



**SALIENT FEATURES**

RETAIL TURNOVER UP  
**12,6% TO R6,1 BILLION**

HEADLINE EARNINGS PER SHARE UP  
**17,1% TO 400,5 CENTS**

DILUTED HEADLINE EARNINGS PER SHARE UP  
**18,8% TO 396,1 CENTS**

INTERIM DIVIDEND INCREASED BY  
**24,2% TO 236,0 CENTS PER SHARE**

CONTINUED GROWTH IN  
**NEW ACCOUNTS**

SUSTAINED  
**STRONG FINANCIAL POSITION**

# THE FOSCHINI GROUP LIMITED



## UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Sept. 2012 Unaudited Rm	Sept. 2011 Unaudited Rm	March 2012 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 457,3	1 208,1	1 313,2
Goodwill and intangible assets	118,6	36,9	109,8
Staff housing loans	-	0,6	-
RCS Group private label card receivables	534,2	256,1	465,1
RCS Group loan receivables	632,6	553,9	610,1
Participation in export partnerships	38,3	61,7	53,4
Deferred taxation asset	265,9	242,2	254,3
	<b>3 046,9</b>	<b>2 359,5</b>	<b>2 805,9</b>
<b>Current assets</b>			
Inventory (note 9)	2 178,1	1 843,3	2 155,0
Trade receivables - retail	4 809,3	4 155,8	4 569,9
RCS Group private label card receivables	2 136,6	1 930,5	1 917,8
RCS Group loan receivables	477,3	394,1	457,5
Other receivables and prepayments	452,4	266,5	226,4
Participation in export partnerships	17,7	11,4	13,0
Preference share investment	-	200,0	-
Cash	875,4	468,6	710,9
	<b>10 946,8</b>	<b>9 270,2</b>	<b>10 050,5</b>
<b>Total assets</b>	<b>13 993,7</b>	<b>11 629,7</b>	<b>12 856,4</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of The Foschini Group Limited</b>	<b>6 483,5</b>	<b>5 763,0</b>	<b>6 293,1</b>
<b>Non-controlling interest</b>	<b>630,4</b>	<b>513,4</b>	<b>571,1</b>
<b>Total equity</b>	<b>7 113,9</b>	<b>6 276,4</b>	<b>6 864,2</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	719,7	225,8	1 006,8
RCS Group external funding	1 750,0	1 010,0	1 140,2
Non-controlling interest loans	51,8	214,4	242,4
Operating lease liability	168,5	148,3	159,5
Deferred taxation liability	89,1	173,2	100,5
Post-retirement defined benefit medical aid plan	97,9	91,0	97,9
	<b>2 877,0</b>	<b>1 862,7</b>	<b>2 747,3</b>
<b>Current liabilities</b>			
Interest-bearing debt	1 175,0	1 134,4	722,1
RCS Group external funding	798,2	490,0	626,2
Trade and other payables	1 978,8	1 754,2	1 827,0
Operating lease liability	18,5	12,0	12,3
Taxation payable	32,3	100,0	57,3
	<b>4 002,8</b>	<b>3 490,6</b>	<b>3 244,9</b>
<b>Total liabilities</b>	<b>6 879,8</b>	<b>5 353,3</b>	<b>5 992,2</b>
<b>Total equity and liabilities</b>	<b>13 993,7</b>	<b>11 629,7</b>	<b>12 856,4</b>

### SUPPLEMENTARY INFORMATION

	Sept. 2012 Unaudited	Sept. 2011 Unaudited	March 2012 Audited
Net ordinary shares in issue (millions)	209,6	204,6	206,4
Weighted average ordinary shares in issue (millions)	208,6	204,6	205,2
Tangible net asset value per ordinary share (cents)	3 036,7	2 798,9	2 995,8

### NOTES

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

1. The unaudited interim condensed consolidated results for the half-year ended 30 September 2012 have been prepared in accordance with the presentation and disclosure requirements of the South African Companies Act (No. 71 of 2008, as amended), and IAS 34 Interim Financial Reporting, using the group's accounting policies, that are in line with the measurement and recognition principles of International Financial Reporting Standards (IFRS) and the AC 500 Standards as issued by the Accounting Practices Board or its successor and have been consistently applied with those applied at 31 March 2012.

2. These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.

3. Included in share capital are 24,0 (Sept 2011: 24,0) million shares which are owned by a subsidiary of the company, and 6,9 (Sept 2011: 11,8) million shares which are owned in terms of the share incentive schemes. These have been eliminated on consolidation.

	6 months ended 30.09.2012 Unaudited Rm	6 months ended 30.09.2011 Unaudited Rm	Year ended 31.03.2012 Audited Rm
<b>4. Revenue</b>			
Retail turnover	6 112,2	5 428,3	11 630,5
Interest income (refer note 6)	966,4	813,0	1 712,1
Dividend income	-	5,7	9,9
Other revenue (refer note 7)	671,3	568,1	1 178,3
	<b>7 749,9</b>	<b>6 815,1</b>	<b>14 530,8</b>
<b>5. Cost of turnover</b>			
Cost of goods sold	(3 261,8)	(2 893,7)	(6 097,5)
Costs of purchase, conversion and other costs	(291,9)	(262,3)	(652,6)
	<b>(3 553,7)</b>	<b>(3 156,0)</b>	<b>(6 750,1)</b>
<b>6. Interest income</b>			
Trade receivables - retail	478,1	405,5	853,7
Receivables - RCS Group	477,9	400,2	842,4
Sundry	10,4	7,3	16,0
	<b>966,4</b>	<b>813,0</b>	<b>1 712,1</b>

### CONDENSED CONSOLIDATED INCOME STATEMENT

	6 months ended 30.09.2012 Unaudited Rm	6 months ended 30.09.2011 Unaudited Rm	% change	Year ended 31.03.2012 Audited Rm
Revenue (note 4)	7 749,9	6 815,1		14 530,8
Retail turnover	6 112,2	5 428,3	12,6%	11 630,5
Cost of turnover (note 5)	(3 553,7)	(3 156,0)		(6 750,1)
Gross profit	2 558,5	2 272,3		4 880,4
Interest income (note 6)	966,4	813,0		1 712,1
Dividend income	-	5,7		9,9
Other revenue (note 7)	671,3	568,1		1 178,3
Trading expenses (note 8)	(2 782,1)	(2 415,1)		(4 994,2)
Operating profit before finance charges	1 414,1	1 244,0	13,7%	2 786,5
Finance cost	(156,0)	(137,1)		(284,9)
Profit before tax	1 258,1	1 106,9	13,7%	2 501,6
Income tax expense	(364,1)	(359,7)		(809,8)
Profit for the period	894,0	747,2		1 691,8
Attributable to:				
Equity holders of The Foschini Group Limited	834,7	699,0	19,4%	1 582,1
Non-controlling interest	59,3	48,2		109,7
Profit for the period	894,0	747,2		1 691,8
<b>Earnings per ordinary share (cents)</b>				
Basic	400,1	341,6	17,1%	771,0
Headline	400,5	341,9	17,1%	772,0
Diluted (basic)	395,8	333,1	18,8%	765,1
Diluted (headline)	396,1	333,3	18,8%	766,1
Weighted average ordinary shares in issue (millions)	208,6	204,6		205,2

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30.09.2012 Unaudited Rm	6 months ended 30.09.2011 Unaudited Rm	% change	Year ended 31.03.2012 Audited Rm
Profit for the period	894,0	747,2		1 691,8
<b>Other comprehensive income</b>				
Movement in effective portion of changes in fair value of cash flow hedges	(4,6)	82,2		7,2
Foreign currency translation reserve movements	7,7	5,7		0,3
Movement in insurance cell reserves	0,1	0,1		-
Other comprehensive income for the period before tax	3,2	88,0		7,5
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	1,3	(26,9)		(2,0)
Other comprehensive income for the period, net of tax	4,5	61,1		5,5
Total comprehensive income for the period	898,5	808,3		1 697,3
Attributable to:				
Equity holders of The Foschini Group Limited	839,2	760,1	10,4%	1 587,6
Non-controlling interest	59,3	48,2		109,7
Total comprehensive income for the period	898,5	808,3		1 697,3

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
<b>Equity at 31 March 2011</b>	5 462,9	485,6	5 948,5
<b>Total comprehensive income for the half-year</b>	760,1	48,2	808,3
Profit for the period	699,0	48,2	747,2
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow hedges	82,2	-	82,2
Foreign currency translation reserve movements	5,7	-	5,7
Movement in insurance cell reserves	0,1	-	0,1
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	(26,9)	-	(26,9)
<b>Contributions by and distributions to owners</b>			
Share-based payments reserve movements	39,9	-	39,9
Dividends paid	(435,4)	(20,4)	(455,8)
Shares purchased in terms of share incentive schemes	(76,6)	-	(76,6)
Proceeds on delivery of shares by share trust	12,1	-	12,1
<b>Equity at 30 September 2011</b>	5 763,0	513,4	6 276,4
<b>Total comprehensive income for the half-year</b>	827,5	61,5	889,0
Profit for the period	883,1	61,5	944,6
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow hedges	(75,0)	-	(75,0)
Foreign currency translation reserve movements	(5,4)	-	(5,4)
Movement in insurance cell reserves	(0,1)	-	(0,1)
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	24,9	-	24,9
<b>Contributions by and distributions to owners</b>			
Share-based payments reserve movements	32,3	-	32,3
Dividends paid	(393,2)	-	(393,2)
Sale of subsidiary	-	(3,8)	(3,8)
Shares purchased in terms of share incentive schemes	(0,6)	-	(0,6)
Proceeds on delivery of shares by share trust	42,3	-	42,3
Current tax on shares purchased	7,3	-	7,3
Deferred tax on shares purchased	14,5	-	14,5
<b>Equity at 31 March 2012</b>	6 293,1	571,1	6 864,2
<b>Total comprehensive income for the half-year</b>	839,2	59,3	898,5
Profit for the period	834,7	59,3	894,0
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow hedges	(4,6)	-	(4,6)
Foreign currency translation reserve movements	7,7	-	7,7
Movement in insurance cell reserves	0,1	-	0,1
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	1,3	-	1,3
<b>Contributions by and distributions to owners</b>			
Share-based payments reserve movements	30,4	-	30,4
Dividends paid	(558,9)	-	(558,9)
Shares purchased in terms of share incentive schemes	(145,5)	-	(145,5)
Proceeds on delivery of shares by share trust	1,2	-	1,2
Current tax on shares purchased	8,0	-	8,0
Deferred tax on shares purchased	16,0	-	16,0
<b>Equity at 30 September 2012</b>	6 483,5	630,4	7 113,9
	<b>6 months ended 30.09.2012 Unaudited</b>	<b>6 months ended 30.09.2011 Unaudited</b>	<b>Year ended 31.03.2012 Audited</b>
<b>Dividend declared per ordinary share (cents)</b>			
Interim	236,0	190,0	190,0
Final	-	-	265,0
Total	236,0	190,0	455,0
Dividend cover	1,7	1,8	1,7

<b>7. Other revenue</b>			
Merchants' commission	21,3	17,1	36,4
Club income	168,4	150,9	297,5
Customer charges income	229,4	200,6	411,5
Insurance income	216,3	170,3	372,2
Cellular income - one2one airtime product	33,4	26,7	52,8
Sundry income	2,5	2,5	7,9
	<b>671,3</b>	<b>568,1</b>	<b>1 178,3</b>
<b>8. Trading expenses</b>			
Depreciation	(157,6)	(149,6)	(311,2)
Amortisation	(0,1)	(0,2)	(0,4)
Employee costs: normal	(963,9)	(865,2)	(1 857,4)
Employee costs: share-based payments	(30,4)	(39,9)	(72,2)
Occupancy costs: normal	(575,9)	(494,2)	(1 041,9)
Occupancy costs: operating lease liability adjustment	(15,2)	(14,2)	(25,7)
Net bad debt	(443,5)	(345,4)	(721,2)
Other operating costs	(595,5)	(506,4)	(964,2)
	<b>(2 782,1)</b>	<b>(2 415,1)</b>	<b>(4 994,2)</b>
<b>9. Inventory</b>			
Merchandise	1 918,0	1 692,7	1 990,0
Raw materials	125,5	75,1	101,4
Goods in transit	88,5	54,5	30,2
Shopfitting stock	44,4	17,7	30,9
Consumables	1,7	3,3	2,5
	<b>2 178,1</b>	<b>1 843,3</b>	<b>2 155,0</b>
<b>10. Operating profit before working capital changes</b>			
Profit before tax	1 258,1	1 106,9	2 501,6
Finance cost	(156,0)	(137,1)	(284,9)
Operating profit before finance charges	1 414,1	1 244,0	2 786,5
Interest income - sundry	(10,4)	(7,3)	(16,0)
Dividend income	-	(5,7)	(9,9)
Non-cash items	212,1	210,2	419,8
Operating profit before working capital changes	1 615,8	1 441,2	3 180,4

<b>11. Reconciliation of profit for the period to headline earnings</b>			
Profit for the period attributable to equity holders of The Foschini Group Limited	834,7	699,0	1 582,1
Adjusted for the after-tax effect of:			
Profit on disposal of property, plant and equipment	(0,1)	(0,2)	(0,3)
Loss on disposal of property, plant and equipment	0,8	0,7	2,4
Headline earnings	835,4	699,5	1 584,2
<b>12. Contingent liabilities</b>			
The group has provided RCS Group with a total facility of R835,3 million in respect of their domestic medium-term notes (DMTN) programme. As at 30 September, the utilised portion of this facility was nil. The unused liquidity facility at this date was R835,3 million, which constitutes a contingent liability.			
<b>13. Related parties</b>			
Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 March 2012 took place during the period.			
<b>14. Business combinations</b>			
<b>G-Star</b>			
As a consequence of the group's acquisition of Fabiani, with effect from 1 April 2012, the group has acquired two G-Star franchise stores in South Africa. These stores will be managed together with Fabiani stores.			
Fair value of assets and liabilities assumed through this business combination:			
Property, plant and equipment			4,0
Inventory			4,7
Total identifiable net assets			8,7
Trademark			7,2
Total purchase price			15,9

# THE FOSCHINI GROUP LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2012



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30.09.2012 Unaudited Rm	6 months ended 30.09.2011 Unaudited Rm	Year ended 31.03.2012 Audited Rm
<b>Cash flows from operating activities</b>			
Operating profit before working capital changes (note 10)	1 615,8	1 441,2	3 180,4
Increase in working capital	(666,9)	(569,3)	(1 568,4)
Cash generated by operations	948,9	871,9	1 612,0
Interest income	10,4	7,3	16,0
Finance cost	(156,0)	(137,1)	(284,9)
Taxation paid	(386,8)	(344,6)	(880,9)
Dividend income	-	5,7	9,9
Dividends paid	(558,9)	(455,8)	(849,0)
Net cash outflows from operating activities	(142,4)	(52,6)	(376,9)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(300,7)	(275,7)	(541,1)
Purchase of goodwill and intangible assets	(1,7)	-	-
Acquisition of assets through business combinations (note 14)	(15,9)	-	(82,5)
Proceeds from sale of property, plant and equipment	2,1	4,3	6,5
Sale of subsidiary	-	-	0,1
Redemption of preference share investment	-	-	200,0
Repayment of participation of export partnerships	10,4	5,8	12,5
Repayment of staff housing loans	-	0,1	0,7
Net cash outflows from investing activities	(305,8)	(265,5)	(403,8)
<b>Cash flows from financing activities</b>			
Proceeds on delivery of shares by share trust	1,2	12,1	54,4
Shares purchased in terms of share incentive schemes	(145,5)	(76,6)	(77,2)
(Decrease) increase in non-controlling interest loans	(190,6)	70,1	98,1
Increase in RCS Group external funding	781,8	592,0	858,4
Increase (decrease) in interest-bearing debt	165,8	(149,4)	219,3
Net cash inflows from financing activities	612,7	448,2	1 153,0
Net increase in cash during the period	164,5	130,1	372,3
Cash at the beginning of the period	710,9	338,5	338,5
Effect of exchange rate fluctuations on cash held	-	-	0,1
<b>Cash at the end of the period</b>	<b>875,4</b>	<b>468,6</b>	<b>710,9</b>

## GROUP SEGMENTAL ANALYSIS

	Retail trading divisions Unaudited Rm	TFG Financial Services Unaudited Rm	Central and shared services Unaudited Rm	Total Retail Unaudited Rm	RCS Group Unaudited Rm	Consolidated Unaudited Rm
<b>6 months ended 30.09.2012</b>						
External revenue	6 112,2	385,6	35,8	6 533,6	249,9	6 783,5
External interest income	-	478,1	6,8	484,9	481,5	966,4
Total revenue*	6 112,2	863,7	42,6	7 018,5	731,4	7 749,9
Inter-segment revenue	34,4	-	34,4	34,4	5,4	39,8
External finance cost	-	-	(50,7)	(50,7)	(105,3)	(156,0)
Depreciation and amortisation	-	-	(148,3)	(148,3)	(9,4)	(157,7)
Group profit before tax	1 308,1	214,5	(393,5)	1 072,5	185,6	1 258,1
Segmental profit before tax	-	-	-	-	-	-
Other material non-cash items	-	-	-	-	-	-
Foreign exchange transactions	-	-	-	(11,0)	-	(11,0)
Share-based payments	-	-	-	(30,4)	-	(30,4)
Operating lease liability adjustment	-	-	-	(15,2)	-	(15,2)
Capital expenditure	-	-	-	300,2	4,5	304,7
Segment assets	-	-	-	9 652,9	4 340,8	13 993,7
Segment liabilities	-	-	-	3 875,3	3 004,5	6 879,8
	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm
<b>6 months ended 30.09.2011</b>						
External revenue	5 428,3	327,1	34,9	5 790,3	211,8	6 002,1
External interest income	-	405,5	4,2	409,7	403,3	813,0
Total revenue*	5 428,3	732,6	39,1	6 200,0	615,1	6 815,1
Inter-segment revenue	-	-	37,9	37,9	4,5	42,4
External finance cost	-	-	(52,5)	(52,5)	(84,6)	(137,1)
Depreciation and amortisation	-	-	(142,2)	(142,2)	(7,6)	(149,8)
Group profit before tax	1 178,8	213,6	(355,8)	1 036,6	151,9	1 188,5
Segmental profit before tax	-	-	-	-	-	-
Other material non-cash items	-	-	-	-	-	-
Foreign exchange transactions	-	-	-	(27,5)	-	(27,5)
Share-based payments	-	-	-	(39,9)	-	(39,9)
Operating lease liability adjustment	-	-	-	(14,2)	-	(14,2)
Capital expenditure	-	-	-	263,0	12,7	275,7
Segment assets	-	-	-	8 231,9	3 397,8	11 629,7
Segment liabilities	-	-	-	3 029,9	2 323,4	5 353,3
	Audited Rm	Audited Rm	Audited Rm	Audited Rm	Audited Rm	Audited Rm
<b>Year ended 31.03.2012</b>						
External revenue	11 630,5	673,8	70,6	12 374,9	443,8	12 818,7
External interest income	-	853,7	10,0	863,7	848,4	1 712,1
Total revenue*	11 630,5	1 527,5	80,6	13 238,6	1 292,2	14 530,8
Inter-segment revenue	-	-	126,5	126,5	8,9	135,4
External finance cost	-	-	(105,7)	(105,7)	(179,2)	(284,9)
Depreciation and amortisation	-	-	(295,8)	(295,8)	(15,8)	(311,6)
Group profit before tax	2 610,7	395,4	(757,3)	2 156,4	345,2	2 501,6
Segmental profit before tax	-	-	-	-	-	-
Other material non-cash items	-	-	-	-	-	-
Foreign exchange transactions	-	-	-	5,5	-	5,5
Share-based payments	-	-	-	(72,2)	-	(72,2)
Operating lease liability adjustment	-	-	-	(25,7)	-	(25,7)
Capital expenditure	-	-	-	525,7	21,7	547,4
Segment assets	-	-	-	8 998,3	3 858,1	12 856,4
Segment liabilities	-	-	-	3 350,5	2 641,7	5 992,2

\* Includes retail turnover, interest income, dividend income and other income.

TO VIEW THE RESULTS ONLINE VISIT [www.tfg.co.za](http://www.tfg.co.za)

## COMMENTARY

### GROUP OVERVIEW

Notwithstanding the strong comparative base established over the last few years retail turnover increased by 12,6% to R6,1 billion while headline earnings per share increased by 17,1% to 400,5 cents. Diluted headline earnings per share increased by 18,8% to 396,1 cents. The group's operating margin for the period increased to 23,1% from 22,9%, moving closer to our medium-term target of 25%.

The interim dividend has been increased by 24,2% to 236,0 cents per share.

The strategic initiatives undertaken by our group over the last few years continue to positively impact the group's performance, notwithstanding the substantial change management challenges they bring.

Buying efficiencies achieved during the year were once again passed on to our customers resulting in the gross margin being the same as the previous year.

The group continued to grow trading space in certain of our formats by opening a further 70 stores. At the end of the period the group was trading out of 1 920 stores, with an increase in trading area of 2,6% during the period. Full year trading space growth is expected to be approximately 7%.

### MERCHANDISE CATEGORIES

Total sales have grown by 12,6% over the previous period with growths in the various merchandise categories as follows:

- Clothing	13,0%
- Jewellery	11,5%
- Cosmetics	11,4%
- Homewares	22,1%
- Cellphones	5,5%

Same store turnover grew by 6,6% whilst product inflation averaged approximately 5% for the period. Cash sales as a percentage of total sales increased to 39,0% from 36,9%.

**Clothing** - turnover growth of 13,0% in clothing was satisfactory. Had we not experienced logistical problems in the supply chain in ladieswear, turnover growth would have been better. Rates of sale of new merchandise have remained at good levels.

Clothing old store growth was 6,4%.

**Jewellery** - turnover continued to improve with turnover growth this period of 11,5% indicating that our current strategies are working well.

Jewellery old store growth was 7,0%.

**Cosmetics** - performed well in a competitive environment with growth this period of 11,4%.

Cosmetics old store growth was 8,0%.

**Homewares** - the focus on merchandise efficiencies has proven to be successful and turnover growth of 22,1% is excellent in this competitive sector.

Homewares and furniture old store growth was 13,4%.

**Cellphones** - during the period we experienced difficulty in procuring certain popular product lines from our suppliers. This, together with the increase in pricing of certain

handset models, negatively impacted turnover. As a result, cellphone turnover growth of 5,5% was disappointing.

Same store cellphone turnover was 2%.

### FINANCIAL SERVICES

**TFG Financial Services'** retail debtors' book, which amounts to R4,8 billion, increased by 5,2% since year end, reflecting the impact of good account growth and the increase in the number of 12-month accounts. In line with management expectations, bad debt as a percentage of closing debtors' book increased to 10,3% from 9,4% at the year end. Looking forward it appears that the bad debt should moderate in the second half of the year.

### RCS GROUP

The RCS Group, in which TFG holds 55% with the balance being held by The Standard Bank of South Africa Limited, is an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana. It is structured into two operating business units, namely transactional finance and fixed-term finance. The transactional finance business comprises the RCS general-purpose card and other private label card programmes, whilst the fixed-term finance business comprises RCS personal loans.

The RCS Group performed well during the period with net profit before tax increasing by 22,2% to R185,6 million. Net bad debt as a percentage of debtors book at 5,7% is satisfactory and indicates a conservative approach to debtors' management. Provisions as a percentage of non-performing loans (NPL coverage) remains at an appropriate level of 123,0%. The debtors' book of R3,8 billion increased by 9,6% since the year end as advances to customers increased.

The Domestic Medium-Term Note (DMTN) programme continues to be successfully implemented with funding being raised in a mixture of long- and short-term paper. The RCS Group currently has surplus funding of approximately R1,5 billion which is available to support its future growth.

It remains our medium-term intention to reduce our holding in this subsidiary to below 50%.

### AFRICA EXPANSION

The group currently trades out of 98 stores outside of South Africa, with 62 in Namibia, 16 in Botswana, 12 in Zambia, 2 in Lesotho, 4 in Swaziland and 2 in Nigeria. We believe that expansion into the rest of Africa is a longer-term growth strategy and over the next two years a further 56 stores are planned to be opened in the countries where we already operate as well as in Mozambique and Ghana.

### PROSPECTS

For the first five weeks of the second half, retail turnover has continued at similar levels to the first half. Notwithstanding the challenging economic environment, we remain confident that we can again deliver a satisfactory result for the full year, albeit against a strong base. As always, the second half of the year is heavily dependent on Christmas trading which will largely determine the performance of the group in the second half.

We expect to open a further 102 stores in the second half.

### PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 152 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2013 has been declared from income reserves, payable on Monday, 25 March 2013

to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 22 March 2013.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Thursday, 14 March 2013. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Friday, 15 March 2013 and the record date, as indicated, will be Friday, 22 March 2013.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Friday, 15 March 2013 to Friday, 22 March 2013, both dates inclusive.

In terms of the Dividends Tax effective 1 April 2012, and the amendments to section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

- 1) Local dividend tax rate is 15%;
- 2) No STC credits were utilised in determining the net dividend;
- 3) The withholding tax, if applicable at the rate of 15%, will result in a net cash dividend per share of 5,52500 cents
- 4) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 8 November 2012; and
- 5) The Foschini Group Limited's tax reference number is 9925/133/71/3P

### INTERIM ORDINARY DIVIDEND ANNOUNCEMENT

The directors have declared a gross interim ordinary dividend of 236,0 cents per ordinary share from income reserves, for the period ended 30 September 2012, payable on Monday, 7 January 2013 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 4 January 2013.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Thursday, 27 December 2012. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Friday, 28 December 2012 and the record date, as indicated, will be Friday, 4 January 2013.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Friday, 28 December 2012 to Friday, 4 January 2013, both dates inclusive.

In terms of the Dividends Tax effective 1 April 2012, and the amendments to section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

- 1) Local dividend tax rate is 15%;
- 2) No STC credits were utilised in determining the net dividend;
- 3) The withholding tax, if applicable at the rate of 15%, will result in a net cash dividend per share of 200,60000 cents
- 4) The issued gross ordinary share capital of The Foschini Group Limited is 240 498 241 shares at 8 November 2012; and
- 5) The Foschini Group Limited's tax reference number is 9925/133/71/3P

Signed on behalf of the Board.

**D M Nurek**  
Chairman

**A D Murray**  
CEO

Cape Town  
8 November 2012

### CORPORATE INFORMATION

**Executive directors:** A D Murray, R Stein, P S Meiring  
**Non-executive directors:** D M Nurek (Chairman), Prof F Abrahams, S E Abrahams, W V Cuba, M Lewis, E Oblowitz, N V Simamane, D Sheard  
**Company secretary:** Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500  
**Registered office:** 1937/009504/06  
**Registration number:**

**Share codes:** TFG - TFGP  
**ISIN:** ZAE000148466 - ZAE000148516  
**Transfer secretaries:** Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001  
**Sponsor:** UBS South Africa (Proprietary) Limited