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 2018

SALIENT FEATURES

* Group retail turnover up 21,4% (constant currency +23,0%) to R28,6 billion
* Gross margin improved to 52,5% (March 2017: 49,7%)
* Headline earnings excluding acquisition costs* up 9,6% (constant currency +10,2%) to R2,5 billion
* Headline earnings per share excluding acquisition* costs up 3,4% (constant currency +4,0%) to 1 136,5 cents
* Free cash flow up 44,8% to R1,9 billion
* Final dividend of 420,0 cents per share - a 5,0% increase
* Total dividend of 745,0 cents per share - a 3,5% increase

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 2018 Reviewed Rm	March 2017 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment	2 861,9	2 469,0
Goodwill and intangible assets	7 667,2	4 675,9
Deferred taxation asset	620,6	483,6
	11 149,7	7 628,5
Current assets		
Inventory (note 4)	6 773,6	5 511,2
Trade receivables - retail	7 573,8	7 000,7
Other receivables and prepayments	821,8	771,0

Concession receivables	296,8	246,1
Cash and cash equivalents	1 206,1	878,5
	16 672,1	14 407,5
Total assets	27 821,8	22 036,0
EQUITY AND LIABILITIES		
Equity attributable to equity holders of The Foschini Group Limited (note 14)	13 267,8	10 515,3
Non-controlling interest	4,5	4,2
Total equity	13 272,3	10 519,5
LIABILITIES		
Non-current liabilities		
Interest-bearing debt	4 825,7	4 442,2
Put option liability	72,7	74,7
Cash-settled share incentive scheme	-	6,8
Operating lease liability	335,1	255,7
Deferred taxation liability	829,4	337,9
Post-retirement defined benefit plan	215,8	233,1
	6 278,7	5 350,4
Current liabilities		
Interest-bearing debt	4 524,9	3 307,0
Trade and other payables	3 608,2	2 751,3
Operating lease liability	30,7	15,2
Taxation payable	107,0	92,6
	8 270,8	6 166,1
Total liabilities	14 549,5	11 516,5
Total equity and liabilities	27 821,8	22 036,0

CONDENSED CONSOLIDATED INCOME STATEMENT

	Year ended 31 March 2018 Reviewed Rm	Year ended 31 March 2017 Audited Rm	% change

Revenue (note 5)	31 536,5	26 413,6	
Retail turnover	28 593,0	23 548,7	21,4
Cost of turnover	(13 591,9)	(11 845,2)	
Gross profit	15 001,1	11 703,5	
Interest income (note 6)	1 755,8	1 736,9	
Other income (note 7)	1 187,7	1 128,0	
Trading expenses (note 8)	(13 779,0)	(10 757,2)	
Operating profit before acquisition costs and finance costs	4 165,6	3 811,2	9,3
Acquisition costs	(79,4)	-	
Finance costs	(696,6)	(607,4)	
Profit before tax	3 389,6	3 203,8	
Income tax expense	(953,5)	(851,3)	
Profit for the year	2 436,1	2 352,5	
Attributable to:			
Equity holders of The Foschini Group Limited	2 434,8	2 351,4	
Non-controlling interest	1,3	1,1	
Profit for the year	2 436,1	2 352,5	
Earnings per ordinary share (cents)			
Total			
Basic	1 082,6	1 108,0	(2,3)
Diluted (basic)	1 072,3	1 098,6	(2,4)

Earnings per ordinary share (excluding acquisition costs) (cents) - (note 10)

Headline	1 136,5	1 099,2	3,4
Diluted (headline)	1 125,7	1 089,9	3,3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March 2018	Year ended 31 March 2017

	Reviewed Rm	Audited Rm
Profit for the year	2 436,1	2 352,5
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Actuarial gain on post-retirement defined benefit plan	34,2	-
Deferred tax on items that will never be reclassified to profit or loss	(9,6)	-
Items that are or may be reclassified to profit or loss		
Movement in effective portion of changes in fair value of cash flow hedges	27,2	24,2
Foreign currency translation reserve movements	(555,7)	(793,1)
Deferred tax on items that are or may be reclassified to profit or loss	(8,6)	(6,8)
Other comprehensive loss for the year, net of tax	(512,5)	(775,7)
Total comprehensive income for the year	1 923,6	1 576,8
Attributable to:		
Equity holders of The Foschini Group Limited	1 922,3	1 575,7
Non-controlling interest	1,3	1,1
Total comprehensive income for the year	1 923,6	1 576,8

SUPPLEMENTARY INFORMATION	March 2018 Reviewed	March 2017 Audited
Net number of ordinary shares in issue (millions)	231,3	214,0
Weighted average number of ordinary shares in issue (millions)	224,9	212,2
Tangible net asset value per ordinary share (cents)	2 421,4	2 728,7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity holders of 'he Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
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
Other comprehensive income			
Movement in effective portion of changes in fair value of cash flow hedges	24,2	-	24,2
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 - audited	10 515,3	4,2	10 519,5
Profit for the year	2 434,8	1,3	2 436,1
Other comprehensive income			
Actuarial gain on post-retirement defined benefit plan	34,2	-	34,2
Movement in effective portion of changes in fair value of cash flow hedges	27,2	-	27,2
Foreign currency translation reserve movements	(555,7)	-	(555,7)
Deferred tax on movement in other comprehensive income	(18,2)	-	(18,2)
Total comprehensive income for	1 922,3	1,3	1 923,6

the year			
Contributions by and distributions to owners			
Share-based payments reserve movements	155,0	-	155,0
Dividends paid	(1 626,2)	(1,0)	(1 627,2)
Share capital issued and share premium raised (note 14)	2 473,0	-	2 473,0
Proceeds from sale of shares in terms of share incentive schemes	91,7	-	91,7
Shares purchased in terms of share incentive schemes	(231,6)	-	(231,6)
Increase in the fair value of the put option liability	(31,7)	-	(31,7)
Equity at 31 March 2018 - reviewed	13 267,8	4,5	13 272,3

	Year ended 31 March 2018 Reviewed	Year ended 31 March 2017 Audited
Dividend per ordinary share (cents)		
Interim	325,0	320,0
Final	420,0	400,0
Total	745,0	720,0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 March 2018 Reviewed Rm	Year ended 31 March 2017 Audited Rm
Cash flows from operating activities		
Operating profit before working capital changes (note 9)	5 068,8	4 488,6
Increase in working capital	(976,3)	(1 156,5)
Cash generated from operations	4 092,5	3 332,1
Interest income	48,0	33,1
Finance costs	(696,6)	(607,4)
Taxation paid	(960,2)	(777,5)
Dividends paid	(1 627,2)	(966,1)
Net cash inflows from operating	856,5	1 014,2

activities

Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(896,6)	(883,5)
Acquisition of assets through business combinations (note 11)	(2 898,9)	(33,8)
Acquisition of management buy-out (note 11)	(41,3)	-
Proceeds from sale of property, plant and equipment	40,4	32,0
Repayment of participation in export partnerships	-	14,4
Net cash outflows from investing activities	(3 796,4)	(870,9)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	(231,6)	(234,8)
Proceeds on issue of share capital (note 14)	2 473,0	-
Proceeds from sale of shares in terms of share incentive schemes	91,7	151,3
Increase in interest-bearing debt	1 067,9	36,8
Net cash inflows (outflows) from financing activities	3 401,0	(46,7)
Net increase in cash during the year	461,1	96,6
Cash at the beginning of the year	878,5	888,8
Effect of exchange rate fluctuations on cash held	(133,5)	(106,9)
Cash at the end of the year	1 206,1	878,5

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

	Retail trading divisions Reviewed Rm	Value added services Reviewed Rm	Credit Reviewed Rm	Central and shared services Reviewed Rm	TFG London Reviewed Rm
Year ended 31 March 2018					
External	20 111,7	806,6	364,2	16,7	5 348,9

revenue					
External interest income	-	-	1 707,8	47,3	-
Total revenue*	20 111,7	806,6	2 072,0	64,0	5 348,9
External finance costs				(617,1)	(66,5)
Depreciation and amortisation				(510,2)	(132,2)
Segmental profit (loss) before tax	3 967,6	459,7	656,1	(1 933,8)	202,1

	Retail trading divisions Audited Rm	Value added services Audited Rm	Credit Audited Rm	Central and shared services Audited Rm	TFG London Audited 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

	TFG Australia 31 March 2018 Reviewed Rm	TFG Australia 31 March 2017 Audited Rm

External revenue	3 132,6	-
External interest income	0,7	-
Total revenue*	3 133,3	-
External finance costs	(13,0)	-
Depreciation and amortisation	(103,1)	-
Segmental profit before tax	253,1	-

	Total Year ended 31 March 2018 Reviewed Rm	Total Year ended 31 March 2017 Audited Rm
External revenue	29 780,7	24 676,7
External interest income	1 755,8	1 736,9
Total revenue*	31 536,5	26 413,6
External finance costs	(696,6)	(607,4)
Depreciation and amortisation	(745,5)	(540,3)
Segmental profit before tax	3 604,8	3 361,1
Reconciling items to Group profit before tax		
Foreign exchange transactions	(13,2)	(4,0)
Share-based payments	(155,0)	(131,4)
Operating lease liability adjustment	(47,0)	(21,9)
Group profit before tax	3 389,6	3 203,8
Capital expenditure	896,6	883,5

* Includes retail turnover, interest income and other income.

The previously named International division, comprising of the Phase Eight and Whistles brands, has been renamed to the TFG London segment.

During the current year, the Group acquired the Retail Apparel Group (RAG) and certain G-Star RAW Australia franchise stores, which forms part of the new TFG Australia reportable segment as defined by the Operating Board, being the chief operating decision-maker.

During the current year, the Group also acquired Hobbs Fashion Holdings Limited (Hobbs), which forms part of the TFG London reportable segment as defined by the Operating Board, being the chief operating decision-maker.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The preliminary condensed consolidated financial statements for the year ended 31 March 2018 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, IAS 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa. The accounting policies and methods of computation applied in the preparation of these 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. These results were prepared by the TFG Finance and Advisory department acting under supervision of Anthony Thunström CA(SA), CFO of The Foschini Group Limited.

2. During the year, the Group adopted the relevant accounting standards that are in issue and which have become effective. The adoption of these standards had no material impact on the results.

3. These condensed 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 2018 Reviewed Rm	Year ended 31 March 2017 Audited Rm
4. Inventory		
Inventory at year-end	6 773,6	5 511,2

Inventory write-downs included above	260,2	233,0

5. Revenue

Retail turnover	28 593,0	23 548,7
Interest income (note 6)	1 755,8	1 736,9
Other income (note 7)	1 187,7	1 128,0
	31 536,5	26 413,6

6. Interest income

Trade receivables - retail	1 707,8	1 703,8
Sundry	48,0	33,1
	1 755,8	1 736,9

7. Other income

Publishing income	412,7	400,8
Collection cost recovery	364,2	331,5
Insurance income	313,4	289,0
Mobile one2one airtime income	80,5	93,5
Sundry income	16,9	13,2
	1 187,7	1 128,0

8. Trading expenses

Depreciation and amortisation	(745,5)	(540,3)
Employee costs	(4 948,0)	(3 669,8)
Occupancy costs	(3 411,5)	(2 431,8)
Net bad debt	(837,5)	(896,1)
Other operating costs	(3 836,5)	(3 219,2)
	(13 779,0)	(10 757,2)

9. Operating profit before working capital changes

Profit before tax	3 389,6	3 203,8
Finance costs	696,6	607,4
Operating profit before finance costs	4 086,2	3 811,2
Interest income - sundry	(48,0)	(33,1)
Non-cash items		
Depreciation and amortisation	745,5	540,3
Operating lease liability adjustment	47,0	21,9
Share-based payments	155,0	131,4

Post-retirement defined benefit medical aid movement	16,9	15,8
Foreign currency translation reserve movements	13,2	4,0
Cash-settled share incentive scheme	0,1	-
Loss on disposal of property, plant and equipment	54,4	12,2
Profit on disposal of property, plant and equipment	(1,5)	(15,1)
	5 068,8	4 488,6

10. Reconciliation of profit for the year to headline earnings

Profit for the year attributable to equity holders of The Foschini Group Limited	2 434,8	2 351,4
Adjusted for:		
Profit on disposal of property, plant and equipment	(1,5)	(15,1)
Loss on disposal of property, plant and equipment	54,4	12,2
Headline earnings before tax	2 487,7	2 348,5
Tax on headline earnings adjustments	(11,0)	(15,7)
Headline earnings	2 476,7	2 332,8
Acquisition costs	79,4	-
Headline earnings excluding acquisition costs*	2 556,1	2 332,8

	Year ended 31 March 2018 Reviewed	Year ended 31 March 2017 Audited	% change
Earnings per ordinary share (cents)			
Total			
Basic	1 082,6	1 108,0	(2,3)
Headline	1 101,2	1 099,2	0,2
Diluted (basic)	1 072,3	1 098,6	(2,4)
Diluted (headline)	1 090,7	1 089,9	0,1

Total (excluding acquisition

costs)*			
Basic	1 117,9	1 108,0	0,9
Headline	1 136,5	1 099,2	3,4
Diluted (basic)	1 107,2	1 098,6	0,8
Diluted (headline)	1 125,7	1 089,9	3,3

* Headline earnings excluding acquisition costs is calculated to remove the impact of the acquisition costs of RAG, G-Star RAW and Hobbs acquisitions as well as the management buy-out.

This pro forma financial information has been prepared for illustrative purposes only to provide information on the headline earnings excluding acquisition costs per share. Because of its nature, the pro forma financial information may not be a fair reflection of the Group's results of operation, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information. The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ended 31 March 2018. The pro forma information should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at the company's registered offices, at no charge, during normal business hours.

11. Acquisition during the year

G-Star Raw franchise stores

With effect from 3 April 2017, the Group acquired 14 G-Star RAW franchise stores in Australia for AUD13,9 million (R141,8 million). An intangible asset and goodwill of AUD0,6 million (R6,0 million) and AUD6,3 million (R64,4 million) was recognised at acquisition respectively.

Retail Apparel Group (RAG)

The Group has acquired 100% of the share capital and voting rights of the Retail Apparel Group Pty Ltd (RAG) effective from 24 July 2017. RAG is a leading speciality menswear retailer in the Australian market. The purchase price has been capped at the lower of 7 times RAG's audited normalised EBITDA, for the year ending June 2017, and AUD302,5 million, which was adjusted for normalised working capital and net debt at acquisition. The Group has obtained 100% control of RAG and is exposed to variable returns from its involvement with RAG.

The acquisition of RAG was at an enterprise value of AUD293,9 million (R3 000,2 million) with an equity value of AUD263,2 million (R2 685,5 million) after taking into account net debt and related adjustments.

Certain fair values are provisional and subject to further review for a period of up to one year from the acquisition date. The at-acquisition AUD values have been translated at the closing exchange rate at 24 July 2017 of AUD1:R10,21. These results include eight months of RAG trading.

TFG has measured the identifiable assets and liabilities of RAG at their acquisition-date fair values.

The provisional at-acquisition values are presented below:

	Reviewed Rm	Reviewed AUDm
Non-current assets	2 217,8	217,4
Property, plant and equipment	251,7	24,7
Intangible assets	1 781,8	174,6
Deferred taxation asset	184,3	18,1
Current assets	751,7	73,6
Inventory	619,5	60,7
Other receivables and prepayment	17,2	1,6
Cash and cash equivalents	115,0	11,3
Non-current liabilities	1 001,2	98,1
Interest-bearing debt	416,4	40,8
Operating lease liability	55,2	5,4
Deferred taxation liability	529,6	51,9
Current liabilities	555,0	54,4
Trade and other payables	519,2	50,9
Taxation payable	35,8	3,5
Total identifiable net assets at fair value	1 413,3	138,5
Goodwill arising from acquisition	1 272,2	124,7
Purchase consideration	2 685,5	263,2
Cash and cash equivalents acquired	(115,0)	(11,3)
Cash outflow on acquisition	2 570,5	251,9

Goodwill of AUD124,7 million (R1,3 billion) and the RAG brands of AUD173,0 million (R1,8 billion) has been recognised as intangible assets at acquisition. Goodwill represents the value paid in excess of the provisional fair value of the net assets. This consists largely of the value assigned to the unique operating business model and future growth prospects. Retail turnover and profit and loss for the eight-month trading post acquisition amounted to R2 936,8 million and R223,9 million respectively. Acquisition costs related to the acquisition of R53,4 million have been expensed in the current year.

Hobbs Fashion Holdings Limited (Hobbs)

The Group acquired 100% of the share capital and voting rights of Hobbs Fashion Holdings Limited (Hobbs) effective from 25 November 2017. Hobbs is an affordable luxury women's clothing, footwear and accessories brand in the UK market and a growing presence internationally as well. The total implied purchase price was GBP24,3 million. The Group has obtained 100% control of Hobbs and is exposed to variable returns from its involvement with Hobbs.

The acquisition of Hobbs was at an enterprise value of GBP24,3 million (R449,9 million) with an equity value of GBP15,0 million (R278,1 million) after taking into account net debt and related adjustments.

Certain fair values are provisional and subject to further review for a period of up to one year from the acquisition date. The at-acquisition GBP values have been translated at the closing exchange rate at 25 November 2017 of GBP1:R18,55. These results include four months of Hobbs trading.

TFG has measured the identifiable assets and liabilities of Hobbs at their acquisition-date fair values.

The provisional at-acquisition values are presented below:

	Reviewed Rm	Reviewed GBPm
Non-current assets	365,8	19,7
Property, plant and equipment	173,8	9,4
Intangible assets	178,2	9,6
Deferred taxation asset	13,8	0,7
Current assets	647,2	34,9
Inventory	402,5	21,7
Other receivables and prepayment	77,0	4,2
Concession receivables	76,2	4,1
Cash and cash equivalents	91,5	4,9
Non-current liabilities	202,1	10,9
Interest-bearing debt	171,8	9,3
Deferred taxation liability	30,3	1,6
Current liabilities	592,0	31,9
Trade and other payables	584,4	31,5
Taxation payable	7,6	0,4
Total identifiable net assets at fair value	218,9	11,8
Goodwill arising from acquisition	59,2	3,2
Purchase consideration	278,1	15,0

Cash and cash equivalents acquired	(91,5)	(4,9)
Cash outflow on acquisition	186,6	10,1

Goodwill of GBP3,2 million (R59,2 million) and the Hobbs brand of GBP9,6 million (R178,2 million) has been recognised as intangible assets at acquisition. Goodwill represents the value paid in excess of the provisional fair value of the net assets. This consists largely of the value assigned to the unique operating business model and future growth prospects. Retail turnover and profit and loss for the four-month trading post acquisition amounted to R833,5 million and R33,7 million respectively. Acquisition costs related to the acquisition of R9,0 million have been expensed in the current year.

Acquisition of the remaining c.15% shareholding owned by TFG Brands (London) Limited management

In the current year, the Group accelerated the put/call arrangement to acquire the remaining shares owned by management in TFG Brands (London) Limited. The Group acquired the remaining c.15% shareholding owned by management on 15 December 2017 for GBP2,4 million (R41,3 million). After the transaction, the Group owns 100% of the share capital in TFG Brands (London) Limited. Total acquisition costs amounted to R17,0 million.

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 2017.

13. Subsequent events

The directors have declared a gross final ordinary dividend of 420,0 cents per ordinary share from income reserves, for the period ended 31 March 2018. No further significant events took place between the year ended 31 March 2018 and date of issue of this report.

14. Changes in authorised share capital

On 4 August 2017, the Group made an application to the JSE for a listing of 17 241 380 ordinary shares at an issue price of R145,00 per ordinary share for a total consideration of R2,5 billion. The shares were allotted and issued as a result of an accelerated bookbuild offering that was launched and concluded after close of market on 31 July 2017. On 4 August 2017, the total shares in issue increased from 219 515 434 shares to 236 756 814 shares. Total transaction costs relating to the share issue amounted to R27,0 million.

15. Change in auditors

In October 2017, the Group appointed Deloitte & Touche as their external auditors for the year ended 31 March 2018.

16. Changes in directors
There were no changes in directors during the current year.

17. Auditor's review report
These condensed consolidated financial statements of The Foschini Group Limited for the year ended 31 March 2018 have been reviewed by the company's auditors, Deloitte & Touche, who expressed an unmodified review conclusion. A copy of the review report is available for inspection at the company's registered office.

The auditor's report does not necessarily report on all of the information contained in this announcement. 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 that report together with the accompanying financial information from the commpany's registered office.

Any reference to future outlook or prospects included in this announcement has not been reviewed or reported on by the company's auditors.

COMMENTARY

INTRODUCTION
Given the increasing international footprint of TFG, we will use the naming conventions defined below to assist our stakeholders in understanding the Group's activities:

- "TFG" 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 London" – refers to the consolidated performance of Phase Eight, Whistles and Hobbs.
- "TFG Australia" – refers to the consolidated performance of Retail Apparel Group (RAG) and G-Star Australia.
- "TFG International" – refers to all operations outside the African continent and includes both TFG London and TFG Australia.

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

BACKGROUND
As was announced on SENS on 25 May 2017, with a further update on 14 July 2017, the Group acquired, through a wholly-owned subsidiary, the entire issued ordinary and preference share capital of RAG. The effective date of the acquisition was 24 July 2017 and as a result, eight months' trading of RAG has been included in these results.

In addition, and as was announced on SENS on 7 November 2017, the Group acquired, through its United Kingdom subsidiary TFG Brands (London) Limited, the entire issued share capital of Hobbs. The effective date of the acquisition was 25 November 2017 and four months' trading of Hobbs has been included in these results.

The Group accelerated the put/call arrangement to acquire the remaining c.15% shareholding owned by management in TFG Brands (London) Limited. The transaction was effective 15 December 2017.

PERFORMANCE OVERVIEW
The Group performed strongly in the second half of the financial year, notwithstanding the difficult political and economic conditions currently experienced in both South Africa and the United Kingdom.

Total Group retail turnover growth for the year of 21,4% (constant currency 23,0%) was achieved, with growth of 6,3% (ZAR) in TFG Africa, 23,5% (GBP) in TFG London and the balance coming from TFG Australia. Excluding Hobbs, TFG London turnover grew by 4,2% (GBP). Comparable store turnover growth of 2,2% was achieved in TFG Africa.

Turnover growth	FY 2018 H1	FY 2018 H2	FY 2018 total
TFG Africa (ZAR)	5,0%	7,6%	6,3%
TFG London (GBP) – excluding Hobbs acquisition	4,1%	4,4%	4,2%

Group cash turnover growth of 31,9% was achieved for the year with growth of 7,3% (ZAR) in TFG Africa. This growth achieved in TFG Africa is pleasing, considering the high base in the prior year of 14,1% turnover growth. The balance of Group cash turnover growth was achieved through TFG London, driven mostly by online channels, and TFG Australia. Online turnover now contributes 33% (GBP) of TFG London turnover. Total cash turnover as a percentage of total Group turnover was 65,9% for the year (March 2017: 60,7%).

Group credit turnover growth at 5,3% was driven in part by the growth in the active account base. This growth was in line with expectation as the negative impact of the Affordability Regulations is now in the base. We are pleased about the recent court ruling which set aside the Affordability Regulations with regard to submission of proof of income.

An improved Group gross margin of 52,5% was achieved for the year, up from 49,7% at March 2017. In TFG Africa, gross margin improved across all merchandise categories with the exception of cosmetics. Total gross margin for TFG Africa was 47,8% compared to 46,4% at March 2017. TFG London's gross margin was 61,9% (March 2017: 63,0%), driven by difficult trading conditions and increased online sales. TFG

Australia achieved a gross margin of 65,5%.

Total Group trading expenses increased by 28,1% over the previous year with growth of 8,8% in TFG Africa. The balance of the increase is as a result of the non-comparable inclusions of TFG Australia, as well as Hobbs in TFG London. Focus on cost control will continue, building on the pleasing results already achieved from the various cost saving initiatives within the Group.

Strong growth of 9,6% (constant currency +10,2%) was achieved for the year in headline earnings excluding acquisition costs*. Headline earnings per share for the year, excluding acquisition costs*, increased by 3,4% (constant currency +4,0%) to 1 136,5 cents per share, up from 1 099,2 cents per share in the previous year.

A final cash dividend of 420,0 cents per share has been declared, an increase of 5,0%. Accordingly, the total dividend for the year amounts to 745,0 cents per share, an increase of 3,5%.

The Group opened 281 outlets during the year, 146 in TFG Africa, 91 in TFG London and 44 in TFG Australia. As a result of the specific focus placed on underperforming outlets as part of the Group's capital allocation model, an increased number of 177 outlets were closed during the year (TFG Africa: 83, TFG London: 83, TFG Australia: 11). This, in addition to the 602 outlets acquired as part of the TFG Australia and Hobbs acquisitions, brings the total number of outlets at March 2018 to 4 034 in 32 countries. Net trading space in our African operations increased by 3,5% since March 2017.

In line with the Group's strategy, our e-commerce roll-out continued during the year with the launch of @homelivingspace and Exact in the first half of the year, and Foschini and SODA Bloc in the second half of the year. The Group now has a total of 20 brands trading online, with turnover from online trading growing to 6,5% of total turnover (March 2017: 5,4%). E-commerce remains a key strategic focus area for the Group.

MERCHANDISE CATEGORIES

Turnover growth in the various merchandise categories are as follows:

	% turnover growth (Group)#	% turnover growth (TFG Africa) ZAR	% same store turnover growth (TFG Africa) ZAR	% turnover growth (TFG London) GBP##
Clothing	28,8	9,4	4,8	23,5
Jewellery	0,6	0,6	(1,7)	
Cellphones	(0,2)	(0,2)	(3,2)	
Homeware & furniture	0,1	0,1	(2,3)	

Cosmetics	(2,4)	(2,4)	(3,8)	
Total turnover	21,4	6,3	2,2	23,5

#Includes non-comparable TFG Australia
Includes non-comparable Hobbs

Product price deflation in TFG Africa averaged approximately 3,5%.

CREDIT
The retail debtors' book of R7,6 billion, grew by 8,2% compared to March 2017. Net bad debt decreased by 6,5% (March 2017: -5,4%) as strong recoveries growth was maintained at 10,6% (March 2017: +18,7%).

Net bad debt as a percentage of the debtors' book at March 2018 was 10,0%, down from 11,3% at March 2017. The book continues to be adequately provisioned at 9,5%, down from 11,8% at the previous year-end. Preparatory work for the implementation of IFRS 9 is well advanced.

TFG AUSTRALIA
TFG Australia's turnover, gross margin, EBITDA and operating margin has been ahead of management's expectation. This strong performance is despite the pressure on consumer spend and increased competitive behaviour experienced in the Australian market.

BALANCE SHEET STRUCTURE
A R2,5 billion accelerated bookbuild was successfully launched on 31 July 2017 to fund the acquisition of RAG. As a result, 17 241 380 ordinary shares were issued at R145 per share, a 0,9% premium to the 30-day VWAP of R143,68 as at the close of trade on 31 July 2017.

The Group's free cash flow increased by 44,8% for the year to R1,9 billion at March 2018, 77,2% of net profit. Total debt to equity for the Group improved to 61,4% from 65,3% at March 2017.

MANAGEMENT AND BOARD UPDATES
As was announced on SENS on 12 March 2018, Doug Murray will step down as CEO of the Group on 3 September 2018 after 33 years' service, 11 of which were as CEO. Doug will retire from the Group at the end of September 2018. Given his wealth of knowledge and experience in the international retail sector in general and TFG in particular, the Board has decided to appoint Doug as a consultant to the end of September 2019 and as a non-executive director from 1 October 2019. The board expresses its immense gratitude for the significant contribution made by Doug during his tenure and looks forward to his continued involvement with the Group.

As indicated, Anthony Thunström, currently the CFO of the Group, became the CEO Designate on 12 March 2018 and will assume the position of CEO on 3 September 2018. The process to recruit a CFO is currently underway.

OUTLOOK

The domestic and global economic and political uncertainty referred to at our half-year results, continued into the second half of our financial year. In South Africa, the outlook, while still cautious, has improved with the inauguration of President Ramaphosa in February 2018. In the United Kingdom, the uncertainty relating to the outcome of Brexit negotiations remains and this, amongst other factors, continues to impact consumer and business confidence.

While the recent court ruling with regard to the Affordability Regulations signals an improved outlook for the credit environment within South Africa, caution is required regarding future regulatory developments in this sector.

Our continued commitment to our strategic pillars of customer, leadership, profit and growth together with our diversification across cash and credit turnover, our portfolio of brands, geographies and sales channels, will support the Group's future resilience and success. In particular, our focus on existing strategic initiatives – superior customer experiences, cost control, working capital management and capital optimisation – will continue in the year ahead, with additional focus on strategic investment by the Group in digital transformation.

Retail turnover for the first seven weeks of the new financial year has been ahead of management's expectation within TFG Australia and TFG London. In TFG Africa, volatile trading was experienced during this period largely driven by the move of Easter, a shift in school holidays and the introduction of the VAT increase. Despite these factors, TFG Africa turnover is in line with management's expectation.

PRO FORMA CONSTANT CURRENCY INFORMATION

Pro forma constant currency information has been disclosed in this announcement due to the volatile nature of currency fluctuations during the year, in order to illustrate the impact of GBP on the Group's foreign operating segments using the corresponding prior year average rate. For certain key metrics (Group turnover, headline earnings excluding acquisition costs and headline earnings per share excluding acquisition costs), TFG London's results were translated at the corresponding prior year average rate of R18.41:1GBP, compared to a current year average of R17.20:1GBP.

The directors are responsible for compiling the pro forma constant currency financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The pro forma constant currency information has been presented to illustrate the impact of changes in currency rates on the Group's results and may not fairly present the Group's financial position, changes in equity, results of operations or cash flows. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ended 31 March 2018. The pro forma information should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at the company's registered offices, at no charge, during normal business hours.

PREFERENCE DIVIDEND ANNOUNCEMENT
Dividend no. 163 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 30 September 2018 has been declared from income reserves, payable on Tuesday, 25 September 2018 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 21 September 2018. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 18 September 2018. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 19 September 2018 and the record date, as indicated, will be Friday, 21 September 2018.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 19 September 2018 to Friday, 21 September 2018, both dates inclusive.

In terms of paragraph 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 24 May 2018; 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 420,0 cents per ordinary share from income reserves, for the period ended 31 March 2018, payable on Monday, 23 July 2018 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 20 July 2018. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 17 July 2018. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 18 July 2018 and the record date, as indicated, will be Friday, 20 July 2018.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 18 July 2018 to Friday, 20 July 2018, both dates inclusive.

In terms of paragraph 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 336,00000 cents;
3) The issued ordinary share capital of The Foschini Group Limited is 236 756 814 shares at 24 May 2018; 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
24 May 2018

Non-executive Directors:
M Lewis (Chairman), Prof F Abrahams, S E Abrahams, G H Davin, D Friedland, B L M Makgabo-Fiskerstrand, E Oblowitz, N V Simamane, R Stein
Executive Directors:
A D Murray, A E Thunström
Company Secretary:
D van Rooyen
Registered office:
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Transfer secretaries:
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa
Sponsor:
UBS South Africa Proprietary Limited

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