processes and team structures. The value offering will be further enhanced to improve our market positioning.

Despite the temporary set-back, there are significant opportunities to improve gross margins via improved resourcing and lower markdowns. The division is generating an operating margin which is high in the Group context, but is some way off its potential.



Miladys will continue to take a conservative approach to the opening of new stores, by ensuring that store size and location match strict feasibility criteria.

Mr Price HOME

Arn de Haas

MANAGING DIRECTOR, MR PRICE HOME



who we are

Mr Price Home sells contemporary in-house designed, fashionable homeware and furniture to value-minded customers, with a young-at-heart attitude.

Our primary customer is a fashion-value minded female, aged 18 years and older within LSM 8 to 10, who loves her home. With the insight of past results, expected future local and international trends and customer feedback, we constantly aim to delight our customers with innovative products at everyday low prices.









what we did

We grew our sales by 10.5% and comparable sales by 8.2%, in line with expectations. Our sales growth reflected an increase in RLC market share and, while it was fairly consistent across all merchandise categories, we achieved above average growth in our textiles and home décor categories.

We opened 9 new stores and closed 1, keeping our weighted average space footprint in line with the past year as we right-sized existing stores. In the current year, the division increased sales in right-sized stores despite a space reduction of 2 825m^2, which led to a strong bottom line improvement. The stock turn was consistent with last year and merchandise quality improved with a greater level of fresh stock. The gross margin grew faster than sales, and this, combined with well-managed overheads, contributed to a meaningful increase in operating profit.

The local launch of our e-commerce channel in the second half of the year proved successful, with results exceeding our expectations and enhancing our customers' shopping experience. We were recognised for great customer service in the Homeware category through the Orange Index and were identified as the Most Iconic Homeware brand by the TGI Icon Brands Survey. Independent research, conducted by Nielsens, reflected that Mr Price Home is the most loved and frequented homeware retailer in South Africa with the highest level of brand awareness in the sector.

where we are going

As a leading fashion-value retailer of homeware and furniture, we remain committed to continued improvements to enhance customers' shopping experiences through product selection, range and brand experience.

The division still has significant opportunity to drive efficiency via the right-sizing of stores, with excess space in the division approximating 28 000m^2. We expect to capitalise on the opportunities presented through our online channel, grow the omni-channel experience in our stores and facilitate further benefits to our customers. Our international e-commerce website will be launched in the year ahead.

Our strategy includes increased focus on improved resourcing and supply chain initiatives, as we look to grow market share across current assortments and store footprint within Southern Africa. In addition, we plan to test stores in West Africa and explore other opportunities to grow our business beyond our current geographic locations.

R2.9 billion Sales

10.5% Sales growth

8.2% Comparable sales growth



sheet•street

loving your home!



Roger Maingard

MANAGING DIRECTOR, SHEET STREET

Our customers are very important to us and we interact and engage extensively at various service touch points in our 265 stores and via various social media channels. The store environment is small and intimate, with clearly-defined and easy-to-shop room categories.

who we are

We are a value retailer offering a range of affordable home textile and décor products for bedroom, living-room, bathroom, kitchen and dining.
In particular, we pride ourselves on providing exceptional value to middle-income households (LSM 5 to 8) who can create a home they love at a price they can afford. South Africans love and trust Sheet Street for providing freshness, co-ordination and helpful tips in-store, in catalogues and online. Sheet Street online gives shoppers access to over 1 000 products, 24 hours a day, 7 days a week, with delivery direct to their doorstep.







what we did

Total sales increased by 8.9% this year and comparable sales by 5.4%. Weighted average trading space grew by 0.9% as a direct consequence of the strategy to right-size stores that were too big whilst still maintaining turnover. During the year we opened a net 12 stores.

Although market sales growth per the RLC has revealed a slow-down, Sheet Street increased market share by 0.3%. Trading density increased by 7.7% and the gross profit percentage was in line with last year. Ongoing efficiency improvements in people, processes and productivity, plus excellent cost control, contributed to operating profit growth in a tough economic environment.

R1.3 billion Sales

8.9% Sales growth

5.4% Comparable sales growth

Sheet Street online was launched towards the end of the financial year enabling us to reach a wider section of the population. Early indications are that online is indirectly improving existing stores sales.



where we are going

Despite the mid-LSM customer being impacted by current economic conditions, the business is in good shape and it is expected that sales and operating margins will continue to increase in line with targets.

The headwinds and increased competition help to focus the team on what is important and encourage an environment of constant innovation and adaption as customer needs are satisfied.

Sheet Street achieved 1st place in the Daily News Your Choice Awards - Best Linen Store and was Industry winner in The Times Sowetan Retail Awards - Accessory and Home Décor Category

Mr Price Group
Financial services

Rex Samuelson

MANAGING DIRECTOR, MR PRICE FINANCIAL SERVICES

who we are

We support the Group's profitable growth in retail market share by developing and maintaining the right relationship with customers across our primary financial service products.

These products are positioned to reward and retain our most valued customers, in addition to being competitive, simple and easy to understand. These include:

- Store cards – support customer acquisition and merchandise sales
- Insurance – life, income and disability protection with family and individual benefits

what we did

Growth in profitability was achieved despite declining consumer disposable income.

The strategic decision taken in 2012 to moderate credit sales growth resulted in credit growth slowing to 9.6% (2013: 18.3%). This, together with a strong cash retail performance, resulted in the credit sales contribution declining to 19.2% of total sales (2013: 20.1%). The active account base growth slowed to 5% (2013: 10%) as did our debtors book at 13% (2013: 28%).








Despite the challenging credit environment, our bad debt increased marginally to 7.6% (2013: 6.5%) which is testament to our robust credit risk policies and improved collections environment. Our credit portfolio remains one of the best in the industry based on independent benchmarking performed by Principa.

mrpricemoney.com

The following key successful strategic projects were completed this year:

- Collections - introduced additional risk segmentation and propensity-to-pay tools, enhanced our structures and resources, and created a "cradle to grave" strategy from collections through to write-offs and recoveries
- Digital - built a platform that facilitates an end-to-end solution to shop, pay and manage your account online, and continued migration of customers to cost-effective digital channels
- Finalised a new joint venture which will be launched subsequent to the internal test phase.

where we are going

The challenges in the external credit and regulatory environment are expected to remain, and even potentially intensify, for the foreseeable future. We therefore remain cautious regarding our credit landscape, but we do however anticipate good growth from insurance and other new products.

Our customer centric focus will include the following imperatives:

- Optimisation of product, process and distribution
- Customer service investment in system integration and contact centre infrastructure
- Investment in systems and processes to support cash customers across insurance and mobile
- Ongoing investment in our collection model, data management and analytics
- Attracting and retaining key skills necessary to support a diversified financial services business.

Account management summary	**2014**	2013
Gross trade debtors (R'000)	**1 754 054**	1 550 324
Total active accounts	**1 375 259**	1 307 751
Average balance (R)	**1 275**	1 185
% of debtors able to purchase on credit	**88.4%**	86.5%
Retail sales analysis (% of total sales)		
Cash	**80.8%**	79.9%
Credit	**19.2%**	20.1%
Net bad debt (net of recoveries)		
% of credit sales	**4.5%**	3.8%
% of debtors	**7.6%**	6.5%
Impairment provision % of debtors	**9.8%**	9.0%

Gross trade receivables per division (R'000)

	Mr Price Apparel	Mr Price Home	Mr Price Sport	Miladys	Sheet Street	**Total 2014**	Total 2013
6 months	323 152	77 769	10 661	90 721	49 767	**552 070**	478 880
12 months	713 618	122 439	43 621	240 932	57 898	**1 178 508**	1 051 092
24 months		23 476				**23 476**	20 352
Total	**1 036 770**	**223 684**	**54 282**	**331 653**	**107 665**	**1 754 054**	**1 550 324**

96.6% of the debtors' book is interest bearing (2013: 94.5%), with all of the interest free accounts being Miladys 6 month facilities.

divisional performance indicators

	Mr Price	Mr Price Sport	Miladys	Apparel Segment	Mr Price Home	Sheet Street	Home Segment	Total
Retail sales (R'm) - incl. Franchise								
2014	8 677	962	1 384	11 023	2 905	1 299	4 204	**15 227**
2013	7 304	843	1 293	9 440	2 633	1 193	3 826	**13 266**
% change	18.8	14.2	7.0	16.8	10.3	8.9	9.9	**14.8**
Retail sales (R'm) - excl. Franchise								
2014	8 588	962	1 384	10 934	2 892	1 299	4 191	**15 125**
2013	7 226	843	1 293	9 362	2 618	1 193	3 811	**13 173**
% change	18.9	14.2	7.0	16.8	10.5	8.9	10.0	**14.8**
Comparable sales growth (%)								
2014	13.0	6.5	7.2	11.9	8.2	5.4	7.3	**10.6**
2013	3.9	11.9	12.9	5.9	12.4	7.6	10.8	**7.3**
Retail selling price inflation (%)								
2014	11.0	6.0	4.1	9.3	12.0	8.3	10.9	**9.7**
2013	4.0	7.7	0.5	4.4	7.0	6.6	6.9	**5.1**
Number of stores (year end)								
Opening	384	53	189	626	150	253	403	**1 029**
New stores	24	9	7	40	9	19	28	**68**
Closures	(4)	(1)	(5)	(10)	(1)	(7)	(8)	**(18)**
Closing	404	61	191	656	158	265	423	**1 079**
Trading area - weighted average net m²								
2014	248 882	48 034	60 932	357 848	138 026	49 158	187 184	**545 032**
2013	229 640	47 675	62 197	339 512	139 079	48 735	187 814	**527 326**
% change	8.4	0.8	(2.0)	5.4	(0.8)	0.9	(0.3)	**3.4**
Trading area - year end net m²								
Opening	239 502	47 200	61 675	348 377	138 008	49 317	187 325	**535 702**
New stores	13 564	5 142	1 482	20 188	3 556	2 566	6 122	**26 310**
Expansions	3 594	-	97	3 691	290	149	439	**4 130**
Reductions	-	(1 684)	(939)	(2 623)	(2 006)	(1 105)	(3 111)	**(5 734)**
Closures	(1 280)	(1 080)	(1 567)	(3 927)	(396)	(1 343)	(1 739)	**(5 666)**
Closing	255 380	49 578	60 748	365 706	139 452	49 584	189 036	**554 742**
Sales densities (Rand per weighted average net m²)								
2014	34 507	20 036	22 731	30 560	20 956	26 342	22 373	**27 747**
2013	31 466	17 678	20 794	27 575	18 820	24 469	20 286	**24 979**
% change	9.7	13.3	9.3	10.8	11.3	7.7	10.3	**11.1**



Governance is about effective and ethical leadership, the outcomes of which are sustained value creation, success and longevity.

corporate governance

The Board subscribes to ethical leadership, business sustainability, stakeholder inclusivity and sound values of good corporate governance. The governance environment is supported by the King Code of Governance for South Africa 2009 (King III) principles and practices and the JSE Listings Requirements. The Board recognises that compliance with this combination of voluntary and compulsory guidelines creates a solid governance foundation. It details the ethical standard of conduct required of Directors and executive management in the discharge of their fiduciary and governance duties and ensures that the Group remains a sustainable and good corporate citizen.

The principles of governance are a natural extension of our values of Passion, Value and Partnership and have been adopted and integrated into our business.

The supporting documents for this report which can be found on the Group website *www.mrpricegroup.com* are as follows:

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



> we believe in going "beyond compliance" through the adoption, integration and embedding of the spirit and principles of governance

compliance with king III

King III is not prescriptive but rather a series of recommendations which can be adopted on an "apply or explain" basis. Furthermore, we believe in going "beyond compliance" through the adoption, integration and embedding of the spirit and principles of governance as opposed to simply responding to and complying with rule sets and recommended codes. As such, we do not follow King III blindly, but very carefully consider each and every aspect, even where the JSE Listings Requirements prescribe compliance. The Board then applies or rejects that aspect in light of what it considers to be in the best interest of all stakeholders. A qualitative evaluation of the extent to which each of the 75 King III principles has been strategically integrated into the Group's processes was undertaken in 2013. The outcome of this evaluation was extremely positive. Except for the 1 area of non-compliance and 3 areas of partial compliance, all of which have been fully explained in previous Annual Integrated Reports, we have effectively adopted and integrated the principles of King III into our business. Please refer to the comprehensive register of King III application which is available on the website.

Those sub-principles which the Group acknowledges not applying or partially applying for year under review can be summarised as follows:

principle	sub-principle	explanation for non-application
2.23: The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities.	The committees should be appropriately constituted and the composition and the terms of reference should be disclosed in the integrated report.	At the Special Corporate Governance meeting held in April 2014, the Board reconsidered the position of Chairman of the Risk Committee and it concluded that Mr NG Payne, as a recognised industry expert in risk management, remained the best qualified Director to chair this Committee, despite his position as Chairman of the Board.
2.25: Companies should remunerate directors and executives fairly and responsibly.	The remuneration policy should address base pay and bonuses, employee contracts, severance and retirement benefits and share-based and other long-term incentive schemes.	The Company does not disclose the present value of long-term awards due to the varied models and unpredictable forecasting element required to determine the value of the share options upon vesting. However, full details of each award are given enabling stakeholders to value such future awards on whatever basis they deem appropriate.
9.3: Sustainability reporting and disclosure should be independently assured		Even though the entire sustainability report and disclosure are currently not independently assured, the Board is satisfied with the progress made both on the sustainability journey and with integrated reporting and is of the opinion that it remains premature to subject the entire report to an external verification at this point.
9.3: Sustainability reporting and disclosure should be independently assured	The audit committee should oversee the provision of assurance over sustainability issues.	In terms of the Audit and Compliance Committee's charter it must ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities. The consolidated Annual Financial Statements, contained within the Annual Integrated Report, are audited by the external auditor and Our People and Corporate Citizenship reports are verified by internal audit.



JSE listings requirements

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

In addition to the voluntary governance principles outlined by King III, Paragraph 3.84 of the Listings Requirements stipulate those corporate governance requirements with which compliance is compulsory. Although respectful of the JSE's rulings, there were 2 areas where the Board did not believe that compliance was in the best interest of the Company. These can be summarised as follows:

JSE listings requirements	governance principle	JSE guidance	mr price group response
3.84(a)	The Nominations Committee must constitute only non-executive Directors, of whom the majority must be independent, and should be chaired by the Chairman of the Board of Directors.	The Nominations Committee must be chaired by the Lead Independent Director if the Board is chaired by an executive Chairman.	The Nominations Committee operates in a co-joined manner with the Remuneration Committee and the Lead Independent Director acts as chair. The Board did not consider it operationally effective for the Chairman of the Board to chair the Nominations aspect of this co-joined meeting.
3.84(d)	The composition of such (Board) Committees, a brief description of their mandates, the number of meetings held and any other relevant information must be disclosed in the annual report.	The Risk Committee must have a minimum of three members. Membership of the Risk Committee should include executive and non-executive Directors. The Chairman of the Board may be a member of this Committee but must not chair it.	The Board believes that its Chairman, as a recognised industry expert in risk management, is the best qualified Director to chair the Risk Committee.

companies act (71 of 2008)

The Company Secretary, the Group Legal and Compliance Officer and the Group's external legal advisors remain abreast of any changes to this legislation to ensure continued compliance.

board structure

The Group operates with a unitary Board structure. There were no changes to the Board during the year under review and the year-end membership of the Board comprised 2 executive, 10 non-executive and 3 Alternate Directors.

Although the Group no longer has an executive Chairman, the Board has elected for Mr MR Johnston to continue in his position as Lead Independent Director, thereby ensuring that a balance of power and authority remains on the Board and that no one individual has unfettered power of decision making. The necessity and appropriateness for the position of Lead Independent Director is reviewed on an annual basis.

The alternate Directors were appointed to the Board for 2 separate reasons. Mr SA Ellis had been a fully appointed Director of the Board but resigned in August 2010 as part of the restructuring which sought to reduce the size of the Board. The Board did not want to lose his valuable contribution, thus he was appointed as alternate Director with the invitation to attend meetings as and when possible.

To ensure the continuity of founding family shareholdings and interest in the Group, the daughter (Mrs TA Chiappini-Young) and son-in-law (Mr N Abrams) of the Honorary Chairmen were appointed as alternate Directors in August 2010. The intention is for them to become full Directors upon the retirement of the Honorary Chairmen. The qualifications of each Director and their brief CV's are detailed on pages 75 and 76.









board charter

The Board operates in terms of a formal charter, the purpose of which is to regulate business in accordance with sound corporate governance principles. Furthermore, it seeks to ensure that these principles are applied in all dealings by Directors, in respect of, and on behalf of, the Company. The charter sets out the specific responsibilities to be discharged by the Board members collectively and individually, and was reviewed and updated at the Special Corporate Governance meeting of the Board in April 2014. The full charter can be found on the Group's website.

board appointments

All appointments to the Board are made in terms of a formal policy, after taking into account the skills requirement for the Board and the philosophy of maintaining a vibrant Board that constructively challenges management's strategies and evaluates performance against established benchmarks. There is a preponderance of non-executive Directors, the majority of whom are independent, with the only executive Directors being the CEO and the CFO. The objective is to maintain a good representation of retail experience, to ensure that business strategies remain robust and sustainable, value creation and performance are enhanced and effective management of key risks is enabled. Consideration is also given to the contribution afforded by skills and experience in other disciplines which strengthen the decision making abilities of the Board. The policy for the appointment of Directors can be viewed on the Group's website.

The Board is satisfied that it is operating at its optimal size, with an appropriate weighting of non-executive to executive Directors. Furthermore, there is an appropriate balance of retail and non-retail skills and the age profile, racial and gender demographics have been adjusted over the last few years. The Group believes in the application of holistic long-term planning to its succession programmes. The Board holds the view that its current succession plan allows for the scheduled retirement of older Board members and, with the introduction of appropriately skilled and mentored new members, ensures the continuity of a vibrant and knowledgeable Board.

ongoing training and development

There is an appropriate induction and mentoring programme for new Directors. A Director skills assessment is conducted annually, supported by a development and succession plan. The Directors are primarily responsible for acquiring the skills necessary for the effective discharge of their duties, although the Group does share in this responsibility. To this end, an annual economic

update is facilitated and any relevant briefings or presentations are disseminated during the course of the year.

Independence

An evaluation of non-executive Directors, in terms of the independence criteria set out in King III and the requirements of the Companies Act, was conducted at the Special Corporate Governance meeting of the Board in April 2014.

The following Directors were accepted as being independent:

- Mr MR Johnston
- Mrs RM Motanyane
- Ms D Naidoo
- Mr NG Payne
- Mr MJD Ruck
- Mr WJ Swain
- Mr M Tembe.

It was agreed that the following Directors should not be classified as independent:

- The Honorary Chairmen, Messrs SB Cohen and LJ Chiappini, on account of their material shareholdings
- Mr K Getz, who acts as a professional advisor to the Company.

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

In this regard, the Board agreed that, although not classified as independent, Messrs Cohen, Chiappini and Getz do act independently in their service to the Board.

The potential impact that the length of service of a Director has on their independence was considered in respect of Messrs Johnston and Swain, in the form of a more robust evaluation than was applied to other independent Directors. It was concluded that both Directors remain independent. Furthermore, the cyclical nature of retail necessitates the need for Directors with long-serving Board experience. It is therefore not practical, nor in the best interest of its stakeholders, for Directors with more than 9 years service to resign from the Board or to automatically lose their "independent" status.

information and communication

The Board is supplied with timely and relevant information in a form and of a quality appropriate to enable it to discharge its duties and to enable it to assess the Group's quantitative performance and consider other qualitative performance issues. Non-executive Directors are made aware of any relevant developments in the affairs of the Group and receive comprehensive monthly trading reports and annual strategy and risk management reviews by the trading and support divisions. Furthermore, the non-executive Directors are welcome to attend any merchandise window reviews held during the year. To fulfil their responsibilities, Directors have full and unrestricted access to Group information and personnel and can seek independent professional advice at the Group's cost, in accordance with the Board Charter. All Directors have access to the advice and services of the Company Secretary and unrestricted access to the Chairman.

employment contracts

The Honorary Chairmen, as founders of the Group, continue to participate in the business and give guidance and direction in general and on strategy, merchandise and Group culture in particular. They attend most Committee meetings as observers/ invitees and offer substantial input. The Board has determined that their contribution should be financially rewarded and they therefore operate within the framework of employment contracts. Their remuneration is revised annually, to take into account the planned, gradual reduction of their involvement over time. Details of the remuneration received can be viewed in the Remuneration Report on page 63. No Directors have fixed-term employment contracts.

rotation

In accordance with the requirements of the Companies Act and the Group's Memorandum of Incorporation, one third of non-executive Directors retire by rotation every year, at which time they may be considered for re-election at the Annual General Meeting. At the 2013 Annual General Meeting, 4 Directors retired by rotation and were approved for re-election by shareholders. In addition, the 3 alternate Directors retired and were approved for re-election by shareholders. The names of the Directors retiring by rotation in the current financial year can be located in the Notice of Meeting in the Annual Results booklet.

conflicts of interest and share dealings

The matter of conflicts of interest is a standing Board agenda item and a register of all Directors' company shareholdings, other directorships and information regarding any potential conflict of interest is tabled at each meeting. Directors are required to recuse themselves from discussion on any matters in which they may have a conflict of interest.

Non-executive Directors cannot participate in the Group's share incentive schemes. Furthermore, before dealing in Company shares, Directors are obliged to obtain the written consent of the Chairman or (should the Chairman be involved in a transaction) the Lead Independent Director.







performance reviews

The Board undertakes an annual series of assessments so as to monitor performance and identify areas for improvement. These assessments can be summarised as follows:

board assessment

This is conducted on a bi-annual cycle. Every second year a full review and assessment of the Board's activities is undertaken by all Board members. From this assessment, a "Steps for Improvement" document is generated. In the alternate years, the Board assesses their performance against the Steps document. A full Board assessment was undertaken in January 2013, with the Steps document being approved by the Board at the Special Corporate Governance Meeting in March 2013. A review against the Steps to address any pertinent matters was in progress at year end.

committee evaluations

The Board Committees follow the same bi-annual cycle as the Main Board with a Steps assessment being conducted in the year under review. The exception to this was the Social, Ethics, Transformation and Sustainability Committee which did not undertake an assessment due to its relative infancy. It will be included in the full committee assessment process to be undertaken in the latter part of 2014.

chairman evaluation

A full performance evaluation of Mr NG Payne's performance as Chairman was undertaken at the beginning of 2013. Any suggestions for improvement were communicated to Mr Payne by the Lead Independent Director. By year end, the Lead Independent Director was in the process of approaching each Director individually to ascertain if the suggested improvements had been made and to request comment on any additional aspects of Mr Payne's performance. Any further suggestions for improvement would be communicated to the Chairman by the Lead Independent Director.

peer and self-evaluation

In a similar fashion to the Chairman, the full self-assessment and peer evaluation process conducted on the non-executive Directors in 2013 was supported by a follow up review conducted by the Lead Independent Director with each Director individually. Any further suggestions for improvement would be communicated by the Chairman and the Lead Independent Director.

company secretary evaluation

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

board meetings

The Board meets at least 4 times annually to conduct its regular business and is responsible for the Group's overall strategic direction and control. The last meeting of the financial year is usually held in March but due to internal and external commitments, the Board was only able to meet on 1 and 2 April 2014. An annual Special Corporate Governance meeting, under the chairmanship of the Lead Independent Director, has historically been held in March but from the 2015 financial year it will be held in November. The purpose of the Special Corporate Governance Meeting is to:

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

attendance of directors at board and committee meetings

director	status	board	special corporate governance	audit and compliance committee	risk committee	remuneration and nominations committee	social, ethics, transformation and sustainability committee
SI Bird	executive	4/4	1/1		4/4		
MM Blair	executive	4/4	1/1		4/4		
LJ Chiappini	non-executive	3/4	0/1				
SB Cohen	non-executive	4/4	1/1				
K Getz	non-executive	4/4	1/1			4/4	4/4
MR Johnston	independent non-executive	4/4	1/1	4/4		4/4	
RM Motanyane	independent non-executive	4/4	1/1				4/4
D Naidoo	independent non-executive	4/4	1/1	3/4			
NG Payne	independent non-executive	4/4	1/1		4/4	4/4	
MJD Ruck[1]	independent non-executive	4/4	1/1	4/4	2/2	4/4	
WJ Swain	independent non-executive	4/4	1/1	4/4	4/4	4/4	
M Tembe	independent non-executive	4/4	1/1				4/4
N Abrams [2]	alternate non-executive	2/4	1/1				
TA Chiappini-Young [2]	alternate non-executive	3/4	0/1				
SA Ellis [2]	alternate executive	4/4	1/1				

[1] Appointed to the Risk Committee effective October 2013
[2] Alternate Directors are not required to attend every meeting

non-attendance of meetings by directors

Generally, all Directors attend the Annual General Meeting and are available to answer shareholders' questions. Alternate Directors are not required to attend each meeting. Mr N Abrams (UK) was kept updated on Board issues by receiving all Board meeting documentation. Ms D Naidoo was unable to attend the August Audit and Compliance Committee meeting due to out-of-town commitments. Mr LJ Chiappini and Mrs TA Chiappini-Young had overseas commitments at the time of the April 2014 meetings. Mr MD Ruck joined the Risk Committee for the second half of the year.

prescribed officers

As per the requirements of the Companies Act, the Board determined that the prescribed officers are the CEO, Mr SI Bird and the CFO, Mr MM Blair. These individuals exercise general executive control and management of the business and all divisional heads report directly to them.



statutory, board and management committees

To assist the Board in discharging its responsibilities for corporate governance, it functions with 2 Board Committees and 2 Statutory Committees. The statutory and non-statutory obligations of each Committee are constantly being reviewed to reduce overlap and prevent governance fatigue. Details of the composition and key achievements of each Committee can be located in the following sections of this Annual Integrated Report:

committee name	page
Risk Committee	56
Audit and Compliance Committee	58
Social, Ethics, Transformation and Sustainability Committee	61
Remuneration and Nominations Committee	63

An outline of the Board, Statutory and Management Committee structures, together with the mandates/ charters of the respective Committees, can be located on the Group's website.

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

governance and assurance

As Head of Governance and Assurance, Mrs S Moodley is responsible for the strategic leadership of the Company Secretariat, Enterprise Risk Management, Legal and Compliance and Internal Audit functions. This consolidated and holistic approach to governance has improved the integration of strategy, risk management and sustainability.

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

The independence, organisational positioning and scope and nature of work of the Governance and Assurance Division were evaluated by the Audit and Compliance and Risk Committees in April 2014 and determined to be appropriate and consistent with the approved combined assurance model. In addition it has been confirmed that there were no impairments to the independence or objectivity of the assurance provided by Internal Audit as a result of the consolidated structure, and that in fact this structure had the desired effect of strengthening the Group's assurance framework. Refer to the Internal Audit annual assurance statement, on page 59.

codes of conduct

Directors and associates are required to maintain the highest ethical standards. On joining the Group, every associate receives a copy of the Business Code of Conduct and is required to sign as acknowledgement of acceptance of the Code. On an annual basis, all senior associates of the Group are required to submit a declaration confirming their continued compliance with the Code. Any areas of non-compliance or any perceived conflicts of interest are addressed through the appropriate levels of divisional management, with ultimate reporting to the CEO and Board. The Code, which has been updated during the year under review and was approved at the Special Corporate Governance meeting in April 2014, is located on the Group's website.

The Supplier Code of Conduct, setting standards and practices to which the Group expects its suppliers to adhere, is currently being updated to take into account the requirements of the Ethical Trading Initiative and to allow for greater focus on the environmental and social impact of trade. The code is located on the Group's website.

closed and prohibited periods

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



RISK committee report

The Board of Directors is accountable and responsible for the governance of strategy and risk, and is satisfied that the Group's management has:

- Integrated and aligned strategy, risk management, performance and sustainability
- Implemented an effective risk management system, which enables the effective identification, assessment and responses to risks and opportunities
- Managed risks within the approved appetite and tolerance levels
- Embedded risk management into the day-to-day activities of the Group.

board commitment

The Board is committed to business sustainability and to creating and preserving stakeholder value. It recognises that the governance of strategy, risks/opportunities and performance are critical success factors and, therefore, exercises active oversight over these processes in order to ensure that the achievement of its strategic objectives is enabled.

composition

The Risk Committee, established in May 2010, operates in terms of a formal mandate. The Committee is comprised of the following Directors:

- **Mr NG Payne** (Chairman) Independent non-executive Director
- **Mr WJ Swain** Independent non-executive Director
- **Mr M Ruck** Independent non-executive Director
- **Mr SI Bird** Executive Director
- **Mr MM Blair** Executive Director

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

role

The Committee has an independent and advisory role with accountability to the Board. The purpose of the Committee is to assist the Board to fulfill its corporate governance responsibilities relating to the governance of risk.

The Committee is responsible for overseeing risk governance (including the risk appetite and monitoring the effectiveness of the risk management framework and processes. The Committee reviews key opportunities and risks, assesses risk mitigation plans and reports back to the Board. The Committee gives due consideration to the legitimate and fair expectations of all key stakeholders, resource constraints, external pressures and the drivers of the Group's sustainability.

Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group. Management is also accountable for building the competencies and capacity required for a sustainable business.











risk governance and management

During the year under review, the Committee fulfilled its mandate by meeting 4 times to discuss the following key issues:

Risk Appetite

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

The Board has formally defined its appetite for risk, and an enhanced strategic risk appetite framework and policy was developed, approved and successfully implemented during the year. The Committee confirms that this policy has enabled increased consideration of risk capacity, system/process maturity and overall risk capability in relation to the key strategic, financial, operational and compliance focus areas of the Group; and that the enhanced policy is being increasingly referred to, including in the development of related governance polices.

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

Risk Profile

The Board is satisfied that strategy and business plans do not give rise to risks that have not been thoroughly assessed by management and confirms that there were no undue, unexpected or unusual risks taken by the Group and no material losses were incurred during the year.

Key Business Risks and Opportunities

Key business opportunities and risks were discussed comprehensively by the Committee during the year. The Committee, having considered the Group's key risks, is satisfied that the systems and processes in place to manage risk are adequate and that management has generally executed their risk management responsibilities satisfactorily.

Enterprise-wide Risk Management (ERM)

The Committee, having evaluated the ERM Framework, which is based on ISO 31000 and Committee of Sponsoring Organisations (COSO), is satisfied that it is adequate, and if consistently applied, should guide the Group's approach to identifying, evaluating and responding to key opportunities and risks that may impact on strategic objectives.

The Group recognises that a co-ordinated approach to risk/opportunity management is needed in order to create and sustain value in the longer-term and to enable the achievement of its vision.

For this reason, the Group has adopted the globally recognised, three-lines-of-defence Combined Assurance Model. The model optimises the skills and expertise of management, second-line-of-defence functions and assurance providers to increase collaboration and to facilitate a shared and more holistic view of the Group's risk profile. The Committee confirms that all key strategic risks were assured by at least 1 of the 3 lines of defence functions.

audit and compliance committee report

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

composition

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

The Committee is comprised of the following 4 Directors:

- **Mr WJ Swain** (Chairman) Independent non-executive Director
- **Mr MR Johnston** Independent non-executive Director
- **Ms D Naidoo** Independent non-executive Director
- **Mr MJD Ruck** Independent non-executive Director

role

- Assists the Board to discharge its responsibility to:
  - safeguard the Group's assets,
  - operate adequate and effective systems of internal control, financial risk management and governance
  - prepare materially accurate financial reporting information and statements in compliance with applicable legal/ regulatory requirements and accounting standards
  - monitor compliance with laws and regulations
  - provide oversight of the external and internal audit functions and appointments.
- Provides a communication channel between the Board, the internal and external auditors and other assurance providers
- Assists the Board, in conjunction with the Risk Committee, to monitor management's system of controls, particularly over enterprise-wide risks.

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

annual report of the committee

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

having given due consideration, the committee believes that:

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

The Directors believe that the Committee has satisfied its responsibilities under its mandate. Under the sponsorship of the Committee's Chairman, a self-evaluation assessment was undertaken during the year and action to address certain issues requiring attention was determined.

The Chairman of the Committee, Mr WJ Swain, attends the Annual General Meeting and is available to answer shareholders' questions.



internal audit report

The Group Internal Audit Division (Internal Audit) was established to assist the Board and executive management with the achievement of their objectives and has remained a vital part of the Group's governance and combined assurance structures. Internal Audit is the primary independent assurance provider on the adequacy and effectiveness of the Group's governance, risk management and control structures, systems and processes. The centralised division operates in terms of a formal mandate, in full conformance to the International Professional Practices Framework for Internal Audit (Standards) and with leading risk-based and integrated methodology.

professional positioning and recognition

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

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

independence and authority

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

In order to facilitate strategic positioning and alignment of Internal Audit, it has had a standing invitation to Executive and Board Committee meetings for many years, including meetings of the Divisional Boards and Main Board Committees (Audit and Compliance, Risk, Social, Ethics, Transformation and Sustainability Committee and more recently Special Corporate Governance).

annual internal audit assurance statement

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

scope of work

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

The following Audit Grading Framework has been applied. This framework has been successfully integrated into the business, is well understood and elicits appropriate management responses:

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

area	description
OVERALL OPINION	Based on the work completed during 1 April 2013 to 31 March 2014, which has been carried out in accordance with the International Professional Practices Framework for Internal Audit and the approved Internal Audit Plan; and provided that management has effectively implemented the agreed actions to rectify reported control weaknesses, in the opinion of Internal Audit, except for a few specific control weaknesses noted, in all material respects, controls evaluated were generally adequate, appropriate and effectively implemented to provide reasonable assurance that risks are being managed and that the Group objectives should be met.
TONE AT THE TOP	Internal Audit has continued to note a constructive tone at the top. Divisional management generally responds immediately and appropriately to reported weaknesses and demonstrates a willingness to adopt recommended improvements. Executive management and the Board require, encourage and monitor quality and continuous improvement in the Group's governance, risk management and control.
GOVERNANCE	The quality of governance is considered in every audit and we confirm that there are generally very good governance structures and processes in place to: • Promote appropriate Group ethics and values; • Ensure effective organisational performance and accountability; and • Adequately co-ordinate Group strategies, communication and activities among the Board, management, second-line-of-defence functions and external and internal audit.
RISK MANAGEMENT	The effectiveness of risk management structures, systems and processes is evaluated in every audit, as far as possible, and we confirm that these are adequate to identify, assess and mitigate key risks and to support the achievement of the Group's strategic goals. The quality of the Group's risk management frameworks, policies and the processes applied by the Enterprise Risk Management function have been considered by the Board Risk Committee and confirmed as being strategic, leading and effective in enabling the integration of strategy, risk management and performance. There is continuous focus on the embedding of risk management, advancing risk reporting and performance measurement.
INTERNAL CONTROLS	We have continued to note an improvement in internal controls across the Group, especially in areas that have been re-audited. We have identified isolated instances of fraud within the Group, mainly at a store level, and of immaterial amounts.

audit area	2014	2013	2012	2011
Continuous Audits and Forensics	Very Good	Very Good	Adequate	N/A
Corporate Audits	92%	91%	91%	91%
IT Audits	91%	91%	89%	87%
Operational Audits	92%	92%	90%	93%

Social, Ethics, Transformation and Sustainability Committee Report

In compliance with the requirements of the Companies Act (71 of 2008), the Social, Ethics, Transformation and Sustainability Committee was established in March 2012 and held its inaugural meeting in May 2012.

It operates in terms of a formal mandate, which contains detailed provisions relating to the terms of reference, duties, composition, role and responsibilities of the Committee.

the committee is comprised of the following directors:

- **Mr K Getz** (Chairman)
  Non-executive Director
- **Mr M Tembe**
  Independent non-executive Director
- **Mrs RM Motanyane**
  Independent non-executive Director

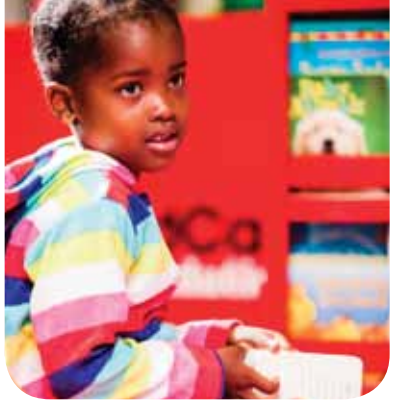
In addition, all Board members are permanent invitees to meetings and this invitation is duly taken up on occasion by certain Board members (including by the Board Chairman and CEO).

The following senior executives were permanent attendees at the meeting:

- **Mrs VT Botha-Richards** Corporate Services and Sustainability Executive
- **Mrs N Ambrosio** Sustainability Manager
- **Mrs T Clarke** Group Legal and Compliance Officer
- **Mr S Glendinning** Group People Director
- **Mrs HE Grosvenor** Company Secretary
- **Mrs S Moodley** Head of Governance and Assurance









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

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

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

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

meetings

The Committee met 4 times during the year, although the final meeting was held 3 days post year end. Meetings are convened and conducted in terms of a detailed agenda accompanied by supporting documents, minutes of 4 supporting management sub-committees and reports of the permanent attendees. These representations cover the core mandate of the Committee and serve as a material tool used by the Committee to monitor its responsibilities.

The Committee actively engages with management during these presentations.

Matters considered by the Committee (and reported to the Board) include:

- Oversight of the comprehensive updating of the Group's Business Code of Conduct to be more reflective of the values of the Group.
- Approval of the Group's membership application to the Ethical Trading Initiative.
- Oversight of the alignment of the Group's Supplier Code of Conduct with the Ethical Trading Initiative Base Code.
- Monitoring and assessing of the Group's transformational progress (including consideration of the Employment Equity Act, the Broad-Based Black Economic Empowerment Act and the supporting Codes of Good Practice). The Committee is materially assisted in monitoring transformation by the Executive Transformation Committee, chaired by the CEO, and the input of the Board.
- Report on the Group's compliance with applicable legislation, codes of good practice and other legal requirements. This included a review of the Group's exposure to anti-corruption legislation.
- Review and monitoring of the Group's environmental sustainability strategy and the execution thereof.
- Review of the social sustainability initiatives undertaken by RedCap Foundation and RedCap Sport. (Post the year end, RedCap Sport was incorporated into RedCap Foundation). The details of the projects undertaken can be located on the website *www.redcapfoundation.org*
- Monitoring of matters relating to its statutory obligation and good corporate governance and corporate citizenship
- Approval of the Group's participation in 2 dti funded competitiveness clusters.

As the Committee has now been in operation for more than 18 months, it is in a position to undertake a meaningful self-evaluation. This will be conducted in time for the November 2014 Special Corporate Governance Meeting. The Committee believes that the Group is substantively addressing the issues monitored by the Committee, in terms of its statutory mandate and the additional mandates referred to it by the Board, in a beneficial and positive manner. Refer to Our Corporate Citizenship report on page 24 for more details around transformation and sustainability.

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

remuneration report

The Remuneration Report provides an overview of the Group's remuneration philosophy, policy, practices and governance, with particular focus on the remuneration payments to the executive and non-executive Directors.

remuneration governance structure

board

The Board is ultimately responsible for the Group's remuneration policy and applies it with the assistance of the Remuneration and Nominations Committee.

remuneration and nominations committee

The Committee oversees the remuneration of executive Directors and divisional executives and operates according to a formal Board mandate, which can be found at *www.mrpricegroup.com*

Meeting attendance is disclosed in the Corporate Governance Report on page 48. Other executive and non-executive parties attend the Committee meetings where appropriate, but no individual is present when their remuneration is discussed.

The Chairman attends the Annual General Meeting (AGM) and is available to answer shareholders' questions regarding the remuneration policy, its application and the Committee's activities.





The Committee met 4 times during the year under review. In respect of its nominations activities, the philosophy guiding the Committee on Board appointments and annual evaluations are outlined in the Corporate Governance Report on page 48. In satisfying its mandate in remuneration focused matters, the main activities undertaken were to:

- Approve base increases for general staff and senior management
- Approve, on the basis of the market benchmark exercise undertaken, the executive Director and divisional executive management remuneration, including the basis for determination of incentives
- Propose non-executive Director fees for consideration by shareholders at the AGM
- Update letters of appointment relating to the non-executive Directors
- Review employment contracts of the Honorary Chairmen and approve remuneration payable in terms of the contracts
- Review the performance of the Chairman, executive Directors and divisional management
- Conduct an annual self-evaluation review, from which steps and targets for the improvement of processes and operational methods were agreed
- Review the Human Capital Management Project progress, which addresses the Group's most crucial needs through the implementation of the workforce management, learning management and payroll solutions
- Review the efficacy of the existing share schemes and propose changes, including the introduction of Forfeitable Share Plans (FSP's)
- Review all new share and share option allocations under the various share schemes in operation
- Review the impact of labour legislation amendments and the introduction of various new employment contract types
- Review and update the mandate for approval at the Special Corporate Governance meeting in April 2014
- Review the 2014 Remuneration Report for inclusion in the Annual Integrated Report and subsequent to its publication, respond to queries and comments received from shareholders or their representatives who identified opportunities to improve the determining methodology and future disclosure.

people division

The People Division is responsible for implementing and monitoring human resources policies and processes and the People Director attends Divisional Board meetings, reporting directly to the CEO. Key responsibilities include researching market trends in employee remuneration, benchmarking remuneration policies and practices to retail and other sectors and making remuneration recommendations to management. The main activities undertaken during the year under review were:

- Maintaining personalised communications to every associate including an analysis of their total cost-to-company. This has allowed associates to fully understand the true value and benefit of their employment contract with the Company and is a key retention mechanism
- Evaluating certain aspects of the annual Culture Survey and discussing areas for improvement with associates in "Solutions Café's"
- Communicating share scheme changes to associates and, where requested, the provision of externally conducted personal financial counselling for those associates receiving substantial share scheme payouts
- Conducting ongoing remuneration benchmarking for Support and Group Head Office positions in conjunction with PwC RemChannel
- Staff contracts in operations were brought in line with new employment legislation
- The Dayforce workforce management system has been implemented to improve store efficiency. This greatly enhances the staff scheduling capabilities of store managers and will lead to gains in productivity and diminished labour costs
- The new VIP Payroll system has been implemented to enable improved payroll processes and procedures, which provides upgraded functionality in the processing and administration of pay and incentive schemes
- The Cornerstone learning management system is being implemented, contributing to employee self-service functionality.



remuneration philosophy

Driven by the principles of Passion, Value and Partnership, the Group culture encourages and incentivises high performance as the key driver of business success. An entrepreneurial management style is encouraged, providing all associates with the room to innovate and grow, effectively enabling ordinary people to achieve extraordinary things. The ability to attract, retain and motivate competent people is critical to the Group's continued growth and long-term sustainability and is therefore the core of the remuneration philosophy. This philosophy aims to create partnerships with associates in their journey of continued growth through market-related base pay and benefits, attractive performance-driven short-term (bonuses) and long-term (share schemes) incentives and recognition and reward programmes.

Being a value retailer, the Group aims to pay basic salaries and benefits at the market median. In the case of newly appointed associates whose remuneration is below the median, the intention is that adjustments will be made to raise them to the median over a 3 year period, commensurate with their increased experience. Where the Group needs to urgently attract core skills, pay above the median is considered, as long as internal equity is not disrupted and the Group's commitment to ensuring the right candidate fit is achieved.

"Associates are provided with the opportunity to earn well above the median through generous incentives. This is achieved by reaching stretch performance targets, whereby associates' efforts are aligned with strong corporate performance and increased shareholder value."

remuneration policy and practices

The Group's remuneration policy is to reward executives for their contribution to the performance of the business, taking into consideration an appropriate balance between long and short-term benefits.

Remuneration levels are influenced by work performance and scarcity of skills especially in the area of merchandising.

Given that performance-related incentives form a material part of remuneration packages, ongoing performance feedback is vital. Associates annually participate in performance and career development evaluations, focusing on work achievements, learning and development needs, values and cultural alignment. Remuneration is not influenced by race, creed or gender, with the emphasis on equal pay for equal work. There is strong alignment of the types of benefits offered to the various levels of permanent associates. The Group can justify areas where differentiation has been applied, specifically where consideration has been given to the position's seniority and the need to attract and retain key skills.

All associates sign letters of employment, which stipulate the notice period. The contract may be terminated by either party giving written notice of 1 month for a store or head office associate, 3 months for a divisional Director and 6 months for executive Directors. Despite these provisions, either party may terminate the contract of employment without notice for any cause recognised by law or by agreement by both parties to waive the notice period. Contracts are also terminated in the event of a dismissal without the associate having an entitlement for compensation. Employment contracts do not contain provisions relating to:

- the compensation of executives for a change of control of the Company
- providing 'balloon' payments on termination or retirement
- restraint of trade payments, although these may be contained elsewhere.

External service providers assist the Remuneration and Nominations Committee from time to time. Where this involves the remuneration of executives and non-executive Directors, appropriate benchmarking comparatives are made. This benchmarking exercise takes place every 2 years, with inflationary adjustments made in alternate years. A benchmark assessment was conducted during the 2013 financial year, for implementation on 1 April 2013:

- Senior management - roles were graded according to the Paterson and Towers Watson global grading job evaluation methodology. The benchmarks included PE Corporate Services' Total Executive Remuneration Survey (which comprises approximately 800 companies listed on the JSE, private companies and parastatals), as well as the JSE database which contains information extracted from annual reports of listed companies. Each position is strictly benchmarked against like-for-like criteria and necessary adjustments are made to ensure competitive pay. In establishing an appropriate peer group for organisational benchmarking, the individual's role and business size including turnover, profit before tax, total assets, number of employees and annual salary and wage bill are taken into account, as well as the level of the individual's decision-making.
- Executive Directors - (including, basic pay, short-term incentives and share option awards), a peer group of 16 companies was selected in conjunction with PwC. This included 8 retail companies, 4 companies with a similar market capitalisation and 4 companies that had achieved similar total shareholder returns. Meaningful comparisons in respect of long-term incentives are difficult given the various methodologies adopted by companies. Awards can either be based on the face value (approach used by the Group) or the expected value of the instruments issued and companies can either have smaller annual awards (approach adopted by the Group) or larger awards which vary in frequency, or a combination of both.
- Non-executive Directors – fees are benchmarked every 2 years and proposed at the market median. The most recent benchmarking exercise was conducted in F2013 using the PE Corporate Services survey. It is envisaged that the next benchmark study, which will be performed in the current year, with any changes being effective from 1 April 2015, will use the same peer group of companies used for benchmarking the executive Directors.

The disclosure of the remuneration of executive Directors is governed by the JSE Listings Requirements and the Companies Act, 2008, with additional recommendations from King III. In order to maintain its competitive edge, the Company has applied the principles of King III that are appropriate for the business, to which there have been no material changes during the year under review.

The Company complies with all disclosure aspects, except the recommendation of paragraph 180 of King III, relating to the present value of long-term incentives due to the varied valuation models and the unpredictable forecasting elements required to determine the value of the share options when vesting. The Group's view is that to consider the present value of option awards as remuneration is misleading, in that the present value does not reflect the value paid to or receivable by the executive. Such gains can only be determined upon exercise of the options. However, to compensate for this omission, share option disclosure has been enhanced in order to aid shareholder evaluation (refer pages 71 and 72).

The Group is appreciative of the input and feedback received from shareholders. The general feedback has been that the level of disclosure on remuneration matters is detailed and clearly laid out. Specific issues raised are detailed on page 68.

At the AGM held in August 2013, shareholders representing 97.0% of total votes voted in favour of the Remuneration Policy of the Company, while votes in favour of the proposed fees for the various roles and Committee memberships of non-executive Directors ranged between 99.35% and 99.91%.

remuneration structure

Remuneration and reward structures are categorised into 3 elements:

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

fixed remuneration

All associates, including executive Directors, receive a fixed remuneration package based on their roles, individual performance and the Group's performance. Increases are based on a review of market data and consideration of individual performance and potential.

Basic Pay - salary and benefits are reviewed at least annually and all associates earn above legislated minimum wages.

Motor vehicle expenses - a travel allowance or company car is offered to associates whose position requires them to travel for business purposes. Associates who are required to travel less frequently for business purposes are reimbursed for this cost.

Medical aid membership - is offered to all full-time associates, but is not a condition of service. Where the offer of comprehensive medical aid is not accepted by associates due to affordability reasons, membership of cost-effective schemes is encouraged to gain access to hospital care, chronic illness benefits (including HIV/Aids care) and daily benefits including doctors and medicines.

Retirement benefits - the majority of associates employed in South Africa, Swaziland and Lesotho are provided for in a funded defined benefit fund and 2 funded defined contribution funds. Associates employed in Namibia, Botswana, Nigeria and Ghana are members of separate defined contribution funds in those countries. The defined benefit fund was closed to new entrants with effect 1 June 1997. The funds provide for pensions and related benefits for permanent associates and membership is compulsory after the first year of service. No material ex-gratia payments are routinely paid.

variable remuneration

All associates, including executive Directors, participate in an annual short-term incentive scheme which is related to performance. Although challenging targets are set, the incentive schemes are potentially generous to encourage the achievement of targets that can be directly influenced by superior performance. In setting the performance targets, the Remuneration and Nominations Committee ensures targets are linked to the Group's or division's annual key imperatives, are substantially within the associate's control, do not expose the organisation to undue risk caused by their behaviour and that there is an appropriate balance between short-term and long-term incentivisation.

The Group does not defer bonus payments as it is essential to attract and retain bright young talent, many of whom are at the age that they are committing to their first property purchase or financing their children's education. Associates have to be in the Group's employ at year end to receive incentive bonuses, unless due to specific circumstances, alternative arrangements have been approved by the Remuneration and Nominations Committee. The incentive structures for the 2014 financial year were as follows:



divisional executives

		% allocation	
		financial	total
Achieving budgeted operating profit	3 months	37.5	
Stretch targets operating profit	5 months	62.5	
Total operating profit	**8 months**	**100.0**	66.6
Achievement of strategic key imperatives	2 months		16.7
Personal performance	2 months		16.7
Total maximum number of months	**12 months**		**100.0**



The bulk of the short-term incentive award depends on exceeding budget and achieving stretch performance targets, which should have a positive impact on shareholder returns. The number of months' incentive can be reduced by a maximum of 2 penalty months should stock levels or ageing exceed target, or employment equity or internal audit scores fall short of target.

In the case of the heads of service divisions such as Systems, Governance and Assurance, People, Real Estate and Sustainability, the maximum incentive ranges from 8 to 12 months (including personal performance). Measurement criteria include performance evaluation from, and financial performance of the trading divisions whom they support (budget and stretch targets), overhead costs, service delivery, innovative business improvements and the achievement of key imperatives. Penalty months apply to specific criteria.

Personal performance, incorporating areas of demonstrated performance contribution like leadership, innovation, effort and teamwork are also assessed. For senior management, 'soft' awards are generally capped at 2 months basic salary, although in deserving circumstances, the CEO can propose a higher award. A poor personal performance evaluation can reduce or eliminate the incentive due under measurable company performance.

executive directors

A strong relationship exists between executive incentives and sustainable value created for shareholders. The incentive portion of Directors' earnings is tied to financial targets and is measured as a multiple of monthly salary. The achievement of predetermined targets is a function of:

- Measurable Company performance, dependent on the executive's work function. Targets are linked to the Group's performance and are tailored annually to ensure alignment with key imperatives for the year. For the 2014 financial year, the targets against which the CEO and CFO were measured included: growth in headline earnings per share, return on equity and the achievement of Strategic KPI's. The maximum that can be earned is equal to 12 month's basic salary. The awards are only made if the Group achieves its budgeted half year and annual headline earnings per share targets. In that event, a maximum award of 3 months' salary is made, with the result that the majority of the short-term incentive award allocated to company performance therefore depends on exceeding budget and achieving stretch performance targets. The Supply Chain Director, who is an alternate Director, was measured on the combined profitability of the trading divisions, which also included budget and stretch targets, Distribution Centre targets and the delivery of KPI's related to the supply chain strategy. The maximum potential award is equal to 10 months' remuneration.
- Personal performance, incorporating areas of demonstrated performance contribution such as leadership, innovation, effort and teamwork. Measuring these 'soft' issues necessitates more subjective judgment and is determined via individual and peer reviews. For executive Directors, 'soft' awards are capped at 12 months basic salary, however this would only be achieved in exceptional circumstances. A poor personal performance evaluation can reduce or eliminate the incentive due under measurable company performance.

All associates, including executive Directors, participate in a 'December bonus' scheme that generally commences at the level of 20% of monthly salary per completed year of service up to 80% (after 4 years), followed by an additional 20% after the completion of 10 years' service. This incentive is not guaranteed and is payable at the discretion of the Company.

long-term incentives

Partnership and reward for performance are among the Group's key beliefs. The Group has ambitious growth plans that will require substantial capital expenditure and the continued dedication of its associates, and the long-term incentives (LTI) are to motivate and retain associates critical to the achievement of these goals. To that end, various share and share option schemes have been established to enable all permanent associates within the SADC region the opportunity to share in the long-term success of the Group. We believe that our inclusive approach to share ownership in the Company is a key differentiator and is essential to achieving a high level of performance in the long-term. In other companies, LTI's are typically reserved for company executives, however in our case, executive management's interest is less than 25% of total company share or option awards.

The scheme in which associates can participate depends on their position in the Company. Long-term incentives are subjected to an annual review to confirm their efficacy and affordability. The schemes which are active are summarised below and further information can be found on the Group's website *www.mrpricegroup.com*

- Mr Price Group Employees Share Investment Trust allows associates the opportunity to purchase shares on a monthly basis up to a value of 15% of their monthly remuneration (salary, and where applicable, car allowance). The Company makes an additional contribution, equal to 15% of the associates' contribution, which amounted to R2.6 million in the current financial year. This scheme has been in existence since 1992 and at year end 3 642 associates were participants, holding 308 334 shares. In order to encourage participants to hold the shares, restrictions are in place limiting the number of times shares may be sold in a year. Directors and prescribed officers cannot participate in the scheme.
- Mr Price Partners Share Scheme - shares are awarded instead of options. Associates in junior positions, where staff turnover is relatively high, are awarded shares after being permanently employed for 12 months.
- 4 share option schemes.
- 2 forfeitable share plans (FSP) which were introduced during the year – page 69-71.

Mr Price Partners Share Scheme

A key factor of the share and share option schemes would, in essence, incorporate the Group's intentions regarding the ownership criteria of B-BBEE. Rather than enter into an ownership deal with external parties, the Board resolved to embrace the true spirit of B-BBEE and, subject to certain qualifying criteria, included all associates in its various share and share option schemes. In this way those responsible for contributing to the Group's success become partners in the business and are rewarded for sustained high performance.

Since an upfront free allocation of shares, not share options, are awarded under the Mr Price Partners Share Scheme, participants of this scheme receive bi-annual dividends and are eligible to vote on their shares as shareholders. Of the trustees overseeing the operation of this scheme, 50% were elected by the participants, which serves to ensure greater understanding and enhanced communication between partners, the trustees and the Board. Black ownership in this scheme is 95% and the average value of shares held on behalf of each individual associate is R87 000. Associates who became participants between the date of introduction of this scheme and November 2010, were allocated 1 000 shares or 1 250 shares as an assistant store manager. They have received dividends amounting to R18.3 million over the last year (final 2013 and interim 2014 dividends).

"The Company has paid out total dividends of R77.7 million to associates participating in the Partners Share Scheme since its inception in 2006, and at year end, 7 404 associates hold 4 877 144 shares, to the value of R761 million."

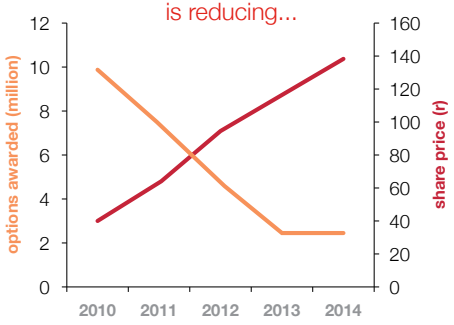
share option schemes

The share option schemes operate on a "rolling" basis, in that smaller annual awards are made (rather than larger upfront awards) according to market benchmarked criteria and the timing of these awards coincides with a tranche vesting. This mechanism spreads the market risk, avoiding the situation where all options could be out of the money, which is a disincentive to associates. All option and share awards are based on a formula of guaranteed annual pay multiplied by a factor, divided by the share price, which limits company exposure during a period of share price strength. The strike price mechanism for all share option schemes is calculated at the lower of the 30 day volume weighted average price (VWAP) for the period preceding the offer date, or the price on the day prior to the offer. Re-pricing of strike prices is not permitted and options are not awarded to or exercised by key personnel in the Executive and Executive Director Share Schemes during closed periods. The Remuneration and Nominations Committee has the authority to prevent vesting in circumstances where the individual is deemed to have demonstrated poor personal performance.

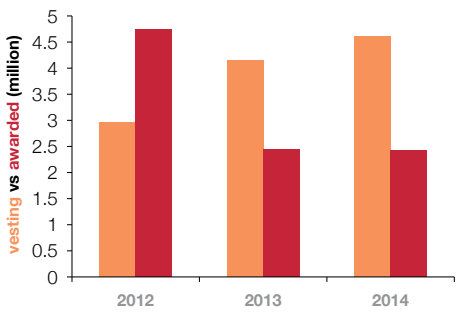
Specific issues raised by shareholders during the year regarding long-term incentives include:

- The need for more substantial returns based performance - the mechanics of the share schemes are reviewed annually. Last year, consideration was given to the input received from shareholders and minimum performance conditions were introduced. The purpose of this hurdle (HEPS growing a minimum of CPI +1%) was to ensure that share options would not vest in the event of there being poor company performance. The intention was not to raise the performance hurdle to a height that would cause the schemes to lose their motivational appeal to the valued partners within the Group. Cognisance was also taken of the fact that, due to strong company performance and the re-rating of the share price (the PE ratio varied from around 12 to a peak of 25), the quantum of share options awarded to participants has decreased. The option schemes are rolling in nature and the current awards are materially lower than options vesting. The remuneration philosophy of the Group is to remunerate at the median and reward through bonuses and shares. Should the shares become less attractive, the Group would need to employ a less favourable approach of increasing basic salaries to retain key associates. As detailed in last year's report, the Company has further considered performance targets upon introducing the FSP's – refer pages 69 to 71.

total options/shares awarded annually is reducing...

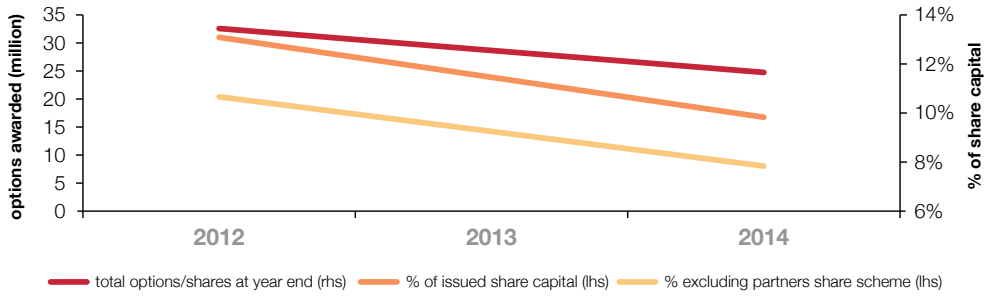


new awards are less than those vesting...



- Discounted strike prices – previously the strike price of options in 2 of the option schemes (excluding the Executive Director Share Scheme) had the potential to be reduced upon the attainment of certain financial targets. This practice was discontinued with effect from the November 2013 awards.
- Limits for participation - the Company's partnership approach results in all associates within the SADC region participating in the share schemes, which is unique in South Africa and critical to the success of the Company. Over 9 000 associates are members of the various share schemes in operation, which has resulted in a large number of shares or options being awarded. This is expected to reduce over time, as there is a shift to an allocation formula which takes into account annual guaranteed remuneration and the prevailing share price which has led to smaller tranches being awarded. Furthermore, the Board is of the opinion that it is not appropriate to include shares allocated under the Partners Share Scheme, which effectively operates as the Group's B-BBEE scheme, in this overall participation total. Excluding this scheme, the total number of shares committed under the various equity incentive schemes equates to 8.05% of the issued share capital.

LTI awards as a % of share capital is reducing



Note: tables above exclude FSP's

- The remuneration report could contain more details on financial indicators and parameters but the Group is very sensitive to releasing information which could be considered forecasting. To that end, the Group will not commit in print to goals of attaining certain financial indicators. Nonetheless, the reports from the Chairman, CEO and CFO clearly detail both the exceptional historic performance and the strategic goals of the Company.

Other amendments that were implemented during the year were as follows:

- The tapering off of share option allocations for associates nearing retirement - applies to participants of the General Staff and Senior Management share schemes in recognition of the retention aspect diminishing. These associates' job functions are more administrative or short-term in nature. The impact of their work does not generally impact the business well after their retirement, as is the case with the participants in the Executive and Executive Director share schemes. Consequently, as associates approach retirement age, their option awards reduce on a sliding scale.
- Adjustment to the factor of guaranteed remuneration upon which the option awards are calculated - considering the cost of each scheme, the removal of strike price discounts in the Senior Management and Executive Share Schemes, and the strong need to motivateand retain our most senior people, the factors applied to the General Staff Share Scheme was decreased and those of the Senior Management and Executive share schemes were increased. The factors applied to the Executive Director Share Scheme remained unchanged.
- Introduction of FSP's – in the prior year, the company's advisors, PwC, recommended the implementation of a FSP as 82% of companies surveyed had more than 1 type of long-term incentive scheme operating in parallel. Forfeitable shares are freeshares awarded to participants, subject tocertain conditions and offer more certainty to the recipient as the value is in the share that vests, not growth on strike price as is the casewith options. From a company perspective FSP's are attractive due to the strong retention element as well as the fact that the shares result in a lower number of instruments than options. Generally companies offer FSP's without performance conditions and senior employees can also receiveenhancement shares which are subject to performance conditions. The following FSP schemes were introduced during the year:

- Mr Price Executive Forfeitable Share Plan for executive Directors and certain divisional Directors, executives and senior managers. Awards will be of an annual rolling nature, as per the option schemes. In order to keep the cost to company (IFRS 2 charge) at a level no higher than that of the option schemes, the number of options awarded was reduced and a lower number of FSP's awarded. The shares are held in escrow and vest in 5 years' time, with participants receiving dividends during this period. This 'vanilla' award does not contain performance conditions. A matching 'performance award' (equivalent to the vanilla award) was also made, but this contains stretch HEPS targets linked to the company's 5 year strategic plan. 89 954 shares have been acquired by the Company and are held by an institutional 3rd party to satisfy the current obligation in full.

- Mr Price Group Forfeitable Share Plan

  It is imperative to retain the executives who are central to the Group's growth strategy detailed elsewhere in this report. Participants were awarded free shares equivalent to between 2 and 3 times their annual guaranteed remuneration and these shares vest in full in 5 years' time. This award was offered subject to participants entering into a restraint and retention agreement which precludes them from joining a competitor for a period of 2 years should they leave the employment of the company. 433 576 shares have been acquired by the company and are held by an institutional 3rd party to fully satisfy this obligation.

  The vesting periods of the various share option schemes have been amended over the years that they have been in operation. A balance has been sought between allowing sufficient time to experience a meaningful growth in the share price and having the options vest in a timeframe which is not so distant as to appear unattainable. Summarised, the position is as follows:

	vesting period	exercise period	frequency of allocations
Partners Share Trust	Unconditional vesting occurs 60 days after the death or retirement of the recipient associate	Immediate upon unconditional vesting	A once-off initial allocation is made with no further routine top-up allocations being awarded
General Staff Share Trust	3 years from date of offer	within 90 days of vesting	Annual
Senior Management Share Trust	5 years from date of offer	within 90 days of vesting	Annual
Executive Share Trust	5 years from date of offer	within 5 years of vesting	Annual
Executive Director Share Trust	5 years from date of offer	within 5 years of vesting	Annual
Mr Price Executive FSP	5 years from date of offer	Immediately upon vesting	Annual
Mr Price Group FSP	5 years from date of offer	Immediately upon vesting	Once-off award

Concerning the vesting of shares on retirement or for other reasons for ending employment, the share trusts' rules stipulate that associates retiring at the age of 65 may retain unvested share options that will vest according to their original timeframes. However, given associates are entitled to take early retirement from the age of 50, guidelines were established taking into account the age and years' service of associates retiring before 65. These guidelines permit the retention post-retirement of unvested options on a sliding scale whereby associates can take early retirement from 50 and retain their options if they have a minimum 25 years' service, to retirement at 64 which requires 11 years' service. Retirement at 65 does not require a minimum service period. In all other retirement or dismissal situations, unvested options will lapse unless the Board exercises its discretion and permits the exercise of any or all of the unexercised options.

In the Mr Price Partners Share Scheme, retirement causes the shares to vest unconditionally. The age and length of service guidelines detailed above have also been applied to those associates retiring before 65.

Since the inception of the share option schemes, the Board has exercised its discretion on an exceptional basis and has allowed a very limited number of associates to retain unvested options post resignation. In using its discretion, the Board considered the associate's length of service, resignation circumstances, past services to the Group and the vesting period remaining on all offered tranches. In most cases, the tranche closest to maturity was retained while the remaining unvested tranches were forfeited. No accelerated vesting of share options is permitted.



In terms of specific authority received from shareholders, the Company may issue 46 548 430 shares to satisfy the requirements of its share schemes. Since the schemes were introduced in 2006, the Company has issued 9 463 292 shares and therefore still has 37 085 138 shares that may be issued for this purpose. However, in order to avoid shareholder dilution, the Group's current policy is to purchase shares on the open market to satisfy the requirements of the various share schemes, as opposed to issuing new shares. The Company has a share purchase programme in place to hedge against the future obligations of the schemes. The extent to which the Company is hedged against further share price appreciation and details of unvested/unexercised shares and options at balance sheet date are as follows:

long-term incentive scheme	number of participants	number of options/ shares	shares held by the share trusts	% of total obligation hedged
Mr Price Share Option Scheme	67	55 467	-	0%
Mr Price Partners Share Trust	7 404	4 877 114	6 592 145	135%
Mr Price General Staff Share Trust	1 773	9 371 943	4 806 015	51%
Mr Price Senior Management Share Trust	204	4 297 119	1 444 615	34%
Mr Price Executive Share Trust	32	2 966 758	1 822 530	61%
Mr Price Executive Director Share Trust	5	3 007 621	1 365 067	45%
Mr Price Executive FSP	34	89 954	89 954	100%
Mr Price Group FSP	13	433 576	433 576	100%
Total	**9 532**	**25 099 552**	**16 553 902**	**66%**

In terms of cash flow, the Company's unhedged commitments, at a closing share price of R156.01 amounts to R1.6 billion. In comparison the strike price payable by participants amounts to R1.3 billion.

executive directors' remuneration

The Remuneration and Nominations Committee annually reviews executive Directors' remuneration, set at the market median, to attract and retain the calibre required to successfully direct the Group's business. In line with the remuneration philosophy, performance-related incentives form a material part of the remuneration package and share option awards align the Director with the Group interest in attaining profitable long-term growth. The benchmarking of base pay against the peer group of companies detailed on page 65 revealed that the CEO and CFO were behind the peer group average by 24% and 12% respectively. Accordingly their remuneration was adjusted by these factors on 1 April 2013.

The emoluments of executive Directors for the year were as follows (R'000):

	salary	motor vehicle benefits	pension contributions	other benefits	short-term incentives	total 2014	total 2013
SI Bird*	4 692	220	961	149	9 384	15 406	11 522
MM Blair*	3 131	367	672	120	5 688	9 978	8 214
SA Ellis	2 564	286	554	103	2 628	6 135	5 522
Total	**10 387**	**873**	**2187**	**372**	**17 700**	**31 519**	**25 258**

*Considered to be prescribed officers

Details of the interest of executive Directors in long-term incentives are as follows:

Forfeitable share plans	date of award	shares granted	share price at award date	shares held at end of the year	vesting date
SI Bird					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	10 341	R155.97	10 341	29-Nov-18
- performance award	29-Nov-13	10 341	R155.97	10 341	29-Nov-18
Mr Price Group FSP (GFSP)	29-Nov-13	96 546	R155.97	96 546	29-Nov-18
MM Blair					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	6 334	R155.97	6 334	29-Nov-18
- performance award	29-Nov-13	6 334	R155.97	6 334	29-Nov-18
Mr Price Group FSP (GFSP)	29-Nov-13	67 315	R155.97	67 315	29-Nov-18
SA Ellis					
Mr Price Executive FSP (EFSP)					
- vanilla award	29-Nov-13	2 233	R155.97	2 233	29-Nov-18
- performance award	29-Nov-13	2 233	R155.97	2 233	29-Nov-18
Total		**201 677**		**201 677**	

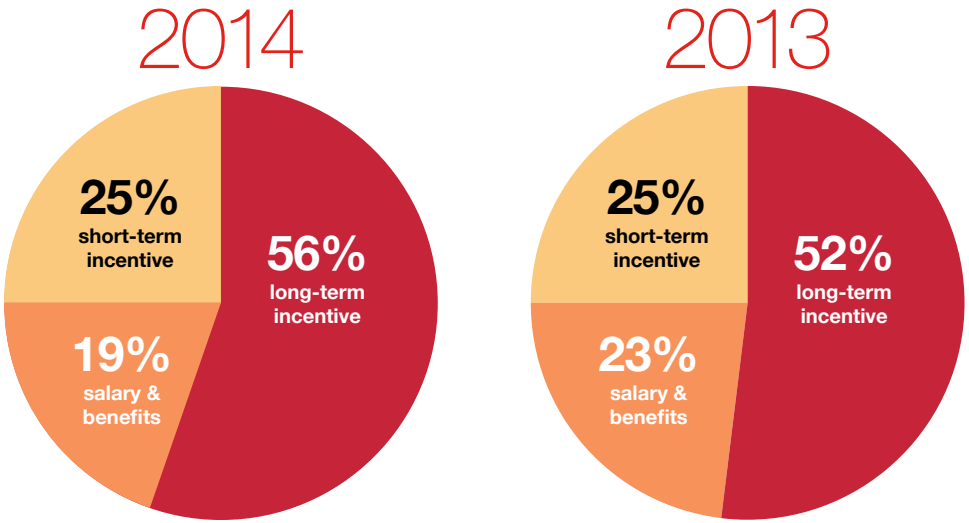
Share options - Mr Price Executive Director Share Trust

	options held at the beginning of the year	date of offer	options granted and accepted during the year	options exercised or taken up during the year	option price of award	gain on options exercised during the year (R'000)	options held at the end of the year	number of tranches remaining	vesting date of first tranche	vesting date of last tranche	latest expiry date for exercise of options
SI Bird	40 000[1]	22-Nov-06		40 000	R21.15	5 855	-	-			
	376 000	27-May-09		94 000	R26.50	9 226	282 000	3	27-May-14	27-May-16	27-May-21
	71 000	22-Nov-09			R32.75		71 000	1	22-Nov-14		22-Nov-19
	400 000	25-Aug-10			R46.00		400 000	1	25-Aug-15		25-Aug-20
	90 000	30-Nov-10			R62.77		90 000	1	30-Nov-15		30-Nov-20
	210 500	22-Nov-11			R76.49		210 500	1	22-Nov-16		22-Nov-21
	129 777	22-Nov-12			R133.67		129 777	1	22-Nov-17		22-Nov-22
		22-Nov-13	112 271		R151.94		112 271	1	22-Nov-18		22-Nov-23
	1 317 277						**1 295 548**				
MM Blair	117 000	22-Nov-06		117 000	R21.15	15 774	-	-			
	146 000	22-Nov-09			R32.75		146 000	1	22-Nov-14		22-Nov-19
	155 000	30-Nov-10			R62.77		155 000	1	30-Nov-15		30-Nov-20
	142 600	22-Nov-11			R76.49		142 600	1	22-Nov-16		22-Nov-21
	86 870	22-Nov-12			R133.67		86 870	1	22-Nov-17		22-Nov-22
		22-Nov-13	68 770		R151.94		68 770	1	22-Nov-18		22-Nov-23
	647 470						**599 240**				
SA Ellis	280 000	22-Nov-06		70 000	R21.15	9 351	210 000	1	22-Nov-13		22-Nov-18
	50 000	22-Nov-09			R32.75		50 000	1	22-Nov-14		22-Nov-19
	50 000	30-Nov-10			R62.77		50 000	1	30-Nov-15		30-Nov-20
	50 000	22-Nov-11			R76.49		50 000	1	22-Nov-16		22-Nov-21
	32 591	22-Nov-12			R133.67		32 591	1	22-Nov-17		22-Nov-22
		22-Nov-13	24 242		R151.94		24 242	1	22-Nov-18		22-Nov-23
	462 591						**416 833**				
AE McArthur[2]	327 000	22-Nov-06		327 000	R21.15	44 029	-	-			
	396 000	22-Nov-09			R32.75		396 000	1	22-Nov-14		20-Feb-15
	250 000	30-Nov-10			R62.77		250 000	1	30-Nov-15		28-Feb-16
	973 000						**646 000**				
S van Niekerk[2]	140 000	22-Nov-06		140 000	R21.15	18 850	-	-			
	50 000	22-Nov-09			R32.75		50 000	1	22-Nov-14		20-Feb-15
	190,000						**50 000**				

1 The options awarded to SI Bird were awarded in terms of the Mr Price Executive Share Trust prior to his appointment as an executive Director of the Company. These options were subject to a discount on the strike price due to strong Company performance and vested at R9.00 per share.

2 Disclosure required although no longer Directors of the Company.

Composition of executive Directors' total remuneration for the year:



The emoluments of non-executive Directors for the year were as follows:

R'000	salary	vehicle allowances & expenses	pension contributions	fees	total 2014	total 2013
LJ Chiappini	975	394	343	625	2 337	3 194
SB Cohen	1 085	375	324	625	2 409	3 250
K Getz	-	-	-	396	396	377
MR Johnston	-	-	-	556	556	534
RM Motanyane	-	-	-	284	284	270
D Naidoo	-	-	-	314	314	279
NG Payne	-	-	-	1 050	1 050	1 000
LJ Ring	-	-	-	-	-	202
MJD Ruck	-	-	-	430	430	372
S Sebotsa	-	-	-	-	-	84
WJ Swain	-	-	-	555	555	537
M Tembe	-	-	-	284	284	270
Total	**2 060**	**769**	**667**	**1 250**	**8 616**	**10 369**

non-executive directors' remuneration

Non-executive Directors' fees, which comprise separate remuneration for Board activity and Committee participation, are approved at the AGM.

The Company does not pay an attendance fee per meeting, as historically, the attendance at meetings has been good and the performance of non-executive Directors is reviewed annually via peer evaluation. In addition, the Board has always felt that Directors contribute as much outside of meetings as they contribute within meetings.

Proposed fees are detailed in the Notice of Meeting set out in the Annual Results booklet for approval at the forthcoming AGM. Non-executive Directors do not participate in any short-term incentive schemes and do not receive share option awards.

The Honorary Chairmen have employment contracts with the Company and the remuneration payable in terms of these contracts is decided by the Remuneration and Nominations Committee. Details explaining the role of the Honorary Chairmen, in support of their remuneration, are provided in the Corporate Governance Report on page 48. Their total remuneration is decreasing over a 3 year period (which commenced in the March 2014 financial year) to the level that the Lead Director's total fees are expected to be in 2016, which is approximately R625 000 per annum. This was calculated by applying an inflationary increase of 6% per annum to the proposed Lead Director's total fees for the forthcoming year. This has been implemented by increasing the Honorary Chairmen's fees to R625 000 in 2014, a level which will remain unaltered until 2016. Effective 1 April 2013, the balance of their remuneration, represented by the total cost to company less the fees of R625 000, is being reduced in annual installments to 2016. Therefore in 2016, the Honorary Chairmen's salary and benefits will be Rnil, and their total remuneration, in the form of fees, will amount to R625 000.



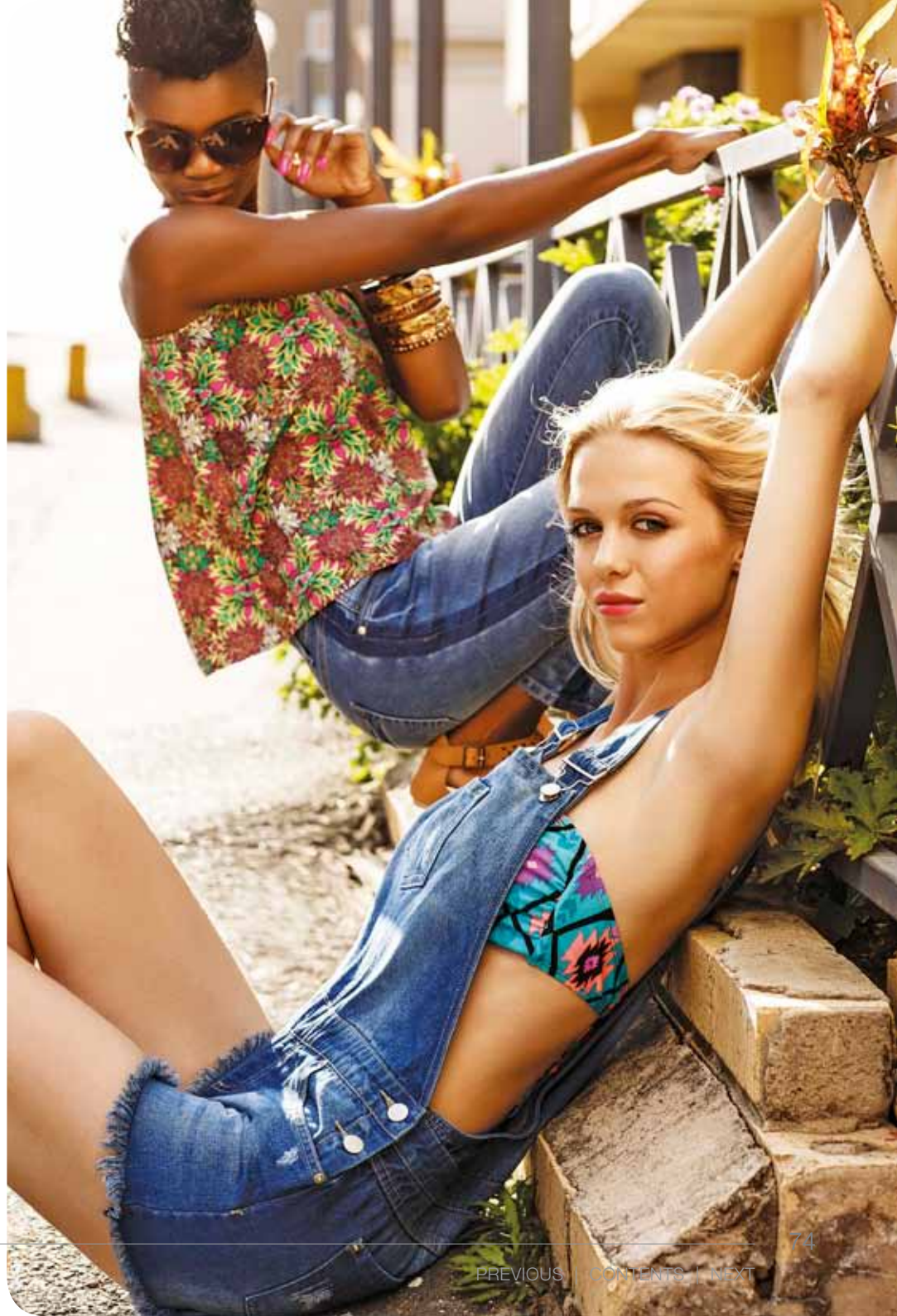
Analysis of the remuneration of non-executive Directors for their services as Board Committee Chairmen and members is detailed below:

	F2014 actual		F2015 proposed	
board or committee	**chairman**	**member**	**chairman**	**member**
Main Board	1 050 000	212 000	1 113 000	225 000
Main Board - Honorary Chairman	625 000		625 000	
Main Board - Lead Independent Director		341 000		361 500
Audit and Compliance Committee	182 000	102 000	193 000	108 000
Risk Committee[1]		89 000		94 500
Remuneration and Nominations Committee	112 500	71 500	119 250	75 800
Social, Ethics, Transformation and Sustainability Committee	112 500	71 500	119 250	75 800

[1] Fees for the non-executive Chairman include his duties as Chairman of both the Board and the Risk Committee.

proposals for future remuneration policy

- Research and implementation of suitable long-term incentive structures for new geographic trading territories.
- Effective November 2014, participants in the Mr Price Executive Forfeitable Share Plan, 34 associates in total, can qualify to have their total (options and FSP's) annual long-term incentive awards increased by 10% should they meet their minimum personal shareholding threshold, namely twice annual guaranteed remuneration for divisional executives and 3 times for executive Directors.
- Alignment of the peer group utilised for benchmarking non-executive Directors' fees to the peer group used for executive Directors.





board of directors



Chairman

Nigel Payne

Age: 54

other directorships include: JSE Limited, The Bidvest Group Limited, Bidvest Bank Limited, BSi Steel Limited, Vukile Property Fund Limited, STRATE (Pty) Limited, Free State Maize (Pty) Ltd, PPS Insurance Company Limited

years of service: 7
qualifications: CA (SA), MBL



Honorary Chairman

Stewart Cohen

Age: 69

other directorships include: Catregav Holdings (Pty) Limited, Holdspec Investments (Pty) Limited, Kovacs Investments 343 (Pty) Limited

years of service: 28
qualifications: BCom, LLB, MBA



Honorary Chairman

Laurie Chiappini

Age: 69

other directorships include: Gretrac Holdings (Pty) Limited, Storevest Investments (Pty) Limited

years of service: 28



Chief Executive Officer

Stuart Bird

Age: 54

years of service: 20
qualifications: CA (SA)



Chief Financial Officer

Mark Blair

Age: 48

years of service: 8
qualifications: CA (SA)



Lead Independent Director

Bobby Johnston

Age: 65

other directorships include: STRATE (Pty) Limited

years of service: 20
qualifications: CA (SA)



Non-executive Director

Keith Getz

Age: 58

other directorships include: BVPG Consulting (Pty) Limited, Steak Ranches International BV, Spur International Limited, Spur Corporation Limited, Spur Corporation UK Limited, Cape Union Mart Group (Pty) Limited, STRATE (Pty) Limited

years of service: 9
qualifications: BProc, LLM



Independent Non-Executive Director

Maud Motanyane

Age: 62

other directorships include: Kagiso Media, G4S Secure Solutions, G4S Aviation Security, Jet Education Trust

years of service: 6
qualifications: Diploma Library Science, WPI fellow



Independent Non-Executive Director

Daisy Naidoo

Age: 41

other directorships include: STRATE (Pty) Limited, Hudaco Industries Limited, OMNIA Holdings Limited, Marriott Unit Trust Management Company Limited, Old Mutual Unit Trust Managers Limited, Anglo Platinum Limited, Old Mutal Alternative Risk Transfer Limited

years of service: 2
qualifications: CA (SA) MCom (Tax)



Independent Non-Executive Director

Myles Ruck

Age: 58

other directorships include: Standard Bank Group Limited, The Standard Bank of South Africa Limited, ICBC Argentina

years of service: 7
qualifications: BBusSc PMD (Harvard)



Independent Non-Executive Director

John Swain

Age: 73

other directorships include: The Sharks (Pty) Limited

years of service: 20
qualifications: CA (SA)



Independent Non-Executive Director

Moses Tembe

Age: 52

other directorships include: Beige Holdings Limited, Crescendo Management Services, Geochem (Pty) Ltd, OCS (Sa) (Pty) Limited

years of service: 6
qualifications: BA Public Administration and Political Science, Graduate of Caltex Business Management Programme (UCT)



Alternate Director

Neill Abrams

Age: 49

other directorships include: Ocado Group Plc

years of service: 4
qualifications: BA, LLB (Wits), LLM (Cambridge)



Alternate Director

Tracey Chiappini-Young

Age: 42

other directorships include: Taunina (Pty) Limited, Taunina LLC

years of service: 4
qualifications: BBusSci (UCT), CFA, Associate in Applied Science (FIT), TRIUM EMBA (NYU, HEC, LSE)



Alternate Director

Steve Ellis

Age: 52

years of service: 22
qualifications: CA (SA)



Approval of the annual financial statements

The preparation and presentation of the Annual Financial Statements and all information included in this report are the responsibility of the Directors. The Annual Financial Statements were prepared in accordance with the provisions of the Companies Act and comply with International Financial Reporting Standards and the AC 500 Standards, as issued by the Accounting Practices Board and its successors, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. In discharging their responsibilities, both for the integrity and fairness of these statements, the Directors rely on the internal controls and risk management procedures applied by management.

Based on the information and explanations provided by management and the internal auditors and on comment by the independent auditor on the results of their statutory audit, the Directors are of the opinion that:

- *the internal controls are adequate;*
- *the financial records may be relied upon in the preparation of the Annual Financial Statements;*
- *appropriate accounting policies, supported by reasonable and prudent judgements and estimates, have been applied; and*
- *the Annual Financial Statements fairly present the results and the financial position of the Company and the Group.*

The Annual Financial Statements are prepared on the going concern basis and nothing has come to the attention of the Directors to indicate that the Company and the Group will not remain a going concern.

These Annual Financial Statements as at 29 March 2014 have been prepared under the supervision of the Chief Financial Officer, Mr MM Blair CA(SA).

The Annual Financial Statements of the Company and the Group were approved by the Board on 27 May 2014 and are signed on its behalf by:

NG Payne
CHAIRMAN

SI Bird
CEO

company secretary statement

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

HE Grosvenor
COMPANY SECRETARY
27 MAY 2014

report of the directors

for the year ended 29 March 2014

Nature of business

The main business of the Group is retail distribution through 1 079 corporate-owned and 23 franchised stores in Africa. The retail chains focus on clothing, footwear, sportswear, sporting goods, accessories and homewares.

Corporate governance

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

Retail calendar

The Group reports on the retail calendar of trading weeks incorporating trade from Sunday to Saturday each week. Accordingly the results for the financial year under review are for a 52 week period from 31 March 2013 to 29 March 2014 (2013: 52 week period from 1 April 2012 to 30 March 2013).

Financial results

The financial results of the Company and the Group are set out in the Annual Financial Statements, which follow from page 82 onwards.

Dividends

It is the Group's policy to make two dividend payments each year an interim in December and a final in June.

Interim: A cash dividend of 168.0 cents per share (2013: 133.0 cents per share) was made payable on 17 December 2013 to shareholders registered on 13 December 2013.

Final: A cash dividend of 314.0 cents per share (2013: 265.0 cents per share) has been declared payable on 23 June 2014 to shareholders registered on 20 June 2014.

Consolidated entities

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

	2014	2013
Profits	**81 164**	64 421
Losses	**(1 792)**	(3 005)
	79 372	61 416

Net shareholders' equity

There were no changes in the authorised and issued share capital during the year.

Subsequent events

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

Directorate

There were no changes to the directorate during the current year.

Particulars of the present Directors and Secretary are provided on pages 75 to 121 respectively of the Annual Integrated Report. None of the Directors have long-term service contracts with the Company or any of its consolidated entities.

Emoluments

Details of emoluments paid to executive and non-executive directors are set out in the Remuneration Report on pages 63 to 74.

report of the directors

for the year ended 29 March 2014 (continued)

Interest in shares of the company

At the financial year end, the directors were interested in the Company's issued shares as follows:

Ordinary shares

	2014					2013				
	Direct Beneficial	Indirect Beneficial	Held By Associate	Total	%	Direct Beneficial	Indirect Beneficial	Held By Associate	Total	%
SI Bird	211 384	94 000	-	305 384	0.12%	211 384	-	-	211 384	0.08%
MM Blair	78 230	26 324	400	104 954	0.04%	56 836	-	800	57 636	0.02%
LJ Chiappini	-	-	-	-	0.00%	-	316 349	-	316 349	0.13%
TA Chiappini-Young	199	-	-	199	0.00%	199	-	-	199	0.00%
SB Cohen	490	14 013	44 588	59 091	0.02%	490	131 121	44 588	176 199	0.07%
SA Ellis	56 853	67 248	-	124 101	0.05%	56 853	67 248	-	124 101	0.05%
K Getz	-	-	20 000	20 000	0.01%	-	-	20 000	20 000	0.01%
MR Johnston	-	-	91 250	91 250	0.04%	-	-	91 250	91 250	0.04%
WJ Swain	-	611 670	-	611 670	0.24%	-	611 670	-	611 670	0.24%
LJ Ring[1]						2 500	-	2 500	5 000	0.00%
SEN Sebotsa[2]						1 000	-	-	1 000	0.00%
				1 316 649	0.52%				**1 614 788**	0.64%

B Ordinary shares

	2014						2013					
	Direct Beneficial	Indirect Beneficial	Held By Associate	Other	Total[3]	%	Direct Beneficial	Indirect Beneficial	Held By Associate	Other	Total[3]	%
LJ Chiappini	-	6 000 759	-	-	6 000 759	44.63%	-	6 000 759	-	-	6 000 759	44.63%
SB Cohen	-	6 000 000	-	-	6 000 000	44.63%	-	6 000 000	-	-	6 000 000	44.63%
MR Johnston	-	-	46 504		46 504	0.35%	-	-	46 504		46 504	0.35%

	Ordinary	B Ordinary
Issued share capital 2014	251 183 867	13 445 081
Issued share capital 2013	251 183 867	13 445 081

Notes:

[1] Retired as alternate Director on 30 March 2013.
[2] Retired by rotation as Director on 30 August 2012.
[3] The 1 397 818 B ordinary shares not detailed above belong to:
(a) trusts (1 397 618 shares) of which Mr MR Johnston's major children are beneficiaries. Mr Johnston has no direct or indirect beneficial ownership in these shares and has relinquished all voting rights thereto; and
(b) Mr AE McArthur (200 shares).

There have been no changes in the above interests between the year end and the date of approval of these Annual Financial Statements.

final cash dividend declaration

Notice is hereby given that a final gross cash dividend of 314.0 cents per share has been declared, 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
Durban
27 May 2014



NG Payne
CHAIRMAN



SI Bird
CEO

independent auditor's report

To the Shareholders of Mr Price Group Limited

We have audited the consolidated and separate annual financial statements of Mr Price Group Limited, which comprise the remueration report, the consolidated and separate statements of financial position as at 29 March 2014, and the consolidated and separate statements of comprehensive income, consolidated and separate statement of changes in equity and consolidated and separate cash flows for the 52 weeks then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 82 to120 and pages 63 to 74.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Mr Price Group Limited as at 29 March 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the 52 weeks then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 29 March 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Ernst & Young Inc.
Director – Jane Anne Oliva
Registered Auditor
Chartered Accountant (SA)

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

27 May 2014

shareholder information

for the period ended 29 March 2014

Shareholder's diary

May	Announcement of annual results and final dividend to shareholders
June	Publication of Annual Integrated Report
	Settlement of final dividend to shareholders
September	Annual General Meeting of shareholders
November	Publication of interim results to September
	Announcement of interim dividend to shareholders
December	Settlement of interim dividend to shareholders

	Ordinary shares				B Ordinary shares			
Holdings	**Number of share-holders**	**%**	**Number of shares**	**%**	**Number of share-holders**	**%**	**Number of shares**	**%**
1 - 1000	12 492	68.88	4 733 166	1.88	1	20.00	200	0.00
1001 - 10 000	4 780	26.36	14 180 733	5.65				
10 001 - 100 000	684	3.77	19 439 647	7.74				
100 001 - 1 000 000	142	0.78	44 598 501	17.76				
1 000 001 and over	38	0.21	168 231 820	66.97	4	80.00	13 444 881	100.00
	18 136	100.00	**251 183 867**	100.00	**5**	100.00	**13 445 081**	100.00

	Ordinary shares				B Ordinary shares			
Category	**Number of share-holders**	**%**	**Number of shares**	**%**	**Number of share-holders**	**%**	**Number of shares**	**%**
Pension funds	150	0.83	41 808 485	16.64				
Nominee companies and corporate bodies	1 505	8.30	157 249 982	62.60	2	40.00	3 999 974	29.75
Individuals and trusts	16 475	90.84	35 782 518	14.25	3	60.00	9 445 107	70.25
Staff share schemes	6	0.03	16 342 882	6.51				
	18 136	100.00	251 183 867	**100.00**	**5**	100.00	**13 445 081**	100.00

public and non-public shareholders

At 29 March 2014 the percentage direct or indirect shareholdings of public and non-public shareholders in the listed ordinary shares of the Company were as follows:

	Number of share-holders	**%**
Public shareholders	**18 108**	77.45
Non-public shareholders	**28**	22.55
Holders holding more than 10% (refer to major shareholders below)*	**7**	15.52
Directors of the Company or its subsidiaries	**15**	0.52
Trustees of employees' share schemes**	**6**	6.51

major shareholders

To the Company's best knowledge and belief the following shareholders or fund managers held discretionary beneficial interest and/or administered client portfolios amounting to 5% or more of the issued ordinary shares of the company at 29 March 2014:

	Beneficial holding		**Portfolio administration Discretionary**	
	%	**Shares**	**%**	**Shares**
Public Investment Corporation*	15.52	38 974 604	-	-
American Funds	8.03	20 170 338	-	-
Mr Price Share Trusts**	6.51	16 342 882	-	-
JP Morgan Asset Management U.K. Limited	4.36	10 961 149	1.18	2 946 735

* Seven underlying shareholders under the Public Investment Corporation Limited

** Six underlying shareholders constitute the overall shareholdings of the Mr Price Share Trusts

Details of the Directors beneficial interest in B ordinary shares are reflected in the Report of the Directors on page 79.

statement of accounting policies

for the year ended 29 March 2014

The annual financial statements have been prepared on the historic cost and going concern bases, except where indicated otherwise in a policy below. The annual financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS'). The consolidated financial statements are presented in Rands and all values are rounded to the nearest million (R'm), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional statement of financial position as at 1 April 2012 is presented in these consolidated financial statements due to retrospective application of certain accounting policies, refer Note 1.1.

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

1. Consolidation

The consolidated financial statements comprise the financial statements of the Company and its consolidated entities as at 29 March 2014.

Consolidated entities (which include special purpose entities such as staff share trusts) are defined as entities in which the Group has the power to govern the financial and operating policies of the entity so as to gain benefit from its activities. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

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

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

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

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

2. Fair value measurement

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

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

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair values of financial instruments measured at amortised cost are disclosed in Note 28.

3. Property, plant and equipment

Capitalised leased office buildings are recognised at the fair value of the buildings at date of commencement of the lease agreement, or if lower, the present value of the minimum lease payments. The buildings are depreciated over the shorter of the period of the finance lease and the useful life of the buildings.

statement of accounting policies (continued)

for the year ended 29 March 2014

Buildings occupied in the normal course of business are recognised at cost less accumulated depreciation and impairment losses.

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

Furniture, fittings, equipment and vehicles
- 5 to 14 years

Computer equipment
- 3 to 5 years

Improvements to leasehold premises
- Over period of lease subject to a maximum of 10 years

Buildings
- 20 years

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

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

4. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

Computer software
Acquired software not regarded as an integral part of hardware is capitalised at historic cost and is amortised on the straight line basis over its estimated useful life (2 - 7 years), from the date of it being commissioned into the Group.

All other costs that are directly associated with the production of identifiable software controlled by the Group, and that are expected to generate economic benefits exceeding 1 year, are recognised as part of the cost of the intangible assets. Direct costs include the software development employee costs. Costs associated with developing software are recognised as an expense as incurred if it is not expected that they will provide future economic benefits to the Group.

Goodwill
Goodwill represents the excess of the cost of acquisition over the fair value of the net identifiable assets of the acquired consolidated entity or operation at date of acquisition, and is carried at cost less accumulated impairment losses.

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

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

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

5. Impairment and derecognition of non-financial assets

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

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

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

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

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

6. Inventories

Inventories are valued at the lower of cost or net realisable value.

Cost is determined on the following bases:

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

Costs include the charges incurred in bringing inventories to their present location and condition and are net of discounts from suppliers.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

7. Taxation

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

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

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

statement of accounting policies (continued)

for the year ended 29 March 2014

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

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

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

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

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

Value-Added Tax (VAT)
Expenses and assets are recognised net of the amount of VAT, except when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Revenue and income are recognised net of the amount of VAT, except when the VAT due on the sale or income is not payable to the taxation authority, in which case the full amount is recognised as revenue or income as applicable.

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

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

8. Provisions

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

9. Revenue recognition

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

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

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

Service fee revenue
Revenue from a contract to provide services is recognised in the month in which the service charge accrues. Service fee revenue is derived from the provision of information technology and debtor management services.

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

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

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

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

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

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

10. Leases

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

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

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

11. Borrowing costs

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

12. Dividends to shareholders

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

13. Foreign currencies

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

statement of accounting policies (continued)

for the year ended 29 March 2014

Transactions and balances
Transactions in foreign currencies are translated to the functional currency using the spot exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities designated in foreign currencies are translated using the spot exchange rates prevailing at the reporting date. Non-monetary items are translated at historic rates or, where applicable, at the rate prevailing on the date of revaluation. All exchange differences are recognised in income in the period in which they occur.

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

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

On disposal of the consolidated entity, the accumulated exchange differences in other comprehensive income are recognised in the income statement.

14. Financial instruments

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

Financial assets are reviewed annually for any evidence of impairment, and any impairment loss is recognised immediately in the income statement.

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

The deferred receivables, which are classified as a 'loan or receivable', are represented by advances to the participants in the Deferred Implementation Share Scheme and are recoverable when participants exercise their right to take up the shares.

The annual amortised cost adjustments are reflected in the income statement.

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

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

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

Derivative financial instruments
The Group uses derivative financial instruments such as forward exchange contracts to hedge its risks associated with foreign currency fluctuations. Derivative financial instruments are initially recognised at fair value on the date the contract is entered into and are subsequently measured at fair value, which is calculated with reference to current forward exchange contracts with equivalent maturity periods. Gains or losses arising from fair value adjustments are taken directly to the income statement.

Trade and other payables
Trade payables, which are primarily settled on 30 day terms, are carried at cost, being the fair value of the consideration to be paid in the future for goods and services rendered. These are subsequently measured at amortised cost using the effective interest rate method.

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

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

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

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

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

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

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

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

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

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

statement of accounting policies (continued)

for the year ended 29 March 2014

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

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

15. Reinsurance

The Group assumes insurance risk in the normal course of business. Reinsurance assets represents balances due from registered insurance companies. Amounts receivable are estimated in a manner consistent with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that as a result of which the Group may or may not receive all outstanding amounts due under the terms of the contact and the event has a reliably measurable impact on the amounts that the Group will receive from the insurer. Any related impairment loss is recorded in the income statement.

Reinsurance liabilities represent balances due to registered insurance companies. Amounts payable are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the insurer's policies and are in accordance with the related reinsurance contract.

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

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

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

16. Employee benefits

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

Post retirement benefits

Defined benefit retirement fund and post retirement medical aid fund.

The costs of providing benefits under the defined retirement benefit fund and the obligation for post retirement medical aid benefits (which is limited to members of the defined benefit retirement fund) is determined using the projected unit credit actuarial valuation method. Actuarial gains or losses, which can arise from differences between expected and actual outcomes, or changes in actuarial assumptions, are recognised immediately in other comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the period is charged to operating profit. The defined benefit fund asset reflected in the statement of financial position represents the present value of the defined benefit asset as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. The asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

Past service costs are recognised immediately to the extent that benefits have already vested, and are otherwise amortised on a straight line basis over the average period until the benefits become vested.

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

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

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

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

17. Treasury shares

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

18. Segment reporting

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

19. Cost of sales

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

20. Selling expenses

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

21. Administrative and other operating expenses

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

consolidated statements of financial position

for the year ended 29 March 2014

R'm	Notes	Group 2014 29 March	Group 2013 30 March Restated	Group 2012 1 April Restated	Company 2014 29 March	Company 2013 30 March Restated	Company 2012 1 April Restated
Assets							
Non-current assets		**1 137**	927	744	**1 079**	885	956
Property, plant and equipment	3	**718**	660	540	**659**	589	485
Intangible assets	4	**215**	105	102	**208**	100	97
Consolidated entities	5				**18**	40	277
Long-term receivables	6	**7**	8	10	**7**	8	10
Defined benefit fund asset	29	**45**	20	16	**45**	20	16
Deferred taxation assets	16	**152**	134	76	**142**	128	71
Current assets		**5 426**	3 971	3 552	**5 109**	3 648	3 660
Inventories	7	**1 403**	1 236	1 168	**1 303**	1 163	1 116
Trade and other receivables	8	**1 673**	1 513	1 183	**1 651**	1 491	1 175
Reinsurance assets	14	**98**	72	51	**98**	72	51
Current amounts owing by consolidated entities	5				**290**	146	453
Cash and cash equivalents		**2 252**	1 150	1 150	**1 767**	776	865
Total assets		**6 563**	4 898	4 296	**6 188**	4 533	4 616
Equity and liabilities							
Equity attributable to equity holders of the parent		**3 923**	3 309	2 777	**3 618**	2 982	2 567
Issued capital	9	**-**	-	-	**-**	-	-
Capital reserves	10	**198**	169	141	**161**	137	114
Treasury share transactions	11	**(1 311)**	(1 059)	(869)	**(1 446)**	(1 241)	(971)
Retained income		**5 048**	4 223	3 537	**4 898**	4 094	3 434
Foreign currency translation reserve	12	**(17)**	(16)	(22)			-
Defined benefit fund actuarial gains and losses	13	**5**	(8)	(10)	**5**	(8)	(10)
Non-controlling interests	5	**(1)**	-	-	**-**	-	-
Total Equity		**3 922**	3 309	2 777	**3 618**	2 982	2 567
Non-current liabilities		**220**	206	195	**201**	196	192
Lease obligations	15	**179**	179	171	**172**	174	169
Deferred taxation liabilities	16	**6**	5	1	**-**	-	-
Long-term provisions	17	**7**	6	8	**7**	6	8
Long-term liabilities	5	**6**	-	-	**-**	-	-
Post retirement medical benefits	29	**22**	16	15	**22**	16	15
Current liabilities		**2 421**	1 383	1 324	**2 369**	1 355	1 857
Trade and other payables	18	**1 982**	1 270	1 228	**1 931**	1 240	1 210
Reinsurance liabilities	14	**34**	28	18	**34**	28	18
Current amounts owing to consolidated entities	5				**7**	5	551
Current provisions	17	**4**	4	6	**4**	4	6
Current portion of lease obligations	15	**47**	34	29	**46**	33	29
Taxation		**354**	47	43	**347**	45	43
Total equity and liabilities		**6 563**	4 898	4 296	**6 188**	4 533	4 616

consolidated income statements

for the year ended 29 March 2014

R'm	Notes	Group 2014 29 March	Group 2013 30 March Restated	Company 2014 29 March	Company 2013 30 March Restated
Revenue		**15 892**	13 800	**15 754**	13 720
Retail sales and other revenue		**15 829**	13 744	**15 695**	13 668
Interest received		**63**	56	**59**	52
Retail sales and other revenue		**15 829**	13 744	**15 695**	13 668
Retail sales		**15 227**	13 266	**14 883**	13 047
Interest on trade receivables		**311**	261	**310**	261
Income from consolidated entities				**222**	146
Premium income		**147**	106	**147**	106
Club fees		**12**	12	**11**	12
Service fee revenue		**-**	8	**-**	8
Other revenue		**132**	91	**122**	88
Costs and expenses		**13 292**	11 675	**13 147**	11 579
Cost of sales		**8 907**	7 744	**8 929**	7 767
Selling expenses		**3 354**	2 996	**3 193**	2 881
Administrative and other operating expenses		**1 031**	935	**1 025**	931
Profit from operating activities	19	**2 537**	2 069	**2 548**	2 089
Finance costs		**-**	-	**-**	(22)
Finance interest received		**63**	56	**59**	52
Profit before taxation		**2 600**	2 125	**2 607**	2 119
Taxation	20	**733**	591	**708**	564
Profit after taxation		**1 867**	1 534	**1 899**	1 555
Attributable to:					
Non-controlling interests		**(1)**	-		
Equity holders of the parent		**1 868**	1 534		
Profit attributable to shareholders		**1 867**	1 534	**1 899**	1 555
Earnings per share		**cents per share**	cents per share	**% change**	
Basic	21	**757.1**	626.5	**20.8**	
Headline	21	**765.1**	634.8	**20.5**	
Diluted basic	21	**707.2**	576.5	**22.7**	
Diluted headline	21	**715.1**	584.2	**22.4**	

consolidated statements of comprehensive income

for the year ended 29 March 2014

R'm	Notes	Group 2014 29 March	Group 2013 30 March Restated	Company 2014 29 March	Company 2013 30 March Restated
Profit attributable to shareholders		**1 867**	1534	**1 899**	1 555
Other comprehensive income					
Currency translation adjustments	12	**(1)**	6		
Defined benefit fund actuarial gains	13	**18**	3	**18**	3
Deferred taxation thereon	13	**(5)**	(1)	**(5)**	(1)
Total comprehensive income for the year attributable to shareholders, net of taxation		**1 879**	1 542	**1 912**	1 557
Attributable to:					
Non-controlling interests		**(1)**			
Equity holders of the parent		**1 880**	1 542	**1 912**	1 557
Total comprehensive income for the year attributable to shareholders, net of taxation		**1 879**	1 542	**1 912**	1 557

Note:
Of the items included in other comprehensive income above, the actuarial gains/losses will not be recyclable through profit and loss in future periods, however, the currency translation adjustments will.

consolidated statements of cash flows

for the year ended 29 March 2014

R'm	Notes	Group 2014 29 March	Group 2013 30 March Restated	Company 2014 29 March	Company 2013 30 March Restated
Cash flows from operating activities					
Operating profit before working capital changes	24.1	**2 548**	2 116	**2 542**	2 117
Working capital changes	24.2	**343**	(389)	**347**	(361)
Cash generated from operations		**2 891**	1 727	**2 889**	1 756
Interest on trade receivables		**311**	261	**310**	261
Net finance income received		**63**	56	**59**	30
Taxation paid	24.3	**(403)**	(613)	**(380)**	(591)
Net cash inflows from operating activities		**2 862**	1 431	**2 878**	1 456
Cash flows from investing activities					
Net inflows in respect of long-term receivables	24.4	**1**	2	**1**	2
Disposal of investment in subsidiary		**-**	-	**-**	228
Investment in subsidiary		**-**	-	**29**	12
Replacement of intangible assets		**(30)**	(5)	**(30)**	(5)
Additions to intangible assets		**(121)**	(44)	**(119)**	(44)
Replacement of property, plant and equipment		**(124)**	(173)	**(124)**	(173)
Additions to property, plant and equipment		**(129)**	(116)	**(110)**	(93)
Proceeds on disposal of property, plant and equipment		**22**	1	**-**	1
Net cash outflows from investing activities		**(381)**	(335)	**(353)**	(72)
Cash flows from financing activities					
Increase in net current amounts owing to/by consolidated entities	24.5			**(142)**	(239)
Decrease in long-term liability		**6**	-	**-**	-
Dividends to shareholders	24.6	**(1 094)**	(888)	**(1 146)**	(935)
Grants to staff share trusts				**(233)**	(279)
Treasury share transactions		**(289)**	(213)	**(13)**	(20)
Net cash outflows from financing activities		**(1 377)**	(1 101)	**(1 534)**	(1 473)
Net increase/(decrease) in cash and cash equivalents		**1 104**	(5)	**991**	(89)
Cash and cash equivalents at beginning of the year		**1 150**	1 150	**776**	865
Exchange losses		**(2)**	5	**-**	-
Cash and cash equivalents at end of the year		**2 252**	1 150	**1 767**	776

statement of changes in equity

for the year ended 29 March 2014

R'm	Notes	Share capital	Share premium	Participants in staff share investment trust	Capital redemption reserve fund	Share-based payments reserve	Treasury shares at cost	Deficit on treasury share transactions	Taxation relating to grants to share trusts	Foreign currency translation reserve	Defined benefit fund actuarial gains and losses	Insurance reserve	Retained income	**Total**	Non-controlling interests	**Total Equity**
		Attributable to the equity holders of the parent														
							Treasury share transactions									
Group																
Balance at 1 April 2012		-	12	15	-	114	(685)	(260)	76	(22)	(10)	4	3 537	2 781	-	**2 781**
Change in accounting policy	1.1											(4)		(4)		**(4)**
Total comprehensive income										6	2	-	1 534	1 542	-	**1 542**
Profit for the year													1 534	1 534		**1 534**
Other comprehensive income:										6	2	-	-	8	-	**8**
Currency translation adjustments	12									6				6		**6**
Defined benefit fund actuarial gains	13										3			3		**3**
Deferred taxation thereon	13										(1)			(1)		**(1)**
Treasury shares acquired	11						(279)							(279)		**(279)**
Taxation relating to grants to share trusts	11								29					29		**29**
Effect of consolidation of staff share trusts	11			5			(5)							-		**-**
Deficit on treasury share transactions	11							(113)						(113)		**(113)**
Recognition of share-based payments	9					63								63		**63**
Share-based payments reserve released to retained income for vested options						(40)							40	-		**-**
Treasury shares sold	11						178							178		**178**
2012 final dividend to shareholders	22												(551)	(551)		**(551)**
2013 interim dividend to shareholders	22												(337)	(337)		**(337)**
Balance at 30 March 2013		-	12	20	-	137	(791)	(373)	105	(16)	(8)	-	4 223	3 309	-	**3 309**
Total comprehensive income										(1)	13	-	1 868	1 880	(1)	**1 879**
Profit for the year													1 868	1 868	(1)	**1 867**
Other comprehensive income										(1)	13	-	-	12	-	**12**
Currency translation adjustments	12									(1)				(1)		**(1)**
Defined benefit fund actuarial gains	13										18			18		**18**
Deferred taxation thereon	13										(5)			(5)		**(5)**
Treasury shares acquired	11						(365)							(365)		**(365)**
Taxation relating to grants to share trusts	11								41					41		**41**
Effect of consolidation of staff share trusts	11			5			(5)							-		**-**
Deficit on treasury share transactions	11							(186)						(186)		**(186)**
Recognition of share-based payments	9					75								75		**75**
Share-based payments reserve released to retained income for vested options						(51)							51	-		**-**
Treasury shares sold	11						263							263		**263**
2013 final dividend to shareholders	22												(666)	(666)		**(666)**
2014 interim dividend to shareholders	22												(428)	(428)		**(428)**
Balance at 29 March 2014		**-**	**12**	**25**	**-**	**161**	**(898)**	**(559)**	**146**	**(17)**	**5**	**-**	**5 048**	**3 923**	**(1)**	**3 922**

statement of changes in equity

for the year ended 29 March 2014

R'm	Notes	Share capital	Share premium	Capital redemption reserve fund	Share-based payments reserve	Treasury share transactions: Treasury shares at cost	Treasury share transactions: Deficit on treasury share transactions	Treasury share transactions: Taxation relating to grants to share trusts	Defined benefit fund actuarial gains and losses	Retained income	**Total Equity**
Company											
Balance at 1 April 2012		-	-	-	114	(874)	(173)	76	(10)	3 403	**2 536**
Change in accounting policy	1.1									31	**31**
Total comprehensive income									2	1 555	**1 557**
Profit for the year										1 555	**1 555**
Other comprehensive income									2		**2**
Defined benefit fund actuarial losses	13								3		**3**
Deferred taxation thereon	13								(1)		**(1)**
Grants to staff share trusts	11					(279)					**(279)**
Deficit on treasury share transactions	11						(20)				**(20)**
Taxation relating to grants to share trusts	11							29			**29**
Recognition of share-based payments	9				63						**63**
Share-based payments reserve released to retained income for vested options					(40)					40	**-**
2012 final dividend to shareholders	22									(583)	**(583)**
2013 interim dividend to shareholders	22									(352)	**(352)**
Balance at 30 March 2013		-	-	-	137	(1 153)	(193)	105	(8)	4 094	**2 982**
Total comprehensive income									13	1 899	**1 912**
Profit for the year										1 899	**1 899**
Other comprehensive income									13		**13**
Defined benefit fund actuarial gains	13								18		**18**
Deferred taxation thereon	13								(5)		**(5)**
Grants to staff share trusts	11					(233)					**(233)**
Deficit on treasury share transactions	11						(13)				**(13)**
Taxation relating to grants to share trusts	11							41			**41**
Recognition of share-based payments	9				75						**75**
Share-based payments reserve released to retained income for vested options					(51)					51	**-**
2013 final dividend to shareholders	22									(701)	**(701)**
2014 interim dividend to shareholders	22									(445)	**(445)**
Balance at 29 March 2014		**-**	**-**	**-**	**161**	**(1 386)**	**(206)**	**146**	**5**	**4 898**	**3 618**

1. Adoption of new Standards and changes in accounting policies

The following new Standards and Interpretations were adopted during the year and did not lead to any changes in the Group's accounting policies, except as detailed in note 1.1:

Statement, Interpretation or Standard	Effective for annual periods beginning
IAS 1 - Presentation of Items of Other Comprehensive Income (amendments)	1 July 2012
IAS 19 - Employee Benefits (amendment)	1 January 2013
IAS 27 - Separate Financial Statements	1 January 2013
IAS 28 - Investments in Associates and Joint Ventures	1 January 2013
IFRS 1 - Relief from full retrospective application when accounting for loans received from government at below market rate of interest	1 January 2013
IFRS 7 - Disclosures - offsetting financial assets and liabilities (amendment)	1 January 2013
IFRS 10 - Consolidated Financial Statements	1 January 2013
IFRS 11 - Joint Arrangements	1 January 2013
IFRS 12 - Disclosure of Involvement with Other Entities	1 January 2013
IFRS 10, IFRS 11 and IFRS 12 - Transition guidance amendments	1 January 2013
IFRS 13 - Fair Value Measurement	1 January 2013
Improvements to IFRSs	Mainly 1 January 2013

1.1 Changes in accounting policies

IFRS 10 - Consolidated financial statements

The Group adopted IFRS 10 in the current year; the application of IFRS 10 affected the accounting for the Group's 100% interest in the Financial Services insurance cell captives. For all financial years up to 30 March 2013, the insurance cell captives were considered to be a subsidiary 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 requirement of a deemed separate entity as the assets, liabilities and equity are not ring-fenced in all events. Hence 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 in the financial statements. The quantitative impact on the financial statements is as follows:

Impact on income statement (increase/(decrease) in profit):

	2013	
R'm	**Group**	**Company**
Retail sales and other revenue	**-**	(57)
Income from consolidated entities	**-**	49
Premium income	**-**	(106)
Costs and expenses	**3**	33
Administrative and other operating expenses	**3**	33
Finance interest received	**-**	(4)
Loss before taxation	**(3)**	(28)
Taxation	**-**	22
Loss after taxation	**(3)**	(6)
Decrease on statement of other comprehensive income:		
Total comprehensive loss for the year attributable to shareholders, net of taxation	**(3)**	(6)

Decrease on earnings per share:

	cents per share
Basic	1.11
Headline	0.70
Diluted basic	1.02
Diluted headline	0.65

Impact on equity (increase/(decrease) in net equity):

	Group		Company	
R'm	2013	As at 1 April 2012	2013	As at 1 April 2012
Assets				
Non-current assets	**-**	-	**1**	1
Consolidated entities	**-**	-	**1**	1
Current assets	**-**	-	**65**	49
Reinsurance assets	**72**	51	**72**	51
Current amounts owing by consolidated entities	**-**	-	**(7)**	(2)
Cash and cash equivalents	**(72)**	(51)	**-**	-
Equity and liabilities	**7**	4	**-**	-
Insurance reserve	**7**	4	**-**	-
Current liabilities	**(7)**	(4)	**(28)**	(19)
Trade and other payables	**6**	6	**-**	(1)
Reinsurance liabilities	**(28)**	(18)	**(28)**	(18)
Taxation	**15**	8	**-**	-
Net impact on equity	**-**	-	**38**	31

Decrease on statement of cash flows:

	2013	
R'm	Group	Company
Operating	**(21)**	-
Net decrease in cash and cash equivalents	**(21)**	-

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements for subsidiaries. For example, where a subsidiary is controlled with less than a majority of voting rights. The Group has subsidiaries with non-controlling interests, and the cell captives which are treated as consolidated structured entities, in terms of IFRS 10. IFRS 12 disclosures are provided in Note 5.2.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 28.5.

1.2 Statements, Interpretations or Standards

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

Statement, Interpretation or Standard	Effective for annual periods beginning on or after
IAS 32 - Offsetting Financial Assets and Financial Liabilities (amendments)	1 January 2014
IAS 36 - Disclosure requirements for the recoverable amount of impaired assets (amendments)	1 January 2014
IFRS 9 - Financial instruments	1 January 2018

The Directors anticipate that the adoption of the above in future periods will have no material financial impact on the financial statements of the Group and will only result in additional disclosure requirements with the exception of IFRS 9. The impact of this new statement is currently being assessed. These Statements, Interpretations and Standards will be adopted at the respective effective dates.

1.3 Reclassification

Application of IAS 8 - Reclassification of amounts related to Airtime sales and cost of sales

As a result of the increase in revenue at a gross margin level, which is dissimilar to merchandise margins, airtime sales and related cost of sales are now disclosed separately. In the current year, 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. The quantitative impact on the financial statements is as follows:

Impact on income statement:

	2013	
R'm	**Group**	**Company**
Retail sales and other revenue	80	80
Other Income	80	80
Costs and expenses	(80)	(80)
Cost of sales	(80)	(80)
Profit before taxation	-	-
Taxation	-	-
Profit after taxation	-	-

The reclassification is between other income and cost of sales has had no impact on the statement of other comprehensive income, statement of financial position, statement in changes of equity or the statement of cash flows for the affected years.

2. Significant accounting estimates

Estimation uncertainty

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

Employee benefits actuarially determined

The costs of the defined benefit pension fund plan, the post retirement medical benefit fund and share-based payments are determined actuarially. The actuarial valuations involve making assumptions regarding various factors (as detailed in notes 9.4, 9.5 and 29). Due to the long-term nature of these liabilities such estimates are subject to uncertainty.

Provision for net realisable value of inventory

The provision for net realisable value of inventory represents management's estimate of the extent to which merchandise on hand at the reporting date will be sold below cost. This estimate takes into consideration past trends, evidence of impairment at year end and an assessment of future saleability, which takes into account fashionability and seasonal changes.

Provision for impairment of trade receivables

The provision for impairment of trade receivables represents management's estimate of the extent to which trade receivables at the reporting date will not be subsequently recovered. This estimate takes into consideration past trends and makes an assessment of additional risk factors, which are likely to impact recoverability.

Income Taxes

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

3. Property, plant and equipment

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Owned				
Cost	**1 700**	1 528	**1 611**	1 434
Accumulated depreciation and impairment	**(982)**	(868)	**(952)**	(845)
Net carrying amount	**718**	660	**659**	589
Leased				
Cost	**27**	27	**27**	27
Accumulated depreciation	**(27)**	(27)	**(27)**	(27)
Net carrying amount	**-**	-	**-**	-
Total net carrying amount	**718**	660	**659**	589

An analysis of the movement of property, plant and equipment is shown on pages 117 and 118.

4. Intangible assets

Cost or carrying amount	**313**	199	**306**	194
Accumulated amortisation and impairment	**(98)**	(94)	**(98)**	(94)
Net carrying amount	**215**	105	**208**	100

An analysis of the movement of intangible assets is shown on page 119.



5. Consolidated entities and material partly-owned subsidiaries

R'm	Company 2014	Company 2013 Restated
5.1 Consolidated entities		
Carrying value of shares	**5**	5
Ordinary shares at cost	**5**	5
Carrying value of long-term loans	**13**	35
Long-term loans at cost	**14**	36
Impairment provisions	**(1)**	(1)
The loans are unsecured, bear interest at rates of up to 15% per annum and have no fixed dates of repayment.		
	18	40
Net current amounts owing by/(to) consolidated entities	**283**	141
Current amounts owing by consolidated entities	**290**	146
Current amounts owing to consolidated entities	**(7)**	(5)
Current accounts are interest free and are settled within 12 months.		
	301	181

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

5.2 Partly-owned subsidiary

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

%	Group 2014	Group 2013
Proportion of equity interest held by non-controlling interests	**45**	-

R'm	2014	2013
Loss attributable to non-controlling interest	**(1)**	-

The summarised financial information of the subsidiary are provided below. This information is based on amounts before inter-company eliminations.

R'm	2014	2013
Summarised income statement:		
Selling expenses	**(1)**	-
Administrative and other operating expenses	**(1)**	-
Loss before taxation	**(2)**	-
	(2)	**-**
Attributable to non-controlling interests	**(1)**	-

5.2 Partly-owned subsidiary (continued)

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

R'm	2014	2013
Summarised statement of financial position:		
Intangible assets	**2**	-
Trade and other receivables	**1**	-
Cash and cash equivalents	**14**	-
Long-term liability	**(6)**	-
Trade and other payables	**(5)**	-
Inter-company loan	**(8)**	-
Net equity	**(2)**	-
Attributable to equity holders of parent	**(1)**	-
Non-controlling interest	**(1)**	-
Summarised statement of cash flows:		
Operating	**9**	-
Investing	**(2)**	-
Financing	**7**	-
Net increase in cash and cash equivalents	**14**	-

Long-term liability

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

6. Long-term receivables

	Group		Company	
R'm	2014	2013	2014	2013
Enterprise development loan				
Loan to accredited supplier	**7**	8	**7**	8
Total loan	**8**	9	**8**	9
Less: amount to be received in the next financial year transferred to trade and other receivables	**(1)**	(1)	**(1)**	(1)
	7	8	**7**	8

The Company loaned R10 million to a long-standing supplier as part of an enterprise development initiative to assist in the construction of a new footwear factory with enhanced capacity. The sum is repayable in monthly instalments of R100 000 which commenced in January 2013. The monthly instalment increases by 7.0% annually.

7. Inventories

	Group		Company	
R'm	2014	2013	2014	2013
Merchandise purchased for resale	**1 384**	1 224	**1 283**	1 151
Consumable stores	**19**	12	**20**	12
	1 403	1 236	**1 303**	1 163
The write-down of inventories provided for in the valuation of merchandise purchased for resale was:	**114**	102	**108**	95

8. Trade and other receivables

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Trade receivables (net)	**1 595**	1 431	**1 590**	1 426
Prepayments	**30**	50	**19**	36
Other receivables	**48**	32	**42**	29
	1 673	1 513	**1 651**	1 491
8.1 Gross trade receivables	**1 766**	1 571	**1 761**	1 566
Impairment provision	**(171)**	(140)	**(171)**	(140)
Net trade receivables	**1 595**	1 431	**1 590**	1 426

The ageing of the gross trade receivables is as follows:

	Days from transaction				
Current	30	**1 322**	1 117	**1 317**	1 113
Status 1	60	**242**	240	**242**	240
Status 2	90	**85**	92	**85**	92
Status 3	120	**54**	58	**54**	58
Status 4	150	**37**	42	**37**	41
Status 5	180	**26**	22	**26**	22
		1 766	1 571	**1 761**	1 566

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

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

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

	Group		Company	
R'm	**2014**	2013	**2014**	2013
8.2 Movement in the impairment provision				
Balance at beginning of the year	**(140)**	(115)	**(140)**	(113)
Impairment losses net of recoveries	**(31)**	(25)	**(31)**	(27)
Balance at end of the year	**(171)**	(140)	**(171)**	(140)

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

The ageing of the impairment provision is as follows:

		Group		Company	
	Days from transaction	**2014**	2013	**2014**	2013
Current and impaired	30	**16**	11	**16**	11
Past due and impaired					
Status 1	60	**25**	20	**25**	20
Status 2	90	**28**	25	**28**	25
Status 3	120	**41**	34	**41**	34
Status 4	150	**36**	33	**36**	33
Status 5	180	**25**	17	**25**	17
		171	140	**171**	140

8.3 Other receivables

R'm	Group 2014	Group 2013	Company 2014	Company 2013
The expected maturity for other receivables is as follows:				
On demand	**5**	5	**5**	6
Less than 3 months	**33**	18	**27**	14
3 months to one year	**10**	9	**10**	9
	48	32	**42**	29

9. Share capital

R'000	Group 2014	Group 2013	Company 2014	Company 2013
9.1 Authorised				
323 300 000 ordinary shares of 0.025 cent each	**81**	81	**81**	81
19 700 000 B ordinary shares of 0.3 cent each	**59**	59	**59**	59
Total authorised share capital	**140**	140	**140**	140
9.2 Issued				
251 183 867 (2013: 251 183 867) ordinary shares of 0.025 cent each	63	63	**63**	63
B ordinary				
13 445 081 (2013: 13 445 081) B ordinary shares of 0.3 cent each	40	40	**40**	40
Total issued share capital	**103**	103	**103**	103

9.3 B ordinary shares

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

9.4 Share Trusts and Share Purchase Schemes

The company operates six share trusts, a share option scheme and two forfeitable share plans for the benefit of associates, including executive directors, employed by the Company and its consolidated entities. In terms of the deeds of trust, ordinary shares in Mr Price Group Limited may be acquired by the trust or awarded under the schemes for the benefit of associates in the Group, including directors. These share schemes are more fully detailed in the Remuneration Report on pages 63 to 74.

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

9.4.1 The Mr Price Group Share Trust

This trust is currently dormant.

9.4.2 The Mr Price Group Share Option Scheme

Number	Group 2014	Group 2013
Options over ordinary shares in Mr Price Group Limited		
Beginning of the year	**151 569**	310 539
Surrendered by participants	**-**	(14 500)
Options exercised	**(96 102)**	(144 470)
End of the year	**55 467**	151 569

Options held at the beginning of the year were exercisable at prices between R3.06 and R21.20 per share in a period between 3 and 10 years after the dates of the offers which commenced in May 1989. No new options will be issued under this scheme.

The vesting period of the options is detailed on page 70.

Option prices have been restated where necessary to recognise subdivisions and capitalisation issues. The share options under this scheme have all vested and have a weighted average option price of R12.73.

9.4.3 Five share trusts were established in November 2006 to replace The Mr Price Group Share Option Scheme. Two forfeitable share plans were established in the current year. Details of these are as follows:

Award type	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Share Trust	Mr Price Group Forfeitable Share Plan	Mr Price Executive Forfeitable Share Plan	Group total
	Options	Options	Options	Options	Shares	Shares	Shares	
Options/shares at 2 April 2012	3 979 100	3 634 900	4 862 938	14 161 514	6 003 333			32 641 785
New options/shares granted	249 238	333 727	625 793	817 676	430 767			2 457 201
Surrendered by participants	-	(286 000)	(194 721)	(904 618)	(979 170)			(2 364 509)
Options/shares exercised	(678 000)	(482 200)	(659 333)	(2 283 982)	(35 124)			(4 138 639)
Options/shares at 30 March 2013	3 550 338	3 200 427	4 634 677	11 790 590	5 419 806			28 595 838
New options/shares granted*	205 283	275 197	650 400	753 627	368 975	433 576	89 954	2 777 012
Surrendered by participants	-	-	(160 626)	(636 016)	(884 436)			(1 681 078)
Options/shares exercised	(748 000)	(508 866)	(827 332)	(2 536 258)	(27 231)			(4 647 687)
Options/shares at 29 March 2014	3 007 621	2 966 758	4 297 119	9 371 943	4 877 114	433 576	89 954	25 044 085
* New options/shares were granted during the current year at a strike price of (per share): The strike price was determined by the lower of the 30 day volume-weighted average price and the closing share price on the business day prior to the award.	R151.94	R151.94	R127.00-R151.94	R127.00-R151.94	N/A			
The vesting periods of the options/shares are detailed on page 70.								
Number of options vesting per year								
2015	1 017 000	803 999	1 037 912	2 796 547	N/A			5 655 458
2016	1 039 000	735 001	993 932	2 881 624	N/A			5 649 557
2017	497 100	707 833	911 353	2 730 163	N/A			4 846 449
2018	249 238	405 226	660 355	742 775	N/A			2 057 594
2019	205 283	314 699	691 238	213 060	N/A	433 576	89 954	1 947 810
2020			2 329	7 774	N/A			10 103
	3 007 621	2 966 758	4 297 119	9 371 943	N/A	433 576	89 954	20 166 971
Weighted average prices:								
2015	R29.80	R31.29	R30.66	R28.92	N/A			
2016	R53.03	R52.54	R53.38	R61.38	N/A			
2017	R67.04	R71.59	R71.34	R80.73	N/A			
2018	R133.67	R121.17	R125.61	R59.94	N/A			
2019	R151.94	R142.20	R147.37	R72.51	N/A	R154.26	R155.49	
2020			R126.29	R117.57	N/A			
Number of years over which shares are expected to vest unconditionally	N/A	N/A	N/A	N/A	39			

9.5 Share-based payments

R'm	Group 2014	Group 2013	Company 2014	Company 2013
Share-based payments relating to equity-settled share-based payment transactions in terms of the various long-term share incentive schemes (refer notes 9.4.2 to 9.4.3)	**75**	63	**75**	63

Share-based payments are measured at fair value (excluding the impact of any non-market vesting conditions) at the date of the grant, which are expensed over the period of vesting. The fair value of each option granted is estimated at the date of the grant using an actuarial binomial option pricing model.

The assumptions supporting inputs into the model for options granted during the year are as follows:

	Mr Price Executive Director Share Trust	Mr Price Executive Share Trust	Mr Price Senior Management Share Trust	Mr Price General Staff Share Trust	Mr Price Partners Staff Share Trust
Weighted average strike price	R151.94	R151.94	R151.63	R143.18	R0.00
Expected volatility (%)	31.74	32	27.8 - 31.33	28.45 - 29.31	N/A
Expected option life	5 years	5 years	5 years	7 years	39 years
Risk free interest rate (%)	7.37	7.37	7.05 - 7.24	5.11 - 6.89	5.34 - 10.12
Expected dividend yield (%)	2.83	2.83	2.83 - 2.91	2.83 - 3.01	N/A

The expected volatility was determined, based on the historical volatility of the Company's share price over the expected lifetime of each grant. The expected life of the options has been determined taking into account the restrictions on non-transferability and exercise and management's best estimate of probable exercise behaviour.

The risk-free rate used is the yield on zero-coupon South African government bonds which have a term consistent with the expected option life.

In the calculation of the fair value of the options, allowance is not made for non-market conditions (such as forfeitures and leavers) during the vesting period. Adjustment for these conditions is made in the annual expense charge, with an allowance for forfeitures being made in the vesting period at rates varying between 0% and 15% compounded per annum.

9.5 Share-based payments (continued)

The assumptions supporting inputs into the model for the Forfeitable Share Plan's which have an expected option life of 5 years are as follows:

	Probability	Vesting period	% shares retained
Participants that will leave after 1 year	0.0%	1	10%
Participants that will leave after 2 years	7.7%	2	20%
Participants that will leave after 3 years	7.7%	3	30%
Participants that will leave after 4 years	0.0%	4	40%
Participants still employed after 5 years	84.6%	5	100%

9.6 The Mr Price Group Employees Share Investment Trust

The Company administers a staff share purchase scheme which facilitates the purchase of shares in the Company for the benefit of employees, including executive Directors, employed by the Company and its consolidated entities. The acquisition of shares is funded by contributions from participants (employees) while the Company is authorised to provide additional funding of up to 15% of the contributions made. The 15% contribution made by the Company is expensed in the year incurred as an associate cost. In terms of guidance issued by the JSE Limited, the Company has consolidated the Trust as it was created to incentivise and reward the employees of the Group. In the Trust's annual financial statements it has assets being Mr Price Group Limited shares to be delivered to the participants in the future. These shares are registered in the name of the Trust and not the employees. In addition, the financial statements show a liability for the shares to be transferred to employees upon their request. In the Group financial statements the Mr Price Group Limited shares are reflected as treasury shares as they have not yet been transferred to the employees, while the amounts received for the shares to be transferred to employees are treated as equity transactions in terms of paragraphs 16 and 22 of IAS 32.

9.7 Unissued share capital

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

10. Capital reserves

R'm	Group 2014	Group 2013	Company 2014	Company 2013
10.1 Share premium account	**12**	12	**-**	-
10.2 Participants in staff share investment trust (note 9.6)	**25**	20		
Beginning of the year	**20**	15		
Net movement for the year	**5**	5		
10.3 Share-based payments reserve	**161**	137	**161**	137
Beginning of the year	**137**	114	**137**	114
Recognition of share-based payments for the year	**24**	23	**24**	23
Share-based payments for options/shares granted in prior years	**56**	48	**56**	48
Share-based payments for options/shares granted in current year	**11**	5	**11**	5
Adjustment for forfeitures	**8**	10	**8**	10
Share-based payments reserve transferred to retained income for options that have vested from inception to date	**(51)**	(40)	**(51)**	(40)
The above equity account represents cumulative share based payment charges that have been credited to equity net of transfers to retained income for options that have vested				
Total capital reserves	**198**	169	**161**	137



11. Treasury share transactions

	Group		Company	
R'm	**2014**	2013	**2014**	2013
16 553 902 (2013: 18 856 474) ordinary shares in Mr Price Group Limited held by staff share trusts	**(898)**	(791)		
- Balance at beginning of the year	**(791)**	(685)		
- Treasury shares acquired	**(365)**	(279)		
- Treasury shares sold	**263**	178		
- Mr Price Group Employees Share Investment Trust (note 9.6)	**(5)**	(5)		
Deficit on treasury share transactions	**(559)**	(373)	**(206)**	(193)
- Balance at beginning of the year	**(373)**	(260)	**(193)**	(173)
- Current year movement arising from the take-up of vested options	**(186)**	(113)	**(13)**	(20)
Taxation relating to grants to share trusts	**146**	105	**146**	105
- Balance at beginning of the year	**105**	76	**105**	76
- Current year movement	**41**	29	**41**	29
Grants by Company to staff share trusts			**(1 386)**	(1 153)
- Balance at beginning of the year			**(1 153)**	(874)
- Grants made during the year			**(233)**	(279)
	(1 311)	(1 059)	**(1 446)**	(1 241)

12. Foreign currency translation reserve

	Group	
R'm	**2014**	2013
Beginning of the year	**(16)**	(22)
Currency translation adjustments for the year	**(1)**	6
End of the year	**(17)**	(16)

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

13. Defined benefit fund actuarial gains and losses

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Beginning of the year	**(8)**	(10)	**(8)**	(10)
Current year actuarial gains	**18**	3	**18**	3
Deferred taxation thereon	**(5)**	(1)	**(5)**	(1)
End of the year	**5**	(8)	**5**	(8)

Refer to note 29 for details of the recognition of defined benefit fund actuarial gains and losses.

14. Reinsurance

The Company retails insurance products to customers. The prinicipal risk that the insurance cells face is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the cells is to ensure that sufficient reserves are available to cover these potential liabilities.

14. Reinsurance (continued)

The main risks that the insurance cells are exposed to are as follows:

- Mortality risk: the risk of loss arising due to policyholder death experience differing from that expected;
- Morbidity risk: the risk of loss arising due to policyholder health experience differing from that expected;
- Expense risk: the risk of loss arising from expense experience differing from that expected; and
- Policyholder decision risk: the risk of loss arising due to policyholder experiences (lapses and surrenders) differing from that expected.

The risk structure per product is as follows:

Guardrisk Insurance Company Limited (Cell number 136)

	% of Insured risk	
	Mr Price Group Limited	Guardrisk Insurance Company Limited
Customer Protection Plan	**100**	**-**
Funeral Plan	**100**	**-**
360 degrees Protection Plan	**100**	**-**
A2B Commuter Personal Accident Plan	**100**	**-**
Medinet Critical Illness and Hospitalisation Plan	**100**	**-**

Guardrisk Life Limited (Cell number 048)

Mr Price Group Limited bears 100% of the risk for all products except motor vehicle insurance where the aggregate excess and stop loss on own damage are insured through AIG.

The reinsurance assets and liabilities are made up of the following components:

	Group and Company	
R'm	**2014**	2013
Reinsurance asset		
Insurance float	**1**	1
Cash and cash equivalents	**97**	71
	98	72

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

	Group and Company	
R'm	**2014**	2013
Reinsurance liabilities		
Unearned premium provision	**1**	1
Outstanding claims	**4**	4
IBNR reserve	**11**	9
Taxation liability	**18**	14
	34	28
Movement in reinsurance liabilities		
Outstanding claims	**4**	3
IBNR reserve	**9**	6
Taxation liability	**14**	8
Balance at beginning of the year	**27**	17
Increase in the year	**6**	10
Outstanding claims	**4**	4
IBNR reserve	**11**	9
Taxation liability	**18**	14
Balance at end of the year	**33**	27
Unearned premium provision		
Balance at beginning of the year	**1**	1
Premium received	**147**	106
Premium recognised	**(147)**	(106)
Balance at end of the year	**1**	1

14. Reinsurance (continued)

Sensitivity analysis

Reinsurance liabilities are subject to changes in variables that could affect the value of the liability due. The effect of any sensitivity is considered immaterial. Outstanding claims, unearned premium provision and the taxation liability are measured at amortised cost and are based on actual amounts due to third parties. The Incurred But Not Reported (IBNR) reserve is maintained in accordance with legislation governing financial service providers. The long term cell maintains an IBNR reserve equal to a claim factor (minimum 33%) applied to 3 months of net premuims (i.e. gross premuims less commissions and administration fees). The short-terms cells are required to maintain a solvency ratio equal to 25% of net premiums as a solvency reserve and an IBNR reserve equal to 7% of the annual risk premium. As these reserves are governed by legislation, only changes in such legislation would lead to the changes in the reserve. At year end no such changes were proposed by the Financial Services Board, however, the following sensitivity has been performed on the IBNR reserve:

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

	Group and Company
R'm	**2014**
Impact on IBNR	**(4)**

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

	Group and Company
R'm	**2014**
Impact on IBNR	**4**

During the year a dividend of R60 million (2013: R48.9 million) was paid by the cells to the Company.

Premium income and claims history:

	2014	**2013**	**2012**	**2011**
Premium income (R'm)	**147**	106	71	48
Number of claims	**3 769**	2 318	2 043	2 038
Claim costs (R'm)	**12**	9	5	4
Claim costs as a percentage of premium income	**8.2%**	8.9%	7.5%	8.8%

15. Lease obligations

	Group		**Company**	
R'm	**2014**	2013	**2014**	2013
Straight line operating lease liability	**226**	213	**218**	207
Less: amounts due for settlement within 12 months	**(47)**	(34)	**(46)**	(33)
Total long-term portion of lease obligations	**179**	179	**172**	174

16. Deferred taxation

R'm	Group 2014	Group 2013	Company 2014	Company 2013
Attributable to:				
Post retirement medical aid	**(2)**	-	**(2)**	-
Prepayments	**2**	7	**2**	7
Provisions	**(141)**	(115)	**(141)**	(115)
Other temporary differences	**15**	12	**17**	12
Share-based payments	**(85)**	(65)	**(85)**	(65)
Defined benefit fund asset	**13**	6	**13**	6
Grants to staff share trusts	**115**	85	**115**	85
Straight line operating lease liability	**(63)**	(59)	**(61)**	(58)
	(146)	(129)	**(142)**	(128)
Beginning of the year	**(129)**	(75)	**(128)**	(71)
Movements during the year	**(17)**	(54)	**(14)**	(57)
Prepayments	**(5)**	-	**(5)**	-
Provisions	**(26)**	(45)	**(26)**	(45)
Other temporary differences	**2**	(10)	**5**	(13)
Share based payments	**(20)**	(18)	**(20)**	(18)
Defined benefit fund actuarial gains	**7**	2	**7**	1
Grants to staff share trusts	**30**	20	**30**	20
Straight line operating lease liability	**(3)**	(3)	**(3)**	(2)
Post retirement medical aid	**(2)**	-	**(2)**	-
End of the year	**(146)**	(129)	**(142)**	(128)
Deferred taxation liabilities	**6**	5	**-**	-
Deferred taxation assets	**(152)**	(134)	**(142)**	(128)
	(146)	(129)	**(142)**	(128)

17. Provisions

R'm	Group 2014	Group 2013	Company 2014	Company 2013
Onerous lease contracts				
Balance at beginning of the year	**10**	14	**10**	14
Provision raised/(released) during the period	**1**	(4)	**1**	(4)
Balance at end of the year	**11**	10	**11**	10
Long-term	**7**	6	**7**	6
Current	**4**	4	**4**	4
	11	10	**11**	10

The provision for onerous lease contracts represents the present value of the future lease payments that the Group is presently obligated to make under non-cancellable onerous operating lease contracts, less revenue expected to be earned on the lease, including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired terms of the leases range from 1 to 5 years.

18. Trade and other payables

R'm	Group 2014	Group 2013	Company 2014	Company 2013
Trade payables	**1 178**	673	**1 177**	672
Other payables	**804**	597	**754**	568
	1 982	1 270	**1 931**	1 240

19. Profit from operating activities

R'm	Group 2014	Group 2013	Company 2014	Company 2013
Arrived at after (crediting)/charging the following:				
Income from consolidated entities			**(222)**	(195)
Dividend income			**(101)**	(120)
Fees			**(121)**	(75)
Amortisation of intangible assets (page 119)	**29**	27	**29**	27
Associate costs	**1 698**	1 506	**1 644**	1 470
Salaries, wages and other benefits	**1 524**	1 353	**1 472**	1 319
Share-based payments (note 9.5)	**75**	63	**75**	63
Defined contribution pension fund expense	**96**	88	**94**	86
Defined benefit pension fund net expense	**3**	2	**3**	2
Current service cost	**4**	4	**4**	4
Interest cost	**8**	7	**8**	7
Expected return on fund assets	**(9)**	(9)	**(9)**	(9)
Auditors' remuneration	**6**	4	**6**	4
Audit fees	**6**	3	**6**	3
Other services	**-**	1	**-**	1
Consulting fees	**18**	12	**16**	11
Technical services	**16**	11	**16**	11
Administrative and other services	**2**	1	**-**	-
Depreciation of property, plant and equipment (pages 117 and 118)	**162**	162	**152**	154
Movement in provisions (note 17)	**1**	(4)	**1**	(4)
Impairment of intangible assets	**-**	11	**-**	11
Net loss on disposal and scrapping of intangible assets	**12**	8	**12**	8
Net loss on disposal and scrapping of property, plant and equipment	**8**	8	**8**	8
Net (gain)/loss on foreign exchange	**(3)**	12	**(3)**	12
Forward exchange contracts	**(1)**	12	**(1)**	12
Transactions	**(2)**	-	**(2)**	-
Operating lease rentals	**1 125**	1 013	**1 052**	960
Land and buildings	**1 094**	982	**1 021**	931
Equipment	**21**	20	**21**	19
Motor vehicles	**10**	11	**10**	10

20. Taxation

20.1 South African and foreign taxation

20.1.1 South African taxation

R'm	Group 2014	Group 2013	Company 2014	Company 2013
This year	**694**	564	**692**	556
Current				
Normal taxation	**746**	642	**742**	632
Deferred				
Current year temporary differences	**(52)**	(78)	**(50)**	(76)

20.1.2 Foreign taxation

This year	**38**	27	**16**	8
Current	**38**	23	**16**	8
Deferred	**-**	4	**-**	-
Prior years	**1**	-	**-**	-
Current	**1**	-	**-**	-
Total taxation	**733**	591	**708**	564

In addition to the above, current normal taxation and deferred taxation amounting to R71.2 million (2013: R49.4 million) and R30.4 million (2013: R20.5 million) respectively have been credited and charged to equity relating to the grants to staff share trusts (refer note 11). Deferred income taxation of R4.9 million (2013: R0.8 million) has been credited to the statement of comprehensive income.

20.2 Reconciliation of taxation rate

	Group		Company	
%	**2014**	2013	**2014**	2013
Standard rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
Exempt income	**-**	-	**(1.1)**	(1.4)
Capital gains tax	**-**	(0.8)	**-**	(0.9)
Other	**0.2**	0.6	**0.3**	0.2
Effective tax rate	**28.2**	27.8	**27.2**	25.9

21. Earnings per ordinary and B ordinary share

21.1 Reconciliation of earnings

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

	Group	
R'm	**2014**	2013 Restated
Basic earnings - profit attributable to shareholders	**1 868**	1 534
Loss on disposal, scrapping and impairment of property, plant and equipment and intangible assets	**24**	27
Taxation	**(4)**	(7)
Headline earnings	**1 888**	1 554

21.2 Number of shares

The weighted average number of shares in issue amount to 246 725 759 (2013: 244 979 901).

21.3 Dilution impact

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

	Group	
	2014 shares	2013 shares
Number of shares per basic earnings per share calculation	**246 725 759**	244 979 901
Weighted average number of ordinary shares under option deemed to have been issued for no consideration	**17 246 906**	21 222 081
Number of shares for calculation of diluted earnings per share	**263 972 665**	266 201 982

22. Dividends to shareholders

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Ordinary and B ordinary shares				
	666	551	**701**	583
Prior year final distribution: 265.0 cents per share (2013: 220.4 cents per share)	**701**	583	**701**	583
Dividend paid by Partners Share Trust	**11**	11		
Less: dividend received on shares held by staff share trusts	**(46)**	(43)		
	428	337	**445**	352
Interim dividend: 168.0 cents per share (2013: 133.0 cents per share)	**445**	352	**445**	352
Dividend paid by Partners Share Trust	**6**	6		
Less: dividend received on shares held by staff share trusts	**(23)**	(21)		
Total net dividend to shareholders	**1 094**	888	**1 146**	935

In respect of the current year, the Board of Directors propose that on the 23 June 2014 a cash dividend of 314.0 cents per share be paid to shareholders who are registered on the "Record date" of 20 June 2014. This dividend has not been reflected as a liability in these financial statements. The total estimated dividend to be paid by the Company is R830.9 million.

23. Directors' emoluments

	Company	
R'm	**2014**	2013
The emoluments received by the Directors from the Company were:		
Executive Directors		
Salaries	**10**	9
Bonuses and performance related payments	**18**	13
Vehicle allowances and expenses	**2**	1
Pension contributions	**2**	2
Other material benefits	**-**	-
	32	25
Non-executive Directors		
Salaries	**2**	4
Fees	**5**	5
Vehicle allowances and expenses	**1**	1
Pension contributions	**1**	1
Other material benefits	**-**	-
	9	11

Details of individual Director's emoluments and share incentive scheme transactions are disclosed on pages 71 and 73.

24. Notes to the statements of cash flows

24.1 Operating profit before working capital changes

	Group		Company	
R'm	**2014**	2013 Restated	**2014**	2013 Restated
Profit before taxation	**2 600**	2 125	**2 607**	2 119
Adjustments for:				
Depreciation of property, plant and equipment	**162**	162	**152**	154
Amortisation of intangible assets	**29**	27	**29**	27
Loss on disposal and scrapping of property, plant and equipment	**8**	8	**8**	8
Impairment of property, plant and equipment	**4**	-	**4**	-
Impairment of intangible assets	**-**	11	**-**	11
Loss on disposal of intangible assets	**12**	8	**12**	8
Movement in reinsurance asset	**(26)**	(21)	**(26)**	(21)
Movement in reinsurance liability	**6**	10	**6**	10
Net finance income	**(63)**	(56)	**(59)**	(26)
Interest on trade receivables	**(311)**	(261)	**(310)**	(261)
Other non-cash items	**127**	103	**119**	88
Straight line operating lease liability movement	**13**	13	**11**	9
Share option expenses	**75**	63	**75**	63
Other	**39**	27	**33**	16
	2 548	2 116	**2 542**	2 117

24.2 Working capital changes

Increase in trade and other receivables	**(192)**	(356)	**(191)**	(342)
Increase in inventories	**(181)**	(70)	**(154)**	(44)
Increase in trade and other payables	**716**	37	**692**	25
	343	(389)	**347**	(361)

24.3 Taxation paid

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Amounts unpaid at beginning of the year	**(82)**	(32)	**(83)**	(28)
Taxation	**47**	43	**45**	43
Deferred	**(129)**	(75)	**(128)**	(71)
Amounts charged to the income statements	**733**	591	**708**	564
Taxation	**785**	665	**758**	640
Deferred	**(52)**	(74)	**(50)**	(76)
Cash flow impact of change in accounting policy	**(4)**		**(4)**	
Amounts charged to equity	**(36)**	(28)	**(36)**	(28)
Taxation	**(41)**	(49)	**(41)**	(49)
Deferred taxation	**5**	21	**5**	21
Amounts unpaid at end of the year	**(208)**	82	**(205)**	83
Taxation	**(354)**	(47)	**(347)**	(45)
Deferred taxation	**146**	129	**142**	128
Amounts paid	**403**	613	**380**	591

24.4 Net inflows in respect of long-term receivables

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Loan to accredited supplier	**1**	2	**1**	2
Net amounts received	**1**	2	**1**	2

24.5 Amounts owing to/(by) consolidated entities

	Company	
R'm	**2014**	2013
Increase/(Decrease) in current amounts owing to consolidated entities	**2**	(546)
(Decrease)/Increase in current amounts owing by consolidated entities	**(144)**	307
	(142)	(239)

24.6 Dividends to shareholders

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Dividends to ordinary and B ordinary shareholders	**1 146**	935	**1 146**	935
Less: dividends on shares held by staff share trusts	**(70)**	(64)		
Add: dividends paid by Partners Share Trust	**18**	17		
	1 094	888	**1 146**	935

25. Capital expenditure

	Group		Company	
R'm	**2014**	2013	**2014**	2013
The capital expenditure authorised by the Directors of the Company or its consolidated entities but not provided for in the financial statements amounts to	**608**	549	**608**	549
of which contracts have been placed for	**144**	99	**144**	99

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

26. Operating lease commitments

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Future minimum rentals payable under non-cancellable leases, which predominantly relate to land and buildings, are as follows:				
Within one year	**1 042**	917	**981**	866
After one year but less than five years	**2 138**	1 991	**2 008**	1 865
More than five years	**287**	324	**284**	314
	3 467	3 232	**3 273**	3 045

27. Financial guarantees

The Company had previously provided support to the purchasers of the Hub chains as security for operating lease obligations. The business was subsequently resold in 2008 and the Company has been irrevocably indemnified by the new owner in respect of any amount that may be payable as a result of previously providing these guarantees. The probability of incurring any expense in this regard is considered to be remote.

28. Financial risk management

The Group is exposed, directly and indirectly, to market risk, including, primarily, changes in interest rates and currency exchange rates and uses derivatives and other financial instruments in connection with its risk management activities. The Board of Directors carries the ultimate responsibility for the overseeing of the Group's risk management framework. The Board has a Risk and Sustainability committee and is responsible for the overall process of risk management. The Committee meets at least 4 times per year and assists the Board who is accountable for designing, implementing and monitoring the process of risk management and integrating it into the daily activities of the Group.

28.1. Capital and treasury risk management

The Group which is a cash-based business, monitors capital through a process of analysing the underlying cash flows, which in turn drives the residual capital structure, consisting of share capital, share premium, reserves and retained income as quantified in the statement of changes in equity. The Group manages its capital to ensure that it will be able to maintain healthy capital ratios in order to sustain its business and maximise shareholder value. Any adjustments are made in light of economic conditions and may include adjusting dividend cover or returning capital to shareholders.

Due to its level of net cash resources, the Group has no material borrowings. Cash reserves are available to meet current working capital and capital investment requirements.

The treasury function is administered at Group level where strategies for the funding of working capital requirements and capital expenditure projects are implemented, taking into account cash flow projections and expected movements in interest rates. The Group has a policy of remaining highly liquid in order to have the available cash flow to fund expansion of existing businesses and any possible new ventures.

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

28.2. Foreign exchange risk management

28.2.1 Investment in foreign operations

The Group is directly exposed to exchange rate fluctuations through its investments in operations outside South Africa. All amounts lent to consolidated entities are rand denominated. The Group's investment exposure to currency fluctuations is limited to the Botswana, Nigeria and Ghana subsidiaries as the other African countries in which the Group is invested have currencies that are pegged to the rand. The analysis below details the Group's sensitivity to a 10% increase and decrease in the rand against the pula, naira and cedi respectively and its effect on equity for the year. The sensitivity analysis adjusts their translation at year end for a 10% change in the exchange rate.

28.2.1 Investment in foreign operations (continued)

		Group	
R'm		**2014**	2013
Rate variance - pula	+10%	**4**	2
	-10%	**(4)**	(2)
Rate variance - naira	+10%	**2**	-
	-10%	**(2)**	(0)
Rate variance - cedi	+10%	**1**	1
	-10%	**(1)**	(1)
Group - total foreign exchange exposure	+10%	**7**	3
	-10%	**(7)**	(3)

28.2.2 Transactions in foreign currencies

Direct importing is done on a limited basis with transactions being covered by forward exchange contracts (FEC's). FEC's are used to address the Groups direct exposure to foreign currencies.

	Group		Company	
R'm	**2014**	2013	**2014**	2013
At year end forward exchange contract commitments were:				
Current liability US$'m	**6**	1	**6**	1
Exchange rate R/US$ - average contract rate	**R10.789**	R8.811	**R10.789**	R8.811
Exchange rate R/US$ - year end closing rate	**R10.619**	R9.243	**R10.619**	R9.243
Current liability ZMW'm	**20**	-	**20**	-
Exchange rate R/ZMW - average contract rate	**R0.539**	R0.000	**R0.539**	R0.000
Exchange rate R/ZMW - year end closing rate	**R0.602**	R0.000	**R0.602**	R0.000

28.2.2 Transactions in foreign currencies (continued)

The contracts will mature within periods varying up to six months after year end and translates to R93.6 million (2013: R7.3 million) at the market rate of an equivalent contract at year end. With reference to these FEC's, the analysis below details the Group's sensitivity to a 10% increase and decrease in the rand against the dollar and its effect on income for the year assuming no change in retail selling prices. The sensitivity analysis includes outstanding FEC's and adjusts their translation at year end for a 10% change in the exchange rate.

		Group		Company	
R'm		**2014**	2013	**2014**	2013
Rate variance - US$	+10%	**(6)**	(1)	**(6)**	(1)
	-10%	**6**	1	**6**	1
Rate variance - ZMW	+10%	**(1)**		**(1)**	
	-10%	**1**		**(1)**	

28.3 Credit risk management

Credit risk is concentrated principally in periodic short-term cash investments, in trade receivables and loans to consolidated entities. The Group deposits short-term cash surpluses only with major banks of high quality credit standing. The granting of credit to trade debtors is controlled with statistical scoring models and performance parameters which are reviewed on a regular basis. The maximum exposure in respect of trade receivables and the Group's risk management policies regarding trade receivables are disclosed in note 8. The analysis below details the Group's sensitivity to a 1% increase and decrease in the interest rate charged to debtors and its effect on income for the year.

		Group		Company	
R'm		**2014**	2013	**2014**	2013
Rate variance	+1%	**17**	14	**17**	14
	-1%	**(17)**	(14)	**(17)**	(14)

28.4 Liquidity management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows. The Group has significant cash reserves and minimal borrowings which enable it to borrow funds externally should it require to do so to meet any working capital or possible expansion requirements. As a consequence banking legislation which requires fees to be paid relative to the size of the facility, the Group has only entered into limited loan facility arrangements to the extent that fees are not payable. The year end position was a follows:

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Total facilities	**445**	445	**445**	445
Less: drawn down portion	**-**	-	**-**	-
Total undrawn banking facilities	**445**	445	**445**	445

Based on the Group's existing cash resources and expected future cash flows, there is no foreseeable need to enter into borrowings. Furthermore, due to the Group's strong financial position, should further borrowings be required, the Group should be able to obtain any necessary funding within a short period, subject to bank approval.

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Borrowing powers				
In terms of the Company's Articles of Association, borrowing powers at year end were limited to 150% of Group equity attributable to shareholders	**5 884**	4 964	**5 884**	4 964
Actual borrowings outside the Group at year end were	**(6)**	-	**-**	-
At year end bank balances were	**2 249**	1 166	**2 249**	1 166
Net cash resources were	**2 243**	1 166	**2 249**	1 166

The table below details the Group's expected maturity for its non-derivative financial liabilities:

Group (R'm)	On demand	Less than 3 months	3 months to one year	3 months to one year	One to five years
2014					
Trade and other payables	**676**	**1 200**	**106**	**-**	**1 982**
2013					
Trade and other payables	174	1 012	84	-	1 270
Company (R'm)					
2014					
Trade and other payables	**658**	**1 168**	**104**	**-**	**1 931**
2013					
Trade and other payables	165	995	80	-	1 240

The Group expects to meet its obligations from existing cash reserves and from operating cash flows. The Group's derivative financial liabilities comprise FEC's which are disclosed in note 28.2.2.

28.5 Fair value hierarchy

As at 29 March 2014 the Group held financial instruments measured at fair value in the form of FEC's. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

28.5 Fair value hierarchy (continued)

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

The fair value of forward exchange contracts is measured using Level 2 techniques. The significant inputs into the Level 2 fair value of forward exchange contracts are yield curves, market interest rates and market foreign exchange rates. There have been no transfers between the levels during the year (refer note 28.2.2).

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

29. Retirement benefits

29.1 Pension schemes

29.1.1 Membership

The funds are registered in terms of the Pension Funds Act and provide for pensions and related benefits for all permanent employees. Membership is compulsory after the first year of service. Membership details are disclosed in the Remuneration Report on page 66.

29.1.2 Contributions

In the case of the Group defined benefit fund, pensions are based on length of service and highest average annual salary earned over 2 years during the last 10 years of employment. The members are required to contribute to the funds mainly at the rate of 7.5% of their pensionable remuneration while the employer is required to contribute mainly at the rate of 13.7% and to the defined contribution funds mainly at the rate of 11.0% of pensionable remuneration. In the case of the defined benefit fund, the employer rate has been calculated based on the projected unit credit method.

29.1.3 Valuations

Defined benefit pension fund
In terms of the Pension Funds Act the defined benefit fund should be actuarially valued every three years. In the statutory valuation as at 31 December 2011, past service liabilities were determined by valuing all future payments expected to be made out of the fund in respect of benefits accrued up to the valuation date. The actuarial valuation of assets was R91.4 million and the liability for accrued benefits, including a solvency reserve of R13.9 million, was R88.7 million, resulting in a funding level of 103.1% and a distributable surplus of R2.8 million. The possible conversion of the fund's benefit structure from defined benefit to defined contribution is currently being investigated. It is expected that the distributable surplus could be required to fund such a conversion and accordingly it has been retained in the employer surplus account. The valuation took into account the minimum benefits payable on a member's exit from the fund after 1 January 2004, in terms of the Pension Funds Second Amendment Act of 2001. In the opinion of the actuary the fund was in a sound financial position.

29.1.3 Valuations (continued)

	Group and Company	
R'm	**2014**	2013
The funded status of the defined benefit retirement fund, actuarially calculated annually at reporting date in terms of IAS 19, is as follows		
Benefit obligation	**(78)**	(85)
Plan assets	**123**	105
Net benefit plan asset	**45**	20

The amounts recognised in the income statement are detailed in note 19.

The following main assumptions were used in performing the calculation:

- Discount rate - 10.00% per annum (2013: 8.90% per annum)
- Inflation - 7.00% per annum (2013: 6.60% per annum)
- Future salary increases - 8.00% per annum (2013: 7.60% per annum)

Movements in the present value of the defined benefit obligation in the current period were as follows:		
Defined benefit obligation at beginning of the year	**85**	76
Current service cost	**4**	4
Member contributions	**1**	1
Interest cost	**8**	7
Actuarial (gain)/loss	**(15)**	6
Benefits paid	**(4)**	(8)
Risk premiums	**(1)**	(1)
Defined benefit obligation at end of the year	**78**	85

29.1.3 Valuations (continued)

R'm	Group and Company 2014	2013
Movements in the present value of the plan assets in the current period were as follows:		
Fair value of plan assets at beginning of the year	**105**	92
Expected return on assets	**9**	9
Contributions	**5**	4
Risk premiums	**(1)**	(1)
Benefits paid	**(4)**	(8)
Actuarial gain	**8**	9
Fair value of plan assets at end of the year	**122**	105
%		
The estimated asset composition of the fair value of total plan assets is as follows:		
Cash	**16.3**	12.6
South African equities	**41.3**	44.4
South African bonds	**11.4**	13.4
South African property and other	**5.4**	4.9
International assets	**25.6**	24.7
	100.0	100.0

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

	2014	2013	2012	2011	2010
Defined benefit obligation	**(78)**	(85)	(76)	(64)	(58)
Plan assets	**123**	105	92	84	75
Net plan asset	**45**	20	16	20	17

The valuation determined above is based on a number of assumptions, the defined benefit obligation could vary from the amounts disclosed above, depending on the extent to which actual experience differs from the assumption adopted.

The estimated defined benefit cost for 2015 financial year is as follows; a current service cost of R113.2 million (2013: R94.1 million), an expected return on plan assets of R12.4 million (2013: R 9.5 million) and an interest cost of R8.1 million (2013: R7.9 million).

Defined contribution funds
The defined contribution funds are valuation exempt. The actuarial function remains present through an Enhanced Financial Assessment (EFA) process, which is a quarterly actuarial assessment that looks at the financial soundness of the Fund; and sets out the allocations of contributions to the Fund. The report includes a comparison of the total assets to the total liabilities of the Fund in order to determine the funding level. The most recent EFA reports as at 31 December 2013 concluded that the funding level of the Funds was within the tolerance levels set by the administrators.

29.2 Post retirement medical benefits

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

Health care cost inflation - 9.0% per annum
Discount rate - 10.0% per annum
Average retirement age - 62 years
Continuation at retirement - 100%

Activity during the year was as follows:

R'm	Group and Company 2014	2013
Benefit obligation at beginning of the year	**16**	15
Net increase in provision during the year	**6**	1
Benefit obligation at end of the year	**22**	16

29.2 Post retirement medical benefits (continued)

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

	2014	2013	2012	2011	2010
Defined benefit obligation	**22**	16	15	13	11

30. Related party transactions

30.1 Directors

Refer to the Report of the Directors on page 78 in respect of transactions with Directors.

30.2 Compensation of key management personnel

	Group		Company	
R'm	**2014**	2013	**2014**	2013
Short-term employee benefits	**72**	68	**72**	68
Post employment pension benefits	**8**	8	**8**	8
Share-based payments	**14**	10	**14**	10
	94	86	**94**	86

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

30.3 Transactions with related parties

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

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

Legal fees of R3.2 million (2013: R0.6 million)

30.4 Participants in staff share trusts

Refer to notes 9.4 and 9.6 in respect of transactions with participants in the staff share trusts.

30.5 Post retirement benefit funds

Refer to notes 19 and 29 in respect of transactions with post retirement benefit funds.

30.6 Inter group transactions

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

	Company	
R'm	**2014**	2013
Sales	**661**	498

Refer to note 19 for income received from consolidated entities.

31. Segmental reporting

For management purposes, the Group is organised into business units based on their products and services, and has 3 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.

	Apparel		Home		Central Services		Eliminations		Total	
R'm	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Revenue	**11 413**	9 758	**4 290**	3 893	**253**	237	**(127)**	(144)	**15 829**	13 744
External	**11 413**	9 758	**4 290**	3 893	**126**	93	**-**	-	**15 829**	13 744
Internal	**-**	-	**-**	-	**127**	144	**(127)**	(144)	**-**	-
Profit from operating activities	**2 102**	1 725	**591**	492	**(156)**	(148)	**-**	-	**2 537**	2 069
Net finance income									**63**	56
Profit before taxation									**2 600**	2 125
Taxation									**733**	591
Profit attributable to shareholders									**1 867**	1 534
Divisional assets	**2 760**	2 511	**846**	721	**2 957**	1 666	**-**	-	**6 563**	4 898
Divisional liabilities	**1 458**	905	**631**	482	**559**	207	**(7)**	(5)	**2 641**	1 589
Capital expenditure	**127**	174	**62**	45	**216**	119	**-**	-	**405**	338
Depreciation and amortisation	**86**	89	**33**	38	**72**	62	**-**	-	**191**	189

32. Geographical segments

	South Africa		Other Africa		Total	
R'm	**2014**	2013	**2014**	2013	**2014**	2013
Revenue	**14 822**	13 026	**1 007**	718	**15 829**	13 744
Assets	**6 092**	4 596	**471**	302	**6 563**	4 898
Capital expenditure	**386**	326	**19**	12	**405**	338

Analysis of the movement of owned property, plant and equipment

R'm	Furniture fittings equipment and vehicles		Computer equipment		Improvements to leasehold premises		Buildings		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Group										
Net carrying amount at beginning of the year	**544**	450	**70**	42	**11**	11	**35**	37	**660**	540
Cost or carrying amount	**1 274**	1 079	**174**	134	**41**	39	**39**	39	**1 528**	1 291
Accumulated depreciation and impairment	**(730)**	(629)	**(104)**	(92)	**(30)**	(28)	**(4)**	(2)	**(868)**	(751)
Current year movements										
Additions	**210**	237	**32**	50	**10**	2	**1**	-	**253**	289
Disposals and scrapping	**(8)**	(7)	**-**	(1)	**-**	-	**(22)**	-	**(30)**	(8)
Impairments	**(4)**	-	**-**	-	**-**	-	**-**	-	**(4)**	-
Exchange differences	**1**	1		-	**-**	-	**-**	-	**1**	1
Depreciation	**(129)**	(137)	**(30)**	(21)	**(2)**	(2)	**(1)**	(2)	**(162)**	(162)
Net carrying amount at end of the year	**614**	544	**72**	70	**19**	11	**13**	35	**718**	660
Made up as follows:										
Net carrying amount	**614**	544	**72**	70	**19**	11	**13**	35	**718**	660
Cost or carrying amount	**1 429**	1 274	**206**	174	**50**	41	**15**	39	**1 700**	1 528
Accumulated depreciation and impairment	**(815)**	(730)	**(134)**	(104)	**(31)**	(30)	**(2)**	(4)	**(982)**	(868)
Company										
Net carrying amount at beginning of the year	**510**	433	**68**	41	**11**	11	**-**	-	**589**	485
Cost or carrying amount	**1 233**	1 061	**171**	131	**30**	28	**-**	-	**1 434**	1 220
Accumulated depreciation and impairment	**(723)**	(628)	**(103)**	(90)	**(19)**	(17)	**-**	-	**(845)**	(735)
Current year movements										
Additions	**192**	215	**32**	49	**10**	2	**-**	-	**234**	266
Disposals and scrapping	**(8)**	(7)	**-**	(1)	**-**	-	**-**	-	**(8)**	(8)
Impairment	**(4)**	-	**-**	-	**-**	-	**-**	-	**(4)**	-
Depreciation	**(122)**	(131)	**(29)**	(21)	**(1)**	(2)	**-**	-	**(152)**	(154)
Net carrying amount at end of the year	**568**	510	**71**	68	**20**	11	**-**	-	**659**	589
Made up as follows:										
Net carrying amount	**568**	510	**71**	68	**20**	11	**-**	-	**659**	589
Cost or carrying amount	**1 369**	1 233	**202**	171	**40**	30	**-**	-	**1 611**	1 434
Accumulated depreciation and impairment	**(801)**	(723)	**(131)**	(103)	**(20)**	(19)	**-**	-	**(952)**	(845)

Details of building:

Remaining extent of Erf 4749 Bethlehem District, Bethlehem Province, Free State, in extent of 3538 square metres.

Analysis of the movement of leased property, plant and equipment

R'm	Buildings 2014	Buildings 2013
Group and company		
Net carrying amount at beginning and end of the year	**-**	**-**
Made up as follows:		
Net carrying amount	**-**	-
Cost	**27**	27
Accumulated depreciation	**(27)**	(27)



Analysis of the movement of intangible assets

R'm	Computer software		Customer lists		Goodwill		Trademarks		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Group										
Net carrying amount at beginning of the year	**98**	82	**1**	14	**6**	6	**-**	-	**105**	102
Cost or carrying amount	**149**	122	**26**	34	**6**	6	**18**	18	**199**	180
Accumulated amortisation and impairment	**(51)**	(40)	**(25)**	(20)	**-**	-	**(18)**	(18)	**(94)**	(78)
Current year movements										
Additions arising from external development/acquisition	**141**	41	**-**	2	**-**	-	**-**	-	**141**	43
Additions arising from internal development	**10**	6		-		-	**-**	-	**10**	6
Disposals	**(12)**	(8)	**-**	-	**-**	-	**-**	-	**(12)**	(8)
Impairment	**-**	-	**-**	(11)	**-**	-	**-**	-	**-**	(11)
Amortisation	**(28)**	(23)	**(1)**	(4)	**-**	-	**-**	-	**(29)**	(27)
Net carrying amount at end of the year	**209**	98	**-**	1	**6**	6	**-**	-	**215**	105
Made up as follows:										
Net carrying amount	**209**	98	**-**	1	**6**	6	**-**	-	**215**	105
Cost or carrying amount	**263**	149	**26**	26	**6**	6	**18**	18	**313**	199
Accumulated amortisation and impairment	**(54)**	(51)	**(26)**	(25)	**-**	-	**(18)**	(18)	**(98)**	(94)
Company										
Net carrying amount at beginning of the year	**98**	82	**1**	14	**1**	1	**-**	-	**100**	97
Cost or carrying amount	**149**	122	**26**	34	**1**	1	**18**	18	**194**	175
Accumulated amortisation and impairment	**(51)**	(40)	**(25)**	(20)	**-**	-	**(18)**	(18)	**(94)**	(78)
Current year movements										
Additions arising from external development/acquisition	**139**	41	**-**	2	**-**	-	**-**	-	**139**	43
Additions arising from internal development	**10**	6	**-**	-	**-**	-	**-**	-	**10**	6
Disposals	**(12)**	(8)	**-**	-	**-**	-	**-**	-	**(12)**	(8)
Impairment	**-**	-	**-**	(11)	**-**	-	**-**	-	**-**	(11)
Amortisation	**(28)**	(23)	**(1)**	(4)	**-**	-	**-**	-	**(29)**	(27)
Net carrying amount at end of the year	**207**	98	**-**	1	**1**	1	**-**	-	**208**	100
Made up as follows:										
Net carrying amount	**207**	98	**-**	1	**1**	1	**-**	-	**208**	100
Cost or carrying amount	**261**	149	**26**	26	**1**	1	**18**	18	**306**	194
Accumulated amortisation and impairment	**(54)**	(51)	**(26)**	(25)	**-**	-	**(18)**	(18)	**(98)**	(94)

The goodwill raised in the prior year relates to the acquisition of Associated Credit Specialists, a debt collection business.

financial interest in consolidated entities

for the year ended 29 March 2014

R'm	Notes	Issued capital 2014 Shares	Issued capital 2013 Shares	Carrying value of shares 2014	Carrying value of shares 2013	Indebtedness less impairment provisions 2014	Indebtedness less impairment provisions 2013
Operating subsidiaries							
Specialty Stores (Botswana) (Pty) Limited	1	**100**	100	**-**	-	**80**	38
Mr Price (Lesotho) (Pty) Limited	2	**1 000**	1 000	**-**	-	**13**	7
Mr Price Group (Namibia) (Pty) Limited	3	**100**	100	**-**	-	**94**	35
Mr Price Chain Stores International Limited (Nigeria)	4	**500 000**	500 000	**2**	2	**66**	37
Mr Price Chain Stores International Limited (Ghana)	5	**480 000**	480 000	**2**	2	**17**	20
Millews Fashions (Johannesburg) (Pty) Limited	6	**28 000**	28 000	**-**	-	**6**	34
Associated Credit Specialists (Pty) Limited	7	**100**	100	**-**	-	**6**	1
MRP Mobile (Pty) Limited	8	**100**	-	**-**	-	**8**	-
Share Trusts							
Mr Price Group Staff Share Trust and Share Purchase Scheme						**-**	-
Mr Price Group Employees Share Investment Trust						**-**	-
Mr Price Executive Director Share Trust						**1**	1
Mr Price Executive Share Trust						**1**	1
Mr Price Senior Management Share Trust						**1**	1
Mr Price General Staff Share Trust						**3**	1
Mr Price Partners Share Trust						**-**	-
Dormant subsidiaries							
Raava Jewellers (Namibia) (Pty) Limited		**100**	100	**1**	1	**-**	-
Hughes Extension 17 Township (Pty) Limited		**100**	100	**-**	-	**-**	-
Total				**5**	5	**296**	176

Notes:

1. Operates Mr Price Apparel, Mr Price Home, Miladys and Sheet Street stores in Botswana.
2. Operates Mr Price Apparel, Mr Price Home and Sheet Street stores in Lesotho.
3. Operates Mr Price Apparel, Mr Price Home, Miladys, Sheet Street and Mr Price Sport stores in Namibia.
4. Operates Mr Price Apparel stores in Nigeria.
5. Operates Mr Price Apparel and Mr Price Home stores in Ghana.
6. Develops and leases premises to Group operations.
7. Recovers overdue debts from credit customers.
8. Represents a 55% held subsidiary of the Company.

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

administration and contact details

company secretary and registered office
Mrs HE Grosvenor
Upper level, North Concourse, 65 Masabalala Yengwa Avenue, Durban, 4001.
PO Box 912, Durban, 4000.

transfer secretaries
Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001.
PO Box 61051, Marshalltown, 2107.

domicile and country of incorporation
Republic of South Africa

sponsor
Rand Merchant Bank

registration number
1933/004418/06

independent auditor
Ernst & Young Inc.

	address	phone	fax	websites
Mr Price Apparel	Upper level, North Concourse,	031 310 8638	031 304 3358	*mrp.com* *mrp.com/ng*
Mr Price Home	65 Masabalala	031 310 8809	031 328 4138	*mrphome.com*
Mr Price Sport	Yengwa Avenue,	031 310 8545	031 306 9347	*mrpricesport.com*
Sheet Street	Durban, 4001	031 310 8300	031 310 8317	*sheetstreet.co.za*
RedCap Foundation	Private Bag X04,	031 310 8242	031 328 4609	*redcapfoundation.org*
Corporate	Snell Parade, Durban, 4074	031 310 8000	031 304 3725	*mrpricegroup.com*
Miladys	30 Station Drive, Durban, 4001 PO Box 3562, Durban, 4000	031 313 5500	031 313 5620	*miladys.co.za*
Financial Services	380 Dr Pixley KaSeme Street, Durban, 4001 PO Box 4996, Durban, 4000	031 367 3311	031 306 0164	*mrpmoney.co.za*
Whistleblowers	PO Box 51006, Musgrave, 4062	0860 005 111		*whistleblowing.co.za*
Customer Care		0800 212 535		
Account Services		0861 066 639		

definitions

AMPS	Measure of through-the-door shoppers
B-BBEE	Broad-Based Black Economic Empowerment
CAGR	Compound annual growth rate
Comparable sales	Like-for-like location store sales
Company	Refers to Group
CRM	Customer Relationship Management
DC	Distribution Centre
DPS	Dividends per share
dti	The department of Trade and Industry
ERP	Enterprise Resource Planning
ETI	Ethical Trading Initiative
Gross margin	Gross profit as a percentage of retail sales
Group	Refers to Company
HCM	Human Capital Management
HEPS	Headline earnings per share
Inventory turn	Cost of sales as a ratio of average inventories
JSE	Johannesburg Stock Exchange
LSM	Living Standard Measures
MPC	Mr Price Group
Operting margin	Profit from operating activities as a percentage of retail sales
PMO	Price mark on
RedCap Sport	RedCap Sport NPC, a registered Non-Profit and Public Benefit Organisation.
RedCap Foundation	RedCap Foundation NPC, a registered Non-Profit and Public Benefit Organisation.
Return on average shareholder equity	Headline earnings attributable to ordinary and B ordinary shareholders as a percentage of average equity attributable to shareholders
Return on net worth (RONW)	Profit attributable to shareholders as a percentage of equity attributable to shareholders
Return on operating assets	Profit from operating activities as a percentage of average equity attributable to shareholders, interest-bearing loan finance
RLC	Retail Liaison Committee
RSP	Retail Selling Price
Sales density	Retail sales per weighted average net square metre
SEDEX	Supplier Ethical Data Exchange