

The Foschini Group Limited
Registration number: 1937/009504/06
Share codes: TFG-TFGP
ISIN codes: ZAE000148466 - ZAE000148516

Reviewed Preliminary Condensed Consolidated Financial Statements for the
Year Ended 31 March 2017

The reviewed preliminary condensed consolidated financial statements of The Foschini Group Limited for the year ended 31 March 2017 have been reviewed by the company's auditors, KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all the information contained in these financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information, which is available at the company's registered office.

SALIENT FEATURES

- * Group turnover up 11,6% (constant currency +14,3%) to R23,5 billion (TFG Africa*: +8,0%)
- * Headline earnings excluding acquisition costs up 6,8%
- * Headline earnings per share excluding acquisition costs up 4,1% (constant currency +5,7%) to 1 099,2 cents
- * Final dividend of 400,0 cents per share, total dividend of 720,0 cents per share - a 4,2% increase
- * Total cash component of turnover 60,7% (TFG Africa: 51,1%)
- * Strong cash turnover growth of 18,5% (TFG Africa: 14,1%)
- * Net bad debt reduces by 5,4%
- * Free cash flow doubles to R1,3bn
- * Acquisition of 400 outlet leading Australian menswear retailer, the Retail Apparel Group ("RAG"), post year-end

* TFG Africa includes all operations on the African continent

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 2017 Reviewed Rm	March 2016 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	2 469,0	2 335,7
Goodwill and intangible assets	4 675,9	5 577,8
Participation in export partnerships	-	8,2
Deferred taxation asset	483,6	527,2
	-----	-----
	7 628,5	8 448,9
	-----	-----
Current assets		
Inventory (note 4)	5 511,2	5 116,1
Trade receivables - retail	7 000,7	6 695,0
Other receivables and prepayments	771,0	592,9
Concession receivables	246,1	347,2
Participation in export partnerships	-	6,2
Cash	878,5	888,8
	-----	-----
	14 407,5	13 646,2
	-----	-----
Total assets	22 036,0	22 095,1
	=====	=====
EQUITY AND LIABILITIES		
Equity attributable to equity holders of The Foschini Group Limited		
	10 515,3	9 896,7
Non-controlling interest	4,2	4,0
	-----	-----
Total equity	10 519,5	9 900,7
	-----	-----
LIABILITIES		
Non-current liabilities		
Interest-bearing debt	4 442,2	5 026,3
Put option liability	74,7	48,1
Cash-settled share incentive scheme	6,8	8,5
Operating lease liability	255,7	238,2
Deferred taxation liability	337,9	435,4
Post-retirement defined benefit plan	233,1	217,3
	-----	-----

	5 350,4	5 973,8
	-----	-----
Current liabilities		
Interest-bearing debt	3 307,0	3 139,4
Trade and other payables	2 751,3	3 046,7
Operating lease liability	15,2	10,8
Taxation payable	92,6	23,7
	-----	-----
	6 166,1	6 220,6
	-----	-----
Total liabilities	11 516,5	12 194,4
	-----	-----
Total equity and liabilities	22 036,0	22 095,1
	=====	=====

CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2017 Reviewed Rm	Year ended 31 March 2016 Audited Rm	%
			change
Revenue (note 5)	26 413,6	23 746,4	
	=====	=====	
Retail turnover	23 548,7	21 107,5	11,6
Cost of turnover	(11 845,2)	(10 613,1)	
	-----	-----	
Gross profit	11 703,5	10 494,4	
Interest income (note 6)	1 736,9	1 533,0	
Other income (note 7)	1 128,0	1 105,9	
Trading expenses (note 8)	(10 757,2)	(9 537,2)	
	-----	-----	
Operating profit before acquisition costs and finance costs	3 811,2	3 596,1	6,0
Acquisition costs	-	(65,9)	
Finance costs	(607,4)	(509,0)	
	-----	-----	
Profit before tax	3 203,8	3 021,2	
Income tax expense	(851,3)	(863,9)	
	-----	-----	
Profit for the year	2 352,5	2 157,3	9,0
	=====	=====	
Attributable to:			
Equity holders of The Foschini Group Limited	2 351,4	2 155,6	
Non-controlling interest	1,1	1,7	
	-----	-----	
Profit for the year	2 352,5	2 157,3	
	=====	=====	

Earnings per ordinary share
(cents)

Total			
Basic	1 108,0	1 041,5	6,4
Headline	1 099,2	1 024,0	7,3
Diluted (basic)	1 098,6	1 031,9	6,5
Diluted (headline)	1 089,9	1 014,5	7,4

Total (excluding acquisition costs) earnings per ordinary share - refer to note 10

Weighted average ordinary shares in issue (millions)	212,2	207,0
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2017 Reviewed Rm	Year ended 31 March 2016 Audited Rm
Profit for the year	2 352,5	2 157,3
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Actuarial losses on post-retirement defined benefit plan	-	(11,8)
Deferred tax on items that will never be reclassified to profit or loss	-	3,3
Items that are or may be reclassified to profit or loss		
Movement in effective portion of changes in fair value of cash flow hedges	24,2	(70,3)
Foreign currency translation reserve movements	(793,1)	464,0
Deferred tax on items that are or may be reclassified to profit or loss	(6,8)	19,7
Other comprehensive income for the year, net of tax	(775,7)	404,9
Total comprehensive income for the year	1 576,8	2 562,2
Attributable to:		
Equity holders of The Foschini Group Limited	1 575,7	2 560,5
Non-controlling interest	1,1	1,7
Total comprehensive income for the year	1 576,8	2 562,2

Supplementary Information	March 2017 Reviewed	March 2016 Audited
Net ordinary shares in issue (millions)	214,0	209,3
Weighted average ordinary shares in issue (millions)	212,2	207,0
Tangible net asset value per ordinary share (cents)	2 728,7	2 063,5

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 2015 - audited	8 130,9	2,7	8 133,6
Profit for the year	2 155,6	1,7	2 157,3
<i>Other comprehensive income</i>			
Actuarial losses on post-retirement defined benefit plan	(11,8)	-	(11,8)
Movement in effective portion of changes in fair value of cash flow hedges	(70,3)	-	(70,3)
Foreign currency translation reserve movements	464,0	-	464,0
Deferred tax on movement in other comprehensive income	23,0	-	23,0
	-----	-----	-----
Total comprehensive income for the year	2 560,5	1,7	2 562,2
Contributions by and distributions to owners			
Share-based payments reserve movements	114,7	-	114,7
Dividends paid	(1 327,2)	(0,4)	(1 327,6)
Scrip distribution: share capital issued and share premium raised	579,8	-	579,8
Proceeds from sale of shares in terms of share incentive schemes	18,1	-	18,1
Shares purchased in terms of share incentive schemes	(193,6)	-	(193,6)
Increase in the fair value of the put option liability	(27,2)	-	(27,2)
Current tax on shares purchased	13,6	-	13,6
Deferred tax on shares purchased	27,1	-	27,1
	-----	-----	-----
Equity at 31 March 2016 - audited	9 896,7	4,0	9 900,7
Profit for the year	2 351,4	1,1	2 352,5
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow	24,2	-	24,2

hedges			
Foreign currency translation reserve movements	(793,1)	-	(793,1)
Deferred tax on movement in other comprehensive income	(6,8)	-	(6,8)
	-----	-----	-----
Total comprehensive income for the year	1 575,7	1,1	1 576,8
Contributions by and distributions to owners			
Share-based payments reserve movements	131,4	-	131,4
Dividends paid	(1 508,1)	(0,9)	(1 509,0)
Scrip distribution: share capital issued and share premium raised	542,9	-	542,9
Proceeds from sale of shares in terms of share incentive schemes	151,3	-	151,3
Shares purchased in terms of share incentive schemes	(234,8)	-	(234,8)
Increase in the fair value of the put option liability	(39,8)	-	(39,8)
	-----	-----	-----
Equity at 31 March 2017 - reviewed	10 515,3	4,2	10 519,5
	=====	=====	=====

	Year ended 31 March 2017 Reviewed	Year ended 31 March 2016 Audited
Distribution per ordinary share (cents)		
Interim	320,0	306,0
Final	400,0	385,0
	-----	-----
Total	720,0	691,0
	=====	=====

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2017 Reviewed Rm	Year ended 31 March 2016 Audited Rm
Cash flows from operating activities		
Operating profit before working capital changes (note 9)	4 488,6	4 127,2
Increase in working capital	(1 156,5)	(1 509,4)
	-----	-----
Cash generated from operations	3 332,1	2 617,8
Interest income	33,1	22,3
Finance costs	(607,4)	(509,0)
Taxation paid	(777,5)	(921,8)
Dividends paid	(966,1)	(747,8)
	-----	-----

Net cash inflows from operating activities	1 014,2	461,5
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(883,5)	(901,0)
Acquisition of assets through business combinations (note 11)	(33,8)	(152,4)
Proceeds from sale of property, plant and equipment	32,0	14,6
Repayment of participation in export partnerships	14,4	7,2
Proceeds from disposal of investment	-	1,1
Net cash outflows from investing activities	(870,9)	(1 030,5)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	(234,8)	(193,6)
Proceeds from sale of shares in terms of share incentive schemes	151,3	18,1
Increase in interest-bearing debt	36,8	760,6
Net cash (outflows)inflows from financing activities	(46,7)	585,1
Net increase in cash during the year	96,6	16,1
Cash at the beginning of the year	888,8	800,4
Effect of exchange rate fluctuations on cash held	(106,9)	72,3
Cash at the end of the year	878,5	888,8

CONSOLIDATED SEGMENTAL ANALYSIS

	Retail trading divisions Reviewed Rm	Customer value-added products Reviewed Rm	Credit Reviewed Rm	Central and shared services Reviewed Rm	Inter-national division Reviewed Rm
Year ended 31 March 2017					
External revenue	18 912,8	783,3	331,5	13,2	4 635,9
External interest income	-	-	1 703,8	33,1	-
Total revenue*	18 912,8	783,3	2 035,3	46,3	4 635,9
External finance costs				(526,8)	(80,6)

Depreciation and amortisation				(437,6)	(102,7)
Segmental profit (loss) before tax	3 802,1	444,0	571,9	(1 802,2)	345,3

	Retail trading divisions Audited Rm	Customer value-added products Audited Rm	Credit Audited Rm	Central and shared services Audited Rm	Inter-national division Audited Rm
Year ended 31 March 2016					
External revenue	17 504,4	778,4	312,4	15,1	3 603,1
External interest income	-	-	1 510,7	22,3	-
Total revenue*	<u>17 504,4</u>	<u>778,4</u>	<u>1 823,1</u>	<u>37,4</u>	<u>3 603,1</u>
External finance costs				(409,5)	(99,5)
Depreciation and amortisation				(347,1)	(117,6)
Segmental profit (loss) before tax	3 683,4	437,6	320,1	(1 531,0)	241,3

	Year ended 31 March 2017 Reviewed Rm	Year ended 31 March 2016 Audited Rm
External revenue	24 676,7	22 213,4
External interest income	1 736,9	1 533,0
Total revenue*	<u>26 413,6</u>	<u>23 746,4</u>
External finance costs	(607,4)	(509,0)
Depreciation and amortisation	(540,3)	(464,7)
Segmental profit before tax	3 361,1	3 151,4
Other material non-cash items		
Foreign exchange transactions	(4,0)	1,4
Share-based payments	(131,4)	(114,7)
Operating lease liability adjustment	(21,9)	(16,9)
Group profit before tax	<u>3 203,8</u>	<u>3 021,2</u>

Capital expenditure	883,5	901,0
Segment assets	22 036,0	22 095,1
Segment liabilities	11 516,5	12 194,4

* Includes retail turnover, interest income and other income.

NOTES

Review report of the Independent Auditors

The reviewed preliminary condensed consolidated financial statements of The Foschini Group Limited for the year ended 31 March 2017 have been reviewed by the company's auditors, KPMG Inc., who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all the information contained in these financial statements. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information, which is available at the company's registered office.

1. Basis of preparation

The reviewed preliminary condensed consolidated financial statements for the year ended 31 March 2017 are prepared in accordance with the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of these reviewed preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except as noted otherwise.

2. During the year, the Group adopted the following revised accounting standards:

- Annual Improvements to IFRSs 2012-2014 Cycle - various standards
- Disclosure Initiative (Amendments to IAS 1)

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.

	Year ended 31 March 2017 Reviewed Rm	Year ended 31 March 2016 Audited Rm
4. Inventory		
Inventory at year-end	5 511,2	5 116,1
	=====	=====
Inventory write-downs included above	233,0	174,9
	-----	-----
5. Revenue		
Retail turnover	23 548,7	21 107,5
Interest income (note 6)	1 736,9	1 533,0
Other income (note 7)	1 128,0	1 105,9
	-----	-----
	26 413,6	23 746,4
	-----	-----
6. Interest income		
Trade receivables - retail	1 703,8	1 510,7
Sundry	33,1	22,3
	-----	-----
	1 736,9	1 533,0
	-----	-----
7. Other income		
Publishing income	400,8	399,4
Collection cost recovery	331,5	312,4
Insurance income	289,0	297,8
Mobile one2one airtime income	93,5	81,2
Sundry income	13,2	15,1
	-----	-----
	1 128,0	1 105,9
	-----	-----
8. Trading expenses		
Depreciation and amortisation	(540,3)	(464,7)
Employee costs	(3 669,8)	(3 210,8)
Occupancy costs	(2 431,8)	(2 043,2)
Net bad debt	(896,1)	(947,7)
Other operating costs	(3 219,2)	(2 870,8)
	-----	-----
	(10 757,2)	(9 537,2)
	-----	-----
9. Operating profit before working capital changes		

Profit before tax	3 203,8	3 021,2
Finance costs	607,4	509,0
	-----	-----
Operating profit before finance costs	3 811,2	3 530,2
Interest income - sundry	(33,1)	(22,3)
Non-cash items		
Depreciation and amortisation	540,3	464,7
Operating lease liability adjustment	21,9	16,9
Share-based payments	131,4	114,7
Post-retirement defined benefit medical aid movement	15,8	12,9
Foreign currency translation reserve movements	4,0	1,4
Cash-settled share incentive scheme	-	7,7
Profit on disposal of investment	-	(1,1)
Loss on disposal of property, plant and equipment	12,2	7,1
Profit on disposal of property, plant and equipment	(15,1)	(5,0)
	-----	-----
	4 488,6	4 127,2
	-----	-----

10. Reconciliation of profit for the year to headline earnings

Profit for the year attributable to equity holders of The Foschini Group Limited	2 351,4	2 155,6
Adjusted for:		
Profit on disposal of property, plant and equipment	(15,1)	(5,0)
Loss on disposal of property, plant and equipment	12,2	7,1
Profit on disposal of investment	-	(1,1)
	-----	-----
Adjusted headline earnings before tax	2 348,5	2 156,6
Tax on headline earnings adjustments	(15,7)	(37,3)
	-----	-----
Headline earnings	2 332,8	2 119,3
Acquisition costs	-	65,9
	-----	-----
Adjusted headline earnings*	2 332,8	2 185,2
	-----	-----

* Adjusted headline earnings is calculated to remove the impact of the acquisition costs of the prior year's Whistles acquisition.

	Year ended 31 March 2017	Year ended 31 March 2016	% change
Earnings per ordinary share (cents)			
Total (excluding acquisition costs)			
Basic	1 108,0	1 073,3	3,2
Headline	1 099,2	1 055,8	4,1
Diluted (basic)	1 098,6	1 063,4	3,3

Diluted (headline)	1 089,9	1 046,0	4,2
Total			
Basic	1 108,0	1 041,5	6,4
Headline	1 099,2	1 024,0	7,3
Diluted (basic)	1 098,6	1 031,9	6,5
Diluted (headline)	1 089,9	1 014,5	7,4

11. Acquisition during the year

Damsel in a Dress

On 3 February 2017, the Group acquired 100% of the inventory and the brand of Damsel in a Dress Limited, which trades as Damsel in a Dress. Consideration of £2 million was paid to acquire the rights to the brand and inventory of Damsel in a Dress Limited. The brand will be managed within the International division.

12. Related parties

The Group entered into related party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the Group's annual financial statements for the year ended 31 March 2016.

13. Fair value

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their 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 year.

14. Subsequent events

With effect from 3 April 2017, the Group acquired 14 G-Star RAW franchise stores in Australia for AUD13,9 million.

The Group is acquiring 100% of the share capital of Retail Apparel Group (Pty) Ltd (RAG). RAG is a leading speciality menswear retailer in the Australian market. The purchase is capped at the lower of 7 times RAG's audited normalised EBITDA, for the year ending June 2017, and AUD302,5 million which will then be adjusted for normalised working capital and net debt at acquisition. The expected purchase price has been hedged.

No further significant events took place between the year ended 31 March 2017 and date of issue of this report.

15. Changes in directors

There were no changes in directors during the current year.

COMMENTARY

INTRODUCTION

To assist our stakeholders in understanding the Group's activities, we will be using the naming conventions defined below:

- "The TFG Group" or "the Group" - refers to the consolidated performance of TFG Limited and all its subsidiaries
- "TFG Africa" - refers to all operations on the African continent

- “TFG International” - refers to all operations outside the African continent

In the commentary below, numbers quoted refer to the Group unless otherwise specified.

PERFORMANCE OVERVIEW

The Group's satisfactory performance of the first half continued into the second half of the financial year resulting in retail turnover growth for the full year of 11,6% (constant currency +14,3%). This growth was achieved despite the challenging trading environment experienced during the year across all the territories that we trade in. Turnover growth for TFG Africa was 8,0% with comparable sales growth of 2,8%.

Cash turnover growth for the Group was slower in the second half at 9,5% (TFG Africa: 10,3%) resulting in full year growth of 18,5% (TFG Africa: 14,1%). Credit turnover however continues to be impacted by the reduction in new account openings as a result of the Affordability Regulations and grew by only 2,3%.

Gross margin for the year remained broadly consistent in all merchandise categories. The Group achieved a gross margin of 49,7% (March 2016: 49,7%) for the year whilst a margin of 46,4% (March 2016: 46,9%) was achieved in TFG Africa. The TFG Africa gross margin mix was impacted by strong cellular sales (+15,3%) which historically trades at a lower margin.

Total trading expenses increased by 12,8% (TFG Africa: 7,9%) over the previous year. Although cost control remains a priority and key focus area, we continue to invest for future growth.

Headline earnings grew by 10,1% for the year (6,8% excluding acquisition costs). Headline earnings per share (excluding acquisition costs) increased to 1 099,2 cents per share from 1 055,8 cents per share, a growth of 4,1% (constant currency +5,7%).

A final cash dividend of 400,0 cents per share has been declared, an increase of 3,9%. Accordingly, the total dividend for the year amounts to 720,0 cents per share, an increase of 4,2%.

During the year, the Group opened 331 outlets (206 in Africa and 125 internationally) whilst 128 outlets were closed. Of the 128 outlets, 37 were converted to other brands within the Group. This was due to our ongoing capital optimisation project, which places specific focus on loss making outlets. At year-end, the Group's footprint extended to a total of 3 328 outlets in 34 countries. Net trading space in our African operations increased by 4,4% since March 2016.

Our investment in e-commerce continues with turnover from online trading exceeding expectation for both our local and international brands. Shortly after year-end, @homelivingspace successfully launched online furniture sales.

MERCHANDISE CATEGORIES

Turnover growths in the various merchandise categories are as follows:

	% turnover growth (TFG Group)	% turnover growth (TFG Africa)	% same store turnover growth (TFG Africa)
Clothing	13,3%	8,6%	3,0%
Jewellery	1,4%	1,4%	(0,8%)
Cellphones	15,3%	15,3%	11,4%
Homeware & furniture	5,9%	5,9%	(3,2%)
Cosmetics	2,3%	2,3%	0,0%

Total same store turnover (TFG Africa) grew by 2,8% whilst product inflation averaged approximately 7,2%.

CREDIT

The retail debtors' book of R7 billion, grew by 4,6% compared to March 2016. The Affordability Regulations and the challenging economic environment has severely impacted our number of active accounts, which reduced by 5,4% compared to the previous year.

Continuing the trend of last year, net bad debt decreased by a pleasing 5,4% due to improved collection results and strong growth in recoveries. As a consequence of the modest growth of the debtors' book and the lower credit turnover growth, net bad debt as a percentage of the closing debtors' book was 11,3%, down from 12,3% at March 2016. The retail debtors' book is conservatively provisioned at 11,8%, down from 13,2% at the previous year-end. This is to be expected given the improved collections and the slowdown in new accounts growth.

BALANCE SHEET STRUCTURE

Our recourse debt to equity ratio at year-end improved to 53,6% from 55,6% at March 2016 with total debt to equity improving to 65,3% from 73,5% at March 2016.

AFRICA EXPANSION

At the year-end, the Group was trading out of 183 outlets across seven African countries (excluding South Africa). During the year, we opened nine outlets and closed two.

These outlets traded satisfactorily with turnover growth of 9,9% during the year and comparable store turnover growth of 3,4%.

In South Africa, we opened 160 new outlets during the year and converted 37 former Fashion Express outlets to other brands in the Group, bringing the total number of South African outlets to 2 406.

INTERNATIONAL EXPANSION

Performance within our international division was ahead of expectation and peer group performance for the year with good progress made on the strategic targets set for both Phase Eight and Whistles. Turnover growth was 45,0% in

GBP and operational EBITDA growth was 15,1% in GBP.

INTERNATIONAL ACQUISITIONS POST YEAR-END

With effect from 3 April 2017, the Group acquired 14 G-Star RAW franchise stores in Australia.

In line with our international growth strategy, we are pleased to announce the acquisition of 100% of the share capital of the Retail Apparel Group ("RAG"). RAG is a leading speciality menswear retailer in Australia and New Zealand and trades through four menswear brands with 375 outlets and a small but fast-growing ladies athleisure brand with 25 outlets. The expected purchase price has been hedged. The pertinent information relevant to this acquisition is contained in the SENS announcement which has been released earlier today.

OUTLOOK

Political and economic uncertainty continues to cloud the outlook for domestic as well as the global economy.

As previously mentioned, the Affordability Regulations have had and will continue to have a negative impact on the Group's credit turnover. The Group, together with two other major listed retailers, has initiated legal action against the National Credit Regulator (NCR) and Department of Trade and Industry (dti) in connection with the Affordability Regulations. With the negative impact of the credit regulations now in our base, we anticipate stronger credit turnover growth off this lower base which should not be allowed to mask the underlying impact that these regulations have on the long-term credit prospects of our Group.

Despite the economic outlook, we believe that our continued commitment to our strategic objectives around customer, leadership, profit and growth will support our future success. In line with our strategy for long-term growth, we anticipate opening in excess of 150 new stores in TFG Africa in the year ahead which will increase trading space by approximately 5%. In addition, we are planning to open in excess of 110 TFG International outlets. Our investment in the UK and Australian markets strengthens our diversified portfolio of brands and provides a solid platform for further growth opportunities in these markets.

The Group's turnover growth, in constant currency, for the first seven weeks of the 2018 financial year, is in line with management's expectations in the upper single digits across both TFG International and TFG Africa.

PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 161 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 30 September 2017 has been declared from income reserves, payable on Tuesday, 26 September 2017 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 22 September 2017. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 19 September 2017. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 20 September 2017 and the record date, as indicated, will be Friday, 22 September 2017.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 20 September 2017 to Friday, 22 September 2017, 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 20%;
- 2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 5,20000 cents;
- 3) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 25 May 2017; and
- 4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

FINAL ORDINARY DIVIDEND ANNOUNCEMENT

The directors have declared a gross final ordinary dividend of 400,0 cents per ordinary share from income reserves, for the period ended 31 March 2017, payable on Monday, 24 July 2017 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 21 July 2017. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 18 July 2017. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 19 July 2017 and the record date, as indicated, will be Friday, 21 July 2017.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 19 July 2017 to Friday, 21 July 2017, 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 20%;
- 2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 320,00000 cents;
- 3) The issued ordinary share capital of The Foschini Group Limited is 219 515 434 shares at 25 May 2017; and
- 4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

Signed on behalf of the Board.

M Lewis
Chairman

A D Murray
CEO

Cape Town
25 May 2017

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

Company Secretary:

D van Rooyen

Registered office:

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

Transfer secretaries:

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

Sponsor:

UBS South Africa Proprietary Limited

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