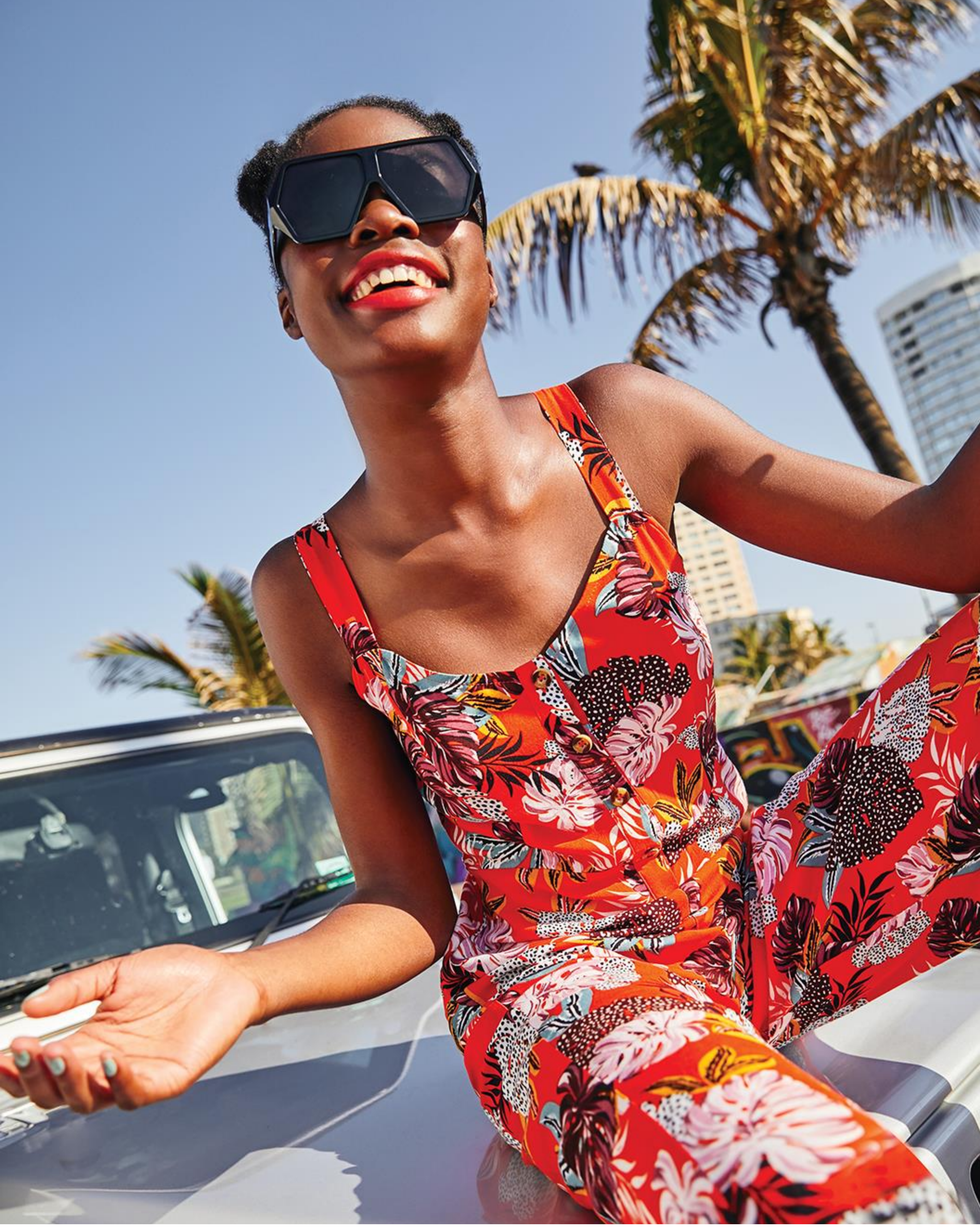

mr price group limited

Interim Results - Supplementary Information
26 weeks ended 28 September 2019

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Mr Price Group Limited
(Incorporated in the Republic of South Africa)
Registration number: 1933/004418/06
Tax reference number: 9285/130/20/0
JSE and A2X code: MRP
ISIN: ZAE000200457

Registered Office
Upper Level, North Concourse
65 Masabalala Yengwa Avenue
Durban, 4001

PO Box 912, Durban, 4000

Website
www.mrpricegroup.com

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

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Auditors
Ernst & Young Inc.

mr price group limited

Group Results & Interim Cash Dividend Declaration
26 Weeks Ended 28 September 2019

This short-form announcement is the responsibility of the Mr Price Group Limited board of directors and is a summary of the information in the detailed results announcement available on https://senspdf.jse.co.za/documents/2019/JSE/ISSE/MRPE/21112019.pdf and https://www.mrpricegroup.com and does not contain full or complete details. These documents and the results presentation to the investment community are available on the group's website at www.mrpricegroup.com and copies may be requested from the company secretary (jcheadle@mrpg.com or +27 31 310 8000) at the company's registered office. Any investment decision in relation to the company's shares should be based on the full announcement.

Highlights

Revenue	Operating profit	Profit after tax
+2.6% R10.8bn	**(1.6%)** R1.7bn Normalised: (12.0%)	**(10.2%)** R1.1bn Normalised: (7.8%)

HEPS	Total diluted HEPS	Dividend per share
(10.3%) 443.2c Normalised: (7.9%)	**(9.6%)** 435.9c Normalised: (7.2%)	**Maintained** 311.4c

Interim Cash Dividend Declaration

The Interim gross dividend of 311.4 cents per share (249.12 cents net of dividend withholding tax of 20% for shareholders who are not exempt), was maintained in line with the comparable period. The dividend has been declared from income reserves. The salient dates for the dividend are as follows:

Last date to trade 'cum' dividend	Tuesday	10 Dec 2019
Date trading commences 'ex' dividend	Wednesday	11 Dec 2019
Record date	Friday	13 Dec 2019
Payment date	Tuesday	17 Dec 2019

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 11 December 2019 and Friday, 13 December 2019, both dates inclusive.

Commentary

For the 26 weeks ended 28 September 2019, normalised diluted headline earnings per share (based on the previous IAS 17 basis for accounting for leases) declined 7.2% to 447.5c. After accounting for leases on the new IFRS 16 basis, which did not require a restatement of comparative results, statutory diluted HEPS was 9.6% lower at 435.9c. Normalised basic earnings per share were down 7.9% to 455.4c (statutory -10.3% to 443.6c) and normalised headline earnings per share down 7.9% to 455.0c (statutory -10.3% to 443.2c).

The group's Australian operations have been presented as discontinued operations post trade ceasing on 30 April 2019 and the commentary below refers to the group's continuing operations.

Shareholders were advised at the presentation of the annual results in May and in the 18-week trading update issued in August, that group results for the first half would be impacted by the under-performance in the Mr Price Apparel division. This is reflected in the results below. Despite this, five of the group's trading divisions grew sales, gross margins and operating profits, with three increasing operating profits by double digits. The group's balance sheet is strong, with cash and cash equivalents increasing to R4.2bn, which has enabled the interim dividend to be maintained at 311.4c per share.

Total revenue grew 2.6% to R10.8bn. Retail sales grew 1.7% (comparable stores -1.5%) to R9.9bn. Excluding Mr Price Apparel, revenue and retail sales grew 7.3% and 6.1% respectively. Group store sales were up 1.3% and online 28.3%. Retail selling price inflation was 2.2% and 99.4m units were sold, a decline of 0.6%. By opening 27 new stores and expanding 8, weighted average new space grew 3.9%. After closing 12 stores and reducing the size of 16, total weighted average space was up 1.9%, advancing the total number of corporate owned store locations by 4.0% to 1 338. Other income grew 10.2% to R770m due to financial services and cellular growth of 10.3% to R743m. Interest earned on cash balances increased 31.8% to R135m.

The group's GP% contracted 260 bps to 40.0%, but grew by 20 bps excluding Mr Price Apparel. Selling and administration expenses declined 5.0%, impacted by the transition to IFRS 16. Including lease liability interest in expenses, total overheads increased 2.5% on last year. Excluding the impact of the new accounting statement completely, 'normalised' overheads only increased by 1.0%. Profit from operating activities was down 1.6% to R1.7bn and the operating margin was 15.8% of retail sales and other income (RSOI).

The Apparel segment increased RSOI by 1.0% to R7.4bn. Operating profit declined by 13.6% with operating margin reducing 240 bps to 14.6%. Miladys delivered strong sales growth of 8.1% (comparable 3.3%) and gained market share in 5 out of 6 months per RLC data. Mr Price Sport delivered an outstanding performance, growing sales by 12.2% (comparable 6.1%), with online sales growing at 34.9%. Miladys and Mr Price Sport both reported double digit growth in operating profit.

Sales in Mr Price Apparel declined 1.3% (comparable -4.3%) to R5.8bn. The issues causing the imbalance in the shape of the assortment in the second half of the prior financial period continued into the first half of FY2020, resulting in excess stock which required markdowns to clear. In contrast, online sales grew by 19.7%, highlighting the impact of an imbalanced assortment on the physical store shopping experience. The new executive team, which was appointed in January and the divisional management team, headed by a new managing director from April, undertook a thorough performance review and identified several significant improvements in operating practices. Due to retail cycle times, action taken is expected to positively impact trading from the high summer period. Research undertaken by the Broadcast Research Council shows that customers are highly engaged, with the chain securing the number one position in 'clothing stores shopped at most often'. The division also placed first in the Sunday Times/Sowetan Shopper Survey 2019, highlighting brand presence, awareness and customer experience which shows the potential for recovery. Unfortunately, customers were not given the merchandise they desired in a highly competitive market.

The Home segment increased RSOI by 4.1% to R2.5bn. Operating profit grew 17.8% and the operating margin increased. Both divisions reported a solid performance despite household discretionary spend declining, as consumers respond to value in this climate. Sales in Mr Price Home were up 3.2% (comparable 1.8%) with online sales increasing 36.0%. Sheet Street grew sales by 5.0% (comparable 2.5%).

The Financial Services & Cellular segment reported revenue growth of 10.3% to R743m and an operating profit growth of 20.7%. Financial services grew revenue 2.2% to R385m (interest and charges +5.9%, insurance -4.8%), while cellular and mobile revenue grew 20.7% to R358m. Cellular products are now sold through a call centre and 242 store kiosks across the group, with further rollout planned.

Retail sales outside of South Africa, which constitute 7.9% of group sales, declined by 2.2%, partly explained by the performance of Mr Price Apparel (which constitutes 69.7% of non-South African sales) and struggling economies. The group has elected to focus on areas of significant potential and accordingly exited Australia. Likewise, the Mr Price Home Polish test store will be closed in December. Efforts will be channelled into improving the performance of the largest apparel division and maximising several local opportunities.

Net asset value per share increased 10.3% to 3 273c from September 2018. Capital expenditure of R231m was incurred, primarily in store development activities. Inventory levels were up 14.9%, with markdown units as a percentage of total units lower than the prior period and a good stock freshness ratio. The debtors book remains well managed, with a retail net bad debt to book ratio of 7.2% matched by an impairment provision at the same level.

The group has concluded its internal investigation into the suspected non-compliance with its Code of Conduct as advised in the SENS announcements of 12 September and 19 September 2019. The group's previously expressed views on materiality have not changed, and appropriate action has been taken in support of its zero-tolerance policy to such matters.

A short-term recovery in the consumer environment seems unlikely. Meaningful GDP growth will only return when broad-based structural economic reforms gain traction. The group is focused on winning market share, particularly in Mr Price Apparel. A shift in momentum was seen in the last two months of H1 FY2020, with the group's retail sales growth outperforming Type D retailers in both August and September 2019. Whilst trade has been challenging, the energy across the business is high and the team is clear on what is needed to return the group to its winning ways.

mrp | mrphome | MILADYS | mrpsport | sheet street | mrpmoney

Mr Price Group Limited	Registration Number: 1933/004418/06 - Incorporated in the Republic of South Africa - ISIN: ZAE000200457 - JSE/A2X code: MRP
Directors	SB Cohen* (Honorary chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams^, MJ Bowman*, M Chauke*, SA Ellis^, K Getz*, MR Johnston*, RM Motanyane-Welch*, D Naidoo*, B Niehaus*, * Non-executive director, ^ Alternate director
Sponsor	Rand Merchant Bank (a division of FirstRand Bank Limited)
Transfer Secretaries	Computershare Investor Services (Pty) Ltd

PRESS RELEASE

MR PRICE GROUP LIMITED REPORTS INTERIM RESULTS FOR THE 26 WEEKS ENDED 28 SEPTEMBER 2019

[Durban, 21 November 2019] Mr Price today released its interim results for the 26 weeks ended 28 September 2019. Normalised diluted headline earnings per share (based on the previous IAS 17 basis for accounting for leases) declined 7.2% to 447.5c. After accounting for leases on the new IFRS 16 basis, which did not require a restatement of comparative results, statutory diluted HEPS was 9.6% lower at 435.9c. Normalised basic earnings per share were down 7.9% to 455.4c (statutory -10.3% to 443.6c) and normalised headline earnings per share down 7.9% to 455.0c (statutory -10.3% to 443.2c).

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ENDS

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INTERIM CASH DIVIDEND DECLARATION

Notice is hereby given that an interim gross cash dividend has been maintained at 311.4 cents per share for the 26 weeks ended 28 September 2019. As the dividend has been declared from income reserves, shareholders, unless exempt or who qualify for a reduced withholding tax rate, will receive a net dividend of 249.12 cents per share. The dividend withholding tax rate is 20%.

The issued share capital at the declaration date is 257 045 727 listed ordinary and 7 895 234 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	Tuesday	10 December 2019
Date trading commences 'ex' the dividend	Wednesday	11 December 2019
Record date	Friday	13 December 2019
Payment date	Tuesday	17 December 2019

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 11 December 2019 and Friday, 13 December 2019, both dates inclusive.

The dividend was approved by the Board in Durban.

DIRECTORS

SB Cohen* (Honorary Chairman), NG Payne* (Chairman), MM Blair (CEO), MJ Stirton (CFO), N Abrams*^, MJ Bowman*, M Chauke*, SA Ellis^, K Getz*, MR Johnston*, RM Motanyane-Welch*, D Naidoo*, B Niehaus*

* Non-executive director ^ Alternate director

UNAUDITED GROUP RESULTS FOR THE 26 WEEKS ENDED 28 SEPTEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'm	**2019 28 Sep**	2018 29 Sep	2019 30 Mar
Assets			
Non-current assets	**6 969**	2 657	2 655
Property, plant and equipment	**2 102**	2 088	2 117
Right of use asset	**4 245**	-	-
Intangible assets	**471**	457	423
Long-term receivables and other assets	**41**	26	40
Defined benefit fund asset	**64**	63	64
Deferred taxation assets	**46**	23	11
Current assets	**9 472**	7 360	8 481
Inventories	**2 669**	2 322	2 692
Trade and other receivables	**2 222**	2 192	2 179
Derivative financial instruments	**63**	33	27
Reinsurance assets	**202**	246	304
Taxation	**6**	5	4
Cash and cash equivalents	**4 310**	2 562	3 275
Non-current assets held for sale	**-**	-	9
Total assets	**16 441**	10 017	11 145
Equity and liabilities			
Equity attributable to shareholders	**8 487**	7 666	8 682
Non-current liabilities	**4 024**	262	289
Lease obligations	**-**	220	201
Lease liability	**3 982**	-	-
Deferred taxation liabilities	**-**	-	46
Long-term liabilities	**10**	12	11
Post retirement medical benefits	**32**	30	31
Current liabilities	**3 930**	2 089	2 174
Trade and other payables	**2 432**	1 895	1 920
Derivative financial instruments	**-**	15	-
Reinsurance liabilities	**53**	46	46
Current portion of lease obligations	**-**	35	46
Current portion of lease liability	**879**	-	-
Taxation	**419**	92	37
Bank overdrafts	**147**	6	125
Total equity and liabilities	**16 441**	10 017	11 145

CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	Note	**2019 28 Sep 26 weeks**	2018 29 Sep* 26 weeks	% change	2019 30 Mar* 52 weeks
Continuing operations					
Revenue	3	**10 796**	10 526	2.6	22 560
Retail sales		**9 891**	9 725	1.7	20 852
Other income		**770**	698	10.2	1 484
Retail sales and other income		**10 661**	10 423	2.3	22 336
Costs and expenses		**8 975**	8 710	3.0	18 378
Cost of sales		**6 152**	5 740	7.2	12 287
Selling expenses		**2 151**	2 257	(4.7)	4 680
Administrative and other operating expenses		**672**	713	(5.8)	1 411
Profit from operating activities		**1 686**	1 713	(1.6)	3 958
Finance income		**135**	103	31.8	224
Finance costs		**223**	2	>100.0	4
Profit before taxation		**1 598**	1 814	(11.9)	4 178
Taxation		**452**	515	(12.2)	1 176
Net profit from continuing operations		**1 146**	1 299	(11.7)	3 002
Discontinued operations					
Net profit/(loss) from discontinued operations for the period		**2**	(20)	>100.0	(20)
Net profit for the period		**1 148**	1 279	(10.2)	2 982

*Re-presented for discontinued operations

Profit attributable to equity holders of parent	**1 148**	1 279	(10.2)	2 982
- From continuing operations	**1 146**	1 299	(11.7)	3 002
- From discontinued operations	**2**	(20)	>100.0	(20)
Weighted average number of shares in issue (000)	**258 881**	258 630	0.1	258 922
Earnings per share (cents)				
- basic	**443.6**	494.4	(10.3)	1 151.6
- headline	**443.2**	494.3	(10.3)	1 168.6
- diluted basic	**436.3**	482.4	(9.6)	1 125.7
- diluted headline	**435.9**	482.4	(9.6)	1 142.3
Earnings per share from continuing operations (cents)				
- basic	**442.8**	502.1	(11.8)	1 159.2
- headline	**442.7**	502.1	(11.8)	1 176.7
- diluted basic	**435.5**	490.0	(11.1)	1 133.1
- diluted headline	**435.4**	490.0	(11.1)	1 150.3
Dividends per share (cents)	**311.4**	311.4	0.0	736.2
Dividend payout ratio	**70.3**	63.0		63.0

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'm	**2019 28 Sep 26 weeks**	2018 29 Sep 26 weeks	2019 30 Mar 52 weeks
Profit attributable to equity holders of parent	**1 148**	1 279	2 982
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustments	**(21)**	23	21
Net gain on hedge accounting	**26**	108	115
Items that will not be reclassified subsequently to profit or loss:			
Defined benefit fund net actuarial loss	**(1)**	(1)	(5)
Total comprehensive income	**1 152**	1 409	3 113

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'm	**2019 28 Sep**	2018 29 Sep	2019 30 Mar
Total equity attributable to shareholders at beginning of the period	**8 682**	7 455	7 455
IFRS 9 opening retained income adjustment, net of tax	**-**	(8)	(8)
IFRS 15 opening retained income adjustment, net of tax	**-**	3	3
IFRS 16 opening retained income adjustment, net of tax (refer to note 8)	**(232)**	-	-
Adjusted total equity attributable to shareholders at beginning of the period	**8 450**	7 450	7 450
Total comprehensive income for the period	**1 152**	1 409	3 113
Treasury share transactions	**(52)**	(170)	(74)
Recognition of share-based payments	**60**	71	109
Dividends to shareholders	**(1 123)**	(1 094)	(1 916)
Total equity attributable to shareholders at end of the period	**8 487**	7 666	8 682

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'm	**2019 28 Sep 26 weeks**	2018 29 Sep* 26 weeks	2019 30 Mar 52 weeks
Cash flows from operating activities			
Operating profit before working capital changes	**2 394**	1 688	4 009
Working capital changes	**580**	(103)	(490)
Interest received on trade receivables	**184**	187	373
Finance income received	**135**	103	222
Finance costs	**(3)**	(2)	(4)
Taxation paid	**(82)**	(600)	(1 253)
Net cash inflows from operating activities	**3 208**	1 273	2 857
Cash flows from investing activities			
Advances in respect of long-term receivables	**-**	(4)	(9)
Acquisition of Kenyan franchise	**-**	(19)	(19)
Additions to and replacement of intangible assets	**(85)**	(59)	(118)
Property, plant and equipment			
- replacement	**(76)**	(42)	(129)
- additions	**(70)**	(72)	(177)
- proceeds on disposal of PPE and non-current asset held for sale	**12**	-	1
Net cash outflows from investing activities	**(219)**	(196)	(451)
Cash flows from financing activities			
Repayment in respect of long-term liabilities	**(2)**	(2)	(4)
Repayment of lease liabilities	**(779)**	-	-
Sale of shares by staff share trusts	**8**	63	340
Purchase of shares by staff share trusts	**(57)**	(196)	(239)
Deficit on treasury share transactions	**(6)**	(43)	(183)
Dividends to shareholders	**(1 123)**	(1 094)	(1 916)
Net cash outflows from financing activities	**(1 959)**	(1 272)	(2 002)
Change in cash and cash equivalents	**1 030**	(195)	404
Cash and cash equivalents at beginning of the period	**3 150**	2 720	2 720
Exchange (losses)/gains	**(17)**	31	26
Cash and cash equivalents at end of the period	**4 163**	2 556	3 150

*Re-presented for comparative disclosure purposes and reclassifications (refer note 10).

SEGMENTAL REPORTING

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

- The Apparel segment retails clothing, sportswear, footwear, sporting equipment and accessories;
- The Home segment retails homewares;
- The Financial Services and Cellular segment manages the group's trade receivables and sells financial services and cellular products; and
- The Central Services segment provides chargeable and non-chargeable services. The trading segments are allocated costs for information technology, human resources and real estate and not charged for corporate expenditure in relation to running a listed company and internal audit.

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 at a group level and are not allocated to operating segments.

	2019	2018	%	2019
R'm	**28 Sep**	29 Sep*	change	30 Mar*
Retail sales and other income				
Apparel	**7 386**	7 314	1.0	15 596
Home	**2 522**	2 423	4.1	5 282
Financial Services and Cellular	**743**	673	10.3	1 437
Central Services	**10**	13	(18.9)	21
Total	**10 661**	10 423	2.3	22 336
Profit from operating activities				
Apparel	**1 076**	1 245	(13.6)	2 808
Home	**422**	358	17.8	898
Financial Services and Cellular	**253**	209	20.7	420
Central Services	**(65)**	(99)	34.3	(168)
Total	**1 686**	1 713	(1.6)	3 958
Segment assets				
Apparel	**5 882**	2 415	143.6	2 910
Home	**2 022**	789	156.3	825
Financial Services and Cellular	**2 467**	2 417	2.1	2 450
Central Services	**6 070**	4 396	38.1	4 960
Total	**16 441**	10 017	64.1	11 145

*Re-presented for discontinued operations

SUPPLEMENTARY INFORMATION

	2019 28 Sep	2018 29 Sep	2019 30 Mar
Total number of shares issued (000)	**264 941**	264 941	264 941
Number of Ordinary shares (000)	**257 046**	256 796	256 946
Number of B Ordinary shares (000)	**7 895**	8 145	7 995
Less: shares held by share trusts	**5 665**	6 576	5 353
Net number of shares in issue (000)	**259 276**	258 365	259 588
Weighted average number of shares in issue (000)	**258 881**	258 630	258 922
Net asset value per share (cents)	**3 273**	2 967	3 352
Reconciliation of headline earnings (R'm)			
Attributable profit	**1 148**	1 279	2 982
(Profit)/loss on disposal and impairment of property, plant, equipment and intangible assets	**(1)**	-	61
Taxation adjustment	**-**	-	(17)
Headline earnings	**1 147**	1 279	3 026
Reconciliation of headline earnings from continuing operations (R'm)			
Attributable profit	**1 146**	1 299	3 002
(Profit)/loss on disposal and impairment of property, plant, equipment and intangible assets	-	-	63
Taxation adjustment	-	-	(17)
Headline earnings	**1 146**	1 299	3 048

Notes:

1. The interim results at September 2019 and 2018, for which the directors take full responsibility, have not been audited. The condensed consolidated results at 30 March 2019, which are not itself audited, have been correctly extracted from the audited annual financial statements upon which Ernst & Young Inc. issued an unqualified opinion. The interim results were prepared under the supervision of Mr MJ Stirton, CA(SA), chief financial officer.

2. The financial statements have been prepared in accordance with the Companies Act of South Africa (71 of 2008).

3. The disaggregated revenue is as follows:

R'm	2019 28 Sep	2018 29 Sep*	2019 30 March*
Revenue from contracts with customers	10 373	10 152	21 790
Retail sales	9 891	9 725	20 852
Insurance premium	124	131	261
Cellular and mobile income	358	296	677
Interest and charges on debtors	261	246	499
Other sundry income	27	25	47
Finance income	135	103	224
Revenue	10 796	10 526	22 560

*Re-presented for discontinued operations

Revenue from contracts with customers is recognised at a point in time, except where revenue has been earned through mobile contracts where services are transferred over time.

4. In May 2017 litigation was instituted by the National Credit Regulator (NCR) in the National Credit Tribunal (NCT) to declare the group to have acted in contravention of the National Credit Act in relation to Miladys Club fee charges. The group opposed the referral and the matter was heard at the National Consumer Tribunal, with judgement handed down on 14 January 2019 in favour of the group. The NCR

delivered an appeal to the judgement handed down in our favour on 11 February 2019 but subsequently provided notice on 29 May 2019 that they will no longer pursue the matter against the group.

5. During the 2018 financial year, the company received an assessment from SARS relating to the disallowance of certain deductions claimed in the 2014 year of assessment. The assessment amounted to additional income tax of R65.1m, comprising a reallocation between deferred tax and current tax of R59.5m and additional current tax of R5.6m. Interest and penalties charged up until 28 September 2019 amount to R43.6m (March 2019: R40.4m). The overall potential impact on the income statement therefore amounts to R49.2m (March 2019: R46.0m).

   The company, supported by senior counsel's opinion, appealed the decision of the Commissioner to disallow the company's objection to the assessment. No adjustments have been made to the financial statements as the directors are of the opinion that the likelihood of the liability is remote.

6. As a result of MRP Retail Australia (Pty) Ltd being put in administration on 2 May 2019, the group's prior years condensed consolidated income statement and condensed segment analysis have been re-presented to take into account of the effects of the application of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations".

R'm	**2019 28 Sep 26 weeks**	2018 29 Sep 26 weeks	2019 30 Mar 52 weeks
Continuing operations			
Revenue	**3**	12	25
Retail sales	**3**	12	25
Retail sales and other income	**3**	12	25
Costs and expenses	**2**	32	45
Cost of sales	**4**	15	30
Selling expenses	**(4)**	14	11
Administrative and other operating expenses	**2**	3	4
Profit/(loss) from operating activities	**1**	(20)	(20)
Finance income	**-**	-	-
Finance costs	**-**	-	-
Profit/(loss) before taxation	**1**	(20)	(20)
Taxation	-	-	-
Net profit/(loss) for the period	**1**	(20)	(20)
Profit on disposal of discontinued operations	**1**	-	-
Net profit/(loss) from discontinued operations	**2**	(20)	(20)

Reconciliation of headline earnings from discontinued operations (R'm)			
Attributable profit/(loss)	**2**	(20)	(20)
(Profit)/loss on disposal and impairment of property, plant, equipment and intangible assets	**(1)**	-	(2)
Taxation adjustment	**-**	-	-
Headline earnings	**1**	(20)	(22)

Earnings per share from discontinued operations (cents)			
- basic	**0.8**	(7.8)	(7.6)
- headline	**0.4**	(7.8)	(8.2)
- diluted basic	**0.8**	(7.8)	(7.6)
- diluted headline	**0.4**	(7.8)	(8.2)

The group's condensed consolidated statement of other comprehensive income, condensed consolidated statement of financial position and condensed consolidated statement of changes in equity are not required to be re-presented.

7. The accounting policies and estimates applied are in compliance with IFRS including IAS 34 Interim Financial Reporting, as well as the SAICA financial reporting guides and financial pronouncements as issued by the Financial Reporting Standards Council and are consistent with those applied in the 2019 annual financial statements, except for the adoption of new standards. All new and revised standards and interpretations that became effective during the period were adopted and did not lead to any material changes in accounting policies except for those relating to IFRS 16 'Leases', as disclosed in note 8.

8. IFRS 16 requires that a lessee recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Depreciation is recognised on the right-of-use asset and interest is recognised on the lease liability, replacing the straight-line operating lease expense under IAS 17 'Leases'.

   The group applied IFRS 16 using the modified retrospective approach, by recognising the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of equity at 31 March 2019. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 'Leases'. The group elected to recognise the right-of-use asset at the date of initial application at its carrying amount as if the standard had been applied since commencement date, but discounted using the group's incremental borrowing rate at the date of transition. The incremental borrowing rate ranges between 8.25% – 9.25%.

   The group elected not to reassess the definition of a lease as all the leases identified as a lease in terms of IAS 17 will still be leases under IFRS 16. The group also elected to apply the short-term lease and low value lease expedients.

   At transition date, the adoption of IFRS 16 resulted in the recognition of right-of-use assets to the value of R4 059m and lease liabilities of R4 604m. This, together with the derecognition of operating lease liabilities of R223m and adjustments of R90m for deferred tax, resulted in a R232m decrease in retained income on transition date.

9. The fair value of foreign exchange contracts (FECs) as calculated by the banks is measured using a forward pricing model. The significant inputs into the Level 2 fair value of FECs are yield curves, market interest rates and market foreign exchange rates. The estimated fair values of recognised financial instruments approximate their carrying amounts.

10. Movements in reinsurance premiums were previously included in operating profit before working capital changes. These have been reclassified to changes in working capital under cash flows from operating activities in the statement of cash flows. The impact on net cash inflows from operating activities is Rnil. Net interest received and treasury share transactions have been re-presented on a gross basis.

ANNEXURE

Pro forma information

The adoption of IFRS 16 'Leases' from 31 March 2019 complicates the performance comparison between the results of the current and prior periods. To provide a more meaningful assessment of the group's performance, a pro forma condensed consolidated statement of profit and loss has been presented for the six-month period ended 28 September 2019 to reflect the group results as if IFRS 16 had not been adopted at 28 September 2019.

The directors of Mr Price Group Limited are responsible for compiling the pro forma financial information on the basis applicable to the criteria as detailed in paragraphs 8.14 to 8.33 of the JSE Listings Requirements and the SAICA Guide on Pro forma Financial Information, revised and issued in September 2014. The pro forma information does not constitute financial statements fairly presented in accordance with IFRS. The pro forma information has been prepared for illustrative purposes only and because of its nature may not fairly present the group's results of operations. The pro forma financial information based on the condensed consolidated statement of profit and loss has been presented for the six-month period ended 28 September 2019. The pro forma information has not been audited or reviewed by the group's external auditors.

PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT

R'm	2019 28 Sep^ 26 weeks	IFRS 16 pro forma adjust-ments	Notes	2019 28 Sep Pro forma #	2018 29 Sep* 26 weeks	% change	2019 30 Mar* 52 weeks
Continuing operations							
Revenue	**10 796**			**10 796**	10 526	2.6	22 560
Retail sales	**9 891**			**9 891**	9 725	1.7	20 852
Other income	**770**			**770**	698	10.2	1 484
Retail sales and other income	**10 661**			**10 661**	10 423	2.3	22 336
Costs and expenses	**8 975**	**179**		**9 154**	8 710	5.1	18 378
Cost of sales	**6 152**			**6 152**	5 740	7.2	12 287
Selling expenses	**2 151**	**177**	a	**2 328**	2 257	3.1	4 680
Administrative and other operating expenses	**672**	**2**	b	**674**	713	(5.6)	1 411
Profit from operating activities	**1 686**	**(179)**		**1 507**	1 713	(12.0)	3 958
Finance income	**135**			**135**	103	31.8	224
Finance costs	**223**	**(221)**	c	**2**	2	25.2	4
Profit before taxation	**1 598**	**42**		**1 640**	1 814	(9.6)	4 178
Taxation	**452**	**11**	d	**463**	515	(10.0)	1 176
Net profit from continuing operations	**1 146**	**31**		**1 177**	1 299	(9.4)	3 002
Discontinued operations							
Net profit/(loss) from discontinued operations for the period	**2**			**2**	(20)		(20)
Net profit for the period	**1 148**	**31**		**1 179**	1 279	(7.8)	2 982
Profit attributable to equity holders of parent	**1 148**	**31**		**1 179**	1 279	(7.8)	2 982
- From continuing operations	**1 146**	**31**		**1 177**	1 299	(9.4)	3 002
- From discontinued operations	**2**	**-**		**2**	(20)	>100%	(20)
Earnings per share (cents)							
- basic	**443.6**			**455.4**	494.4	(7.9)	1 151.6
- headline	**443.2**			**455.0**	494.3	(7.9)	1 168.6
- diluted basic	**436.3**			**447.9**	482.4	(7.2)	1 125.7
- diluted headline	**435.9**			**447.5**	482.4	(7.2)	1 142.3
Earnings per share from continuing operations (cents)							
- basic	**442.8**			**454.6**	502.1	(9.5)	1 159.2
- headline	**442.7**			**454.5**	502.1	(9.5)	1 176.7
- diluted basic	**435.5**			**447.1**	490.0	(8.8)	1 133.1
- diluted headline	**435.4**			**447.0**	490.0	(8.8)	1 150.3

Notes:

^ This column presents the condensed consolidated statement of profit and loss for the six-month period ended 28 September 2019 which includes the adoption of the new accounting standard IFRS 16 'Leases'.
Adjustments comprise the following:

a. Reversal of IFRS 16 depreciation on right-of-use assets (R608m) and reinstatement of operating lease expense (R785m) per IAS 17 for selling expenses.
b. Reversal of IFRS 16 depreciation on right-of-use assets (R10m) and reinstatement of operating lease expense (R12m) per IAS 17 for administrative and other operating expenses.
c. Reversal of IFRS 16 finance cost of lease liabilities
d. Net deferred tax impact of the above.

This column presents the pro forma information for the six-month period ended 28 September 2019 after the pro forma adjustments have been made.

* Re-presented for discontinued operations.

Durban
21 November 2019