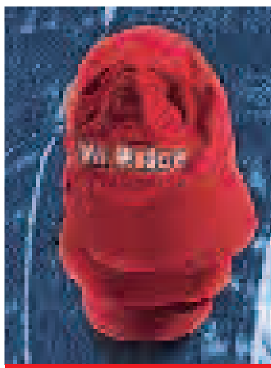

MR PRICE GROUP LIMITED

Registration number 1933/004418/06 Incorporated in the Republic of South Africa • **ISIN:**ZAE 000026951 • JSE share code:MPC

Highlights

- **TURNOVER UP 14% TO R4 BILLION WITH PRICE DEFLATION OF 7%**
- **UNIT SALES UP 23%**
- **HEADLINE EARNINGS PER SHARE UP 25%**
- **DIVIDEND PER SHARE INCREASED BY 40%**
- **STRONG CASH FLOWS**

Audited group results for the year ended 31 March 2004

CONSOLIDATED INCOME STATEMENT

R'000	2004 March	2003 March	% change
Revenue	**4 064 007**	3 603 741	13
Continuing operations	**4 051 733**	3 558 172	14
Discontinuing operations	**12 274**	45 569	(73)
Continuing operations			
Turnover	**4 009 616**	3 514 566	14
Other income	**42 117**	43 606	(3)
Total revenue	**4 051 733**	3 558 172	14
Costs and expenses	**3 754 549**	3 291 843	14
Profit from operating activities	**297 184**	266 329	12
Net finance costs	**638**	10 679	(94)
Profit before taxation	**296 546**	255 650	16
Taxation	**90 212**	78 993	14
Net profit from continuing operations	**206 334**	176 657	17
Discontinuing operations			
Profit/(loss) from operating activities	**3 081**	(16 763)	
Loss arising from discontinuance	**(13 712)**	-	
Net finance income	**3**	77	
Net loss from discontinuing operations	**(10 628)**	(16 686)	36
Total group			
Net profit attributable to ordinary shareholders	**195 706**	159 971	22
Weighted average number of ordinary and B ordinary shares in issue (net of shares held by staff share trust) (000)	**237 074**	235 272	1
Earnings per ordinary share (cents) (weighted)			
- basic	**82,6**	68,0	21
- headline	**89,1**	71,1	25
- diluted	**80,5**	66,9	20
Distribution per ordinary share (cents)	**35,0**	25,0	40
Distribution cover (times)	**2,5**	2,8	(11)

CONSOLIDATED BALANCE SHEET

R'000	2004 March	2003 March
Assets		
Non-current assets	**647 020**	599 677
Property, plant and equipment	**255 672**	267 619
Intangibles	**9 740**	9 211
Long-term receivables	**376 409**	318 133
Deferred taxation assets	**5 199**	4 714
Current assets	**1 208 320**	1 112 789
Inventories	**550 583**	574 211
Trade and other receivables	**323 348**	332 156
Cash and cash equivalents	**334 389**	206 422
Total assets	**1 855 340**	1 712 466
Equity and liabilities		
Capital and reserves	**925 214**	788 625
Non-current liabilities	**318 125**	360 420
Long-term liabilities	**36 836**	63 535
Deferred taxation liabilities	**281 289**	296 885
Current liabilities	**612 001**	563 421
Trade and other payables and provisions	**515 117**	519 827
Short-term borrowings	**95 210**	23 095
Taxation	**1 674**	20 499
Total equity and liabilities	**1 855 340**	1 712 466

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	2004 March	2003 March
Opening capital and reserves	**788 625**	673 010
Effect of consolidation of staff share trusts	-	(7 438)
Effect of adoption of AC 133	**(12 902)**	-
Restated opening capital and reserves	**775 723**	665 572
Increase in share capital and share premium	**13 131**	1 625
Effect of consolidation of staff share trusts	**293**	7 145
Profit attributable to ordinary shareholders	**195 706**	159 971
Ordinary distribution to shareholders	**(59 639)**	(45 688)
Closing capital and reserves	**925 214**	788 625

COMMENTARY

GROUP RESULTS

A noticeable feature of the trading environment during the year under review has been the dramatic appreciation of the rand against the US dollar along with the significant reduction in local interest rates. Although impacting on the first half margins, the strategic decision to reduce selling prices, particularly in the home chains, led to a 23% growth in unit sales. The group performed well to counter the rapidly changing and challenging conditions with a strong second half in which operating profits grew by 26% compared to the growth of 9% in the first half.

For the year the group's turnover from continuing operations increased by 14% to R4 billion despite price deflation of 7%, compared with growth of 11,5% reported by the Retail Liaison Committee. Operating profit from continuing operations ended 12% higher at R297 million. The strong cash flows generated by the group, driven by the predominantly cash businesses and effective working capital management, saw net finance costs improve to R0,6 million from the previous year's levels of R10,7 million. Headline earnings per share rose by 25% to 89,1 cents. A final dividend to shareholders of 28,1 cents per share has been declared resulting in an annual dividend of 35,0 cents which is 40% up on last year's 25,0 cents.

TRADING

The cash division comprising Mr Price Weekend Material, Mr Price Home and Sheet Street, contributed 74% of the group's total revenue. The division, despite deflation of 7%, increased unit sales by 26% and reported a 17% growth in revenue to end the year at R3 billion with comparable sales growth of 9%. Operating profits ended the year 25% higher at R207 million and the operating margin improved to 6,9% from 6,5% in the previous year.

Mr Price Weekend Material traded extremely well throughout the year and achieved significant growth in profits and market share. The chain continues to be innovative and energetic with the goal of exceeding customer expectations.

In the home chains (Mr Price Home and Sheet Street) margins were impacted in the first half by the reduction in selling prices. Strong unit growth with restored operating margins in the second half helped the home chains report a significant improvement in second half operating profits. This positive trading trend has continued into the new financial period.

The cash division continued with its successful formula of expanding existing stores and, with new stores opened, grew its net trading space by 10% to 207 032 square metres, and brought its total number of outlets to 537.

The credit division, comprising Miladys, The Hub and Galaxy contributed 26% of the group's revenue. The division increased revenue by 6% to R1 billion with comparable sales up 5%. Operating profits at R115 million were 4% up on last year with Miladys, the major chain in this division, recording a modest increase in profits off a strong base of a 50% increase in the prior year.

The Hub, although impacted by a decrease in interest income from trade receivables attributable to the lower interest rates, reported good growth in operating profits. Galaxy, following a strong prior year performance, also recorded good growth in profitability.

Debtors were again well controlled with bad debts below budgeted levels. The credit division ended the year with 263 stores.

FINANCE

After capital expenditure of R71 million, the group's cash and cash equivalents ended strongly at R334 million.

The group increased its cash sales percentage to 85% and continues to generate significant levels of cash from operations. This strong cash position provides a solid platform to fund further expansion programmes, brand and assortment extensions and the accelerated taxation payments referred to below. This also facilitates the reduction in dividend cover from 2,8 to 2,5 times.

CLOSURE OF CHILE STORES

As reported at half year, the Chile stores were closed during this reporting period. Operating profits of R3 million benefited from the reversal of onerous contract provisions of R5 million. Closure costs of R13,7 million have been incurred and no further material costs are anticipated. The closure costs do not impact on headline earnings.

RESOLUTION OF TAXATION ISSUES

As disclosed in previous annual reports, the company has participated in export partnerships over the past 17 years. The company has now concluded an agreement with SARS which has cleared all queries raised concerning the company's participation in these partnerships without altering the tax payable, but which accelerates the payment of certain deferred taxation already provided for. The agreement will not result in any increase in the company's normal tax charge and will have no material impact on the company's earnings in the future.

An initial accelerated taxation payment of R100 million on 31 March 2004 was committed to, and the agreement provides for further accelerated taxation payments totalling R160 million to be spread over subsequent years. The tax consequences for the company flowing from the partnerships will be correspondingly lower in the years following the acceleration. The earlier taxation payments will be funded by the strong positive cash flows of the group. While the company's view, supported by legal and tax advice, is that the tax treatment of the export partnerships has been correct, the agreement with SARS has been concluded in the interests of avoiding the possibility of protracted litigation and the diversion of management.

PROSPECTS

The group aims to focus on its South African operations and continue its expansion programme and product extensions which have yielded positive results. In addition, possible investment in other Southern African countries as well as abroad will continue to be investigated.

The group is well positioned to continue its positive trading trend which should enable it to report a further growth in earnings at the end of the next financial year.

On behalf of the board

S B Cohen – Joint chairman
L J Chiappini – Joint chairman
A E McArthur – Chief executive officer

Durban
26 May 2004

DECLARATION OF FINAL DIVIDEND

Notice is hereby given that the directors have declared a final dividend of 28,1 cents per share to the holders of ordinary and the unlisted B ordinary shares.

The following dates are applicable:

Last date to trade "cum" the dividend	Friday	18 June 2004
Date trading commences "ex" the dividend	Monday	21 June 2004
Record date	Friday	25 June 2004
Date of payment	Monday	28 June 2004

Shareholders may not dematerialise or rematerialise their shares between 21 June 2004 and 25 June 2004, both dates inclusive.

On behalf of the board
C S Yuill - Secretary

Durban
26 May 2004

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited,
70 Marshall Street, Johannesburg, 2001.
P O Box 61051, Marshalltown, 2107.
Telephone: (011) 370 5000

SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited) Corporate Finance,
1 Merchant Place, Cnr Fredman Drive and Rivonia Road,
Sandton, 2196. P O Box 786273, Sandton, 2146.

CONSOLIDATED CASH FLOW STATEMENT

R'000	2004 March	2003 March
Cash flows from operating activities		
Operating profit before working capital changes	**327 462**	286 057
Working capital changes	**3 445**	(111 113)
Net interest received	**36 006**	28 294
Taxation paid	**(125 118)**	(12 059)
Dividends paid	**(59 639)**	(45 688)
Net cash inflows from operating activities	**182 156**	145 491
Continuing operations	**181 879**	154 487
Discontinuing operations	**277**	(8 996)
Cash flows from investing activities		
Net advances in respect of long-term receivables	**(43 775)**	(49 668)
Replacement of property, plant and equipment	**(6 813)**	(27 149)
Additions to property, plant and equipment	**(57 881)**	(130 482)
Additions to intangible assets	**(6 019)**	(6 223)
Proceeds on disposal of property, plant and equipment	**1 046**	4 337
Net cash outflows from investing activities	**(113 442)**	(209 185)
Continuing operations	**(114 031)**	(208 955)
Discontinuing operations	**589**	(230)
Cash inflows/(outflows) from financing activities (continuing operations)	**59 253**	(14 297)
Proceeds from issue of shares	**13 131**	1 625
Proceeds from disposal of investments by staff share trusts	**706**	7 283
Increase/(decrease) in borrowings	**45 416**	(23 205)
Net increase/(decrease) in cash and cash equivalents	**127 967**	(77 991)
Cash and cash equivalents at beginning of the year	**206 422**	284 413
Cash and cash equivalents at end of the year	**334 389**	206 422

SUPPLEMENTARY INFORMATION

	2004 March	2003 March
Number of ordinary and B ordinary shares in issue (net of shares held by staff share trust) (000)	**239 066**	235 580
Net asset value per ordinary share (cents)	**387**	335
	R'000	R'000
Reconciliation of headline earnings		
Attributable earnings	**195 706**	159 971
Amortisation of goodwill	**378**	368
Loss arising from discontinuance	**13 712**	-
Loss on disposal and scrapping of property, plant and equipment in continuing operations	**2 145**	10 001
Taxation adjustment	**(644)**	(3 000)
Headline earnings	**211 297**	167 340
Depreciation and amortisation for the year	**75 540**	70 790
Capital expenditure		
- expended during the year	**70 713**	163 854
- authorised or committed at year end	**90 500**	69 190

Borrowing powers are limited to R1 388 million and unutilised borrowing facilities amount to R250 million.

SEGMENTAL REPORTING

Business segments

The group's retail activities are organised into two divisions for operational and management purposes.

The main constituent of "Other" is the group's shopfitting business.

R'000	2004 March	2003 March	% change
Revenue			
Continuing operations	**4 051 733**	3 558 172	14
Cash division	**2 980 535**	2 547 455	17
Credit division	**1 047 941**	990 594	6
Central services	**16 671**	12 437	
Other	**49 674**	93 104	
Eliminations	**(43 088)**	(85 418)	
Discontinuing operations	**12 274**	45 569	(73)
Total	**4 064 007**	3 603 741	13
Operating profit before loss arising from discontinuance			
Continuing operations	**297 184**	266 329	12
Cash division	**206 682**	165 223	25
Credit division	**114 685**	110 263	4
Central services	**(26 544)**	(13 733)	
Other	**(264)**	13 352	
Eliminations	**2 625**	(8 776)	
Discontinuing operations	**3 081**	(16 763)	118
Total	**300 265**	249 566	20

NOTES

1. The accounting policies applied are in compliance with South African Statements of Generally Accepted Accounting Practice and are consistent with those applied in the 2003 annual financial statements, with the exception of the adoption of AC 133 Financial Instruments: recognition and measurement and the amendment of the definition of subsidiaries to include staff share trusts as a result of a ruling issued by the JSE's GAAP Monitoring Panel. Comparative figures have been restated in accordance with the transitional provisions of AC 132 Consolidated Financial Statements. An adjustment to opening retained income has been made in accordance with AC 133 to reflect the contributions made by the company to export partnerships at amortised cost.
2. The results for the year ended 31 March 2004 have been audited by Ernst & Young. Their unqualified opinion is available for inspection at the company's registered office.

Weekend Material   Home   sheet street   Miladys STYLE OF A WOMAN   The Hub   GALAXY & CO

Directors: L J Chiappini (Joint chairman), S B Cohen (Joint chairman), A E McArthur (Chief executive officer), C Hultzer, M R Johnston, Prof. L J Ring (USA), W J Swain, C S Yuill, N P Woodroffe (alternate)

This report and the supporting presentation are available on our website: www.mrpricegroup.com