Operating profit up 26%

Headline earnings per share up 22%

Interim dividend per share up 22%

Results
Retail sales for the 26 weeks ended 1 October 2011 increased 11.9%, with same-store growth at comparable stores being 9.9%. Traffic growth benefited from the high traffic levels of extended holiday periods during the FWA retail period. Total sales (including the impact of the FWA) increased 13.2% and comparable stores grew 10.7%. Retail sales growth of 13.2% was recorded with 15.1% on a same-store basis. Retail sales growth of 15.1% was recorded with 15.7% on a same-store basis.
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Financial position

The directors consider the business model (20% of sales on the portfolio for the period were from financial services products) to be resilient and income diverse. Total net finance income was 23% higher than the comparable period and reflects the impact of a number of factors, including the improved effective taxation rate, the impact of higher STC charge and the increase in the effective taxation rate. The increase in the effective taxation rate was 11.3% to 12.9% of retail sales.

Net finance income was lower as a consequence of continued tight cost control. Cost of sales rose by 10.4% which is slightly improved from 11.2% in the comparable period. The overall cost of sales margin was 50.8% compared with 50.9% in the comparable period. The higher STC charge, which was 5.9% in the comparable period, resulted in a significant increase in operating profit.

Profit before operating activities grew by 21.1% and the operating margin increased by 0.1%, 12.6% of sales for the period were for apparel (up 0.2% in the comparable period), 22.1% for home (up 0.6% in the comparable period), 27.8% for apparel (up 2.0% in the comparable period) and 37.6% for central services (up 0.8% in the comparable period). The Home chains increased sales and other income by 9.7% to R1.5 billion, attributable to strong growth in the catalogue channel of 15.6%. Comparable sales were up 4.0% with comparable sales in the catalogue channel up 15.5%.

Inventories rose by 11.2% to R3.6 billion and inventories of 11.7 months sales were 7.7% higher than in the comparable period. The Home chains increased sales and other income by 9.7% to R1.5 billion, attributable to strong growth in the catalogue channel of 15.6%. Comparable sales were up 4.0% with comparable sales in the catalogue channel up 15.5%.

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Mr Price Group Limited

Unaudited group results and interim dividend declaration for the 26 weeks ended 1 October 2011

Registration number 1913/004457/06 • Incorporated in the Republic of South Africa • ISIN: ZAE000069731 • JSE share code: MRH ('the Price' or the "company") on the "group"

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