The Foschini Group Limited

Registration number: 1937/009504/06

Share codes: TFG-TFGP

ISIN codes: ZAE000148466 - ZAE000148516

Unaudited interim condensed consolidated results for the half-year ended 30 September 2015

The following are The Foschini Group Limited's results for the half-year ended 30 September 2015.

This report has not been audited or reviewed by the company's auditors.

SALIENT FEATURES

* Group turnover up 33,6% to R9,8 billion (excluding Phase Eight: 10,8%)
* Strong cash sales growth of 15,8% (including Phase Eight: 67,4%) now representing 46,2% of TFG turnover (including Phase Eight: 55,4%)
* Headline earnings per share from continuing operations up 16,6% to 470,2 cents
* Interim distribution of scrip with a cash dividend alternative of 306,0 cents per share - 16,3% increase

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Sept 2015 Unaudited Rm | Sept 2014 Unaudited Rm | March 2015 Audited Rm |
|---|---|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 444,5 | 1 813,3 | 2 197,0 |
| Goodwill and intangible assets | 5 047,3 | 91,9 | 4 365,2 |
| Participation in export partnerships | 8,1 | 20,8 | 8,4 |
| Deferred taxation asset | 368,9 | 351,3 | 354,7 |
| | 7 868,8 | 2 277,3 | 6 925,3 |
| Current assets | | | |
| Inventory (note 4) | 4 363,2 | 2 846,6 | 3 813,9 |
| Trade receivables – retail | 6 339,2 | 5 971,0 | 6 199,9 |
| Other receivables and prepayments | 733,9 | 454,6 | 624,2 |
| Concession receivables | 171,4 | - | 156,5 |
| Participation in export partnerships | 9,0 | 8,5 | 13,2 |
| Cash | 1 003,7 | 433,1 | 800,4 |
| Taxation receivable | 39,3 | 26,2 | - |
| | 12 659,7 | 9 740,0 | 11 608,1 |
| Total assets | 20 528,5 | 12 017,3 | 18 533,4 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of The Foschini Group Limited | 9 125,6 | 7 759,3 | 8 130,9 |
| Non-controlling interest | 3,2 | 2,5 | 2,7 |
| Total equity | 9 128,8 | 7 761,8 | 8 133,6 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest-bearing debt | 3 897,2 | 1 576,8 | 3 709,5 |
| Put option liability | 36,8 | - | 20,3 |
| Cash-settled share incentive scheme | 4,8 | - | 0,7 |
| Operating lease liability | 236,1 | 220,4 | 223,1 |
| Deferred taxation | 396,4 | 36,5 | 345,2 |

| | | | |
|---|---|---|---|
| liability | | | |
| Post-retirement defined benefit plan | 198,8 | 186,4 | 192,6 |
| | 4 770,1 | 2 020,1 | 4 491,4 |
| Current liabilities | | | |
| Interest-bearing debt | 3 949,9 | 226,6 | 3 333,0 |
| Trade and other payables | 2 671,2 | 1 999,8 | 2 553,0 |
| Operating lease liability | 8,5 | 9,0 | 9,0 |
| Taxation payable | - | - | 13,4 |
| | 6 629,6 | 2 235,4 | 5 908,4 |
| Total liabilities | 11 399,7 | 4 255,5 | 10 399,8 |
| Total equity and liabilities | 20 528,5 | 12 017,3 | 18 533,4 |

CONDENSED CONSOLIDATED INCOME STATEMENT

| | 6 months ended 30 Sept 2015 Unaudited Rm | 6 months ended 30 Sept 2014 Unaudited Rm | % change | Year ended 31 March 2015 Audited Rm |
|---|---|---|---|---|
| *Continuing operations* | | | | |
| Revenue (note 5) | 11 082,6 | 8 538,3 | | 18 544,0 |
| Retail turnover | 9 761,2 | 7 305,1 | 33,6 | 16 085,9 |
| Cost of turnover | (4 972,4) | (3 986,3) | | (8 484,2) |
| Gross profit | 4 788,8 | 3 318,8 | | 7 601,7 |
| Interest income (note 6) | 732,4 | 663,5 | | 1 367,7 |
| Other revenue (note 7) | 589,0 | 569,7 | | 1 090,4 |
| Trading expenses (note 8) | (4 511,9) | (3 305,0) | | (7 252,7) |
| Operating profit before once-off acquisition costs and finance costs | 1 598,3 | 1 247,0 | 28,2 | 2 807,1 |
| Once-off acquisition costs | - | - | | (292,4) |
| Finance costs | (240,4) | (85,6) | | (228,1) |
| Profit before tax | 1 357,9 | 1 161,4 | | 2 286,6 |
| Income tax expense | (385,9) | (339,8) | | (748,8) |

| | | | | |
|---|---|---|---|---|
| Profit from continuing operations | 972,0 | 821,6 | 18,3 | 1 537,8 |
| *Discontinued operations* | | | | |
| Profit from discontinued operations, net of tax - RCS Group | - | 86,2 | | 86,2 |
| Profit on disposal of discontinued operations - RCS Group | - | 273,2 | | 273,2 |
| | --------- | --------- | | --------- |
| Profit for the period | 972,0 | 1 181,0 | | 1 897,2 |
| | ========= | ========= | | ========= |
| Attributable to: | | | | |
| Continuing operations | 971,5 | 821,4 | | 1 537,4 |
| Discontinued operations | - | 320,6 | | 320,6 |
| | --------- | --------- | | --------- |
| Equity holders of The Foschini Group Limited | 971,5 | 1 142,0 | | 1 858,0 |
| Non-controlling interest | 0,5 | 39,0 | | 39,2 |
| | --------- | --------- | | --------- |
| Profit for the period | 972,0 | 1 181,0 | | 1 897,2 |
| | ========= | ========= | | ========= |
| Earnings per ordinary share (cents) | | | | |
| Continuing operations (excl. once-off acquisition costs - March 2015) | | | | |
| Basic | 471,6 | 402,5 | 17,2 | 893,3 |
| Headline | 470,2 | 403,3 | 16,6 | 897,9 |
| Diluted (basic) | 467,7 | 400,9 | 16,7 | 885,7 |
| Diluted (headline) | 466,3 | 401,7 | 16,1 | 890,3 |
| Total | | | | |
| Basic | 471,6 | 559,6 | (15,7) | 909,4 |
| Headline | 470,2 | 426,5 | 10,2 | 780,3 |
| Diluted (basic) | 467,7 | 557,4 | (16,1) | 901,7 |
| Diluted (headline) | 466,3 | 424,8 | 9,8 | 773,7 |

| | | | |
|---|---|---|---|
| Weighted average ordinary shares in issue (millions) | 206,0 | 204,1 | 204,3 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 6 months ended 30 Sept 2015 Unaudited Rm | 6 months ended 30 Sept 2014 Unaudited Rm | Year ended 31 March 2015 Audited Rm |
|---|---|---|---|
| Profit for the period | 972,0 | 1 181,0 | 1 897,2 |
| Other comprehensive income: | | | |
| Items that are or may be reclassified to profit or loss | | | |
| Movement in effective portion of changes in fair value of cash flow hedges | 44,3 | 24,2 | 32,9 |
| Continuing operations | 44,3 | 32,4 | 41,1 |
| Discontinued operations | - | (8,2) | (8,2) |
| Foreign currency translation reserve movement | 442,2 | 0,8 | 66,0 |
| Continuing operations | 442,2 | 0,8 | 66,0 |
| Deferred tax on items that are or may be reclassified to profit or loss | (12,4) | (6,8) | (9,2) |
| Other comprehensive income for the period, net of tax | 474,1 | 18,2 | 89,7 |
| Total comprehensive income for the period | 1 446,1 | 1 199,2 | 1 986,9 |
| Attributable to: | | | |
| Continuing operations | 1 445,6 | 845,5 | 1 633,0 |
| Discontinued operations | - | 317,4 | 317,4 |

| | | | |
|---|---|---|---|
| Equity holders of The Foschini Group Limited | 1 445,6 | 1 162,9 | 1 950,4 |
| Non-controlling interest | 0,5 | 36,3 | 36,5 |
| Total comprehensive income for the period | 1 446,1 | 1 199,2 | 1 986,9 |

SUPPLEMENTARY INFORMATION

| | Sept 2015 Unaudited | Sept 2014 Unaudited | March 2015 Audited |
|---|---|---|---|
| Net ordinary shares in issue (millions) | 207,0 | 204,1 | 205,4 |
| Weighted average ordinary shares in issue (millions) | 206,0 | 204,1 | 204,3 |
| Tangible net asset value per ordinary share (cents) | 1 970,2 | 3 756,8 | 1 833,3 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Equity holders of The Foschini Group Limited Rm | Non-controlling interest Rm | Total equity Rm |
|---|---|---|---|
| Equity at 31 March 2014 - audited | 7 228,6 | 861,3 | 8 089,9 |
| Profit for the period | | | |
| Continuing operations | 821,4 | 0,2 | 821,6 |
| Discontinued operations | 320,6 | 38,8 | 359,4 |
| *Other comprehensive income* | | | |
| Continuing operations | | | |
| Movement in effective portion of changes in fair value of cash flow hedges | 32,4 | - | 32,4 |
| Foreign currency translation reserve movements | 0,8 | - | 0,8 |
| Deferred tax on movement in other comprehensive income | (9,1) | - | (9,1) |
| Discontinued operations | | | |
| Movement in effective portion of changes in fair value of cash flow hedges | (4,5) | (3,7) | (8,2) |
| Deferred tax on movement in other comprehensive income | 1,3 | 1,0 | 2,3 |

| | | | |
|---|---|---|---|
| Total comprehensive income for the period | 1 162,9 | 36,3 | 1 199,2 |
| Contributions by and distributions to owners | | | |
| Share-based payments reserve movements | 47,9 | - | 47,9 |
| Dividends paid | (603,7) | - | (603,7) |
| Realisation of non-controlling interest on disposal of discontinued operations | - | (895,1) | (895,1) |
| Realisation of reserves on disposal of discontinued operations | 24,2 | - | 24,2 |
| Proceeds from sale of shares in terms of share incentive schemes | 35,7 | - | 35,7 |
| Shares purchased in terms of share incentive schemes | (171,2) | - | (171,2) |
| Current tax on shares purchased | 11,6 | - | 11,6 |
| Deferred tax on shares purchased | 23,3 | - | 23,3 |
| Equity at 30 September 2014 - unaudited | 7 759,3 | 2,5 | 7 761,8 |
| Profit for the period | | | |
| Continuing operations | 716,0 | 0,2 | 716,2 |
| *Other comprehensive income* | | | |
| Continuing operations | | | |
| Movement in effective portion of changes in fair value of cash flow hedges | 8,7 | - | 8,7 |
| Foreign currency translation reserve movements | 65,2 | - | 65,2 |
| Deferred tax on movement in other comprehensive income | (2,4) | - | (2,4) |
| Total comprehensive income for the period | 787,5 | 0,2 | 787,7 |
| Contributions by and distributions to owners | | | |
| Share-based payments reserve movements | 49,5 | - | 49,5 |
| Dividends paid | (543,2) | - | (543,2) |
| Cancellation of issued shares | (0,1) | - | (0,1) |
| Proceeds from sale of shares in terms of share incentive schemes | 96,9 | - | 96,9 |
| Shares purchased in terms of share incentive schemes | (4,5) | - | (4,5) |
| Increase in the fair value of the put option liability | (15,8) | - | (15,8) |

| | | | |
|---|---|---|---|
| Current tax on shares purchased | 0,5 | - | 0,5 |
| Deferred tax on shares purchased | 0,8 | - | 0,8 |
| | ========== | ========== | ========== |
| Equity at 31 March 2015 - audited | 8 130,9 | 2,7 | 8 133,6 |
| Profit for the period | | | |
| Continuing operations | 971,5 | 0,5 | 972,0 |
| *Other comprehensive income* | | | |
| Continuing operations | | | |
| Movement in effective portion of changes in fair value of cash flow hedges | 44,3 | - | 44,3 |
| Foreign currency translation reserve movements | 442,2 | - | 442,2 |
| Deferred tax on movement in other comprehensive income | (12,4) | - | (12,4) |
| | ---------- | ---------- | ---------- |
| Total comprehensive income for the period | 1 445,6 | 0,5 | 1 446,1 |
| Contributions by and distributions to owners | | | |
| Share-based payments reserve movements | 57,7 | - | 57,7 |
| Dividends paid | (685,7) | - | (685,7) |
| Scrip distribution: share capital issued and share premium raised | 336,5 | - | 336,5 |
| Proceeds from sale of shares in terms of share incentive schemes | 8,0 | - | 8,0 |
| Shares purchased in terms of share incentive schemes | (191,3) | - | (191,3) |
| Increase in the fair value of the put option liability | (15,9) | - | (15,9) |
| Current tax on shares purchased | 13,3 | - | 13,3 |
| Deferred tax on shares purchased | 26,5 | - | 26,5 |
| | ---------- | ---------- | ---------- |
| Equity at 30 September 2015 - unaudited | 9 125,6 | 3,2 | 9 128,8 |
| | ========== | ========== | ========== |

| | 6 months ended 30 Sept 2015 Unaudited | 6 months ended 30 Sept 2014 Unaudited | Year ended 31 March 2015 Audited |
|---|---|---|---|
| Distribution per ordinary share (cents) | | | |
| Interim | 306,0 | 263,0 | 263,0 |
| Final | | | 325,0 |
| | ---------- | ---------- | ---------- |
| Total | 306,0 | 263,0 | 588,0 |

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 6 months ended 30 Sept 2015 Unaudited Rm | 6 months ended 30 Sept 2014 Unaudited Rm | Year ended 31 March 2015 Audited Rm |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating profit before working capital changes (note 9) | 1 876,4 | 1 506,0 | 3 047,4 |
| Increase in working capital | (648,9) | (113,5) | (998,4) |
| Cash generated from operations | 1 227,5 | 1 392,5 | 2 049,0 |
| Interest income | 10,8 | 9,5 | 30,0 |
| Finance costs | (240,4) | (85,6) | (228,1) |
| Taxation paid | (424,9) | (419,6) | (765,7) |
| Dividends paid | (349,2) | (603,7) | (1 146,9) |
| Net cash inflows (outflows) from operating activities | 223,8 | 293,1 | (61,7) |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | (411,0) | (321,5) | (669,8) |
| Acquisition of assets through business combinations (note 11) | (15,0) | - | (2 576,9) |
| Proceeds from sale of property, plant and equipment | 7,7 | 3,5 | 10,2 |
| Repayment of participation in export partnerships | 4,5 | 6,5 | 14,2 |
| Proceeds from disposal of discontinued operations | - | 1 442,7 | 1 442,7 |
| Net cash (outflows) inflows from investing activities | (413,8) | 1 131,2 | (1 779,6) |
| **Cash flows from financing activities** | | | |
| Shares purchased in terms of share incentive schemes | (191,3) | (171,2) | (175,7) |
| Proceeds from sale of shares in terms of share incentive schemes | 8,0 | 35,7 | 132,6 |
| Increase(decrease) in interest-bearing debt | 490,3 | (1 157,0) | 2 371,6 |
| Net cash inflows (outflows) from financing activities | 307,0 | (1 292,5) | 2 328,5 |

| | | | |
|---|---|---|---|
| Net increase in cash during the period | 117,0 | 131,8 | 487,2 |
| Cash at the beginning of the period | 800,4 | 301,3 | 301,3 |
| Effect of exchange rate fluctuations on cash held | 86,3 | - | 11,9 |
| Cash at the end of the period | 1 003,7 | 433,1 | 800,4 |

CONSOLIDATED SEGMENTAL ANALYSIS

| | Retail trading divisions Unaudited Rm | Customer value added products Unaudited Rm | Credit Unaudited Rm | Central and shared services Unaudited Rm | Phase Eight Unaudited Rm |
|---|---|---|---|---|---|
| 6 months ended 30 September 2015 | | | | | |
| External revenue | 8 091,1 | 418,6 | 156,2 | 14,2 | 1 670,1 |
| External interest income | - | - | 721,6 | 10,8 | - |
| Total revenue* | 8 091,1 | 418,6 | 877,8 | 25,0 | 1 670,1 |
| External finance costs | | | | (189,8) | (50,6) |
| Depreciation and amortisation | | | | (161,4) | (52,3) |
| Segmental profit (loss) before tax | 1 675,1 | 222,1 | 94,0 | (716,9) | 155,0 |

| | Retail trading divisions Unaudited Rm | Customer value added products Unaudited Rm | Credit Unaudited Rm | Central and shared services Unaudited Rm | Phase Eight Unaudited Rm |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| 6 months ended 30 September 2014 | | | | | |
| External revenue | 7 305,1 | 410,5 | 151,8 | 7,4 | - |
| External interest income | - | - | 654,0 | 9,5 | - |
| | -------- | -------- | -------- | -------- | -------- |
| Total revenue* | 7 305,1 | 410,5 | 805,8 | 16,9 | - |
| | ======== | ======== | ======== | ======== | ======== |
| Inter-segment revenue | | | | 9,6 | |
| External finance costs | | | | (85,6) | - |
| Depreciation and amortisation | | | | (198,2) | - |
| Segmental profit (loss) before tax | 1 501,9 | 229,1 | 70,9 | (580,2) | - |

| | Retail trading divisions Audited Rm | Customer value added products Audited Rm | Credit Audited Rm | Central and shared services Audited Rm | Phase Eight Audited Rm |
|---|---|---|---|---|---|
| Year ended 31 March 2015 | | | | | |
| External revenue | 15 683,8 | 775,1 | 304,1 | 11,2 | 402,1 |
| External interest income | - | - | 1 337,7 | 30,0 | - |
| | -------- | -------- | -------- | -------- | -------- |
| Total revenue | 15 683,8 | 775,1 | 1 641,8 | 41,2 | 402,1 |
| | ======== | ======== | ======== | ======== | ======== |
| Inter-segment revenue | | | | 9,7 | |
| External finance costs | | | | (209,3) | (18,8) |
| Depreciation and amortisation | | | | (412,7) | (15,4) |
| Segment profit(loss) before tax | 3 380,9 | 450,9 | 93,6 | (1 233,0) | (287,7) |

| | Total Retail September 2015 | Total Retail September 2014 | Total Retail March 2015 |
|---|---|---|---|
| External revenue | 10 350,2 | 7 874,8 | 17 176,3 |
| External interest income | 732,4 | 663,5 | 1,367,7 |
| | -------- | -------- | -------- |
| Total revenue | 11 082,6 | 8 538,3 | 18 544,0 |
| | ======== | ======== | ======== |
| Inter-segment revenue | - | 9,6 | 9,7 |
| External finance costs | (240,4) | (85,6) | (228,1) |
| Depreciation and amortisation | (213,7) | (198,2) | (428,1) |
| Segmental profit before tax | 1 429,3 | 1 221,7 | 2 404,7 |
| Other materia non-cash item | | | |
| Foreign exchange transactions | (1,2) | 0,8 | (4,8) |
| Share-based payments | (57,7) | (47,9) | (97,4) |
| Operating lease liability adjustment | (12,5) | (13,2) | (15,9) |
| | -------- | -------- | -------- |
| Group profit before tax | 1 357,9 | 1 161,4 | 2 286,6 |
| Capital expenditure | 418,0 | 321,5 | 669,8 |
| Segment asset | 20 528,5 | 12 017,3 | 18 533,4 |
| Segment liabilities | 11 399,7 | 4 255,5 | 10 399,8 |

* Includes retail turnover, interest income and other income.

Phase Eight was acquired on 15 January 2015 and is reflected as a separate reportable segment as defined by the board, being the chief operating decision-maker.

| | Discontinued operations RCS Group# 6 months ended 30 Sept 2015 Unaudited Rm | Discontinued operations RCS Group# 6 months ended 30 Sept 2014 Unaudited Rm | Discontinued operations RCS Group# Year ended 31 March 2015 Audited Rm |
|---|---|---|---|
| External revenue | - | 164,5 | 164,5 |
| External interest income | - | 298,2 | 298,2 |
| Total revenue* | - | 462,7 | 462,7 |
| Inter-segment revenue | - | 2,7 | 2,7 |
| External finance costs | - | (65,0) | (65,0) |
| Depreciation and amortisation | - | (4,8) | (4,8) |
| Segmental profit before tax | - | 480,4 | 480,4 |
| Capital expenditure | - | 4,9 | 4,9 |
| Segment assets | - | - | - |
| Segment liabilities | - | - | - |

# 6 months ended 30 September 2014 and year ended 31 March 2015 represents 3 months of trading prior to the disposal of RCS Group.

* Includes retail turnover, interest income and other income.

NOTES

These unaudited interim condensed consolidated results were prepared by the TFG Finance and Advisory department of The Foschini Group Limited acting under the supervision of Anthony Thunström CA(SA), CFO of The Foschini Group Limited.

1. The unaudited interim condensed consolidated results for the half-year ended 30 September 2015 are prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act No. 71 of 2008 and the JSE Listings Requirements. The accounting policies applied in the preparation of these interim condensed consolidated results are in terms of IFRS and consistent with those applied in the previous annual financial statements except as noted otherwise.

2. During the period, the group adopted the following revised accounting standards:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- Annual Improvements to IFRSs 2010-2012 Cycle – various standards
- Annual Improvements to IFRSs 2011-2013 Cycle – various standards

The adoption of these standards had no material impact on these results.

3. These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control. In the prior year, the RCS Group was treated as a discontinued operation and was disposed of on 30 June 2014.

| | 6 months ended 30 Sept 2015 Unaudited Rm | 6 months ended 30 Sept 2014 Unaudited Rm | Year ended 31 March 2015 Audited Rm |
|---|---|---|---|
| 4. Inventory | | | |
| Inventory at period end | 4 363,2 | 2 846,6 | 3 813,9 |
| | ========== | ========== | ========== |
| Inventory write-downs included above | 82,4 | 73,2 | 154,0 |
| | ---------- | ---------- | ---------- |
| 5. Revenue | | | |
| Retail turnover | 9 761,2 | 7 305,1 | 16 085,9 |
| Interest income (refer note 6) | 732,4 | 663,5 | 1 367,7 |
| Other revenue (refer note 7) | 589,0 | 569,7 | 1 090,4 |
| | ---------- | --------- | ---------- |

| | | | |
|---|---|---|---|
| | 11 082,6 | 8 538,3 | 18 544,0 |
| **6. Interest income** | | | |
| Trade receivables - retail | 721,6 | 654,0 | 1 337,7 |
| Sundry | 10,8 | 9,5 | 30,0 |
| | 732,4 | 663,5 | 1 367,7 |
| **7. Other revenue** | | | |
| Publishing income | 201,4 | 193,5 | 388,2 |
| Collection cost recovery | 156,2 | 151,8 | 304,1 |
| Insurance income | 174,5 | 173,6 | 300,3 |
| Mobile one2one airtime income | 42,7 | 43,4 | 86,6 |
| Sundry income | 14,2 | 7,4 | 11,2 |
| | 589,0 | 569,7 | 1 090,4 |
| **8. Trading expenses** | | | |
| Depreciation and amortisation | (213,7) | (198,2) | (428,1) |
| Employee costs | (1 479,2) | (1 056,8) | (2 325,2) |
| Occupancy costs | (963,5) | (748,7) | (1 585,0) |
| Net bad debt | (506,7) | (485,2) | (1 023,6) |
| Other operating costs | (1 348,8) | (816,1) | (1 890,8) |
| | (4 511,9) | (3 305,0) | (7 252,7) |
| **9. Operating profit before working capital changes** | | | |
| Profit before tax | 1 357,9 | 1 161,4 | 2 286,6 |
| Finance costs | 240,4 | 85,6 | 228,1 |
| Operating profit before finance costs | 1 598,3 | 1 247,0 | 2 514,7 |
| Interest income - sundry | (10,8) | (9,5) | (30,0) |
| Non-cash items | | | |
| Depreciation and Amortisation | 213,7 | 198,2 | 428,1 |
| Operating lease liability adjustment | 12,5 | 13,2 | 15,9 |
| Share-based payments | 57,7 | 47,9 | 97,4 |
| Post-retirement defined benefit medical aid movement | 6,2 | 6,0 | 12,2 |
| Foreign currency translation reserve movement | (1,2) | 0,8 | (4,8) |
| Cash-settled share incentive scheme | 3,7 | - | 0,7 |
| Loss on disposal of property, plant and equipment | 0,7 | 2,6 | 13,5 |
| Profit on disposal of property, plant and equipment | (4,4) | (0,2) | (0,3) |

| | | | |
|---|---|---|---|
| | 1 876,4 | 1 506,0 | 3 047,4 |

10. Reconciliation of profit for the period to headline earnings

| | | | |
|---|---|---|---|
| Profit for the period attributable to equity holders of The Foschini Group Limited | 971,5 | 1 142,0 | 1 858,0 |
| Adjusted for: | | | |
| Profit on disposal of property, plant and equipment | (4,4) | (0,2) | (0,3) |
| Loss on disposal of property, plant and equipment | 0,7 | 2,6 | 13,5 |
| Profit on disposal of discontinued operations | - | (273,2) | (273,2) |
| Adjusted headline earnings before tax | 967,8 | 871,2 | 1 598,0 |
| Tax on headline earnings adjustments | 0,8 | (0,7) | (3,8) |
| Headline earnings | 968,6 | 870,5 | 1 594,2 |
| Once-off acquisition costs | - | - | 292,4 |
| Tax impact of adjustments | - | - | (4,7) |
| Adjusted headline earnings* | 968,6 | 870,5 | 1 881,9 |

* Adjusted headline earnings is calculated to remove the impact of the once-off acquisition costs of the Phase Eight acquisition.

Earnings per ordinary share (cents)

| | 6 months ended 30 Sept 2015 | 6 months ended 30 Sept 2014 | % change | Year ended 31 March 2015 |
|---|---|---|---|---|
| Continuing operations (excl. once-off acquisition costs) | | | | |
| Basic | 471,6 | 402,5 | 17,2 | 893,3 |
| Headline | 470,2 | 403,3 | 16,6 | 897,9 |
| Diluted (basic) | 467,7 | 400,9 | 16,7 | 885,7 |
| Diluted (headline) | 466,3 | 401,7 | 16,1 | 890,3 |
| Total | | | | |
| Basic | 471,6 | 559,6 | (15,7) | 909,4 |
| Headline | 470,2 | 426,5 | 10,2 | 780,3 |
| Diluted (basic) | 467,7 | 557,4 | (16,1) | 901,7 |

| | | | | |
|---|---|---|---|---|
| Diluted (headline) | 466,3 | 424,8 | 9,8 | 773,7 |
| Discontinued operations | | | | |
| Basic | - | 157,1 | | 156,9 |
| Headline | - | 23,2 | | 23,2 |
| Diluted (basic) | - | 156,5 | | 155,6 |
| Diluted (headline) | - | 23,1 | | 23,0 |

11. Acquisitions for the period

Colette acquisition
With effect from 2 August 2015, the group acquired six Colette franchise stores in South Africa. These stores will be managed within the Foschini division.

Fair value of assets and liabilities assumed through this business combination:

| | Rm |
|---|---|
| Property, plant and equipment | 7,0 |
| Inventory | 2,0 |
| Total identifiable assets | 9,0 |
| Trade and other payables | (0,2) |
| Total identifiable net assets | 8,8 |
| Intangible asset/goodwill | 6,2 |
| Total purchase price | 15,0 |

12. Related parties
Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 March 2015 took place during the period. There are no significant related party transactions which took place in the current period.

13. Fair value
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature. The group only has level 2 financial instruments. There are no level 1 or level 3 financial instruments within the group and there were no transfers between levels during the period.

14. Subsequent events

No further significant events took place between the period ending 30 September 2015 and date of issue of this report.

15. Changes to directors
- On 28 May 2015, Mr Lewis was appointed as deputy chairman and as chairman on 19 June 2015.
- Mr D M Nurek resigned from the board on 19 June 2015.

- Mr P S Meiring retired at the end of June 2015 and resigned from the board.
- Mr R Stein retired as an executive director at the end of June 2015 and remains on the board in a non-executive capacity.
- On 1 July 2015, Mr A Thunström was appointed as CFO and as an executive director.
- On 5 November 2015, Mr G Davin was appointed as an independent non-executive director.

16. Change in estimate

Property, plant and equipment

During the period as required by IAS 16, the group reassessed the useful lives of its property, plant and equipment. The group determined that certain asset categories had generally longer useful lives than was being used for depreciation purposes. In the current period management revised certain useful lives of shopfittings assets from 5 years to 7 years, effective 1 April 2015.

The change in estimate results in a (decrease) increase in the depreciation expense for the current and future periods as disclosed below:

| Financial year | (Decrease) increase in depreciation for the year ended 31 March | (Decrease) increase in depreciation for the 6 months ended 30 September |
|---|---|---|
| 2016 | (115,2) | (64,4) |
| 2017 | (69,6) | (41,2) |
| 2018 | (12,7) | (13,5) |
| 2019 | 37,6 | 12,3 |
| 2020 | 75,0 | 33,1 |
| 2021 | 64,9 | 38,3 |
| 2022 | 20,0 | 16,4 |

COMMENT

GROUP OVERVIEW

The group produced a good result for the period with total retail sales growth of 33,6%. Excluding the impact of Phase Eight, the group achieved retail sales growth of 10,8% with comparable sales growth of 5,3%.

Whilst we continued to benefit from strong cash sales growth of 15,8% (67,4% including Phase Eight), we are pleased with the improvement in credit turnover growth to 6,8% from 2,5% in the corresponding period.

The group's overall gross margin improved as a result of the higher Phase Eight clothing margin. The margin in all other categories remained consistent with the prior period.

Our expenses remain well controlled growing at 10,6% (excluding Phase Eight). Including Phase Eight, our expenses have grown at 36,5%.

We are pleased with the performance of Phase Eight to date and the progress made with the integration of the business. The business is trading in line with our expectations and has achieved the strategic targets set for this period.

Headline earnings per share from continuing operations increased by 16,6% to 470,2 cents per share from 403,3 cents per share in the previous period.

The interim distribution, in the form of a scrip with a cash dividend alternative, increased by 16,3% to 306,0 cents per share, reflecting the growth in the underlying continuing operations.

We continued to grow trading space by opening 120 stores during the period in South Africa and the rest of Africa, whilst 10 were closed. Internationally we opened 81 outlets whilst 2 were closed. At the end of the period, TFG was trading out of 2 390 stores in Africa, an increase in trading area of 7,1% since September 2014. In total, TFG is now trading out of 2 913 outlets internationally.

MERCHANDISE CATEGORIES

Turnover growths in the various merchandise categories are as follows:

| | **% combined turnover growth (including Phase Eight)** | **% turnover growth (excluding Phase Eight)** | **% same store turnover growth (excluding Phase Eight)** |
|---|---:|---:|---:|
| Clothing | 46,6% | 12,5% | 6,6% |
| Jewellery | 6,3% | 6,3% | 2,6% |
| Cellphones | 1,6% | 1,6% | (2,5%) |
| Homewares & furniture | 13,1% | 13,1% | 5,6% |
| Cosmetics | 10,2% | 10,2% | 7,4% |

Total same store turnover grew by 5,3% whilst product inflation averaged approximately 7%.

CREDIT

Credit turnover growth was encouraging at 6,8% up from 2,5% in the corresponding period. The stronger growth rate follows improvements both in our customers' buying position and also in average sales value. Whilst we are seeing an improvement in the credit health of our consumers, we continue to implement appropriate credit risk measures. We will consider revising these should this positive trend be sustained.

The retail debtors' book of R6,3 billion has increased by 2,3%. The growth in net bad debt reduced to 4,4% from 9,9% in the corresponding period last year. Net bad debt as a percentage of the closing debtors' book increased to 14,0% from 12,9% at the end of the corresponding period, and 13,6% at the end of the previous year, partly as a result of the slow growth in the book. This result is an improvement on management's expectation. The retail debtors' book is adequately provisioned at 13,9%, up from 13,6% at the previous year-end.

BALANCE SHEET OPTIMISATION

Post the acquisition of Phase Eight, it has been our intention to bring our recourse debt-to-equity ratio (currently 56,2%) closer to our medium term target of 40%. Accordingly, as was previously advised, it is proposed that a further scrip distribution with a cash dividend alternative will be offered to shareholders in the short term with the intention of cumulatively increasing equity by approximately R1 billion over time. This will ensure that the group is well positioned to take advantage of future growth opportunities.

AFRICA EXPANSION

The group currently trades out of 164 stores across 7 countries in the rest of Africa. These stores, with the exception of Namibia, traded well during the period with turnover growth of 27,1% and same store turnover growth of 9,0%. Including Namibia, total turnover growth in the rest of Africa was 14,6%. Expansion into the rest of Africa continues to be one of our strategic objectives with a target of approximately 330 stores by 2021.

PROSPECTS

We expect the South African economic environment to remain challenging. We are however encouraged by the current level of credit turnover growth although mindful of the potential significant impact of the Affordability Regulations on the opening of new accounts. Our current good cash sales growth is expected to continue reflecting the ongoing desirability of our merchandise and is particularly encouraging given the high base of comparison.

Our previously reported strategic objectives around Customer, Leadership, Profit and Growth remain appropriate and will continue. In line with our strategy for long-term growth, we anticipate opening in excess of 70 new stores in sub-Saharan Africa during the second half of the financial year. In addition, we are planning to open in excess of 35 Phase Eight outlets internationally.

Total retail turnover growth for the first six weeks of the second half was at stronger levels to the first half growing by 34,6%. Excluding Phase Eight, the turnover growth was 11,9%. Phase Eight is trading in line with management's expectations. As always, our second half is heavily dependent on festive season trading which will largely determine the performance of the group for this period.

PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 158 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2016 has been declared from income reserves, payable on Tuesday, 22 March 2016 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 18 March 2016.
The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 11 March 2016. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Monday, 14 March 2016 and the record date, as indicated, will be Friday, 18 March 2016.
Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 14 March 2016 to Friday, 18 March 2016, both dates inclusive.
In terms of section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

1) Local dividend tax rate is 15%;
2) The withholding tax, if applicable at the rate of 15%, will result in a net cash dividend per share of 5,52500 cents;
3) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 12 November 2015; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

DECLARATION OF AN ORDINARY SHARE SCRIP DISTRIBUTION WITH CASH DIVIDEND ALTERNATIVE

Introduction

In order to enable shareholders to further participate in the growth of TFG, shareholders are advised that the board has declared an interim distribution for the half-year ended 30 September 2015, by way of the issue of fully paid ordinary shares of 1,25 cents each as a scrip distribution payable to ordinary shareholders recorded in the register on the record date, being Friday 15 January 2016 (scrip distribution).

As an alternative to receiving a scrip distribution, ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive a gross cash dividend of 306,0 cents per ordinary share in lieu of the scrip distribution, which will be paid only to those ordinary shareholders who elect to receive the cash dividend, in respect of all or part of their shareholding, on or before 12:00 on 15 January 2016 (the cash dividend alternative).

Shareholders not electing to receive the cash dividend alternative in respect of all or part of their shareholding will, by default, be issued with fully paid ordinary shares in terms of the scrip distribution.

The cash dividend alternative will be paid out of income reserves. A net cash dividend of 260,10000 cents per ordinary share will apply to shareholders liable for the local 15% dividend withholding tax and 306,00000 cents per ordinary share for shareholders exempt from the dividend tax. The new ordinary shares will, pursuant to the scrip distribution, be issued as a capitalisation of part of the share premium account. The issued ordinary share capital as at 12 November 2015 is 213 171 190 ordinary shares. The company's income tax reference number is 9925/133/71/3P.

Terms of the scrip distribution

The number of new ordinary shares to which ordinary shareholders participating in the scrip distribution will become entitled will be determined in the ratio that 306,0 cents multiplied by a factor of 1,05 bears to the volume-weighted average price (VWAP) of the ordinary shares on the JSE during the 5-day trading period ending on 17 December 2015.

Fractions

Trading in the STRATE environment does not permit fractions and fractional entitlements. Where an ordinary shareholder's entitlement to new ordinary shares results in a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded up to the nearest whole number where the fraction is greater than or equal to 0,5 and rounded down to the nearest whole number where the fraction is less than 0,5.

Circular and salient dates

A circular relating to the scrip distribution and the cash dividend alternative will be posted to ordinary shareholders on or about 2 December 2015.
In accordance with the provisions of STRATE, the electronic settlement and custody system used by the JSE, the relevant dates for the scrip distribution/cash dividend alternative are as follows:

| EVENT | DATE IN 2015/2016 |
|---|---|
| Circular and form of election posted to ordinary shareholders | Wednesday, 2 December 2015 |
| Finalisation date: Announcement of ratio applicable to the scrip distribution, based on the five-day VWAP ending on Thursday, 17 December 2015, released on SENS by 11h00 on | Friday, 18 December 2015 |

| | |
|---|---|
| Last day to trade in order to be eligible for the scrip distribution/cash dividend alternative ("*CUM*" scrip distribution/cash dividend alternative) | Friday, 8 January 2016 |
| Ordinary shares trade "EX" the scrip distribution/cash dividend alternative | Monday, 11 January 2016 |
| Listing of maximum possible number of new ordinary shares that could be issued in terms of the scrip distribution | Monday, 11 January 2016 |
| Last day to elect the cash dividend alternative instead of the scrip distribution by 12h00 | Friday, 15 January 2016 |
| Record date in respect of the scrip distribution/cash dividend alternative | Friday, 15 January 2016 |
| Ordinary share certificates and dividend cheques posted and Central Securities Depository posted and Central Securities Depository Participant (CSDP)/broker accounts credited/updated (payment date) | Monday, 18 January 2016 |
| Maximum number of new ordinary shares listed adjusted to reflect the actual number of new ordinary shares issued on or about | Wednesday, 20 January 2016 |

All times provided in this announcement are South African local time. The above dates and times are subject to change. If applicable, any changes will be released on SENS.

Ordinary share certificates may not be dematerialised or rematerialised, nor may transfers between registers take place between Monday, 11 January 2016 and Friday, 15 January 2016, both days inclusive.

Payment of the cash dividend alternative

To the extent elected by ordinary shareholders, the cash dividend alternative is declared in South African currency. Where applicable, dividends in respect of certificated ordinary shares will be transferred electronically to ordinary shareholders' bank accounts on the payment date. Ordinary shareholders who hold dematerialised shares will have their accounts at their CSDP or broker credited/updated on Monday, 18 January 2016.

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Signed on behalf of the Board.

M Lewis — *Chairman*

A D Murray — *CEO*

Cape Town
12 November 2015

Non-executive directors:

M Lewis (Chairman), Prof. F Abrahams, S E Abrahams, G Davin, D Friedland, B L M Makgabo-Fiskerstrand, E Oblowitz, N V Simamane, R Stein

Executive directors:

A D Murray, A Thunström

Acting company secretary:

C Malan

Registered office:

Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500

Transfer secretaries:

Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001

Sponsor:

UBS South Africa Proprietary Limited

Visit our website at http://www.tfglimited.co.za