Directors' Responsibility for and Approval of the Group Annual Financial Statements

The board of directors (the board) is responsible for the content and integrity of the group annual financial statements and related information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of their operations and cash flows for the financial year, in conformity with International Financial Reporting Standards. The group's external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards. The accounting policies, unless otherwise stated, are consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal control and review its operation primarily through the audit and risk committees and various other management systems.

A strong control environment is maintained by applying a risk-based system of internal accounting and administrative controls and by ensuring adequate segregation of duties. In addition, Group Audit Services (internal audit) conduct specific risk-based audits and co-ordinate audit coverage with the external auditors.

The directors are of the opinion, based on the information and explanations given by management, the internal auditors and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have every reason to believe that the group will continue as a going concern for the foreseeable future, and the annual financial statements have been prepared on the basis of this assumption.

The annual financial statements and group annual financial statements set out on pages 86 to 123 were approved by the board on 31 May 2007 and are signed on its behalf by:

E OSRIN
Chairman

D M POLAK
Chief Executive Officer

31 May 2007

Company Secretary's Certificate

I certify that Foschini Limited has lodged with the Registrar of Companies all returns as required by a public company in terms of section 268G(d) of the Companies Act 61 of 1973, as amended, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

D SHEARD
Secretary

31 May 2007

Directors' Approval and Company Secretary's Certificate

for the years ended 31 March

Report of the independent auditors

To the members of Foschini Limited

We have audited the annual financial statements and the group annual financial statements of Foschini Limited, which comprise the balance sheets at 31 March 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report as set out on pages 86 to 123.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Foschini Limited at 31 March 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor
Per Patrick Farrand
Chartered Accountant (SA)
Registered Auditor
Cape Town
31 May 2007

Report of the Independent Auditors

for the years ended 31 March

Foschini Limited and its subsidiaries

Nature of Business

Foschini Limited is an investment holding company whose subsidiaries, through their retail operating divisions – Foschini, branded as Foschini, Donna-claire, fashíonexpress and Luella; Markham; Exact!; TFG Apparel Supply Company; the Sports division, branded as Sportscene, Totalsports and DueSouth; the Jewellery division, branded as American Swiss, Matrix and Sterns; @home, branded as @home and @homelivingspace; and Foschini Group Financial Services – retail clothing, jewellery, accessories, cosmetics, sporting and outdoor apparel and equipment and homewares to the broad, middle-income group throughout southern Africa.

Its RCS financial services division offers preapproved loans, mainly to qualifying customers of the group, through RCS Personal Finance; and credit to customers of merchants outside of the group, through RCS Private Label Cards.

The group operates in the retail and personal loans and private label segments, almost entirely within the South African Common Monetary Area.

Retail turnover emanating from Botswana accounts for 0,4% of the group's turnover.

Directors' Report

for the years ended 31 March

General Review

The financial results are reflected in the annual financial statements on pages 86 to 123.

Share Capital

The group's share buyback programme commenced at the end of May 2001. At 31 March 2007, 16,9 million shares are held by a subsidiary, and a further 11,7 million by the group's share incentive trust. These shares, representing 11,9% of the company's issued share capital are treated as treasury shares and have been eliminated on consolidation. Further details of the authorised and issued share capital are reflected in note 12.

Dividends

Interim ordinary

The directors declared an interim ordinary dividend of 100 cents per ordinary share, which was paid on 8 January 2007 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 5 January 2007.

Final ordinary

The directors declared a final ordinary dividend of 170 cents per ordinary share payable on Monday, 16 July 2007 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 13 July 2007.

Preference

The company paid the following dividends to holders of 6,5% cumulative preference shares:

2 October 2006 – R13 000
(26 September 2005 – R13 000)
26 March 2007 – R13 000
(27 March 2006 – R13 000).

Directors

The names of the company's directors appear on pages 10 and 11 of this report.

The following directors retire by rotation in terms of the articles of association but, being eligible, offer themselves for re-election as directors:

S E Abrahams (independent non-executive)
W V Cuba (independent non-executive)
L F Bergman (independent non-executive)
A D Murray (executive director)

For details of directors' interests in the company's issued shares, refer to note 12.4. Details of directors' remuneration are set out in note 30.

Secretary

The company secretary of Foschini Limited is Ms D Sheard. Her business and postal address appear on page 125 of this report.

Subsidiaries

The names of, and certain financial information relating to, the company's key subsidiaries appear on page 122.

Earnings of Subsidiaries

The total profits (losses) of consolidated subsidiaries are as follows:

	2007 Rm	2006 Rm
Profits	1 097,3	977,5
Losses	–	–
Net consolidated profit after taxation	1 097,3	977,5

Special Resolutions

On 30 August 2006 shareholders renewed the approval, as a general authority, of the acquisition by the company or any of its subsidiaries of the issued ordinary shares of the company, valid until the next annual general meeting. At the next annual general meeting to be held on 5 September 2007 shareholders will be asked to renew this general authority, as set out in the notice of annual general meeting.

No other special resolutions were passed during the year under review.

Special Resolutions Passed by Subsidiary Companies

No special resolutions of any significance were passed during the year under review.

Staff Share Incentive and Option Schemes

Details are reflected in note 29.1.

Post-balance Sheet Event

Details are reflected in note 20.

Foschini Limited and its subsidiaries

	Note	2007 Rm	2006 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2	782,1	654,4
Goodwill and intangible assets	3	30,9	29,6
Preference share investment	4	200,0	–
Loans	5	2,9	4,1
Private label card receivables	6	155,0	90,1
Loan receivables	7	706,3	497,6
Participation in export partnerships	8	103,5	108,6
Deferred taxation	9	179,7	152,1
		2 160,4	1 536,5
Current assets			
Inventory	10	1 292,9	1 116,7
Preference share investment	4	–	200,0
Trade receivables – retail	11	2 235,2	2 116,6
Private label card receivables	6	671,7	390,0
Other receivables and prepayments		186,6	97,6
Loan receivables	7	160,2	319,9
Participation in export partnerships	8	7,6	8,5
Cash		69,1	62,5
		4 623,3	4 311,8
Total assets		6 783,7	5 848,3
EQUITY AND LIABILITIES			
Equity attributable to equity holders of Foschini Limited			
Share capital	12	3,1	3,1
Share premium		498,7	498,7
Treasury shares	13	(685,0)	(504,0)
Dividend reserve	14.1	408,8	336,6
Hedging deficit	14.2	(0,3)	(1,6)
Share-based payments reserve	14.3	60,9	41,7
Retained earnings		3 537,4	2 893,4
		3 823,6	3 267,9
Minority interest	15	181,3	88,9
Total equity		4 004,9	3 356,8
Non-current liabilities			
Interest-bearing debt	16	1 014,6	797,0
Operating lease liability		121,0	113,3
Deferred taxation	9	146,8	153,9
		1 282,4	1 064,2
Current liabilities			
Short-term loans		5,9	8,0
Trade and other payables	17	1 139,1	978,5
Taxation payable		234,7	327,9
Employee benefit accruals	18	116,7	112,9
		1 496,4	1 427,3
Total liabilities		2 778,8	2 491,5
Total equity and liabilities		6 783,7	5 848,3

Group Balance Sheet

as at 31 March

Foschini Limited and its subsidiaries

	Note	2007 Rm	2006 Rm
Revenue	22	8 361,3	7 306,7
Retail turnover		7 230,0	6 432,1
Cost of turnover		4 195,1	3 707,9
Gross profit		3 034,9	2 724,2
Interest received	23	873,8	644,1
Dividends received		22,8	13,4
Net trading expenses	24	(2 044,5)	(1 814,4)
Operating profit before finance charges	24	1 887,0	1 567,3
Interest paid		104,7	79,1
Profit before tax		1 782,3	1 488,2
Income tax expense	25	590,3	479,2
Profit for the year		1 192,0	1 009,0
Attributable to:			
Equity holders of Foschini Limited		1 119,2	986,9
Minority interest		72,8	22,1
Profit for the year		1 192,0	1 009,0
Earnings per ordinary share (cents)			
Basic	26.1	534,2	463,0
Diluted (basic)	26.2	514,8	449,6
Dividend per ordinary share (cents)			
Interim		100,0	80,0
Final	14.1	170,0	140,0
Total		270,0	220,0

Group Income Statement

for the years ended 31 March

Foschini Limited and its subsidiaries

	Share capital Rm	Share premium Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Minority interest Rm	Total equity Rm
Equity at 31 March 2005 as previously stated	3,1	498,7	(418,7)	269,7	2 144,0	16,0	2 512,8
Reclassification of realised loss on sale of treasury shares			64,1		(64,1)		–
Change in accounting for operating leases (note 28)					145,0		145,0
Equity at 31 March 2005 restated	3,1	498,7	(354,6)	269,7	2 224,9	16,0	2 657,8
Total recognised income and expenses for the year	–	–	–	(3,3)	986,9	22,1	1 005,7
Unrealised loss on hedging instruments*				(3,3)			(3,3)
Profit for the year					986,9	22,1	1 009,0
Change in degree of control						74,7	74,7
Profit on dilution of interest in subsidiary					189,1		189,1
Share-based payments reserve movements				19,0			19,0
Transfer from dividend reserve				(245,3)	245,3		–
Dividends paid					(388,8)	(23,9)	(412,7)
Transfer to dividend reserve				336,6	(336,6)		–
Proceeds on delivery of shares by share trust					80,1		80,1
Delivery of shares by share trust			107,5		(107,5)		–
Shares purchased by share trust			(256,9)				(256,9)
Equity at 31 March 2006 restated	3,1	498,7	(504,0)	376,7	2 893,4	88,9	3 356,8
Total recognised income and expenses for the year	–	–	–	1,3	1 119,2	72,8	1 193,3
Unrealised gain on hedging instruments*				1,3			1,3
Profit for the year					1 119,2	72,8	1 192,0
Change in degree of control						71,2	71,2
Profit on dilution of interest in subsidiary					112,1		112,1
Share-based payments reserve movements				19,2			19,2
Transfer from dividend reserve				(336,6)	336,6		–
Dividends paid					(500,6)	(51,6)	(552,2)
Transfer to dividend reserve				408,8	(408,8)		–
Proceeds on delivery of shares by share trust					92,9		92,9
Delivery of shares by share trust			107,4		(107,4)		–
Shares purchased by share trust			(288,4)				(288,4)
Equity at 31 March 2007	**3,1**	**498,7**	**(685,0)**	**469,4**	**3 537,4**	**181,3**	**4 004,9**

* Denotes items recognised directly in equity

Group Statement of Changes in Equity

for the years ended 31 March

Foschini Limited and its subsidiaries

	Note	2007 Rm	2006 Rm
Cash flows from operating activities			
Operating profit before working capital changes	32.1	1 191,5	1 072,5
Increase in working capital	32.2	(218,1)	(524,3)
Cash generated by operations		973,4	548,2
Increase in private label card receivables		(346,6)	(188,4)
Increase in loan receivables		(49,0)	(158,6)
Interest received		873,8	644,1
Interest paid		(104,7)	(79,1)
Taxation paid	32.3	(718,2)	(464,2)
Dividends received		22,8	13,4
Dividends paid	32.4	(552,2)	(412,7)
Net cash inflows (outflows) from operating activities		99,3	(97,3)
Cash flows from investing activities			
Purchase of property, plant and equipment		(304,4)	(313,5)
Proceeds from sale of property, plant and equipment		4,0	5,4
Acquisition of client list		(2,8)	(0,9)
Decrease in participation in export partnerships		6,0	94,2
Decrease in loans		1,2	2,5
Proceeds on dilution of interest in subsidiary	32.5	183,3	263,8
Net cash (outflows) inflows from investing activities		(112,7)	51,5
Cash flows from financing activities			
Shares purchased by share trust		(288,4)	(256,9)
Proceeds on delivery of shares by share trust		92,9	80,1
Increase in interest-bearing debt		217,6	243,6
(Decrease) increase in short-term loans		(2,1)	5,3
Net cash inflows from financing activities		20,0	72,1
Net increase in cash and cash equivalents during the year		6,6	26,3
Cash and cash equivalents at the beginning of the year		62,5	36,2
Cash and cash equivalents at the end of the year		69,1	62,5

Group Cash Flow Statement

for the years ended 31 March

Foschini Limited and its subsidiaries

	RCS Financial Services		Retail		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	Rm	Rm	**Rm**	Rm	**Rm**	Rm
REVENUE*						
External	**677,6**	494,5	**7 683,7**	6 812,2	**8 361,3**	7 306,7
Inter-segment	**–**	–	**–**	–	**–**	–
Total revenue	**677,6**	494,5	**7 683,7**	6 812,2	**8 361,3**	7 306,7
SEGMENT RESULT						
Operating profit before finance charges	**408,5**	317,1	**1 478,5**	1 250,2	**1 887,0**	1 567,3
External interest	**(31,0)**	(7,8)	**(73,7)**	(71,3)	**(104,7)**	(79,1)
Inter-segment interest	**(54,8)**	(56,2)	**54,8**	56,2	**–**	–
Interest paid	**(85,8)**	(64,0)	**(18,9)**	(15,1)	**(104,7)**	(79,1)
Income tax expense	**(99,4)**	(73,5)	**(490,9)**	(405,7)	**(590,3)**	(479,2)
Profit for the year	**223,3**	179,6	**968,7**	829,4	**1 192,0**	1 009,0
* Includes retail turnover, interest received and other income						
SEGMENT ASSETS						
Non-current assets	**919,2**	609,9	**1 241,2**	926,6	**2 160,4**	1 536,5
Current assets	**839,5**	747,1	**3 783,8**	3 564,7	**4 623,3**	4 311,8
Inter-segment assets (liabilities)	**12,9**	12,9	**(12,9)**	(12,9)	**–**	–
Total assets	**1 771,6**	1 369,9	**5 012,1**	4 478,4	**6 783,7**	5 848,3
SEGMENT LIABILITIES						
Non-current liabilities	**391,6**	224,6	**890,8**	839,6	**1 282,4**	1 064,2
Current liabilities	**158,1**	143,2	**1 338,3**	1 284,1	**1 496,4**	1 427,3
Inter-segment liabilities (assets)	**725,4**	676,4	**(725,4)**	(676,4)	**–**	–
Total liabilities	**1 275,1**	1 044,2	**1 503,7**	1 447,3	**2 778,8**	2 491,5
SEGMENT INFORMATION						
Capital expenditure	**13,2**	3,6	**291,2**	309,9	**304,4**	313,5
Depreciation and amortisation	**5,5**	2,4	**168,6**	146,5	**174,1**	148,9

All retail divisions within the group operate in an established retail market and are therefore considered to be subject to similar risks and rewards.

Segment revenue and expenses

Revenue and expenses that are directly attributable to segments are allocated to those segments. Those that are not directly attributable to segments are allocated on a reasonable basis.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables, inventories and property, plant and equipment, net of related allowances and accumulated impairments. While most such assets can be directly attributable to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities include all operating liabilities, and consist principally of trade payables, salaries and taxes currently payable and accruals.

Inter-segment transfers

Segment revenue, segment expenses and segment result include transfers between business segments. These transfers occur at market prices and are eliminated on consolidation.

Group Segmental Analysis

for the years ended 31 March

1. ACCOUNTING POLICIES

Foschini Limited is domiciled in South Africa. The consolidated financial statements of the company for the year ended 31 March 2007 comprise the company and its subsidiaries (together referred to as the "group").

The financial statements were authorised for issue by the directors on 31 May 2007.

The financial statements are presented in South African Rands, which is the company's functional currency, rounded to the nearest million, unless otherwise stated.

The financial statements are prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS) and have been consistently applied with those adopted in the prior year.

The principal accounting policies adopted are set out below:

Basis of Preparation

The annual financial statements are prepared on the going concern and historical cost bases, except where otherwise stated.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the parent company, its subsidiaries and special-purpose entities. The financial statements of subsidiaries are prepared for the consistent reporting period using consistent accounting policies.

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Gains made on dilution of interest in subsidiaries are recognised in equity.

The group has established a special-purpose entity (SPE) in the form of the share incentive trust. The group does not have any direct or indirect shareholding in this entity. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE. The results of the share trust that in substance is controlled by the group, are consolidated.

All intercompany transactions, intragroup balances and any unrealised gains are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The financial statements of foreign operations are translated in terms of the accounting policy on foreign currencies.

The company's financial statements measure investments in subsidiaries at cost.

Capitalisation Share Awards

The full value of capitalisation share awards, including the cash portion, is recorded as a distribution in the statement of changes in equity. The estimated value of the capitalisation share award is transferred to a share distribution reserve, pending the outcome of the award.

Cost of Turnover

Cost of turnover is calculated as the cost of goods sold, including promotional costs.

Dividends

Dividends and the related secondary tax on companies are accounted for in the period when the dividend is declared. Dividends declared on equity instruments after the balance sheet date, and the related secondary tax on companies thereon, are accordingly not recognised as liabilities at the balance sheet date. Final dividends declared after the balance sheet date are however transferred to a dividend reserve.

Employee Benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to wages, salaries, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates.

Long-term employee benefits

Liabilities for employee benefits that are not expected to be settled within 12 months are discounted using market-related rates.

Retirement benefits

The company and its subsidiaries contribute to several defined benefit and defined contribution plans.

Foschini Limited and its subsidiaries

Defined contribution plans

Contributions to defined contribution pension funds are charged against income as incurred.

Defined benefit plans

The Projected Unit Credit Method is used to determine the present value of the defined benefit pension obligations and the related current service cost and, where applicable, past service cost. Actuarial gains or losses in respect of defined benefit plans are recognised immediately in income. Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Post-retirement medical benefits

Where the company has an obligation to provide post-retirement medical aid benefits to employees, the company recognises the cost of these benefits in the year in which the employees render the services using the same accounting methodology described in respect of defined benefit plans above.

Equity compensation benefits

The group grants share options to certain employees under an employee share plan. The fair value of options granted to employees is recognised as an expense with a corresponding increase in equity. The fair value is measured at the grant date using a binomial option-pricing model and is spread over the option term. Costs incurred in administering the schemes are expensed as incurred.

Expenses

Interest expense

Interest expense comprises interest paid and payable on borrowings calculated using the effective interest rate method. All borrowing costs are recognised as an expense.

Operating lease payments

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases.

Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial Instruments

Financial instruments recognised on the balance sheet include cash and cash equivalents, derivative instruments, trade and other receivables, loans, participation in export partnerships, investments and trade and other payables.

A financial instrument is recognised if the group becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, being the date that the group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

Measurement

Financial instruments are initially recognised at fair value. For those instruments not measured at fair value through profit and loss, transaction costs are included on initial measurement.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at balance sheet date. Outstanding cheques are included in trade and other payables and added back to cash balances included in the balance sheet. Cash and cash equivalents comprise cash on hand and amounts held on deposit at financial institutions.

Foschini Limited and its subsidiaries

Derivative instruments

The group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes.

Derivative instruments are subsequently measured at fair value, with the gain or loss on remeasurement being recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any gain or loss depends on the nature of the hedge (refer hedging accounting policy).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of forward exchange contracts is the present value of their forward price.

Loans and receivables

Loan receivables and private label card receivables are classified as loans and receivables and are carried at amortised cost, less accumulated impairment losses. Trade receivables – retail originated by the group are stated at amortised cost less accumulated impairment losses. Participation in export partnerships are classified as loans and receivables and are carried at amortised cost less accumulated impairment losses.

Financial liabilities

Non-derivative financial liabilities including short-term loans, interest-bearing debt and trade and other payables are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Investments

Investments classified as available-for-sale financial assets are carried at fair value, which is market value calculated by reference to stock exchange-quoted selling prices at the close of business on the balance sheet date. Unlisted investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

Gains and losses on subsequent measurement

All gains and losses on subsequent measurement of financial instruments are recognised in profit or loss, except for hedged instruments and available-for-sale assets. Hedged instruments are accounted for as described in the hedging accounting policy. Gains and losses arising from available-for-sale financial assets are recognised directly in equity, except for impairment adjustments which are recognised in the income statement. When an investment classified as available-for-sale is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Foreign Currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the transaction date.

Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date. Gains and losses arising on translation of monetary assets and liabilities are recognised in profit and loss, except for differences arising on the translation of available-for-sale equity instruments.

As at the balance sheet date, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency of the group at the rate of exchange ruling at the balance sheet date and their income statements are translated at the exchange rates at the dates of the transactions or the average rates if it approximates the actual rates.

Gains and losses arising on translation of the assets, liabilities, income and expenses of foreign operations are recognised directly in equity as a foreign currency translation reserve.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures and is the difference between the cost of the acquisition and the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. When the difference is negative (negative goodwill), it is recognised immediately in profit and loss.

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Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment and when there is an indication of impairment.

Hedging

Gains and losses from measuring the hedging instruments relating to a *fair value hedge* at fair value are recognised immediately in profit or loss.

To the extent that they are effective, gains and losses from remeasuring the hedging instruments relating to a *cash flow hedge* to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of a non-financial asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability. For other cash flow hedges, the cumulative amount recognised in equity is included in net profit or loss in the period when the commitment or forecast transaction affects profit or loss. The ineffective portion of any gain or loss is recognised immediately in the income statement.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Impairment of Assets

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying value of the group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their present location and condition.

Property, Plant and Equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued to fair value on or prior to transition to IFRS, are measured on the basis of deemed cost, being the fair value at the date of transition.

Property, plant and equipment, including capitalised leased assets are depreciated on a straight-line basis over the periods of their estimated useful lives, at the following rates per annum:

Shopfitting and passenger vehicles	20%
Commercial vehicles	25%
Computers and related equipment	20% – 33%
Capitalised leased assets	20%
Buildings	5%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The day-to-day servicing costs of property, plant and equipment are recognised in profit or loss as incurred.

Profits (losses) on the disposal of property, plant and equipment are credited (charged) to income. The profit or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Revenue Recognition

Turnover

Turnover represents the invoiced value of retail sales, excluding intergroup sales and Value Added Tax. Sales are recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of the future economic benefits is probable. Revenue is measured at the fair value of the consideration received or receivable.

Interest received

Interest is recognised on a time-proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the group.

Dividends received

Dividends received on equity instruments are recognised when the right to receive payment is established.

Merchants' commission

Commission income is recognised when the related transaction on which the commission is earned has been concluded.

Club income

Club income is recognised in the income statement when due.

Insurance income

Insurance income is recognised in the income statement when due and no further services are required.

Taxation

Current tax comprises taxation payable, calculated on the basis of expected taxable income for the year, using the tax rates enacted or substantively enacted at the balance sheet date, and any adjustment of taxation payable for previous years.

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Deferred taxation is provided for on the balance sheet method, to take into account the effect of temporary differences between the tax value of an asset or liability and its balance sheet carrying amount. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation assets are recognised for all deductible temporary differences and assessed losses to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and assessed losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition.

Secondary taxation on companies is provided in respect of dividend payments, net of dividends received or receivable, and is recognised as a tax charge in the year in which the related dividend is declared.

Treasury Shares

Foschini Limited shares purchased and held by subsidiaries are classified as treasury shares and are presented as a reduction of equity.

Dividends received on treasury shares are eliminated on consolidation.

Gains or losses on disposal of treasury shares are accounted for directly in equity.

Issued and weighted average numbers of shares are reduced by treasury shares for earnings per share purposes.

Segmental Reporting

The group is primarily a retailer of fashion goods, sports apparel, jewellery, cosmetics, cellphones and homewares with significant business interests in the personal finance and retail credit industries. On a primary basis, the group is organised into two major operating divisions:

- Retail – comprising the group's various trading divisions; and
- Financial services – comprising RCS Personal Loans, RCS Cards and RCS Private Label Cards.

The group operates solely in the southern African market and accordingly has not identified any secondary segments.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Segment results are determined before any adjustments for minority interest.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the group's balance sheet. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

Significant Judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements made in applying the group's accounting policies, that potentially have a significant effect on the amounts recognised in the financial statements are as follows:

Trade receivables impairment

Trade receivables are disclosed net of any accumulated impairment losses. The calculation of the impairment amount is performed using the internationally-recognised MARKOV model. The MARKOV model uses delinquency roll rates on customer balances to determine the inherent bad debt in a debtors book. The directors believe that the application of the MARKOV model results in trade receivables balances being measured fairly.

Other

Further estimates and judgements are made relating to net realisable value of inventory; residual values, useful lives and depreciation methods; goodwill impairment tests (refer note 3); estimating the fair value of share options granted (refer note 29.1); and pension fund and employee obligations (refer note 29).

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	2007 Rm	2006 Rm
2. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At deemed cost	257,5	231,4
Accumulated depreciation	(52,0)	(46,6)
Carrying value at the end of the year	205,5	184,8
Shopfitting, equipment and vehicles		
At cost	1 614,1	1 443,2
Accumulated depreciation	(1 037,5)	(973,6)
Carrying value at the end of the year	576,6	469,6
Capitalised leased assets		
At cost	–	17,5
Accumulated depreciation	–	(17,5)
Carrying value at the end of the year	–	–
Total		
At cost/deemed cost	1 871,6	1 692,1
Accumulated depreciation	(1 089,5)	(1 037,7)
Carrying value at the end of the year	782,1	654,4

Analysis of movements

	Land and buildings	Shopfitting, equipment and vehicles	Total
Carrying value at the beginning of the year as previously stated	184,8	416,0	600,8
Reclassification (refer note 33)	–	53,6	53,6
Restated carrying value at the beginning of the year	184,8	469,6	654,4
Additions	26,1	278,3	304,4
Disposals	–	(4,1)	(4,1)
Depreciation	(5,4)	(167,2)	(172,6)
Carrying value at the end of the year	205,5	576,6	782,1

None of the group's assets are in any way encumbered.

Registers of the land and buildings are available for inspection at the head office of the company at Parow East.

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
3. GOODWILL AND INTANGIBLE ASSETS		
Carrying amount at the beginning of the year	29,6	29,3
Current year movements		
– Intangible asset on acquisition of client list	2,8	0,9
– Amortisation charge	(1,5)	(0,6)
Carrying amount at the end of the year	30,9	29,6
Closing carrying amount comprises:		
Indefinite life goodwill	27,0	27,0
Intangible asset on acquisition of client list	2,3	1,0
Intangible asset on acquisition of Instinct brand	1,6	1,6
	30,9	29,6

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Trademarks represent registered rights to the exclusive use of certain trademarks and brand names.

The client lists are name lists purchased by the group's RCS Financial Services division which are used to invite individuals to apply for loans.

Indefinite life goodwill is tested annually for impairment and as soon as there is an indication of impairment.

Impairment testing of indefinite life goodwill
Goodwill acquired through business combinations has been allocated to two individual cash-generating units as follows:

	2007 Rm	2006 Rm
Totalsports acquisition	9,3	9,3
RCS Personal Finance piecemeal acquisition	17,7	17,7
	27,0	27,0

The recoverable amount of both cash-generating units has been determined based on a value-in-use calculation, using cash flow projections which cover a three-year period. The cash flows have been discounted at a rate of 10%.

The following significant assumptions have been applied when reviewing the goodwill impairment:

- asset values have been based on the carrying amounts for the financial period;
- future expected profits have been estimated using historical information and approved budgets;
- Totalsports' sales growths and gross margins were based on historical performance, while costs were assumed to grow in line with expansion and expectation of inflation; and
- RCS Personal Finance projections are based on historical performance as well as anticipated growth in advances, as well as expectations of future interest rates.

	2007 Rm	2006 Rm
4. PREFERENCE SHARE INVESTMENT		
Cumulative preference shares	200,0	200,0
Deduct amount redeemable within one year, included in current assets	–	200,0
	200,0	–

Comprises an investment of R200 million, redeemable from 25 August 2011, with dividends payable biannually on 15 December and 15 June. This investment earns dividends at a rate of 63% of prime compounded semi-annually.

Foschini Limited and its subsidiaries

		2007 Rm	2006 Rm
5.	**LOANS**		
	Housing loans	3,8	5,4
	Deduct amount to be repaid within one year, included in other receivables and prepayments	0,9	1,3
		2,9	4,1
	Housing loans made to employees are secured by mortgage bonds, bear interest at varying rates linked to prime, and are repayable over varying periods, not exceeding 20 years.		
6.	**PRIVATE LABEL CARD RECEIVABLES**		
	Private label card receivables	826,7	480,1
	Deduct amount to be repaid within one year, included in current assets	671,7	390,0
		155,0	90,1
	Private label card receivables comprise a number of individual unsecured revolving card accounts, which attract interest at variable rates as per the Usury Act. The effective interest rate on these receivables for the year under review is 34,2% (2006: 25,1%). The amounts are repayable over periods not exceeding two years.		
	These receivables have been ceded to the Standard Bank of South Africa Limited (SBSA) as security for the loan advanced by SBSA to RCS Investment Holdings (Pty) Limited. Refer note 16.		
7.	**LOAN RECEIVABLES**		
	Loan receivables	866,5	817,5
	Deduct amount to be repaid within one year, included in current assets	160,2	319,9
		706,3	497,6
	Loan receivables comprise a number of individual unsecured loans. The loans bear interest at fixed rates determined on the initial advance of the loan based on the risk profile of the customer. The effective rate of interest earned during the year under review is 36,3% (2006: 36,0%).		
	These receivables have been ceded to the Standard Bank of South Africa Limited (SBSA) as security for the loan advanced by SBSA to RCS Investment Holdings (Pty) Limited. Refer note 16.		
8.	**PARTICIPATION IN EXPORT PARTNERSHIPS**		
	Certain subsidiary companies participated in various export partnerships, whose business was the purchase and export sale of containers. The partnerships bought and sold the containers in terms of long-term suspensive purchase and credit sale agreements respectively, with repayment terms usually over a 10- to 15-year period. Refer note 19.	111,1	117,1
	Deduct amount to be repaid within one year, included in current assets	7,6	8,5
		103,5	108,6

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		2007 Rm	2006 Rm
9.	**DEFERRED TAXATION**		
	Balance at 1 April as previously stated	1,8	(49,6)
	Operating lease adjustment (refer note 28)	–	59,8
	Balance at 1 April restated	1,8	10,2
	Secondary tax on companies	6,5	(9,8)
	Operating leases	(2,3)	2,0
	Working capital allowances	(33,4)	4,5
	Capital allowances	6,0	(0,5)
	Restraint of trade payments	(4,4)	1,8
	Export partnerships (refer note 8)	(7,1)	(6,4)
	At 31 March	(32,9)	1,8
	Arising as a result of:		
	Deferred tax assets		
	– Secondary tax on companies	(3,3)	(9,8)
	– Operating leases	(35,3)	(33,0)
	– Working capital changes	(139,3)	(105,9)
	– Capital allowances	2,6	(3,4)
	– Restraint of trade payments	(4,4)	–
	Deferred tax asset	(179,7)	(152,1)
	Deferred tax liability		
	– Capital allowances	29,3	29,3
	– Export partnerships (refer note 8)	117,5	124,6
	Deferred tax liability	146,8	153,9
	Total deferred tax	(32,9)	1,8

In the event that the total available distributable reserves of R4 006,8 (2006: R3 270,1) million were declared as a dividend to shareholders, the related secondary tax on companies would amount to R500,9 (2006: R408,8) million.

		2007 Rm	2006 Rm
10.	**INVENTORY**		
	Merchandise	1 194,8	1 047,1
	Raw materials	44,4	19,2
	Goods in transit	34,3	25,0
	Shopfitting stock	18,1	23,2
	Consumables	1,3	2,2
		1 292,9	1 116,7
	Inventory writedowns included above	64,2	63,2
11.	**TRADE RECEIVABLES – RETAIL**		
	6-month revolving credit	1 370,1	1 466,0
	12-month extended credit	865,1	650,6
		2 235,2	2 116,6

The effective rate of interest earned on the above receivables during the year under review is 12,8% (2006: 12,1%).

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	Number of shares 2007	Number of shares 2006	2007 Rm	2006 Rm
12. SHARE CAPITAL				
12.1 Authorised				
200 000 (2006: 200 000) 6,5% cumulative preference shares of R2 each			0,4	0,4
600 000 000 (2006: 600 000 000) ordinary shares of 1,25 cents each			7,5	7,5
			7,9	7,9
12.2 Issued				
Ordinary share capital				
Ordinary shares of 1,25 cents each				
Total in issue – company and group	240 498 241	240 498 241	3,0	3,0
Shares held by subsidiary	(16 877 827)	(16 877 827)	(0,2)	(0,2)
Shares held by share incentive trust	(11 667 877)	(11 049 675)	(0,1)	(0,1)
Balance at the end of the year – company	240 498 241	240 498 241	3,0	3,0
Balance at the end of the year – group	211 952 537	212 570 739	2,7	2,7
Preference share capital				
200 000 (2006: 200 000) 6,5% cumulative preference shares of R2 each			0,4	0,4
Total issued share capital – company			3,4	3,4
Total net issued share capital – group			3,1	3,1

12.3 Unissued

In terms of the provisions of the Companies Act No. 61 of 1973, and limited to the issuing of shares in terms of the company's obligations under the staff share incentive schemes, the unissued ordinary shares are under the control of the directors only until the forthcoming annual general meeting.

12.4 Directors' interest

At 31 March 2007, the directors had the following interests in the company's issued shares:

	Shares 000's	Options exercised 000's	Price per share R	Year of delivery	**2007 Total 000's**	2006 Total 000's
Non-executive						
E Osrin (beneficial)	100,0	–	–	–	100,0	100,0
D M Nurek (non-beneficial)	10,0	–	–	–	10,0	10,0
F Abrahams	–	–	–	–	–	–
S E Abrahams	–	–	–	–	–	–
L F Bergman	–	–	–	–	–	–
W V Cuba	–	–	–	–	–	–
N H Goodwin (beneficial)	27,0	–	–	–	27,0	27,0
	137,0	–			137,0	137,0
M Lewis (beneficial)	222,1	–	–	–	222,1	222,1
M Lewis (non-beneficial)	14 055,6	–	–	–	14 055,6	16 376,6
	14 277,7	–			14 277,7	16 598,7
Total non-executive	14 414,7	–			14 414,7	16 735,7

Foschini Limited and its subsidiaries

	Shares 000's	Options exercised 000's	Price per share R	Year of delivery	**2007 Total 000's**	2006 Total 000's
12. SHARE CAPITAL CONTINUED						
12.4 **Directors' interest continued**						
Executive						
D M Polak (beneficial)	1 188,0	–	–	–	**1 188,0**	1 038,0
D M Polak (non-beneficial)	212,0	–	–	–	**212,0**	212,0
D M Polak	–	–	36,00	2007	**–**	200,0
D M Polak	–	–	9,70	2007	**–**	302,5
D M Polak	–	479,2	6,35	2008	**479,2**	479,2
D M Polak	–	283,3	16,60	2008	**283,3**	283,3
D M Polak	–	200,0	18,80	2008	**200,0**	200,0
D M Polak	–	200,0	36,00	2009	**200,0**	200,0
D M Polak	–	302,5	9,70	2009	**302,5**	302,5
D M Polak	–	150,0	60,95	2009	**150,0**	–
D M Polak	–	283,3	16,60	2010	**283,3**	283,3
D M Polak	–	200,0	18,80	2010	**200,0**	200,0
D M Polak	–	200,0	36,00	2011	**200,0**	200,0
D M Polak	–	150,0	60,95	2011	**150,0**	–
D M Polak	–	150,0	60,95	2013	**150,0**	–
	1 400,0	2 598,3			**3 998,3**	3 900,8
R Stein (beneficial)	427,8	–	–	–	**427,8**	367,5
R Stein (non-beneficial)	275,7	–	–	–	**275,7**	275,7
R Stein	–	–	36,00	2007	**–**	90,0
R Stein	–	–	9,70	2007	**–**	143,3
R Stein	–	93,3	18,80	2008	**93,3**	93,3
R Stein	–	116,7	16,60	2008	**116,7**	116,7
R Stein	–	197,8	6,35	2008	**197,8**	197,8
R Stein	–	90,0	36,00	2009	**90,0**	90,0
R Stein	–	143,3	9,70	2009	**143,3**	143,3
R Stein	–	76,7	60,95	2009	**76,7**	–
R Stein	–	93,3	18,80	2010	**93,3**	93,3
R Stein	–	116,7	16,60	2010	**116,7**	116,7
R Stein	–	90,0	36,00	2011	**90,0**	90,0
R Stein	–	76,7	60,95	2011	**76,7**	–
R Stein	–	76,7	60,95	2013	**76,7**	–
	703,5	1 171,2			**1 874,7**	1 817,6
Total executive	2 103,5	3 769,5			**5 873,0**	5 718,4
Total	16 518,2	3 769,5			**20 287,7**	22 454,1

No changes have been advised since 31 March 2007.

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	2007 Rm	2006 Rm

13. TREASURY SHARES

In terms of a special resolution passed at the annual general meeting of the company on 30 August 2006 shareholders renewed the approval, as a general authority, of the acquisition by the company or any of its subsidiaries, of the issued ordinary shares of the company, not exceeding 20% in aggregate in any one financial year. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act No. 61 of 1973 of South Africa as amended, and is valid only until the company's next annual general meeting.

	Number of shares 2007	2006
Foschini Stores (Pty) Limited	16 877 827	16 877 827
The Foschini Share Incentive Trust	11 049 675	11 755 862
Balance at the beginning of the year	27 927 502	28 633 689
The Foschini Share Incentive Trust	5 270 714	5 450 064
Shares purchased during the year	5 270 714	5 450 064
The Foschini Share Incentive Trust	(4 652 512)	(6 156 251)
Shares delivered during the year	(4 652 512)	(6 156 251)
Foschini Stores (Pty) Limited	16 877 827	16 877 827
The Foschini Share Incentive Trust	11 667 877	11 049 675
Balance at the end of the year	28 545 704	27 927 502

As at 31 March 2007 a subsidiary, Foschini Stores (Pty) Limited, held 16 877 827 (2006: 16 877 827) shares, representing 7,0% (2006: 7,0%) of the company's share capital. The Foschini Share Incentive Trust held 11 667 877 (2006: 11 049 675) shares, representing 4,9% (2006: 4,6%) of the company's share capital.

14. RESERVES

14.1 Dividend reserve

A liability for cash dividends and the related STC charge is recognised in the period when the dividend is declared. An amount equal to dividends declared subsequent to the balance sheet date is transferred to the dividend reserve.

A final dividend of 170,0 (2006:140,0) cents per ordinary share was declared on 31 May 2007 payable on 16 July 2007. This will give rise to secondary taxation on companies of R45,0 million (net of relevant STC credits). In terms of IAS 10 no liability has been raised.

	2007 Rm	2006 Rm
	408,8	336,6

14.2 Hedging deficit

The hedging deficit comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

14.3 Share-based payments reserve

This comprises the cumulative fair value of options granted to employees after 7 November 2002.

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
15. MINORITY INTEREST		
The Standard Bank of South Africa Limited (SBSA) increased its shareholding in the RCS financial services division from 25% to 35% during the current financial year.		
RCS Investment Holdings (Pty) Limited issued new shares during the year which resulted in a dilution in shareholding of 10% (refer note 32.5), thus taking SBSA's total shareholding to 35% at 31 March 2007, with the remaining 65% being held by the group.		
In addition, SBSA exercised their final option in respect of the remaining balance of 10% with effect from 1 April 2007.		
16. INTEREST-BEARING DEBT		
Unsecured fluctuating loans in terms of long-term bank facilities at prevailing interest rates	1 014,6	797,0
Included in interest-bearing debt is an amount of R389,7 million advanced by the Standard Bank of South Africa Limited (SBSA) to RCS Investment Holdings (Pty) Limited (RCSIH) and its subsidiaries in terms of a funding agreement between the parties. This funding agreement is not subject to any guarantee or security from Foschini Limited or any of its subsidiaries except RCSIH and accordingly can only be repaid out of the cash flows of RCSIH and its subsidiaries.		
The group's borrowing powers in terms of the articles of association of the company are unlimited.		
17. TRADE AND OTHER PAYABLES		
Trade payables	828,2	711,1
VAT payable	3,6	18,1
Other payables and accruals	307,3	249,3
	1 139,1	978,5

18. EMPLOYEE BENEFIT ACCRUALS

	Post-retirement medical aid Rm	Leave pay Rm	AIDS Rm	Total Rm
Balance at 1 April 2005	76,1	22,8	10,0	108,9
Accruals made during the year	4,0	–	–	4,0
Balance at 1 April 2006	80,1	22,8	10,0	112,9
Accruals made (utilised) during the year	4,0	(0,2)	–	3,8
Balance at 31 March 2007	**84,1**	**22,6**	**10,0**	**116,7**

Further details in respect of post-retirement medical aid benefits are included in note 29.5.

Foschini Limited and its subsidiaries

19. FINANCIAL INSTRUMENTS

19.1 Foreign currency management

Operating subsidiaries undertake transactions denominated in foreign currencies and hence exposure to exchange rate fluctuations arise. Exchange rate exposure is hedged through the use of forward exchange contracts. Refer to note 21 for details.

19.2 Credit risk management

Credit risk arises on cash equivalents, investments, loans, participation in export partnerships, private label card receivables, loan receivables and trade receivables – retail. The risk on cash equivalents and investments is managed through dealing with well-established financial institutions with high credit standing. The risk arising on trade receivables – retail, loans and private label card receivables is managed through a stringent group policy on the granting, continual review and monitoring of credit sales and loan advances. A company listed on the JSE Limited has warranted certain important cash flow aspects of the subsidiary companies' participation in export partnerships.

At 31 March 2007 the group did not consider there to be any significant concentration of credit risk in respect of which adequate impairment had not been raised. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

19.3 Cash flow and liquidity risk management

The risk is managed through cash flow forecasts and ensuring that adequate borrowing facilities are maintained. In terms of the articles of association, the group's borrowing powers are unlimited.

19.4 Fair values of financial instruments

At 31 March 2007 the carrying amounts of cash on hand and in bank, trade receivables – retail and trade and other payables approximate their fair values due to their short-term maturities. The fair value of loans and other receivables approximate their carrying value as disclosed on the balance sheet. The fair value of interest-bearing debt approximates its disclosed carrying value.

The cash flows from the participation in export partnerships (note 8), to be received by the subsidiary companies have not been discounted. For fair presentation purposes, any impairment to the participation in export partnerships will result in a corresponding reduction in the related deferred taxation liability and thus there would be no impact on the net cash flow statement and the income statement of the subsidiary companies.

Foschini Limited and its subsidiaries

19. FINANCIAL INSTRUMENTS CONTINUED

19.5 Interest rate management

The group is exposed to interest rate risk as it both borrows and invests funds. This risk is managed by maintaining an appropriate mix of fixed and floating rate instruments with reputable financial institutions.

In addition, the RCS financial services division enters into interest rate swap contracts for the purposes of cash flow hedging since the loan receivables largely bear interest at fixed rates whilst borrowings bear interest at variable rates.

The effective rates on financial instruments at 31 March 2007 are disclosed in the applicable notes to the financial statements. The terms of maturity are set out below:

	1 year or less Rm	1 year to 5 years Rm	Non-interest bearing Rm	**2007 Total Rm**
Assets				
Cash	69,1			**69,1**
Trade receivables – retail	865,1		1 370,1	**2 235,2**
Private label card receivables	671,7	155,0		**826,7**
Other receivables and prepayments	0,9		185,7	**186,6**
Participation in export partnerships			111,1	**111,1**
Loans		2,9		**2,9**
Loan receivables	160,2	706,3		**866,5**
Preference share investment		200,0		**200,0**
Total financial assets	1 767,0	1 064,2	1 666,9	**4 498,1**
Liabilities				
Interest-bearing debt		1 014,6		**1 014,6**
Operating lease liability			121,0	**121,0**
Short-term loans	5,9			**5,9**
Trade and other payables			1 139,1	**1 139,1**
Employee benefit accruals			116,7	**116,7**
Total financial liabilities	5,9	1 014,6	1 376,8	**2 397,3**
Net financial assets	1 761,1	49,6	290,1	**2 100,8**

Foschini Limited and its subsidiaries

19.5 **Interest rate management (continued)**

	1 year or less Rm	1 year to 5 years Rm	Non-interest bearing Rm	2006 Total Rm
Assets				
Cash	62,5			62,5
Trade receivables – retail	650,6		1 466,0	2 116,6
Private label card receivables	390,0	90,1		480,1
Other receivables and prepayments	1,3		96,3	97,6
Participation in export partnerships			117,1	117,1
Loans		4,1		4,1
Loan receivables	319,9	497,6		817,5
Preference share investment	200,0			200,0
Total financial assets	1 624,3	591,8	1 679,4	3 895,5
Liabilities				
Interest-bearing debt		797,0		797,0
Operating lease liability			113,3	113,3
Short-term loans	8,0			8,0
Trade and other payables			978,5	978,5
Employee benefit accruals			112,9	112,9
Total financial liabilities	8,0	797,0	1 204,7	2 009,7
Net financial assets (liabilities)	1 616,3	(205,2)	474,7	1 885,8

20. POST-BALANCE SHEET EVENT

Besides the acquisition by the Standard Bank of South Africa Limited of a further 10% share in RCS Investment Holdings (Pty) Limited on 1 April 2007, no other significant events took place between the end of the financial year under review, and the date of signature of these financial statements. Refer note 15.

	2007 Rm	2006 Rm
21. COMMITMENTS AND CONTINGENT LIABILITIES		
Capital commitments		
Authorised	–	26,5

Forward exchange commitments

The group had forward exchange contracts in various currencies in respect of future commitments, which do not relate to specific balance sheet items. At 31 March 2007 these amounted to:

	Foreign currency 000's	Rand equivalent (at forward cover rate) R'000
US Dollar	24 611	181 396
Euro	190	1 850
British Pound	130	1 856
		185 102

Contingent liabilities

There are no known contingent liabilities requiring disclosure.

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
22. REVENUE		
Retail turnover	7 230,0	6 432,1
Interest received (refer note 23)	873,8	644,1
Dividends received – retail	22,8	13,4
Merchants' commission – RCS financial services	36,2	47,9
Club income	96,1	87,0
Insurance income – retail	35,5	26,7
Insurance income – RCS financial services	66,9	55,5
	8 361,3	7 306,7
23. INTEREST RECEIVED		
Trade receivables – retail	299,3	253,0
Loan receivables	336,5	287,0
Private label card receivables	237,0	100,2
Sundry – RCS financial services	1,0	3,9
	873,8	644,1
24. OPERATING PROFIT BEFORE FINANCE CHARGES		
Operating profit before finance charges has been arrived at after taking account of:		
Net trading expenses		
– depreciation and amortisation	(174,1)	(148,9)
– employee costs: normal	(920,9)	(813,9)
– employee costs: bonuses and restraint payments	(24,4)	(51,9)
– employee costs: share-based payments	(19,2)	(19,0)
– store occupancy costs: normal	(512,7)	(459,6)
– store occupancy costs: operating lease liability adjustment	(7,7)	6,8
– other operating costs	(620,2)	(545,0)
– other income	234,7	217,1
	(2 044,5)	(1 814,4)
The following disclosable amounts are included above:		
Auditors' remuneration		
– audit fees	2,8	1,8
– fees for other services	0,1	0,3
Donations to Foschini Foundation	–	10,0
Loss on sale of property, plant and equipment	(0,1)	(1,6)
Retirement fund expenses	79,7	69,4
Receivables impairment	297,4	204,7

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
25. INCOME TAX EXPENSE		
South African current taxation		
– current year	550,7	427,4
– prior year under (over) provision	6,6	(4,0)
– secondary tax on companies	59,3	58,3
– capital gains tax	0,4	–
South African deferred taxation		
– current year	(34,4)	(3,7)
– prior year (under) over provision	(7,0)	4,0
– secondary tax on companies	6,6	(9,8)
Non-South African current taxation		
– current year	7,9	5,8
– prior year under provision	0,1	0,1
Non-South African deferred taxation		
– current year	0,1	1,1
	590,3	479,2
	%	%
Reconciliation of tax rate		
Effective tax rate	33,1	32,2
Exempt income	0,4	0,6
Non-deductible expenditure	(0,7)	(0,5)
Non-South African tax rate	(0,1)	(0,1)
Secondary tax on companies and withholding tax on dividends	(3,7)	(3,2)
South African statutory rate	29,0	29,0

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
26. EARNINGS PER SHARE		
26.1 **Basic and headline earnings per share**		
The calculation of basic earnings per share at 31 March 2007 was based on profit for the year attributable to ordinary shareholders of Foschini Limited of R1 119,2 (2006: R986,9) million divided by the weighted average number of ordinary shares as follows:		
Profit attributable to equity holders of Foschini Limited	1 119,2	986,9
Headline earnings	1 119,2	986,9
Weighted average number of ordinary shares in issue	209 493 784	213 134 827
Earnings per ordinary share (cents)	534,2	463,0
Headline earnings per ordinary share (cents)	534,2	463,0
26.2 **Diluted earnings per share**		
The calculations of diluted earnings per share and diluted headline earnings per share at 31 March 2007 was based on profit for the year attributable to ordinary shareholders of Foschini Limited of R1 119,2 (2006: R986,9) million divided by the fully diluted weighted average number of ordinary shares as follows:		
Weighted average number of ordinary shares as above	209 493 784	213 134 827
Number of shares that would have been issued for no consideration	7 895 952	6 362 895
Weighted average number of ordinary shares used for dilution	217 389 736	219 497 722

27. OPERATING LEASE OBLIGATION

The group leases most of its trading premises under operating leases.

Leases on trading premises are contracted for periods of between five and ten years, with renewal options for a further five years, wherever possible. The lease agreements for certain stores provide for a minimum annual rental payment and additional payments determined on the basis of turnover. Turnover rentals, where applicable, average approximately 4,5% of turnover. Rental escalations vary, but average at a rate of approximately 8% per annum.

At 31 March, future non-cancellable minimum lease rentals are as follows:

	2007 Rm	2006 Rm
Less than 1 year	534,1	471,8
More than 1 year and less than 5 years	1 253,9	1 338,0
More than 5 years	255,2	114,1

28. OPERATING LEASE ADJUSTMENT

During the course of the year, the straight-line model used to calculate the operating lease liability was reassessed. This resulted in an adjustment of R145 million (net of deferred taxation) to retained earnings as at 31 March 2005. The effect of the reassessment on the prior year income statement is insignificant and accordingly, comparatives have not been restated.

Foschini Limited and its subsidiaries

	2007	2006

29. EMPLOYEE BENEFITS

29.1 **Share incentive scheme**

Certain employees of the group participate in the share incentive scheme. The scheme rules provide that delivery and payment for the shares take place in three equal tranches on the second, fourth and sixth anniversary of the date on which the options were exercised.

The fair value of options granted and exercised after 7 November 2002 was determined using a binomial option-pricing model. The assumptions used in determining the fair value are as follows:

Options granted and exercised during the financial year ending 31 March

	2007	2006
Exercise price	**R43,59 to R69,01**	R36,36 to R52,41
Expected volatility	**29,0% to 32,9%**	27,0% to 32,7%
Expected dividend yield	**3,6% to 3,9%**	3,5%
Risk-free interest rate	**7,3% to 8,6%**	7,1% to 8,0%

The group recognised total expenses of R19,2 (2006: R19,0) million related to these equity-settled share-based payment transactions during the year.

Details of the share options outstanding at the end of the year are set out below.

		Number of share options	
		2007	2006
Foschini Staff Share Incentive Scheme (1990)			
Options granted, but not exercised at 1 April		**19 009**	38 018
Options exercised during the year		**(19 009)**	(19 009)
Options granted, but not exercised at 31 March		**–**	19 009
Foschini 1997 Share Option Scheme			
Options exercised, subject to future delivery, at 1 April		**17 041 730**	23 063 718
Options exercised during the year, subject to future delivery		**4 431 947**	115 254
Options delivered during the year		**(4 633 503)**	(6 137 242)
Options exercised, subject to future delivery, at 31 March		**16 840 174**	17 041 730
Options will be delivered during the following financial years:			
Year	Average price		
2008	R13,08	**4 362 051**	
2009	R34,49	**5 086 927**	
2010	R18,26	**2 365 039**	
2011	R47,86	**3 305 385**	
2012	R39,85	**101 670**	
2013	R60,21	**1 619 102**	
		16 840 174	
Both schemes are administered by The Foschini Share Incentive Trust which holds shares in Foschini Limited as follows:			
Shares held at the beginning of the year		**11 049 675**	11 755 862
Options exercised during the year		**(19 009)**	(19 009)
Shares delivered during the year		**(4 633 503)**	(6 137 242)
Shares purchased during the year		**5 270 714**	5 450 064
Shares held at the end of the year		**11 667 877**	11 049 675

Foschini Limited and its subsidiaries

29. EMPLOYEE BENEFITS CONTINUED

29.2 **Housing loans**

Refer note 5.

29.3 **Retirement funds**

Foschini Group Retirement Fund: Defined contribution plan

The Foschini Group Retirement Fund, which is governed by the provisions of the Pension Funds Act No. 24 of 1956, is a defined contribution plan. It provides comprehensive retirement and associated benefits for members and their dependants. All permanent employees of wholly-owned subsidiaries of Foschini Limited, excluding those that are members of the Namflex or Swaziland Funds, are members of the retirement fund.

An actuarial valuation of the fund was performed as at 31 December 2003, in which the valuator reported that the fund was in a sound financial position. In addition, the Registrar of Pension Funds has recorded the fund as a nil scheme submission as there was no actuarial surplus to apportion as at the surplus apportionment date being 31 December 2003. The actuarial valuation as at 31 December 2006 is due to be performed during the 2008 financial year.

Investment Solutions Pension Fund: Defined contribution plan

All employees above an annually determined pensionable salary threshold pay 7,5% of their above-threshold earnings as contributions into this fund, which is an umbrella retirement funding arrangement.

Investment Solutions Provident Fund: Defined contribution plan

All employees above an annually determined pensionable salary threshold have an option of paying 1,5% of their earnings as contributions into this fund.

Liberty Life Provident Fund: Defined contribution plan

Employees of RCS Investment Holdings (Pty) Ltd, a non wholly-owned subsidiary, are not members of The Foschini Group Retirement Fund, but receive comparable benefits from the Liberty Life Provident Fund.

Namflex Pension Fund: Defined contribution plan

All permanent employees in Namibia under normal retirement age are required to be members of the Namflex Pension Fund. This fund is a money purchase arrangement whereby the members pay 7,5% of their pensionable salary as contributions towards retirement benefits.

Swaziland Provident Fund: Defined contribution plan

All permanent employees in Swaziland under normal retirement age are required to be members of the Swaziland Provident Fund, whereby members pay 7,5% of their pensionable salary as contributions to this fund.

The employers and the members make like contributions in respect of retirement benefits. In addition, the employers cover death and disability benefits, reinsurance and administration and management costs.

	Number of members		Contributions	
	2007	2006	**2007**	2006
Summary per fund:			**Rm**	Rm
The Foschini Group Retirement Fund	**9 326**	8 196	**69,7**	61,7
Namflex Pension Fund	**207**	188	**1,2**	1,0
Swaziland Pension Fund	**9**	8	**–**	–
Liberty Life Provident Fund	**216**	173	**4,5**	2,9
Investment Solutions Pension Fund	**119**	114	**3,1**	2,7
Investment Solutions Provident Fund	**123**	119	**1,2**	1,1
	10 000	8 798	**79,7**	69,4

Foschini Limited and its subsidiaries

29.4 **Medical aid**

The Foschini Group Medical Aid Scheme: Defined benefit plan

The company and its wholly-owned subsidiaries operate a defined benefit medical aid scheme for the benefit of their permanent employees (excluding those employed in Namibia). Membership of the scheme is voluntary, except for senior employees. Total membership currently stands at 2 246 principal members.

These costs are charged against income as incurred and amounted to R18,2 (2006: R18,2) million, with employees contributing a further R18,2 million to the fund.

In respect of the year ended 31 December 2006, the scheme earned contributions of R37,7 million and reflected a net surplus of R1,6 million after the deduction of all expenses.

The fund had net assets totalling R37,9 million. The projected surplus in respect of the year ending 31 December 2007 is R0,6 million.

Bankmed Medical Aid Scheme: Defined benefit plan

Permanent employees in Namibia are voluntary members of the Bankmed Medical Aid Scheme. These costs are charged against income as incurred and amounted to R0,5 (2006: R0,5) million, with employees contributing a further R0,5 million to the fund. There are currently 80 members of this fund.

Ingwe Health Plan: Defined benefit plan

An external medical aid scheme, Ingwe Health Plan, is also available to group employees and is subsidised by the group in the same way as the schemes mentioned above. The plans offered cater for lower income earners, and 201 employees are currently members. Costs charged to income total R1,3 million.

Discovery Health: Defined benefit plan

All permanent staff of RCS Investment Holdings (Pty) Ltd, a non-wholly-owned subsidiary are required to become members of their choice of the medical plans offered by Discovery Health.

These costs are charged against income as incurred and amounted to R1,8 million. Total membership currently stands at 190 principal members.

29.5 **Post-retirement medical aid**

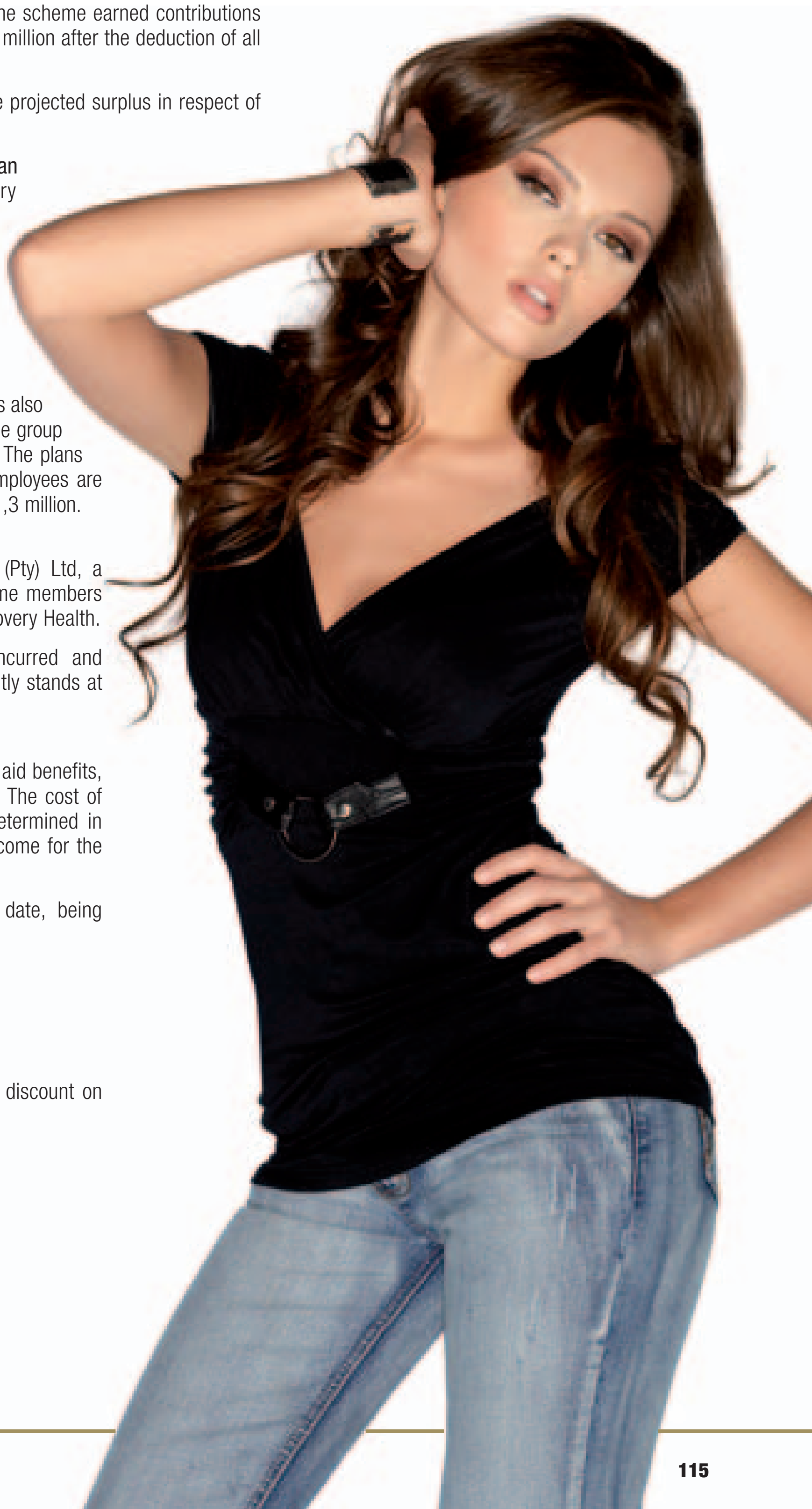
Qualifying retired employees are entitled to medical aid benefits, which have been fully provided for (refer note 18). The cost of providing post-retirement medical aid has been determined in accordance with IAS 19 and the charge against income for the year was R4,0 (2006: R4,0) million.

The principal assumptions at the last valuation date, being 31 March 2006 were as follows:

Net discount rate	2%
Withdrawal rates	0% – 24%
Normal retirement age	60 – 65 years

29.6 **Other**

Group employees and pensioners are entitled to a discount on purchases made at stores within the group.



Foschini Limited and its subsidiaries

	Fees R'000	Remuneration R'000	Pension fund R'000	Travel allowance R'000	Other benefits* R'000	Performance bonus** R'000	**2007 Total R'000**	2006 Total R'000
30. DIRECTORS' REMUNERATION								
Non-executive								
E Osrin	712,5	–	–	–	–	–	**712,5**	
D M Nurek	236,3	–	–	–	–	–	**236,3**	
F Abrahams	178,7	–	–	–	–	–	**178,7**	
S E Abrahams	201,2	–	–	–	–	–	**201,2**	
L F Bergman	135,0	–	–	–	–	–	**135,0**	
W V Cuba	135,0	–	–	–	–	–	**135,0**	
N H Goodwin	158,8	–	–	–	–	–	**158,8**	
M Lewis	130,0	–	–	–	–	–	**130,0**	
Total	1 887,5	–	–	–	–	–	**1 887,5**	
Executive								
D M Polak	–	3 110,8	286,0	269,9	184,3	–	**3 851,0**	
R Stein	–	1 519,6	158,1	206,9	97,8	–	**1 982,4**	
Total	–	4 630,4	444,1	476,8	282,1	–	**5 833,4**	
Total remuneration 2007	1 887,5	4 630,4	444,1	476,8	282,1	–	**7 720,9**	
Non-executive								
E Osrin	525,0	–	–	–	–	–		525,0
D M Nurek	163,8	–	–	–	–	–		163,8
F Abrahams	127,5	–	–	–	–	–		127,5
S E Abrahams	141,2	–	–	–	–	–		141,2
L F Bergman	107,5	–	–	–	–	–		107,5
W V Cuba	107,5	–	–	–	–	–		107,5
N H Goodwin	120,0	–	–	–	–	–		120,0
M Lewis	100,0	–	–	–	–	–		100,0
Total	1 392,5	–	–	–	–	–		1 392,5
Executive								
D M Polak	–	2 849,9	269,8	233,6	133,8	4 099,4		7 586,5
R Stein	–	1 383,3	149,8	193,4	64,9	1 951,7		3 743,1
Total	–	4 233,2	419,6	427,0	198,7	6 051,1		11 329,6
Total remuneration 2006	1 392,5	4 233,2	419,6	427,0	198,7	6 051,1		12 722,1

* Other benefits include medical aid and group life cover.

** The performance bonus relates to the results for the 2006 financial year.

In accordance with the requirements of IFRS 2, the fair value of share options granted to employees is expensed in the income statement over the term of the option. An amount of R2,5 (2006: R2,8) million and R1,1 (2006: R1,2) million was recognised in respect of options granted to Messrs D M Polak and R Stein respectively.

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
31. RELATED-PARTY TRANSACTIONS		
Shareholders		
An analysis of the principal shareholders of the company is provided in the Shareholdings section of the annual report. For details of directors' interests refer to note 12.4.		
Subsidiaries		
During the year, in the ordinary course of business, certain companies within the group entered into arm's length transactions. These intragroup transactions have been eliminated on consolidation.		
Other related parties		
The Foschini Group Retirement Fund		
The Foschini Group Retirement Fund is administered by Foschini Retail Group (Pty) Ltd, a subsidiary of Foschini Limited.		
Administration fee earned from The Foschini Group Retirement Fund	1,3	1,3

An executive director of Foschini Limited (Mr R Stein) is also a trustee of the Foschini Group Retirement Fund.

RCS Home Loans (Pty) Ltd
RCS Investment Holdings (Pty) Ltd, a subsidiary of Foschini Limited, is the holding company of RCS Home Loans (Pty) Ltd. RCS Home Loans (Pty) Ltd is party to a joint venture agreement with South African Home Loans (Pty) Ltd.

The results of this joint venture have not been consolidated in the current financial year as the group does not control this entity.

Directors
Remuneration
Details relating to executive and non-executive directors' remuneration are disclosed in note 30.

Interest of directors in contracts
No directors have any interests in contracts.

Executive directors are bound by service contracts.

Loans to directors
No loans have been made to directors.

Employees
Details relating to the share incentive scheme are disclosed in note 29.1.

Key management personnel
Key management personnel are those having authority and responsibility for planning, directing and controlling activities, directly or indirectly, including any director of that entity. Directors and associates of all subsidiary companies, excluding those who are also executive directors of the company, have been classified as key management personnel. No key management personnel had a material interest in any contract of significance with any group company during the year under review.

Remuneration paid to key management personnel is as follows:

	2007 Rm	2006 Rm
Remuneration	49,5	49,4
Pension fund	5,3	5,3
Travel allowance	7,4	6,9
Other benefits	1,8	1,5
Performance bonus	4,5	27,6
Fair value of share options granted*	16,9	16,7
Gain from sale of RCS Investment Holdings (Pty) Ltd shares	–	92,3
Total remuneration	85,4	199,7

* The fair value of options granted is the annual expense determined in accordance with IFRS 2 Share-based payments.

Foschini Limited and its subsidiaries

	2007 Rm	2006 Rm
32. CASH FLOW		
32.1 Operating profit before working capital changes		
Profit before tax	1 782,3	1 488,2
Adjusted for:		
– interest received	(873,8)	(644,1)
– interest paid	104,7	79,1
– dividends received	(22,8)	(13,4)
– depreciation and amortisation	174,1	148,9
– share-based payments	19,2	19,0
– operating lease liability	7,7	(6,8)
– loss on sale of property, plant and equipment	0,1	1,6
Operating profit before working capital changes	1 191,5	1 072,5
32.2 Working capital changes		
– increase in inventory	(176,2)	(190,1)
– increase in trade and other receivables	(207,6)	(360,9)
– increase in trade and other payables	161,9	22,7
– increase in employee benefit accruals	3,8	4,0
Increase in working capital	(218,1)	(524,3)
32.3 Reconciliation of taxation paid		
– amount unpaid at the beginning of the year	(327,9)	(304,5)
– current year provision	(625,0)	(487,6)
– amount unpaid at the end of the year	234,7	327,9
	(718,2)	(464,2)
32.4 Reconciliation of dividends paid		
– dividends declared during the year	(500,6)	(388,8)
– dividends paid by subsidiary to outside shareholders	(51,6)	(23,9)
	(552,2)	(412,7)

32.5 Proceeds on dilution of interest in subsidiary

As part of the agreement entered into with the Standard Bank of South Africa Limited (SBSA) (refer note 15), RCS Investment Holdings (Pty) Limited issued further shares, all of which were acquired by SBSA. This resulted in a further dilution of 10%.

The cash flow effects of the acquisition by SBSA of this further 10% are reflected below.

SBSA's holding in this subsidiary at 31 March 2007 was 35%.

	2007 Rm	2006 Rm
Purchase consideration	183,3	263,8
Fair value of net assets	71,2	74,7
Profit on dilution	112,1	189,1
Proceeds on dilution of interest in subsidiary	183,3	263,8

Foschini Limited and its subsidiaries

33. RECLASSIFICATION

In addition to the operating lease adjustment (refer note 28), certain comparative figures have been restated in order to improve disclosure. These adjustments have no effect on comparative earnings.

The effect on the comparative balance sheet is as follows:

	2006 Rm
Net decrease in assets	
Increase in property, plant and equipment (a)	53,6
Increase in goodwill and intangible assets (b)	1,0
Decrease in deferred tax asset (refer note 28)	(59,8)
Increase in inventory (c)	25,9
Decrease in other receivables and prepayments	(84,3)
	(63,6)
Net decrease in equity and liabilities	
Increase in equity (refer note 28)	145,0
Decrease in operating lease liability (refer note 28)	(204,8)
Decrease in trade and other payables (d)	(3,8)
	(63,6)

(a) The increase in property, plant and equipment is as a result of a reclassification of assets under construction which were previously classified in other receivables and prepayments.

(b) The increase in goodwill and intangible assets is as a result of a client list erroneously included as part of other receivables and prepayments.

(c) The increase in inventory is as a result of reclassifying shopfitting stock and consumables which were previously included in other receivables and prepayments.

(d) The decrease in trade and other payables is as a result of the reclassification of a receivable erroneously included in liabilities in 2006.

34. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE YEARS

There are Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the group and may have an impact on future financial statements:

IFRS 7 Financial instruments: Disclosures and the amendments to IAS 1 Presentation of financial statements: Capital disclosures

The disclosures provided in respect of financial instruments and share capital in the financial statements for the year ending 31 March 2008, as well as comparative information, will be compliant with IFRS 7 and amended IAS 1.

These statements require additional disclosure about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures of the nature and extent of risks, as well as the entity's objectives, policies and processes for managing capital.

IFRS 8 Segmental reporting

This statement which will be applicable to the group for the year ending 31 March 2010, requires significant additional disclosures as it extends the scope of segmental reporting.

IFRIC 8 Scope of IFRS 2 Share-based payments

This interpretation addresses the accounting for share-based payment transactions in which some or all goods or services rendered cannot be specifically identified. IFRIC 8 will be retrospectively applied to the financial statements for the year ending 31 March 2008, but is not expected to have a material impact.

IFRIC 10 Interim financial reporting and impairment

IFRIC 10 prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument classified as available-for-sale or a financial asset carried at cost. IFRIC 10 will be prospectively applied to the financial statements for the year ending 31 March 2008.

Foschini Limited
Balance Sheet

	Note	2007 Rm	2006 Rm
ASSETS			
Non-current assets			
Investment in preference shares		**200,0**	–
Interest in subsidiaries	Appendix 1	**1 880,7**	2 512,1
Deferred taxation		**3,3**	9,8
		2 084,0	2 521,9
Current assets			
Interest in subsidiaries	Appendix 1	**821,6**	658,3
Other receivables		**4,4**	–
Cash and cash equivalents		**0,2**	–
		826,2	658,3
Total assets		**2 910,2**	3 180,2
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12.2	**3,4**	3,4
Share premium		**498,7**	498,7
Dividend reserve	14.1	**408,8**	336,6
Distributable reserve		**1 964,7**	2 323,2
		2 875,6	3 161,9
Current liabilities			
Other payables		**17,1**	16,7
Bank overdraft		**–**	0,1
Taxation payable		**17,5**	1,5
		34,6	18,3
Total equity and liabilities		**2 910,2**	3 180,2
Guarantee: The company has guaranteed the overdraft facilities of subsidiary companies. The amounts utilised amounted to		**751,1**	988,8

Foschini Limited

as at 31 March

Foschini Limited
Income Statement

	2007 Rm	2006 Rm
Profit before taxation*	343,8	360,3
Taxation – current year	52,9	13,2
Profit attributable to ordinary shareholders after taxation	290,9	347,1
* after taking account of:		
Dividends received – subsidiary companies	275,0	337,8
– preference	16,9	25,4

Statement of Changes in Equity

	2007 Rm	2006 Rm
Equity at the beginning of the year	3 161,9	3 252,5
Profit for the year	290,9	347,1
Dividends paid	(577,2)	(437,7)
Equity at the end of the year	2 875,6	3 161,9

Foschini Limited
Appendix 1: Subsidiary Companies

Name of Subsidiary	Note	Issued share capital R	**2007 Cost Rm**	2006 Cost Rm	**2007 Indebtedness Rm**	2006 Indebtedness Rm
Trading Subsidiaries						
Foschini Retail Group (Pty) Ltd	2, 3, 8	2	**102,5**	102,5	**2 477,2**	1 420,2
Retail Credit Solutions (Pty) Ltd	2, 8	18 200	**–**	–	**–**	8,3
What U Want To Wear (Pty) Ltd	2	66 200	**0,1**	0,1	**–**	–
Markhams (Pty) Ltd	2, 7	1	**–**	–	**–**	1 223,0
Fashion Retailers (Pty) Ltd	4	250 006	**0,2**	0,2	**–**	–
Foschini Finance (Pty) Ltd	2, 7	6	**–**	–	**–**	214,8
Foschini Stores (Pty) Ltd	2,7	1	**–**	–	**121,5**	–
Foschini Botswana (Pty) Ltd	6	636 900	**0,6**	0,6	**–**	–
Foschini Swaziland (Pty) Ltd	5	2	**–**	–	**–**	–
Foschini Investments (Pty) Ltd	2, 7	10	**–**	–	**–**	200,0
Total trading subsidiaries			**103,4**	103,4	**2 598,7**	3 066,3
Other*			**1,1**	1,1	**(0,9)**	(0,4)
Total			**104,5**	104,5	**2 597,8**	3 065,9
Summary						
Investment in shares at cost					**104,5**	104,5
Amounts owing by subsidiaries – non-current portion					**1 776,2**	2 407,6
Total non-current portion					**1 880,7**	2 512,1
Amounts owing by subsidiaries – current portion					**821,6**	658,3
Total interest in subsidiaries					**2 702,3**	3 170,4

Notes

1. The company owns, directly or indirectly, all the ordinary shares in the subsidiaries listed above.
2. Incorporated in South Africa
3. Included is an amount of R102,5 (2006: R102,5) million representing the fair value of 102 500 R1 preference shares issued 28 February 2002 – directors' valuation at 31 March 2007: R102,5 (2006: R102,5) million.
4. Incorporated in Namibia
5. Incorporated in Swaziland
6. Incorporated in Botswana
7. These loans to subsidiaries are unsecured, interest free and no fixed date for repayment has been determined.
8. These loans to subsidiaries are unsecured, interest free until 30 June 2007 and repayable in annual instalments on 30 June of each year, dependent on profits of the previous financial year.

* A schedule of these details is available on request.

Foschini Limited
Appendix 2: Related-party Information

	2007 Rm	2006 Rm
Loans to and from related parties are disclosed in appendix 1.		
Interest was received from the following related party:		
Foschini Retail Group (Pty) Limited	56,0	–
Dividends were received from the following related parties:		
Retail Credit Solutions (Pty) Limited	158,3	275,6
Foschini Retail Group (Pty) Limited	53,5	7,5
Foschini Investments (Pty) Limited	8,0	13,6
Foschini Finance (Pty) Limited	9,9	10,4
Sport Scene (Pty) Limited	0,5	–
Pages Stores (Pty) Limited	4,3	–
Foschini Stores (Pty) Limited	40,5	30,7
	275,0	337,8
Preference dividends were received from the following related party:		
Foschini Retail Group (Pty) Limited	6,5	6,8
Dividends were paid to the following related parties:		
Foschini Stores (Pty) Limited	40,5	30,7
The Foschini Share Incentive Trust	36,1	19,7
	76,6	50,4