



**THE FOSCHINI GROUP  
LIMITED**

UNAUDITED INTERIM CONDENSED  
CONSOLIDATED RESULTS  
**FOR THE HALF-YEAR ENDED  
30 SEPTEMBER 2013**

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## SALIENT FEATURES

Retail turnover up  
**9,0%** to **R6,7 BILLION**

Diluted headline earnings  
per share up  
**3,8%** to **411,2 cents**

Interim dividend  
increased by **3,0%** to  
**243,0 cents** per share

Sustained  
**strong financial position**



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Sept 2013 Unaudited Rm	Sept 2012 Unaudited Rm	March 2013 Audited Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1 632,6	1 457,3	1 548,4
Goodwill and intangible assets	120,2	118,6	120,3
RCS Group card receivables	376,5	534,2	856,4
RCS Group loan receivables	667,6	632,6	643,7
Participation in export partnerships	26,1	38,3	30,0
Deferred taxation asset	311,7	265,9	304,7
	<b>3 134,7</b>	<b>3 046,9</b>	<b>3 503,5</b>
<b>Current assets</b>			
Inventory (note 10)	2 635,2	2 178,1	2 444,0
Trade receivables - retail	5 502,0	4 809,3	5 207,7
RCS Group card receivables	3 046,7	2 136,6	2 250,0
RCS Group loan receivables	375,5	477,3	460,6
Other receivables and prepayments	653,6	452,4	594,3
Participation in export partnerships	14,3	17,7	18,4
Cash	1 165,0	875,4	908,1
	<b>13 392,3</b>	<b>10 946,8</b>	<b>11 883,1</b>
<b>Total assets</b>	<b>16 527,0</b>	<b>13 993,7</b>	<b>15 386,6</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of The Foschini Group Limited</b>			
	6 959,3	6 483,5	7 043,8
<b>Non-controlling interest</b>	<b>784,2</b>	<b>630,4</b>	<b>705,5</b>
<b>Total equity</b>	<b>7 743,5</b>	<b>7 113,9</b>	<b>7 749,3</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	1 377,8	719,7	1 041,9
RCS Group external funding	2 261,8	1 750,0	1 651,1
Non-controlling interest loans	-	51,8	-
Operating lease liability	190,8	168,5	187,5
Deferred taxation liability	71,8	89,1	65,6
Post-retirement defined benefit plan	104,5	97,9	104,5
	<b>4 006,7</b>	<b>2 877,0</b>	<b>3 050,6</b>
<b>Current liabilities</b>			
Interest-bearing debt	1 378,7	1 175,0	896,5
RCS Group external funding	1 014,3	798,2	1 298,0
Trade and other payables	2 312,3	1 978,8	2 282,5
Operating lease liability	21,9	18,5	9,0
Taxation payable	49,6	32,3	100,7
	<b>4 776,8</b>	<b>4 002,8</b>	<b>4 586,7</b>
<b>Total liabilities</b>	<b>8 783,5</b>	<b>6 879,8</b>	<b>7 637,3</b>
<b>Total equity and liabilities</b>	<b>16 527,0</b>	<b>13 993,7</b>	<b>15 386,6</b>

# CONDENSED CONSOLIDATED INCOME STATEMENT

	6 months ended 30 Sept 2013 Unaudited Rm	6 months ended 30 Sept 2012 Unaudited Rm	% change	Year ended 31 March 2013 Audited Rm
Revenue (note 5)	8 591,6	7 749,9		16 285,0
Retail turnover	6 660,9	6 112,2	9,0	12 896,4
Cost of turnover (note 6)	(3 882,9)	(3 553,7)		(7 492,3)
Gross profit	2 778,0	2 558,5		5 404,1
Interest income (note 7)	1 089,7	966,4		1 996,6
Other revenue (note 8)	841,0	671,3		1 392,0
Trading expenses (note 9)	(3 211,4)	(2 782,1)		(5 751,1)
Operating profit before finance charges	1 497,3	1 414,1		3 041,6
Finance costs	(192,5)	(156,0)		(327,9)
Profit before tax	1 304,8	1 258,1		2 713,7
Income tax expense	(381,1)	(364,1)		(787,1)
Profit for the period	923,7	894,0	3,3	1 926,6
<b>Attributable to:</b>				
Equity holders of The Foschini Group Limited	856,8	834,7	2,7	1 792,0
Non-controlling interest	66,9	59,3		134,6
Profit for the period	923,7	894,0		1 926,6
<b>Earnings per ordinary share (cents)</b>				
Basic	412,1	400,1	3,0	856,4
Headline	413,0	400,5	3,1	858,6
Diluted (basic)	410,3	395,8	3,7	849,1
Diluted (headline)	411,2	396,1	3,8	851,3
Weighted average ordinary shares in issue (millions)	207,9	208,6	(0,3)	209,2



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>6 months ended 30 Sept 2013 Unaudited Rm</b>	6 months ended 30 Sept 2012 Unaudited Rm	%	Year ended 31 March 2013 Audited Rm
			change	
<b>Profit for the period</b>	<b>923,7</b>	894,0		1 926,6
<b>Other comprehensive income</b>				
<b>Items that are or may be reclassified subsequently to profit and loss</b>				
Movement in effective portion of changes in fair value of cash flow hedges	<b>64,7</b>	(4,6)		9,7
Foreign currency translation reserve movements	<b>5,7</b>	7,7		9,4
Movement in insurance cell reserves	<b>-</b>	0,1		-
Other comprehensive income for the period before tax	<b>70,4</b>	3,2		19,1
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	<b>(19,4)</b>	1,3		(2,7)
<b>Other comprehensive income for the period, net of tax</b>	<b>51,0</b>	4,5		16,4
<b>Total comprehensive income for the period</b>	<b>974,7</b>	898,5		1 943,0
<b>Attributable to:</b>				
Equity holders of The Foschini Group Limited	<b>896,0</b>	839,2	6,8	1 808,4
Non-controlling interest	<b>78,7</b>	59,3		134,6
<b>Total comprehensive income for the period</b>	<b>974,7</b>	898,5		1 943,0

## SUPPLEMENTARY INFORMATION

	<b>Sept 2013 Unaudited</b>	Sept 2012 Unaudited	March 2013 Audited
Net ordinary shares in issue (millions)	<b>206,2</b>	209,6	210,1
Weighted average ordinary shares in issue (millions)	<b>207,9</b>	208,6	209,2
Tangible net asset value per ordinary share (cents)	<b>3 317,4</b>	3 036,7	3 295,0

# 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 2012</b>	<b>6 293,1</b>	<b>571,1</b>	<b>6 864,2</b>
<b>Total comprehensive income for the period</b>	<b>839,2</b>	<b>59,3</b>	<b>898,5</b>
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>	<b>6 483,5</b>	<b>630,4</b>	<b>7 113,9</b>
<b>Total comprehensive income for the period</b>	<b>969,2</b>	<b>75,3</b>	<b>1 044,5</b>
Profit for the period	957,3	75,3	1 032,6
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow hedges	14,3	-	14,3
Foreign currency translation reserve movements	1,7	-	1,7
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	(4,0)	-	(4,0)
<b>Contributions by and distributions to owners</b>			
Share-based payments reserve movements	35,4	-	35,4
Dividends paid	(498,5)	-	(498,5)
Acquisition of non-controlling interest without change in control	(1,7)	(0,2)	(1,9)
Cancellation of issued shares	(0,2)	-	(0,2)
Repurchase of shares	(129,3)	-	(129,3)
Proceeds on delivery of shares by share trust	185,4	-	185,4
<b>Equity at 31 March 2013</b>	<b>7 043,8</b>	<b>705,5</b>	<b>7 749,3</b>
<b>Total comprehensive income for the period</b>	<b>896,0</b>	<b>78,7</b>	<b>974,7</b>
Profit for the period	856,8	66,9	923,7
<i>Other comprehensive income</i>			
Movement in effective portion of changes in fair value of cash flow hedges	47,5	17,2	64,7
Foreign currency translation reserve movements	5,7	-	5,7
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges	(14,0)	(5,4)	(19,4)
<b>Contributions by and distributions to owners</b>			
Share-based payments reserve movements	43,8	-	43,8
Dividends paid	(566,0)	-	(566,0)
Cancellation of issued shares*	-	-	-
Repurchase of shares	(350,5)	-	(350,5)
Shares purchased in terms of share incentive schemes	(127,5)	-	(127,5)
Current tax on shares purchased	6,5	-	6,5
Deferred tax on shares purchased	13,2	-	13,2
<b>Equity at 30 September 2013</b>	<b>6 959,3</b>	<b>784,2</b>	<b>7 743,5</b>

\* zero as a result of rounding

	6 months ended 30 Sept 2013 Unaudited	6 months ended 30 Sept 2012 Unaudited	Year ended 31 March 2013 Audited
<b>Dividend per ordinary share (cents)</b>			
Interim	243,0	236,0	236,0
Final	-	-	270,0
<b>Total</b>	<b>243,0</b>	<b>236,0</b>	<b>506,0</b>
Dividend cover	1,7	1,7	1,7

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 Sept 2013 Unaudited Rm	6 months ended 30 Sept 2012 Unaudited Rm	Year ended 31 March 2013 Audited Rm
<b>Cash flows from operating activities</b>			
Operating profit before working capital changes (note 11)	1 733,1	1 615,8	3 466,9
Increase in working capital	(705,8)	(666,9)	(1 586,8)
Cash generated by operations	1 027,3	948,9	1 880,1
Interest income	13,7	10,4	22,7
Finance costs	(192,5)	(156,0)	(327,9)
Taxation paid	(432,7)	(386,8)	(808,4)
Dividends paid	(566,0)	(558,9)	(1 057,4)
Net cash outflows from operating activities	(150,2)	(142,4)	(290,9)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(271,4)	(300,7)	(580,7)
Purchase of goodwill and intangible assets	-	(1,7)	-
Acquisition of assets through business combinations (note 15)	-	(15,9)	(19,4)
Proceeds from sale of property, plant and equipment	3,4	2,1	8,4
Repayment of participation in export partnerships	8,0	10,4	18,0
Net cash outflows from investing activities	(260,0)	(305,8)	(573,7)
<b>Cash flows from financing activities</b>			
Proceeds on delivery of shares by share trust	-	1,2	186,6
Repurchase of shares	(350,5)	-	(129,3)
Shares purchased in terms of share incentive schemes	(127,5)	(145,5)	(145,5)
Decrease in non-controlling interest loans	-	(190,6)	(242,4)
Increase in RCS Group external funding	327,0	781,8	1 182,7
Increase in interest-bearing debt	818,1	165,8	209,6
Net cash inflows from financing activities	667,1	612,7	1 061,7
<b>Net increase in cash during the period</b>	<b>256,9</b>	<b>164,5</b>	<b>197,1</b>
Cash at the beginning of the period	908,1	710,9	710,9
Effect of exchange rate fluctuations on cash held	-	-	0,1
<b>Cash at the end of the period</b>	<b>1 165,0</b>	<b>875,4</b>	<b>908,1</b>

## GROUP SEGMENTAL ANALYSIS

	Retail trading divisions	TFG Financial Services	Central and shared services	Total Retail	RCS Group	Consolidated
	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm
<b>6 months ended 30 Sept 2013</b>						
External revenue	6 660,9	499,5	42,1	7 202,5	299,4	7 501,9
External interest income	-	540,4	7,8	548,2	541,5	1 089,7
Total revenue*	6 660,9	1 039,9	49,9	7 750,7	840,9	8 591,6
Inter-segment revenue			25,9	25,9	4,3	30,2
External finance costs			(66,3)	(66,3)	(126,2)	(192,5)
Depreciation and amortisation			(173,2)	(173,2)	(8,2)	(181,4)
Group profit before tax				1 097,6	207,2	1 304,8
Segmental profit before tax	1 452,3	202,6	(497,3)	1 157,6	207,2	1 364,8
Other material non-cash items						
Foreign exchange transactions				(0,1)	-	(0,1)
Share-based payments				(43,8)	-	(43,8)
Operating lease liability adjustment				(16,1)	-	(16,1)
Capital expenditure				256,2	15,2	271,4
Segment assets				11 099,8	5 427,2	16 527,0
Segment liabilities				5 047,9	3 735,6	8 783,5
	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm	Unaudited Rm
<b>6 months ended 30 Sept 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	5,4	39,8
External finance costs			(50,7)	(50,7)	(105,3)	(156,0)
Depreciation and amortisation			(148,3)	(148,3)	(9,4)	(157,7)
Group profit before tax				1 072,5	185,6	1 258,1
Segmental profit before tax	1 308,1	214,5	(393,5)	1 129,1	185,6	1 314,7
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
	Audited Rm	Audited Rm	Audited Rm	Audited Rm	Audited Rm	Audited Rm
<b>Year ended 31 March 2013</b>						
External revenue	12 896,4	789,5	73,2	13 759,1	529,3	14 288,4
External interest income	-	983,6	14,3	997,9	998,7	1 996,6
Total revenue*	12 896,4	1 773,1	87,5	14 757,0	1 528,0	16 285,0
Inter-segment revenue			56,3	56,3	8,0	64,3
External finance costs			(108,4)	(108,4)	(219,5)	(327,9)
Depreciation and amortisation			(316,6)	(316,6)	(18,4)	(335,0)
Group profit before tax				2 298,9	414,8	2 713,7
Segmental profit before tax	2 810,1	424,8	(853,8)	2 381,1	414,8	2 795,9
Other material non-cash items						
Foreign exchange transactions				8,3	-	8,3
Share-based payments				(65,8)	-	(65,8)
Operating lease liability adjustment				(24,7)	-	(24,7)
Capital expenditure				567,6	17,1	584,7
Segment assets				10 435,6	4 951,0	15 386,6
Segment liabilities				4 269,5	3 367,8	7 637,3

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



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

- The unaudited interim condensed consolidated results for the half-year ended 30 September 2013 have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, Financial Reporting Guides as issued by the Accounting Practice Committee of the South African Institute of Chartered Accountants (formally the AC 500 series) and disclosures required by the Companies Act No. 71 of 2008 and the JSE Listing Requirements, and, except as mentioned in note 2, have been consistently applied with those in the prior year.
- During the period, the group adopted the following revised accounting standards:
  - IFRS 7 Financial Instruments: Disclosures (offsetting financial assets and financial liabilities)
  - IFRS 10 Consolidated Financial Statements
  - IFRS 11 Joint arrangements
  - IFRS 12 Disclosure of Interest in Other Entities
  - IFRS 13 Fair Value Measurement
  - IAS 1 Presentation of Financial Statements
  - IAS 19 Employee Benefits: Defined benefit plans
  - Revised IAS 28 (2011) Investments in Associates and Joint Ventures

The adoption of these standards had no material impact on these interim financial statements.

- These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.
- Included in share capital are 12,0 (Sept 2012: 24,0) million shares which are owned by a subsidiary of the company; 2,1 (Sept 2012: 1,5) million shares held by employees of TFG in terms of share incentive schemes; 3,9 (Sept 2012: 5,4) million shares which are owned by the share incentive trust and 0,9 (Sept 2012: nil) million shares which are held by TFG Limited. These have been eliminated on consolidation.

	<b>6 months ended 30 Sept 2013 Unaudited Rm</b>	6 months ended 30 Sept 2012 Unaudited Rm	Year ended 31 March 2013 Audited Rm
<b>5. Revenue</b>			
Retail turnover	<b>6 660,9</b>	6 112,2	12 896,4
Interest income (refer note 7)	<b>1 089,7</b>	966,4	1 996,6
Other revenue (refer note 8)	<b>841,0</b>	671,3	1 392,0
	<b>8 591,6</b>	7 749,9	16 285,0
<b>6. Cost of turnover</b>			
Cost of goods sold	<b>(3 584,0)</b>	(3 261,8)	(6 824,0)
Costs of purchase, conversion and other costs	<b>(298,9)</b>	(291,9)	(668,3)
	<b>(3 882,9)</b>	(3 553,7)	(7 492,3)
<b>7. Interest income</b>			
Trade receivables - retail	<b>540,4</b>	478,1	983,6
Receivables - RCS Group	<b>535,6</b>	477,9	990,3
Sundry	<b>13,7</b>	10,4	22,7
	<b>1 089,7</b>	966,4	1 996,6

# NOTES

	6 months ended 30 Sept 2013 Unaudited Rm	6 months ended 30 Sept 2012 Unaudited Rm	Year ended 31 March 2013 Audited Rm
<b>8. Other revenue</b>			
Merchants' commission	32,1	21,3	48,2
Club income	185,5	168,4	336,2
Customer charges income	316,2	229,4	502,8
Insurance income	265,1	216,3	431,5
Cellular income - One2One airtime product	39,3	33,4	67,4
Sundry income	2,8	2,5	5,9
	<b>841,0</b>	<b>671,3</b>	<b>1 392,0</b>
<b>9. Trading expenses</b>			
Depreciation	(181,3)	(157,6)	(334,8)
Amortisation	(0,1)	(0,1)	(0,2)
Employee costs: normal	(1 022,4)	(963,9)	(2 002,2)
Employee costs: share-based payments	(43,8)	(30,4)	(65,8)
Occupancy costs: normal	(652,0)	(575,9)	(1 205,3)
Occupancy costs: operating lease liability adjustment	(16,1)	(15,2)	(24,7)
Net bad debt	(607,7)	(443,5)	(940,7)
Other operating costs	(688,0)	(595,5)	(1 177,4)
	<b>(3 211,4)</b>	<b>(2 782,1)</b>	<b>(5 751,1)</b>
<b>10. Inventory</b>			
Merchandise	2 459,6	2 006,5	2 266,6
Raw materials	131,9	125,5	136,8
Shopfitting stock	36,6	44,4	37,2
Consumables	7,1	1,7	3,4
	<b>2 635,2</b>	<b>2 178,1</b>	<b>2 444,0</b>
Inventory write-downs included above	56,3	50,7	110,8
<b>11. Operating profit before working capital changes</b>			
Profit before tax	1 304,8	1 258,1	2 713,7
Finance costs	192,5	156,0	327,9
Operating profit before finance charges	1 497,3	1 414,1	3 041,6
Interest income - sundry	(13,7)	(10,4)	(22,7)
Non-cash items	249,5	212,1	448,0
Depreciation	181,3	157,6	334,8
Amortisation	0,1	0,1	0,2
Operating lease liability adjustment	16,1	15,2	24,7
Share-based payments	43,8	30,4	65,8
Post-retirement defined benefit medical aid plan movement	-	-	6,6
Foreign currency translation reserve movement	5,7	7,7	9,4
Loss on disposal of property, plant and equipment	2,5	1,2	6,7
Profit on disposal of property, plant and equipment	-	(0,1)	(0,2)
Operating profit before working capital changes	<b>1 733,1</b>	<b>1 615,8</b>	<b>3 466,9</b>

	<b>6 months ended 30 Sept 2013 Unaudited Rm</b>	6 months ended 30 Sept 2012 Unaudited Rm	Year ended 31 March 2013 Audited Rm
<b>12. Reconciliation of profit for the period to headline earnings</b>			
Profit for the period attributable to equity holders of The Foschini Group Limited	<b>856,8</b>	834,7	1 792,0
Adjusted for the after-tax effect of:			
Profit on disposal of property, plant and equipment	-	(0,1)	(0,1)
Loss on disposal of property, plant and equipment	<b>1,8</b>	0,8	4,7
<b>Headline earnings</b>	<b>858,6</b>	835,4	1 796,6

**13. Contingent liabilities**

The Foschini Group has provided RCS Group with a total facility of R835,3 million (Sept 2012: R835,3 million) in respect of their domestic medium-term notes (DMTN) programme. As at 30 September 2013, the utilised portion of this facility was Rnil (Sept 2012: Rnil). The unused liquidity facility at this date was R835,3 million (Sept 2012: R835,3 million), which constitutes a contingent liability.

**14. Related parties**

Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 March 2013 took place during the period.

**15. Business combinations**

**Prior year acquisition**

**G-Star**

With effect from 1 April 2012, as a consequence of the group's acquisition of Fabiani, the group acquired two G-Star franchise stores in South Africa. These stores are managed together with the Fabiani stores.

The fair value of assets acquired and liabilities assumed through the business combination was R8,7 million. A trademark of R10,7 million was recognised on the acquisition and the total cash outflow as a result of the business combination was R19,4 million (Sept 2012: R15,9 million).

**16. Repurchase of shares**

At the annual general meeting of the company held on 3 September 2012 and 2 September 2013, shareholders approved, by way of a general authority, that the company may acquire its own shares from time to time, subject to the memorandum of incorporation of the company, the provisions of the Companies Act and the Listings Requirements as presently constituted.

During the period, 3 160 230 ordinary shares were acquired at an average price of R110,53 per share, where after 3 335 401 of the shares were cancelled and restored to authorised share capital. On 30 July 2013 these 3 335 401 shares were delisted reducing the total shares in issue from 228 498 241 shares to 225 162 840 shares.

Details of further repurchase transactions during the closed period in terms of the repurchase programme as announced on SENS is as follows:

	Number of shares	Average price R
October 2013	2 225 581	112,35

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# COMMENTARY

## GROUP OVERVIEW

The challenging trading conditions which became apparent in the second half of last financial year, have continued into this financial year. The unfavourable credit environment continues to affect the consumer and credit turnover growth remains under pressure.

Retail turnover increased by 9,0% to R6,7 billion whilst headline earnings per share increased by 3,1% to 413,0 cents. Diluted headline earnings per share increased by 3,8% to 411,2 cents.

The group's gross margin in all categories remained the same as in the previous period. The group's operating margin was 22,5%, down from 23,1% in the previous period.

The interim dividend has been increased by 3,0% to 243,0 cents per share.

The group continued to grow trading space by opening a further 81 stores, 12 of which were outside South Africa. At the end of the period the group was trading out of 2 050 stores with an increase in trading area of 2,6% during the period. Full year trading space growth is expected to be approximately 6%.

## MERCHANDISE CATEGORIES

In the current difficult credit cycle, credit sales grew by 6,6% whilst cash sales have been strong with a growth of 12,7%. Turnover growths in the various merchandise categories are as follows:

	<b>% turnover growth</b>	<b>% same store turnover growth</b>
Clothing	8,3%	2,7%
Jewellery	5,0%	1,8%
Cosmetics	11,1%	7,4%
Homewares & furniture	14,1%	12,8%
Cellphones	12,9%	7,2%

Same store turnover grew by 4% whilst product inflation averaged approximately 6% for the period. Cash sales as a percentage of total sales increased to 40% from 39% in the prior period.

## FINANCIAL SERVICES

TFG Financial Services' retail debtors' book, which amounts to R5,5 billion, increased by 5,7% since year end. Bad debt as a percentage of closing debtors' book increased to 11,4% from 10,5% at the year-end, within management's expectations.

Enhanced credit risk measures have been put in place.

## RCS GROUP

The group's operationally independent consumer finance subsidiary performed well during the period with net profit before tax increasing by 11,6% to R207,2 million. Net bad debt as a percentage of debtors' book increased to 7,0% from 6,6% at the year-end, which is satisfactory and indicates a prudent approach to debtors' management in a difficult credit environment. NPL (non-performing loans) impairment cover is at 110,8%. The debtors' book of R4,5 billion increased by 6,1% since the year end. The largest component of this business relates to its card receivables which have grown by 10,2% to R3,4 billion. Unsecured loan receivables, which have been conservatively granted, reduced by 5,5% to R1,1 billion and now represents 23% of the total receivables.

There is nothing further to report in relation to the August 2013 SENS announcement with regard to the unsolicited expression of interest and the process is still ongoing.

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## **AFRICA EXPANSION**

The group currently trades out of 116 stores outside of South Africa. These stores traded well during the period with turnover growth of 25,0% and same store turnover growth of 15,2%. In the next five years our expansion into the rest of Africa will accelerate and we expect to be trading out of approximately 300 stores by 2018.

## **PROSPECTS**

The difficult credit environment is unlikely to improve in the second half of the year due to the high level of consumer indebtedness and consequently, enhanced credit risk management practices will continue to be implemented.

For the first five weeks of the second half, retail turnover has continued at similar levels to the first half. Given the weaker festive season performance last year, we expect a better second half performance but, as always, it is heavily dependent on festive season trading, which will largely determine the performance of the group for this period.

We plan to open a further 92 stores in the second half.

## **PREFERENCE DIVIDEND ANNOUNCEMENT**

Dividend no. 154 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2014 has been declared from income reserves, payable on Monday, 24 March 2014 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Thursday, 20 March 2014.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Thursday, 13 March 2014. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Friday, 14 March 2014 and the record date, as indicated, will be Thursday, 20 March 2014.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Friday, 14 March 2014 to Thursday, 20 March 2014, both dates inclusive.

In terms of section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

1. Local dividend tax rate is 15%;
2. 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 7 November 2013; and
5. The Foschini Group Limited's tax reference number is 9925/133/71/3P

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# COMMENTARY

## INTERIM ORDINARY DIVIDEND ANNOUNCEMENT

The directors have declared a gross interim ordinary dividend of 243,0 cents per ordinary share from income reserves, for the period ended 30 September 2013, payable on Monday, 6 January 2014 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 3 January 2014.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 24 December 2013. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Friday, 27 December 2013 and the record date, as indicated, will be Friday, 3 January 2014.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Friday, 27 December 2013 to Friday, 3 January 2014, both dates inclusive.

In terms of section 11.17 of the JSE Listings Requirements, the following additional information is disclosed:

1. Local dividend tax rate is 15%;
2. 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 206,55000 cents;
4. The issued gross ordinary share capital of The Foschini Group Limited is 225 162 840 shares at 7 November 2013; 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  
7 November 2013

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## CORPORATE INFORMATION

<b>Executive directors:</b>	A D Murray, R Stein, P S Meiring
<b>Non-executive directors:</b>	D M Nurek (Chairman), Prof F Abrahams, S E Abrahams, M Lewis, B L M Makgabo-Fiskerstrand, E Oblowitz, N V Simamane
<b>Company secretary:</b>	D Sheard
<b>Registered office:</b>	Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500
<b>Registration number:</b>	1937/009504/06
<b>Share codes:</b>	TFG - TFGP
<b>ISIN:</b>	ZAE000148466 - ZAE000148516
<b>Transfer secretaries:</b>	Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001
<b>Sponsor:</b>	UBS South Africa Proprietary Limited



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