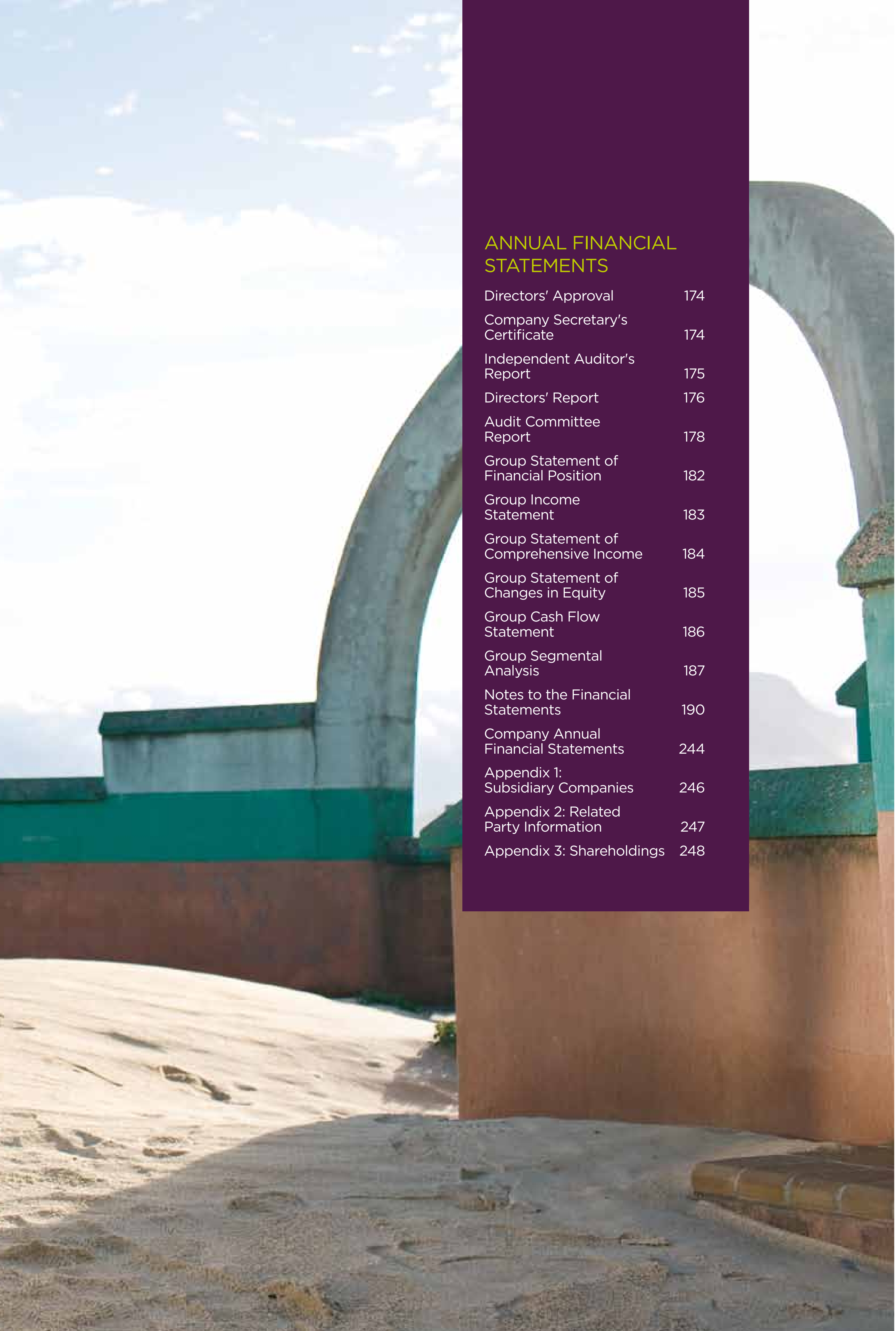

ANNUAL FINANCIAL STATEMENTS

DIRECTORS' APPROVAL AND COMPANY SECRETARY'S CERTIFICATE FOR THE YEAR ENDED 31 MARCH 2011

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 and the AC 500 Standards as issued by the Accounting Practices Board or its successor. 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 and the AC 500 Standards as issued by the Accounting Practices Board or its successor. 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, TFG Internal Audit conducts 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 176 to 249 were approved by the board on 20 June 2011 and are signed on its behalf by:

D M NUREK
Chairman

A D MURRAY
Chief Executive Officer

COMPANY SECRETARY'S CERTIFICATE

I certify that The Foschini Group Limited has lodged with the Registrar of Companies all returns as required by a public company in terms of the Companies Act of South Africa, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

The Companies Act No. 71 of 2008, as amended came into operation on 1 May 2011. The annual financial statements of The Foschini Group Limited for the year ended 31 March 2011 have been prepaired in accordance with the Companies Act of South Africa No. 61 of 1973.

D SHEARD
Secretary

20 June 2011

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2011

TO THE MEMBERS OF THE FOSCHINI GROUP LIMITED

We have audited the annual financial statements and the group annual financial statements of The Foschini Group Limited, which comprise the statements of financial position at 31 March 2011, and the income statements, the statements of comprehensive income, 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 176 to 249.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the AC 500 Standards as issued by the Accounting Practices Board or its successor 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.

AUDITOR'S 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 The Foschini Group Limited at 31 March 2011, 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 Henry du Plessis
Chartered Accountant (SA)
Director
8th Floor MSC House
1 Mediterranean Street
Cape Town 8001

20 June 2011

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2011

NATURE OF BUSINESS

The Foschini Group Limited is an investment holding company whose subsidiaries, through their retail operating divisions – @home, branded as @home and @homelivingspace; Exact!; the Foschini division, branded as Foschini, Donna-Claire, Fashion Express and Luella; the Jewellery division, branded as American Swiss, Matrix and Sterns; Markham; the Sports division, branded as Sportscene, Totalsports and Duesouth; Retail Technology Division, TFG Design Centre; TFG Merchandise Procurement; and TFG Financial Services – retail clothing, jewellery, accessories, cosmetics, sporting and outdoor apparel and equipment, and homeware and furniture to the broad, middle-income group throughout southern Africa.

The RCS Group is an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana.

The group operates in the retail and financial services segments, almost entirely within the South African Common Monetary Area.

Retail turnover emanating from Botswana, Swaziland and Zambia accounts for 0,6% of the group's turnover.

GENERAL REVIEW

The financial results are reflected in the annual financial statements on pages 176 to 249.

SHARE CAPITAL

The group's share buy-back programme commenced at the end of May 2001. At 31 March 2011, 24,0 million shares are held by a subsidiary, and a further 11,1 million by the group's share incentive trust. These shares, representing 14,6% 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 13.

DIVIDENDS

INTERIM ORDINARY

The directors declared an interim ordinary dividend of 138 cents per ordinary share, which was paid on 10 January 2011 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 7 January 2011.

FINAL ORDINARY

The directors declared a final ordinary dividend of 212 cents per ordinary share payable on Monday, 11 July 2011 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 8 July 2011.

PREFERENCE

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

27 September 2010 – R13 000

(30 September 2009 – R13 000)

28 March 2011 – R13 000

(29 March 2010 – R13 000).

DIRECTORS

The names of the company's directors appear on pages 6 to 9 of this report.

The following change took place during the current year:

E Oblowitz (appointed 1 October 2010)

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

R Stein (executive)

Prof. F Abrahams (independent non-executive)

E Oblowitz (independent non-executive)

N V Simamane (independent non-executive)

For details of directors' interests in the company's issued shares, refer to note 13.5. Details of directors' remuneration are set out in note 36.

SECRETARY

The company secretary of The Foschini Group Limited is Ms D Sheard. Her business and postal address appear on the inside back cover of this report.

AUDIT COMMITTEE

The directors confirm that the audit committee has addressed the specific responsibilities required in terms of section 270A of the Companies Act No. 61 of 1973. Further detail are contained within the Audit Committee Report.

SUBSIDIARIES

The names of, and certain financial information relating to, the company's key subsidiaries appear on page 246.

EARNINGS OF SUBSIDIARIES

The total profits (losses) of consolidated subsidiaries after elimination of intra-group transactions, are as follows:

	2011 Rm	2010 Rm
Profits	**1 271,1**	1 033,2
Losses	**(0,7)**	–
Net consolidated profit after taxation	**1 270,4**	1 033,2

SPECIAL RESOLUTIONS

On 1 September 2010 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 2011 shareholders will be asked to renew this general authority, as set out in the Notice of Annual General Meeting. On 1 September 2010 shareholders also approved the change of name from Foschini Limited to The Foschini Group Limited, effective 27 September 2010. The change of name was undertaken to ensure that the name conveys the importance of the group's significant brand portfolio.

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 35.1.

SUBSEQUENT EVENT

Details are reflected in note 24.

AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 31 MARCH 2011

The audit committee is pleased to present its report for the financial year ended 31 March 2011 to the shareholders of The Foschini Group Limited (TFG).

This report is in compliance with the requirements of the Companies Act of South Africa No. 61 of 1973, as amended and the King Code of Governance for South Africa 2009 (King III).

AUDIT COMMITTEE MANDATE

The committee is governed by a formal audit committee charter that will shortly be updated to incorporate the requirements of the Companies Act No. 71 of 2008 which came into operation on 1 May 2011. This charter guides the committee in terms of its objectives, authority and responsibilities.

The audit committee recognises its important role as part of the risk management and corporate governance processes and procedures of TFG.

ROLE OF THE COMMITTEE

The role of the audit committee is, inter alia:

GENERAL

- to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated and that the combined assurance received is appropriate to address all significant risks;
- assist the board in carrying out its risk management and IT responsibilities; and
- receive and deal appropriately with any complaints.

EXTERNAL AUDITORS

- to evaluate the independence, effectiveness, and performance of the external auditors and obtain assurance from the auditors that adequate accounting records are being maintained and appropriate accounting principles are in place which have been consistently applied;
- to evaluate the appointment of the external auditors on an annual basis;
- to approve the audit fee and fees in respect of any non-audit services;
- to consider and respond to any questions from the main board and shareholders regarding the resignation or dismissal of the external auditor, if necessary;
- to review and approve the external audit plan; and
- to ensure that the scope of the external audit has no limitations imposed by management and that there is no impairment on its independence.

INTERNAL CONTROL AND INTERNAL AUDIT

- to review the effectiveness of the group's systems of internal control, including internal financial control and risk management, and to ensure that effective internal control systems are maintained;
- to ensure that written representations on internal control are submitted to the board annually by all divisional managing directors and general managers (these being representations that provide assurance on the adequacy and effectiveness of the group's systems of internal control);
- to monitor and supervise the effective functioning and performance of the internal auditors;
- to review and approve the annual internal audit plan and the internal audit charter; and
- to ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment on its independence.

FINANCE FUNCTION

- consider the appropriateness of the expertise and experience of the financial director; and
- satisfy itself of the expertise, resources and experience of the finance function.

FINANCIAL RESULTS

- consider any accounting treatments, significant unusual transactions, or accounting judgements that could be contentious;
- to review the integrated report, as well as annual financial statements, interim reports, preliminary reports or other financial information prior to submission and approval by the board; and
- to provide as part of the integrated report, a report by the audit committee.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The committee comprises five independent non-executive directors and the chairman of the committee is not the chairman of the board.

MEETING ATTENDANCE:

Name of member	Qualifications	24 May 2010	10 November 2010	21 February 2011
S E Abrahams (chairman)	FCA, CA(SA)	✓	✓	✓
W V Cuba	BSc (Survey), BSc (Info. Systems), MBA	✓	✓	✓
K N Dhlomo	BA (Comm, Ind. Psych.), MBA	✗*	✗*	✗*
E Oblowitz#	B Comm, CA(SA), CPA (Isr)	n/a	✓	✓
N V Simamane	BSc (Biochem) (Hons)	✓	✓	✓

* Ms K N Dhlomo was granted leave of absence for medical/maternity leave reasons

\# Appointed 1 October 2010

Mr E Oblowitz was appointed to this committee when he joined the board of TFG on 1 October 2010.

The committee held three meetings during the 2011 financial year. The committee considered the draft interim and annual financial reports prepared by management and recommended their adoption to the board subject to certain amendments. Following each meeting, the chairman provided a written report to the main board summarising the committee's findings and recommendations.

Details of fees paid to committee members appears in the Remuneration Report.

The chief executive officer, the chief financial officer, the head of TFG Internal Audit, the company secretary and the external auditor partners and staff attend meetings at the regular invitation of the committee. In addition, other members of executive management are invited to attend various meetings on an ad-hoc invitational basis. The chairman of the group has an open invitation to attend meetings of the audit committee.

COMMITTEE EVALUATION

As part of the annual board evaluation (which includes an evaluation of all sub-committees), the performance of audit committee members was assessed and found to be satisfactory. In addition, members were assessed in terms of the independence requirements of King III and the Companies Act. It is noted that all members of the committee continue to meet the independence requirements.

During the evaluation process, it was noted that certain current committee members have a strong financial background which enhances the effective functioning of the committee.

RE-ELECTION OF COMMITTEE MEMBERS

The following members have made themselves available for re-election to the committee.

Such re-election has been recommended by the nomination committee and will be proposed to shareholders at the upcoming annual general meeting:

S E Abrahams

W V Cuba

E Oblowitz

N V Simamane

In addition, the board, in conjunction with the committee, recommends to shareholders that Mr S E Abrahams be re-elected as chairman of the committee.

COMMITTEE FUNCTIONING

The committee typically meets three times a year with the main focus of each respective meeting being as follows:

- approval of annual results (typically in May each year);
- consideration of control risks and risk management (typically in February each year); and
- approval of interim results (typically in November each year).

Independently of management, members of the committee meet separately with the head of internal audit and the external auditors respectively.

Meeting dates and topics are agreed well in advance each year. Each meeting is preceded by the distribution to each attendee of an audit committee pack comprising:

AUDIT COMMITTEE REPORT CONTINUED

- detailed agenda;
- minutes of previous meeting;
- report by the external auditors; and
- written reports by management including:
  - compliance;
  - TFG Internal Audit;
  - loss statistics; and
  - fraud.

The chairman of this committee has an open invitation to attend meetings of the risk committee.

SPECIFIC RESPONSIBILITIES

INTERNAL FINANCIAL CONTROL

Based on the assessment of the system of internal financial controls conducted by TFG Internal Audit, as well as information and explanations given by management and discussions held with the external auditor on the results of their audit, the committee is of the opinion that TFG's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements in respect of the year under review.

In addition, during the 2011 financial year, the committee were not made aware of any:

- material breaches of any laws or legislation; or
- material breach of internal controls or procedures.

RISK MANAGEMENT

Whilst the board is ultimately responsible for the maintenance of an effective risk management process, the committee, together with the risk committee, assist the board in assessing the adequacy of the risk management process. The chairman of this committee has an open invitation to risk committee meetings to ensure that relevant information is regularly shared. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as they relate to financial reporting.

During the course of the 2011 financial year, the committee considered the risk management approach, as well as key control risks and believe that the approach is relevant and that all key control risks are being adequately addressed by management.

Further detail on the risk management approach and process is included in the Risk Report.

EXTERNAL AUDITORS

The group's external auditors are KPMG Inc. and the designated partner is Mr H du Plessis.

KPMG Inc. are afforded unrestricted access to the group's records and management and present any significant issues arising from the annual audit to the committee. In addition, Mr du Plessis raises matters of concern directly with the chairman of the committee.

In respect of the committee's responsibilities relating to the external auditors, the committee confirms that it has carried out its functions in terms of the Corporate Laws Amendment Act No. 24 of 2006 by:

- confirming the nomination of KPMG Inc. as the group's registered auditor and being satisfied that they are independent of the company;
- approving the terms of engagement and fees to be paid to KPMG Inc.; and
- determining the nature and extent of any non-audit services which the external auditors provide to the company.

The committee gave due consideration to the independence of the external auditors and are satisfied that KPMG Inc. is independent of the group and management and therefore able to express an independent opinion on the group's annual financial statements.

The committee has nominated, for approval at the annual general meeting, KPMG Inc. as the external auditor and Mr H du Plessis as the designated auditor for the 2012 financial year, having satisfied itself that the audit firm and designated auditor are accredited by the JSE.

FINANCIAL STATEMENTS

The committee has reviewed the financial statements of the company and the group and is satisfied that they comply with International Financial Reporting Standards.

In addition, the committee has reviewed management's assessment of going concern and recommended to the board that the going concern concept be adopted by TFG.

INTEGRATED REPORT

The committee fulfils an oversight role in respect of TFG's Integrated Annual Report. In this regard the committee gave due consideration to the need for assurance on the sustainability information contained in this report and concluded that the obtaining of independent external assurance would not be beneficial to stakeholders.

The committee has however considered the sustainability information as disclosed in the Integrated Annual Report and has assessed its consistency with the annual financial statements. The committee is satisfied that the sustainability information is in no way contradictory to that disclosed in the annual financial statements.

EXPERTISE OF FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee considers the appropriateness of the expertise and experience of the financial director and finance function on an annual basis.

In respect of the above requirement, the committee believes that Mr Ronnie Stein, the chief financial officer, possesses the appropriate expertise and experience to meet his responsibilities in that position.

The committee further considers that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the group's operations.

APPROVAL

The committee recommended the approval of the Integrated Annual Report to the board.

S E ABRAHAMS
Chairman: Audit committee

20 June 2011

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

The Foschini Group Limited and its subsidiaries

	Note	2011 Rm	2010 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	2	**1 086,9**	995,8
Goodwill and intangible assets	3	**37,0**	43,2
Preference share investment	4	**–**	200,0
Staff housing loans	5	**0,7**	0,9
RCS Group private label card receivables	6	**320,8**	279,4
RCS Group loan receivables	7	**521,7**	802,4
Participation in export partnerships	8	**72,5**	74,4
Deferred taxation asset	9	**249,9**	158,4
		2 289,5	2 554,5
Current assets			
Inventory	10	**1 804,7**	1 493,8
Trade receivables – retail	11	**3 823,0**	3 169,3
RCS Group private label card receivables	6	**1 709,4**	1 494,1
RCS Group loan receivables	7	**336,7**	54,9
Other receivables and prepayments		**194,3**	175,7
Participation in export partnerships	8	**6,4**	10,6
Preference share investment	4	**200,0**	–
Cash	12	**338,5**	284,0
		8 413,0	6 682,4
Total assets		**10 702,5**	9 236,9
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited			
Share capital	13	**3,0**	3,0
Share premium		**498,7**	498,7
Treasury shares	14	**(1 299,6)**	(1 002,2)
Dividend reserve	15.1	**510,0**	408,8
Hedging deficit	15.2	**(17,4)**	(16,9)
Share-based payments reserve	15.3	**207,5**	151,6
Insurance cell reserves	15.4	**20,2**	5,0
Foreign currency translation reserve	15.5	**1,0**	–
Retained earnings		**5 539,5**	5 010,3
		5 462,9	5 058,3
Non-controlling interest	16	**485,6**	427,0
Total equity		**5 948,5**	5 485,3
Non-current liabilities			
Interest-bearing debt	17	**262,8**	864,4
RCS Group external funding	18	**491,0**	241,0
Non-controlling interest loans	19	**144,3**	478,3
Operating lease liability		**146,1**	136,9
Deferred taxation liability	9	**165,2**	139,3
Post-retirement defined benefit plan	20	**91,0**	84,1
		1 300,4	1 944,0
Current liabilities			
Interest-bearing debt	17	**1 246,8**	254,7
RCS Group external funding	18	**417,0**	131,1
Trade and other payables	21	**1 710,7**	1 293,8
Taxation payable		**79,1**	128,0
		3 453,6	1 807,6
Total liabilities		**4 754,0**	3 751,6
Total equity and liabilities		**10 702,5**	9 236,9

GROUP INCOME STATEMENT

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Note	**2011 Rm**	2010 Rm
Revenue	26	**12 370,6**	10 780,3
Retail turnover		**9 936,5**	8 605,2
Cost of turnover	27	**(5 768,1)**	(5 005,8)
Gross profit		**4 168,4**	3 599,4
Interest income	28	**1 486,2**	1 443,7
Dividend income		**12,1**	13,8
Other revenue	29	**935,8**	717,6
Trading expenses	30	**(4 301,3)**	(3 801,9)
Operating profit before finance charges	30	**2 301,2**	1 972,6
Finance cost	31	**(250,1)**	(261,5)
Profit before tax		**2 051,1**	1 711,1
Income tax expense	32	**(662,3)**	(548,6)
Profit for the year		**1 388,8**	1 162,5
Attributable to:			
Equity holders of The Foschini Group Limited		**1 301,8**	1 085,6
Non-controlling interest		**87,0**	76,9
Profit for the year		**1 388,8**	1 162,5
Earnings per ordinary share (cents)			
Basic	33,1	**630,4**	521,4
Diluted	33,2	**618,1**	518,2

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
Profit for the year	**1 388, 8**	1 162, 5
Other comprehensive income		
Movement in effective portion of changes in fair value of cash flow hedges	**(0,6)**	(12,3)
Foreign currency translation reserve movements	**1,0**	–
Movement in insurance cell reserves	**2,9**	3,5
Other comprehensive income (loss) for the year before tax	**3,3**	(8,8)
Deferred tax on movement in effective portion of cash flow hedges	**0,1**	2,8
Other comprehensive income (loss) for the year, net of tax	**3,4**	(6,0)
Total comprehensive income for the year	**1 392,2**	1 156,5
Attributable to:		
Equity holders of The Foschini Group Limited	**1 305,2**	1 079,6
Non-controlling interest	**87,0**	76,9
Total comprehensive income for the year	**1 392,2**	1 156,5

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Share capital Rm	Share premium Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	**Attributable to equity holders of The Foschini Group Limited Rm**	Non-controlling interest Rm	**Total equity Rm**
Equity at 31 March 2009	3,0	498,7	(1 088,6)	520,2	4 563,0	**4 496,3**	359,2	**4 855,5**
Total comprehensive income for the year				(6,0)	1 085,6	**1 079,6**	76,9	**1 156,5**
Profit for the year					1 085,6	**1 085,6**	76,9	**1 162,5**
Other comprehensive income								
Movement in effective portion of changes in fair value of cash flow hedges				(12,3)		**(12,3)**		**(12,3)**
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges				2,8		**2,8**		**2,8**
Movement in insurance cell reserves				3,5		**3,5**		**3,5**
Contributions by and distributions to owners								
Share-based payments reserve movements				34,3		**34,3**		**34,3**
Transfer from dividend reserve				(408,8)	408,8	**–**		**–**
Dividends paid					(599,1)	**(599,1)**	(9,1)	**(608,2)**
Transfer to dividend reserve				408,8	(408,8)	**–**		**–**
Proceeds on delivery of shares by share trust					47,2	**47,2**		**47,2**
Delivery of shares by share trust			86,4		(86,4)	**–**		**–**
Equity at 31 March 2010	**3,0**	**498,7**	**(1 002,2)**	**548,5**	**5 010,3**	**5 058,3**	**427,0**	**5 485,3**
Total comprehensive income for the year				**3,4**	**1 301,8**	**1 305,2**	**87,0**	**1 392,2**
Profit for the year					**1 301,8**	**1 301,8**	**87,0**	**1 388,8**
Other comprehensive income								
Movement in effective portion of changes in fair value of cash flow hedges				**(0,6)**		**(0,6)**		**(0,6)**
Foreign currency translation reserve movements				**1,0**		**1,0**		**1,0**
Deferred tax on movement in effective portion of changes in fair value of cash flow hedges				**0,1**		**0,1**		**0,1**
Movement in insurance cell reserves				**2,9**		**2,9**		**2,9**
Contributions by and distributions to owners								
Share-based payments reserve movements				**55,9**		**55,9**		**55,9**
Transfer from dividend reserve				**(408,8)**	**408,8**	**–**		**–**
Dividends paid					**(637,5)**	**(637,5)**	**(28,4)**	**(665,9)**
Transfer to dividend reserve				**510,0**	**(510,0)**	**–**		**–**
Transfer to insurance cell reserve				**12,3**	**(12,3)**	**–**		**–**
Proceeds on delivery of shares by share trust					**134,8**	**134,8**		**134,8**
Delivery of shares by share trust			**156,4**		**(156,4)**	**–**		**–**
Shares purchased by share trust			**(453,8)**			**(453,8)**		**(453,8)**
Equity at 31 March 2011	**3,0**	**498,7**	**(1 299,6)**	**721,3**	**5 539,5**	**5 462,9**	**485,6**	**5 948,5**

	Note	2011	2010
Dividend per ordinary share (cents)			
Interim		**138,0**	118,0
Final	15.1	**212,0**	170,0
Total		**350,0**	288,0

GROUP CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Note	2011 Rm	2010 Rm
Cash flows from operating activities			
Operating profit before working capital changes	38.1	**2 630,3**	2 237,5
Increase in working capital	38.2	**(824,1)**	(541,4)
Cash generated by operations		**1 806,2**	1 696,1
Interest income		**16,8**	11,6
Finance cost		**(250,1)**	(261,5)
Taxation paid	38.3	**(769,0)**	(487,3)
Dividend income		**12,1**	13,8
Dividends paid	38.4	**(665,9)**	(608,2)
Net cash inflows from operating activities		**150,1**	364,5
Cash flows from investing activities			
Purchase of property, plant and equipment		**(382,8)**	(289,6)
Proceeds from sale of property, plant and equipment		**7,5**	9,4
Acquisition of client list		**–**	(0,1)
Decrease in participation in export partnerships		**6,1**	9,7
Decrease in staff housing loans		**0,2**	0,3
Net cash outflows from investing activities		**(369,0)**	(270,3)
Cash flows from financing activities			
Proceeds on delivery of shares by share trust		**134,8**	47,2
Shares purchased by share trust		**(453,8)**	–
Decrease in non-controlling interest loans		**(334,0)**	(304,9)
Increase in RCS Group external funding		**535,9**	372,1
Increase (decrease) in interest-bearing debt		**390,5**	(220,8)
Net cash inflows (outflows) from financing activities		**273,4**	(106,4)
Net increase (decrease) in cash during the year		**54,5**	(12,2)
Cash at the beginning of the year		**284,0**	296,2
Cash at the end of the year		**338,5**	284,0

GROUP SEGMENTAL ANALYSIS

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Retail trading divisions Rm	TFG Financial Services Rm	Central and shared services Rm	**Total Retail Rm**	RCS Group Rm	**Con-solidated Rm**
2011						
Retail turnover and other external revenue	9 936,5	555,0	16,9	**10 508,4**	376,0	**10 884,4**
External interest income	–	705,2	8,9	**714,1**	772,1	**1 486,2**
Total external revenue*	9 936,5	1 260,2	25,8	**11 222,5**	1 148,1	**12 370,6**
Inter-segment revenue	–	–	95,5	**95,5**	11,2	**106,7**
External finance cost	–	–	(138,7)	**(138,7)**	(111,4)	**(250,1)**
Depreciation and amortisation	–	–	(268,7)	**(268,7)**	(14,0)	**(282,7)**
Group profit before tax				**1 775,5**	275,6	**2 051,1**
Segmental profit before tax	2 197,6	340,9	(699,2)	**1 839,3**	281,4	**2 120,7**
Other material non-cash items						
Goodwill impairment				**–**	(5,8)	**(5,8)**
Foreign exchange transactions				**1,3**	–	**1,3**
Share-based payments				**(55,9)**	–	**(55,9)**
Operating lease liability adjustment				**(9,2)**	–	**(9,2)**
Capital expenditure				**367,4**	15,4	**382,8**
Segment assets				**7 599,3**	3 103,2	**10 702,5**
Segment liabilities				**2 675,8**	2 078,2	**4 754,0**
2010						
Retail turnover and other external revenue	8 605,2	394,6	21,1	**9 020,9**	315,7	**9 336,6**
External interest income	–	636,4	8,9	**645,3**	798,4	**1 443,7**
Total external revenue*	8 605,2	1 031,0	30,0	**9 666,2**	1 114,1	**10 780,3**
Inter-segment revenue	–	–	95,3	**95,3**	5,6	**100,9**
External finance cost	–	–	(155,8)	**(155,8)**	(105,7)	**(261,5)**
Depreciation and amortisation	–	–	(251,2)	**(251,2)**	(13,0)	**(264,2)**
Group profit before tax				**1 485,2**	225,9	**1 711,1**
Segmental profit before tax	1 886,6	256,5	(620,4)	**1 522,7**	225,9	**1 748,6**
Other material non-cash items						
Foreign exchange transactions				**5,4**	–	**5,4**
Share-based payments				**(34,3)**	–	**(34,3)**
Operating lease liability adjustment				**(8,6)**	–	**(8,6)**
Capital expenditure				**283,1**	6,5	**289,6**
Segment assets				**6 403,2**	2 833,7	**9 236,9**
Segment liabilities				**1 842,8**	1 908,8	**3 751,6**

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

GROUP SEGMENTAL ANALYSIS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

For management purposes, the following operating divisions have been identified as the group's reportable segments:

- **Retail trading divisions,** comprising the @home division, Exact!, the Foschini division, the Jewellery division, Markham and the Sports division, retail clothing, jewellery, cosmetics, cellphones, and homeware and furniture;
- **TFG Financial Services** – manages the group's in-store credit card programme, as well as handling the group's financial service products such as Club and associated magazines as well as insurance products;
- **Central and shared services** provide services to the trading divisions, including but not limited to, finance and administration, internal audit, information technology, logistics, human resources, facilities management and real estate; and
- **RCS Group,** an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana.

The board, identified as the chief operating decision-maker, reviews the results of these business units on a monthly basis for the purpose of allocating resources and evaluating performance.

Performance is measured based on segmental profit before tax, as included in the monthly management report reviewed by the chief operating decision-maker.

GEOGRAPHICAL INFORMATION

The retail trading divisions and TFG Financial Services' reportable segments earn revenue from South Africa, Namibia, Botswana, Zambia and Swaziland. The RCS Group earns revenue from South Africa, Namibia and Botswana.

In presenting information on the basis of geographical segments, segment revenue is based on the location of the customers whilst segment assets are based on the location of the asset.

The geographical information is presented in the table alongside.

GROUP SEGMENTAL ANALYSIS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

GEOGRAPHICAL INFORMATION CONTINUED

	Retail trading divisions Rm	TFG Financial Services Rm	Central and shared services Rm	Total Retail Rm	RCS Group Rm	Con-solidated Rm
2011						
Segment revenue						
South Africa	9 571,2	1 230,7	24,7	**10 826,6**	1 141,5	**11 968,1**
Namibia	302,5	28,8	1,1	**332,4**	2,7	**335,1**
Botswana	43,2	–	–	**43,2**	3,9	**47,1**
Zambia	8,2	–	–	**8,2**	–	**8,2**
Swaziland	11,4	0,7	–	**12,1**	–	**12,1**
Total segment revenue	9 936,5	1 260,2	25,8	**11 222,5**	1 148,1	**12 370,6**
Segment non-current assets						
South Africa				**1 342,4**	919,8	**2 262,2**
Botswana				**1,9**	2,5	**4,4**
Lesotho				**1,4**	–	**1,4**
Namibia				**11,6**	2,7	**14,3**
Swaziland				**0,1**	–	**0,1**
Zambia				**7,1**	–	**7,1**
Total segment non-current assets				**1 364,5**	925,0	**2 289,5**
2010						
Segment revenue						
South Africa	8 266,8	1 008,1	29,6	**9 304,5**	1 110,2	**10 414,7**
Namibia	285,0	22,2	0,4	**307,6**	1,2	**308,8**
Botswana	41,6	–	–	**41,6**	2,7	**44,3**
Swaziland	11,8	0,7	–	**12,5**	–	**12,5**
Total segment revenue	8 605,2	1 031,0	30,0	**9 666,2**	1 114,1	**10 780,3**
Segment non-current assets						
South Africa				**1 423,3**	1 124,4	**2 547,7**
Namibia				**5,8**	0,2	**6,0**
Botswana				**0,4**	0,4	**0,8**
Swaziland				**–***	–	**–**
Total segment non-current assets				**1 429,5**	1 125,0	**2 554,5**

Non-current assets consist of property, plant and equipment, goodwill and intangible assets, preference share investment, staff housing loans, deferred taxation asset and the non-current portions of RCS Group private label card receivables, RCS Group loan receivables and participation in export partnerships.

* Zero due to rounding to millions

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

The Foschini Group Limited and its subsidiaries

1. ACCOUNTING POLICIES

REPORTING ENTITY

The Foschini Group Limited (the "company") is a company domiciled in South Africa. The address of the company's registered office is Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, South Africa. The consolidated financial statements of the company as at and for the year ended 31 March 2011 comprise the company and its subsidiaries (together referred to as the "group").

BASIS OF PREPARATION

Statement of Compliance

The consolidated financial statements are prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS) and the AC 500 Standards as issued by the Accounting Practices Board or its successor and have been consistently applied with those adopted in the prior year, except as described in note 39.

The financial statements were authorised for issue by the directors on 20 June 2011.

Basis of Measurement

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

Functional and Presentation Currency

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

SIGNIFICANT JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Significant areas of estimation, uncertainty and critical 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 reliably.

Inventory Valuation

Inventory is valued at the lower of cost and net realisable value. Historic information with respect to sales trends is used to quantify the expected mark-down between the estimated net realisable value and the original cost.

Other

Further estimates and judgements are made relating to residual values, useful lives and depreciation methods; goodwill impairment tests (refer to note 3); estimating the fair value of share options and share appreciation rights granted (refer to note 35.1); and pension fund and employee obligations (refer to note 35).

SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the parent company, its subsidiaries and special-purpose entities (SPE). 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 when control is retained, and in profit or loss when control is lost.

The group has established a SPE in the form of the share incentive trust. The group does not have any direct or indirect shareholding in the share incentive trust. A 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 incentive trust that in substance is controlled by the group, are consolidated.

All intra-group transactions, intra-group balances and any unrealised gains and losses are eliminated on consolidation. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the group's interest in the investee. 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.

COST OF TURNOVER

Cost of turnover is calculated as the cost of goods sold, including all costs of purchase, costs of conversion and other costs, including promotional costs incurred in bringing inventories to their present location and condition. Costs of purchase include royalties paid, import duties and other taxes, and transport costs. Inventory write-downs are included in cost of turnover when recognised.

DIVIDENDS

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

EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees. Headline EPS is calculated per the requirements of Circular 3/2009, using the same number of shares as the EPS and diluted EPS calculation.

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 reporting date. The short-term employee benefits have been calculated at undiscounted amounts based on current wage and salary rates. These benefits are not discounted.

Other Long-term Employee Benefits

These are employee benefits (other than post-employment benefits and termination benefits) that are not expected to be settled within 12 months after the end of the period in which the employees render the related service.

The group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted using market-related rates and the fair value of any related assets is deducted. The calculation is performed using the Projected Unit Credit Method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Post-employment Benefits

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

1. ACCOUNTING POLICIES CONTINUED

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension, provident and retirement funds are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of a defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted.

The Projected Unit Credit Method is used to determine the present value of the defined benefit medical aid obligations and the related current service cost and, where applicable, past service cost. This calculation is performed by a qualified actuary. When the calculation results in a benefit to the group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the group if it is realisable during the life of the plan or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss 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 in profit or loss.

Actuarial gains or losses in respect of defined benefit plans are recognised immediately in profit or loss.

Post-retirement medical aid 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.

Share-based Payment Transactions

The group grants equity-settled share instruments to certain employees under an employee share plan. These share instruments will be settled in shares. The grant date fair value of options and SARs granted to employees is recognised as an expense with a corresponding increase in equity over the period that the employees become unconditionally entitled to the instruments. The fair value is measured at the grant date using a binomial option-pricing model and is spread over the option term. The amount recognised as an expense is adjusted to reflect the actual number of share instruments for which the related service and non-market vesting conditions are met such that the amount ultimately recognised as an expense is based on the number of share instruments that meet the related service and non-market performance conditions at delivery date. Costs incurred in administering the schemes are expensed as incurred.

EXPENSES

Finance Cost

Finance cost comprises interest paid and payable on borrowings calculated using the effective interest method. All borrowing costs are recognised in profit or loss.

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 profit or loss on a straight-line basis over the term of the lease.

Contingent rent is expensed as incurred.

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 shorter of the lease term and the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the statement of financial position.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to 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

A financial instrument is recognised when 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.

Non-derivative Financial Instruments

Non-derivative financial instruments recognised on the statement of financial position include cash, trade and other receivables, staff housing loans, participation in export partnerships, investments, interest-bearing debt, non-controlling interest loans, RCS Group external funding, and trade and other payables.

Initial measurement

Financial instruments are initially recognised at fair value. For those instruments not measured at fair value through profit and loss, directly attributable transaction costs are included on initial measurement. Subsequent to initial recognition financial instruments are measured as described below.

Cash

Cash comprises cash on hand and amounts held on deposit at financial institutions. Cash is measured at amortised cost, based on the relevant exchange rates at reporting date. Outstanding cheques are included in trade and other payables and added back to cash balances included in the statement of financial position.

Loans and receivables

The preference share investment, staff housing loans, RCS Group loan receivables, RCS Group private label card receivables, trade receivables – retail and participation in export partnerships are classified as loans and receivables and are carried at amortised cost using the effective interest method, less any accumulated impairment losses. Amortised cost for the group's participation in export partnerships is the group's cost of original participation less principal subsequent repayments received, plus the cumulative amortisation of the difference between the initial amount and the maturity amount, less any write-down for impairment of uncollectability. The fair value of loans and receivables, determined for disclosure purposes is estimated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities including interest-bearing debt, non-controlling interest loans, RCS Group external funding, and trade and other payables are recognised at amortised cost, comprising original debt less principal payments and amortisations.

The fair value of non-derivative financial liabilities, determined for disclosure purposes, is estimated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Gains and Losses on Subsequent Measurement

All fair value gains and losses on subsequent measurement of financial instruments measured at fair value are recognised in profit or loss, except for hedged instruments. Hedged instruments are accounted for as described in the hedge accounting policy note.

Derivative Financial 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.

1. ACCOUNTING POLICIES CONTINUED

Derivative financial 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 to hedge accounting policy note).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the reporting 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.

Offset

Financial assets and financial liabilities are off-set and the net amount reported in the statement of financial position 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 financial asset and settle the financial liability simultaneously.

SHARE CAPITAL

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Preference Share Capital

Preference share capital is classified as equity. Dividends thereon are recognised as distributions within equity.

Treasury Shares

The Foschini Group Limited shares purchased and held by subsidiaries are classified as treasury shares and are presented as a deduction from equity.

Dividend income 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.

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.

Foreign Currency Transactions

Transactions in currencies other than the entity's functional currency are translated 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 reporting date.

Non-monetary assets and liabilities denominated in such currencies are translated using the exchange rate at the date of the transaction.

Foreign currency gains and losses arising on translation are recognised in profit or loss.

Foreign Operations

As at the reporting 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 reporting date and their income statements and statements of comprehensive income 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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

For business combinations after 1 April 2010, goodwill is measured as the difference between the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest, and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held interest in the acquiree, and the net of the acquisition-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2011

The Foschini Group Limited and its subsidiaries

date amounts of identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3). If the difference between the above is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

For business combinations prior to 1 April 2010, goodwill represents amounts arising on acquisition of subsidiaries 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 of the acquiree. When the difference is negative (negative goodwill), it is recognised immediately in profit or loss.

Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment and whenever there is an indication of impairment.

HEDGE ACCOUNTING

Gains and losses from remeasuring 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 other comprehensive income. 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 other comprehensive income 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 other comprehensive income 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 profit or loss.

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 profit or loss immediately.

IMPAIRMENT OF ASSETS

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. 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, that can be reliably measured.

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.

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.

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 the reversal is recognised in profit or loss.

Non-financial Assets

The carrying values of the group's non-financial assets, other than inventories and deferred taxation 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, the 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 inflows that are largely independent of the cash inflows from other assets or asset 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 any goodwill allocated to the units and then 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.

1. ACCOUNTING POLICIES CONTINUED

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.

INTANGIBLE ASSETS

Intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation for intangible assets with finite useful lives, other than goodwill, is recognised in profit or loss on a straight-line basis over their estimated useful lives from the date that they are available for use, at the following rate per annum:

Client lists	20%

The useful life of an intangible asset that is considered to be indefinite, is assessed annually or whenever there is an indication that the intangible asset may be impaired.

Amortisation methods, useful lives and residual values are reassessed at each reporting date.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of 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. Costs may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories.

PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are measured 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 are depreciated on a straight-line basis over the periods of their estimated useful lives, at the following rates per annum:

Shopfittings	20%
Passenger vehicles	20%
Commercial vehicles	25%
Computers and related equipment	20% – 33%
Furniture and fittings	16,67%
Buildings	3,33%

Land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed at each 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 carrying amount of the replaced part is derecognised. The day-to-day servicing costs of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2011

The Foschini Group Limited and its subsidiaries

Gains or losses on the disposal of property, plant and equipment are recognised in profit or loss. The gain or loss is the difference between the net disposal proceeds and the carrying amount of the asset.

PROVISIONS

A provision is recognised in the statement of financial position 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 reporting date and adjusted to reflect the current best estimate.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

REVENUE RECOGNITION

Revenue is defined as the sum of the items described in further detail below:

Retail Turnover

Turnover represents the invoiced value of retail sales, excluding intra-group sales and Value Added Tax. Sales are recognised when significant risks and rewards of ownership are transferred to the buyer, there is no continuing management involvement with the goods, the amount of revenue can be measured reliably, costs and possible return of goods 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, net of returns and allowances and rebates.

Interest Income

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.

Dividend Income

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, Customer Charges and Cellular Income

Club income, customer charges and cellular income is recognised in profit or loss monthly when due.

Insurance and Sundry Income

Insurance and sundry income is recognised in profit or loss when due and no further services are required.

SEGMENTAL REPORTING

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components. All operating segments' operating results are reviewed regularly by the board, identified as the chief operating decision-maker, to make decisions about resources to be allocated to the segment and assess its performance and for which internal financial information is available.

Segment results that are reported to the board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly the operating lease liability adjustment and the share-based payments reserve movements.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

Amounts reported in the group segmental analysis are measured in accordance with International Financial Reporting Standards (IFRS).

The group is organised into four reportable operating divisions:

- Retail trading divisions, comprising the @home division, Exact!, the Foschini division, the Jewellery division, Markham and the Sports division, retail clothing, jewellery, cosmetics, cellphones, and homeware and furniture;
- TFG Financial Services – manages the group's in-store credit card programme as well as handling the group's financial service products such as Club and associated magazines, as well as insurance products;
- Central and shared services provide services to the trading divisions including but not limited to finance and administration, internal audit, information technology, logistics, human resources, facilities management and real estate; and

1. ACCOUNTING POLICIES CONTINUED

- RCS Group, an operationally independent consumer finance business that provides a broad range of financial services under its own brand in South Africa, Namibia and Botswana.

The group operates in South Africa, Botswana, Lesotho, Namibia, Swaziland and Zambia. In presenting information on the basis of geographical segment, segment revenue is based on the location of the customers whilst segment assets are based on the location of the asset.

Inter-segment pricing is determined on an arm's length basis.

TAXATION

Income tax expense comprises current and deferred taxation as well as secondary taxation on companies (STC).

Income tax expense is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or in equity, in which case it is recognised in other comprehensive income or equity as appropriate.

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

Deferred taxation is recognised in respect of temporary differences between the tax base of an asset or liability and its carrying amount. Deferred taxation 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 taxation 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 and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

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 taxation 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.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
2. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
At deemed cost	**268,2**	259,0
Accumulated depreciation	**(76,7)**	(70,3)
Carrying value at the end of the year	**191,5**	188,7
Shopfittings, vehicles, computers and furniture and fittings		
At cost	**2 617,4**	2 253,2
Accumulated depreciation	**(1 722,0)**	(1 446,1)
Carrying value at the end of the year	**895,4**	807,1
Total		
At cost/deemed cost	**2 885,6**	2 512,2
Accumulated depreciation	**(1 798,7)**	(1 516,4)
Carrying value at the end of the year	**1 086,9**	995,8

	Land and buildings	Shop-fittings, vehicles, computers, and furniture and fittings	Total
Analysis of movements – 2011			
Carrying value at the beginning of the year	**188,7**	**807,1**	**995,8**
Additions	**9,2**	**373,6**	**382,8**
Disposals	**–**	**(9,4)**	**(9,4)**
Depreciation	**(6,4)**	**(275,9)**	**(282,3)**
Carrying value at the end of the year	**191,5**	**895,4**	**1 086,9**
Analysis of movements – 2010			
Carrying value at the beginning of the year	192,9	788,4	981,3
Additions	1,9	287,7	289,6
Disposals	–	(11,0)	(11,0)
Depreciation	(6,1)	(258,0)	(264,1)
Carrying value at the end of the year	188,7	807,1	995,8

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.

	2011 Rm	2010 Rm
3. GOODWILL AND INTANGIBLE ASSETS		
Goodwill		
At cost	**40,6**	40,6
Accumulated impairment losses	**(5,8)**	–
Carrying value at the end of the year	**34,8**	40,6
Intangible asset on acquisition of Instinct brand		
At cost	**1,6**	1,6
Accumulated impairment losses and amortisation	**–**	–
Carrying value at the end of the year	**1,6**	1,6
Intangible asset on acquisition of client lists		
At cost	**1,7**	6,5
Accumulated impairment losses and amortisation	**(1,1)**	(5,5)
Carrying value at the end of the year	**0,6**	1,0
Total		
At cost	**43,9**	48,7
Accumulated impairment losses and amortisation	**(6,9)**	(5,5)
Carrying value at the end of the year	**37,0**	43,2

	Goodwill	Intangible asset on acquisition of Instinct brand	Intangible asset on acquisition of client lists	Total
Analysis of movement – 2011				
Carrying value at the beginning of the year	**40,6**	**1,6**	**1,0**	**43,2**
Impairment losses	**(5,8)**	**–**	**–**	**(5,8)**
Amortisation	**–**	**–**	**(0,4)**	**(0,4)**
Carrying value at the end of the year	**34,8**	**1,6**	**0,6**	**37,0**
Analysis of movement – 2010				
Carrying value at the beginning of the year	40,6	1,6	1,0	43,2
Additions	–	–	0,1	0,1
Amortisation	–	–	(0,1)	(0,1)
Carrying value at the end of the year	40,6	1,6	1,0	43,2

For acquisitions prior to 1 April 2010, goodwill represents the excess of the purchase consideration over the fair value of the indentifiable assets, liabilities and contingent liabilities acquired through business combinations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

3. GOODWILL AND INTANGIBLE ASSETS CONTINUED

For acquisitions after 1 April 2010, goodwill is measured as the difference between:

- the aggregate of the acquisition-date fair value of the consideration transferred, the amount of any non-controlling interest, and in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree; and
- the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (measured in accordance with IFRS 3).

If the difference above is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

The current goodwill balance all relates to acquisitions prior to 1 April 2010.

The Instinct brand intangible asset represents registered rights to the exclusive use of the Instinct brand name. The useful life of the Instinct brand is considered to be indefinite. This useful life is assessed annually or whenever there is an indication of impairment.

The client lists are name lists purchased by the RCS Group which are used to invite individuals to apply for loans.

Goodwill is tested annually for impairment and as soon as there is an indication of impairment.

	2011 Rm	2010 Rm
Impairment testing of goodwill		
Goodwill acquired through business combinations has been allocated to four individual cash-generating units as follows:		
Totalsports	**9,3**	9,3
RCS Personal Finance	**17,7**	17,7
Massdiscounters credit business	**7,5**	7,5
Effective Intelligence	**0,3**	6,1
	34,8	40,6

Except for Effective Intelligence, the recoverable amount of all 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 9 – 10%. (2010:10%)

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

- asset values were based on the carrying amounts for the financial period;
- future expected profits were 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;
- RCS Personal Finance projections are based on historical performance as well as anticipated growth in advances and expectations of future interest rates; and
- Massdiscounters' receivables projections are based on historical performance as well as anticipated book growth and expectations of future interest rates.

An impairment of R5,8 million was recognised in the current financial year on the investment in Effective Intelligence. The recoverable amount of this cash-generating unit was based on the fair value less costs to sell. A sales offer received from a third party was used to determine this value.

	2011 Rm	2010 Rm
4. PREFERENCE SHARE INVESTMENT		
Loans and receivables		
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.

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
5. STAFF HOUSING LOANS		
Loans and receivables		
Staff housing loans	**0,8**	1,2
Deduct amount to be repaid within one year, included in other receivables and prepayments	**0,1**	0,3
	0,7	0,9

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. Employees' pension fund resignation, retirement or death benefits are pledged as security.

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
6. RCS GROUP PRIVATE LABEL CARD RECEIVABLES		
Loans and receivables		
RCS Group private label card receivables	**2 030,2**	1 773,5
Deduct amount to be repaid within one year, included in current assets	**1 709,4**	1 494,1
	320,8	279,4

RCS Group private label card receivables comprise a number of individual unsecured revolving card accounts, as well as amounts due for services. The balances attract interest at variable and fixed rates as per the National Credit Act. The average effective interest rate on these receivables for the year under review is 22,1% (2010: 26,9%). Repayment terms vary from revolving to 36 months.

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
7. RCS GROUP LOAN RECEIVABLES		
Loans and receivables		
RCS Group loan receivables	**858,4**	857,3
Deduct amount to be repaid within one year, included in current assets	**336,7**	54,9
	521,7	802,4

RCS Group 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 33,0% (2010: 33,8%). These loans are repayable over terms varying from 12 – 60 months.

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
8. PARTICIPATION IN EXPORT PARTNERSHIPS		
Loans and receivables		
Participation in export partnerships	**78,9**	85,0
Deduct amount to be repaid within one year, included in current assets	**6,4**	10,6
	72,5	74,4

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.

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
9. DEFERRED TAXATION		
Balance at 1 April	**19,1**	10,6
Prior year under (over) provision	**4,8**	(6,4)
Rate change	**–**	0,1
Amounts recognised directly in other comprehensive income		
Foreign currency and financial instrument reserves	**0,1**	(2,8)
Current year movement in temporary differences recognised in profit or loss		
Trademarks	**0,1**	–
Secondary taxation on companies	**(1,6)**	2,4
Operating leases	**2,5**	27,2
Working capital allowances	**39,0**	(6,4)
Capital allowances	**14,0**	0,6
Restraint of trade payments	**(0,7)**	(2,0)
Export partnerships (refer to note 8)	**6,2**	10,3
Assessed loss	**1,2**	(14,5)
At 31 March	**84,7**	19,1
Arising as a result of:		
Deferred taxation assets		
Foreign currency and financial instrument reserves	**7,7**	6,3
Operating leases	**40,8**	38,3
Secondary taxation on companies	**0,8**	2,4
Working capital allowances	**194,8**	108,2
Capital allowances	**2,0**	–
Restraint of trade payments	**1,5**	2,2
Trademarks	**0,2**	0,1
Assessed loss	**2,1**	0,9
Deferred taxation asset	**249,9**	158,4
Deferred taxation liability		
Capital allowances	**(25,1)**	(37,1)
Working capital allowances	**(55,9)**	(13,1)
Foreign currency and financial instrument reserves	**(1,3)**	–
Export partnerships (refer to note 8)	**(82,9)**	(89,1)
Deferred taxation liability	**(165,2)**	(139,3)
Total deferred taxation	**84,7**	19,1

In the event that the total available distributable reserves of R6 260,8 (2010: R5 558,8) million were declared as a dividend to shareholders the related secondary taxation on companies would amount to R569,2 (2010: R483,1) million. Secondary taxation will fall away on 1 April 2012 and be replaced by withholding tax.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
10. INVENTORY		
Merchandise	**1 678,8**	1 355,0
Raw materials	**82,3**	59,2
Goods in transit	**22,5**	59,9
Shopfitting stock	**17,1**	14,8
Consumables	**4,0**	4,9
	1 804,7	1 493,8
Inventory write-downs included above	**92,7**	89,4
11. TRADE RECEIVABLES – RETAIL		
Loans and receivables		
6-month revolving credit	**989,1**	1 037,4
12-month extended credit	**2 833,9**	2 131,9
	3 823,0	3 169,3

The effective rate of interest earned on the above receivables during the year under review is 18,2% (2010: 19,5%).

The group's management of and exposure to credit and market risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
12. CASH		
Bank balances	**338,5**	284,0

The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in notes 22 and 23.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

			2011 Rm	2010 Rm
13. SHARE CAPITAL				
13.1 Authorised				
200 000 (2010: 200 000) 6,5% cumulative preference shares of R2 each			**0,4**	0,4
600 000 000 (2010: 600 000 000) ordinary shares of 1,25 cents each			**7,5**	7,5
			7,9	7,9
	Number of shares			
13.2 Issued	**2011**	2010		
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	**(24 049 824)**	(24 049 824)	**(0,3)**	(0,3)
Shares held by share incentive trust	**(11 140 500)**	(7 455 692)	**(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	**205 307 917**	208 992 725	**2,6**	2,6
Preference share capital				
200 000 (2010: 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			**3,0**	3,0

13.3 Dividends

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. Holders of the cumulative preference shares receive a cumulative dividend of 6,5 cents per share at interim (September) and year-end (March) of each year.

13.4 Unissued

In terms of the provisions of the Companies Act No. 71 of 2008, 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

13. SHARE CAPITAL CONTINUED

13.5 Directors' interest

At 31 March 2011, the directors had the following interests in the company's issued shares:

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2011 Total 000's**	2010 Total 000's
Non-executive							
D M Nurek (indirect beneficial)	10,0	–	–	–	–	**10,0**	10,0
F Abrahams	–	–	–	–	–	**–**	–
S E Abrahams	–	–	–	–	–	**–**	–
W V Cuba	–	–	–	–	–	**–**	–
K N Dhlomo	–	–	–	–	–	**–**	–
E Oblowitz# (direct beneficial)	2,0	–	–	–	–	**2,0**	
N V Simamane (direct beneficial)	1,5	–	–	–	–	**1,5**	–
M Lewis (indirect beneficial)	12 816,8	–	–	–	–	**12 816,8**	12 816,8
	12 830,3	–	–			**12 830,3**	12 826,8
D M Polak (direct beneficial)	1 950,0	–	–	–	–	**1 950,0**	1 950,0
D M Polak (indirect beneficial)	200,0	–	–	–	–	**200,0**	200,0
D M Polak##	–	–	–	36,00	2011	**–**	200,0
D M Polak##	–	–	–	60,95	2011	**–**	150,0
D M Polak##	–	150,0	–	60,95	2013	**150,0**	150,0
	2 150,0	150,0	–			**2 300,0**	2 650,0
Total non-executive	14 980,3	150,0	–			**15 130,3**	15 476,8

E Oblowitz was appointed as a non-executive director on 1 October 2010

Acquired whilst still an executive of the company

13. SHARE CAPITAL CONTINUED

13.5 Directors' interest continued

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2011 Total 000's**	2010 Total 000's
Executive							
A D Murray (direct beneficial)	1 050,0	–	–	–	–	**1 050,0**	1 050,0
A D Murray (indirect beneficial)	265,0	–	–	–	–	**265,0**	250,0
A D Murray	–	–	–	60,95	2011	**–**	133,3
A D Murray	–	–	–	36,00	2011	**–**	116,7
A D Murray	–	83,3	–	60,55	2012	**83,3**	83,3
A D Murray	–	133,3	–	60,95	2013	**133,3**	133,3
A D Murray	–	83,3	–	60,55	2014	**83,3**	83,3
	1 315,0	299,9	–			**1 614,9**	1 849,9
A D Murray	–	–	555,0	41,87	2012*	**555,0**	555,0
A D Murray	–	–	250,0	40,00	2012	**250,0**	250,0
A D Murray	–	–	275,0	42,28	2012	**275,0**	275,0
A D Murray	–	–	173,0	64,47	2014	**173,0**	–
	–	–	1 253,0			**1 253,0**	1 080,0
R Stein (direct beneficial)	677,9	–	–	–	–	**677,9**	666,8
R Stein (indirect beneficial)	275,7	–	–	–	–	**275,7**	275,7
R Stein	–	–	–	36,00	2011	**–**	90,0
R Stein	–	–	–	60,95	2011	**–**	76,7
R Stein	–	76,7	–	60,95	2013	**76,7**	76,7
	953,6	76,7	–			**1 030,3**	1 185,9
R Stein	–	–	225,0	41,87	2012*	**225,0**	225,0
R Stein	–	–	130,0	40,00	2012	**130,0**	130,0
R Stein	–	–	130,0	42,28	2012	**130,0**	130,0
R Stein	–	–	86,0	64,47	2014	**86,0**	–
	–	–	571,0			**571,0**	485,0

* First possible date of conversion is now estimated to be 2012

13. SHARE CAPITAL CONTINUED

13.5 Directors' interest continued

	Shares 000's	Options exercised 000's	Share appreciation rights accepted 000's	Price per share R	Year of delivery	**2011 Total 000's**	2010 Total 000's
Executive continued							
P S Meiring (direct beneficial)	180,7	–	–	–	–	**180,7**	150,3
P S Meiring (indirect beneficial)	294,9	–	–	–	–	**294,9**	294,9
P S Meiring	–	–	–	36,00	2011	**–**	66,7
P S Meiring	–	–	–	60,95	2011	**–**	60,0
P S Meiring	–	60,0	–	60,95	2013	**60,0**	60,0
	475,6	60,0	–			**535,6**	631,9
P S Meiring	–	–	180,0	41,87	2012*	**180,0**	180,0
P S Meiring	–	–	130,0	40,00	2012	**130,0**	130,0
P S Meiring	–	–	130,0	42,28	2012	**130,0**	130,0
P S Meiring	–	–	77,0	64,47	2014	**77,0**	–
	–	–	517,0			**517,0**	440,0
Total executive excluding share appreciation rights	2 744,2	436,6				**3 180,8**	3 666,7
Total executive share appreciation rights			2 341,0			**2 341,0**	2 005,0
Total excluding share appreciation rights	17 724,5	586,6				**18 311,1**	19 144,5
Total share appreciation rights			2 341,0			**2 341,0**	2 005,0

* First possible date of conversion is now estimated to be 2012

The following changes have been advised since 31 March 2011:

On 31 May 2011 W V Cuba, a non-executive director, bought 57 000 ordinary shares to the value of R4 958 808.

On 1 June 2011 A D Murray, an executive director, accepted ordinary shares to the value of R20,0 million in terms of the company's 2010 share incentive scheme for nil consideration. This equates to approximately 229 621 shares based on a share price of R87,10 at 31 May 2011. The shares vest on the third anniversary of the grant date provided Mr Murray remains in the group's employment.

13. SHARE CAPITAL CONTINUED

13.5 Directors' interest continued

On 3 June 2011 executive directors accepted the following SARs:

	Share appreciation rights (SARs) accepted 000's	Price per SAR R
A D Murray	85,2	86,62
R Stein	43,7	86,62
P S Meiring	40,0	86,62

On 3 June 2011, executive directors accepted the following ordinary shares in terms of the company's 2010 share incentive scheme for nil consideration. The shares vest on the third anniversary of the grant date provided the recipient remains in the group's employ and the requisite performance conditions are satisfied.

	Shares 000's	Estimated value Rm#
A D Murray	22,3	1,9
R Stein	11,4	0,9
P S Meiring	10,5	0,9

Estimated value based on share price of R86,32 on 3 June 2011

On 3 June 2011, executive directors accepted the following ordinary shares in terms of the company's 2010 share incentive scheme for nil consideration. The shares vest on the third anniversary of the grant date provided the recipient remains in the group's employ.

	Shares 000's	Estimated value Rm#
A D Murray	15,6	1,3
R Stein	8,0	0,7
P S Meiring	7,3	0,6

Estimated value based on share price of R86,32 on 3 June 2011

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14. TREASURY SHARES

In terms of a special resolution passed at the annual general meeting of the company on 1 September 2010 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. 71 of 2008 and is valid only until the company's next annual general meeting.

	Number of shares	
	2011	2010
Foschini Stores (Proprietary) Limited	**24 049 824**	24 049 824
The Foschini Share Incentive Trust	**7 455 692**	9 092 806
Balance at the beginning of the year	**31 505 516**	33 142 630
The Foschini Share Incentive Trust	**(2 694 833)**	(1 637 114)
Shares delivered during the year	**(2 694 833)**	(1 637 114)
The Foschini Share Incentive Trust	**6 379 641**	–
Shares purchased during the year	**6 379 641**	–
Foschini Stores (Proprietary) Limited	**24 049 824**	24 049 824
The Foschini Share Incentive Trust	**11 140 500**	7 455 692
Balance at the end of the year	**35 190 324**	31 505 516

As at 31 March 2011 a subsidiary, Foschini Stores (Proprietary) Limited, held 24 049 824 (2010: 24 049 824) shares, representing 10,0% (2010: 10,0%) of the company's share capital. The Foschini Share Incentive Trust held 11 140 500 (2010: 7 455 692) shares, representing 4,6% (2010: 3,1%) of the company's share capital.

15. RESERVES

15.1 Dividend reserve

A liability for cash dividends and the related secondary taxation on companies (STC) charge is recognised in the period when the dividend is declared. An amount equal to dividends declared subsequent to the reporting date, excluding related secondary taxation, is transferred to the dividend reserve.

A final dividend of 212,0 (2010: 170,0) cents per ordinary share was declared on 26 May 2011 payable on 11 July 2011. This will give rise to STC of R38,6 (2010: R34,9) million (net of relevant STC credits).

No liability has been raised, as this dividend was declared subsequent to the reporting date.

	2011 Rm	2010 Rm
Balance at 1 April	**408,8**	408,8
Transfer from dividend reserve to distributable earnings	**(408,8)**	(408,8)
Transfer to dividend reserve from distributable earnings	**510,0**	408,8
Balance at 31 March	**510,0**	408,8

15.2 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.

	2011 Rm	2010 Rm
Balance at 1 April	**(16,9)**	(7,4)
Unrealised loss on hedging instruments, net of deferred tax	**(0,5)**	(9,5)
Balance at 31 March	**(17,4)**	(16,9)

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15. RESERVES CONTINUED

		2011 Rm	2010 Rm
15.3	**Share-based payments reserve**		
	This comprises the cumulative fair value of options and share appreciation rights granted to employees after 7 November 2002.		
	Balance at 1 April	**151,6**	117,3
	Fair value of share instruments granted in prior years	**47,9**	34,4
	Fair value of share instruments granted during the year	**8,5**	0,3
	Fair value of share instruments forfeited during the year	**(0,5)**	(0,4)
	Balance at 31 March	**207,5**	151,6
15.4	**Insurance cell reserves**		
	As the insurance cells are defined as short-term insurers, they are required in terms of the provisions of the Short-term Insurance Act No. 53 of 1998 to maintain a contingency reserve for adverse claims development. This reserve is calculated at a minimum of 10,0% of net written premium as defined in the legislation.		
	No distribution of this reserve can be made without the prior approval of the Registrar of Short-term Insurance.		
	Balance at 1 April	**5,0**	1,5
	Transfer to reserves	**15,2**	3,5
	Balance at 31 March	**20,2**	5,0
15.5	**Foreign currency translation reserve**		
	The foreign currency translation reserve comprises gains and losses arising on translation of the assets, liabilities, income and expenses of foreign operations.		
	Balance at 1 April	**–**	–
	Foreign currency translation differences	**1,0**	–
	Balance at 31 March	**1,0**	–

16. NON-CONTROLLING INTEREST

The Standard Bank of South Africa Limited (SBSA) has a 45% shareholding in the RCS Group.

Certain other parties have insignificant shareholdings in two other entities.

	2011 Rm	2010 Rm
17. INTEREST-BEARING DEBT		
Non-current		
Unsecured fluctuating loans in terms of long-term bank facilities at prevailing interest rates	**262,8**	864,4
Current	**1 246,8**	254,7

Included in interest-bearing debt is an amount of R800,0 (2010: R800,0) million which bears interest at fixed rates. This rate was 13,3% National Association of Credit Management (NACM) (2010: 13,3% NACM) at 31 March. The balance of interest-bearing debt bears interest at 6% NACM (2010: 7,2% NACM).

The group's borrowing powers in terms of the articles of association of the company are unlimited.

The group's management of and exposure to market and cash flow and liquidity risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
18. RCS GROUP EXTERNAL FUNDING		
Non-current		
Domestic medium-term notes programme	**441,0**	191,0
Term funding	**50,0**	50,0
	491,0	241,0
Current		
Domestic medium-term notes programme	**398,0**	112,0
Term funding	**19,0**	19,1
	417,0	131,1

The domestic medium-term notes programme is denominated in Rands, unsecured, bears interest at variable interest rates linked to 3-month Johannesburg Interbank Agreed Rate (JIBAR) and is hedged through interest rate swaps.

Terms loans are denominated in Rands, unsecured, bear interest at variable interest rates and are hedged through interest rate swaps.

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	2011 Rm	2010 Rm
19. NON-CONTROLLING INTEREST LOANS		
Non-current		
The Standard Bank of South Africa Limited (SBSA)	**140,0**	474,0
Other shareholders	**4,3**	4,3
	144,3	478,3

The amount advanced by SBSA to RCS Investment Holdings (Proprietary) Limited (RCSIH) and its subsidiaries is in terms of a funding agreement between the parties. This funding agreement is not subject to any guarantee or security from The Foschini Group 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 loan bears interest at variable interest rates. There are no fixed terms of repayment and the loan is callable with a 180-day remedy period in the event of default.

The group's management of and exposure to market and cash flow and liquidity risk is disclosed in notes 22 and 23.

	2011 Rm	2010 Rm
20. POST-RETIREMENT DEFINED BENEFIT PLAN		
Post-retirement medical aid		
Balance at the beginning of the year	**84,1**	84,1
Accrual made during the year	**6,9**	–
Balance at the end of the year	**91,0**	84,1

Further details in respect of post-retirement medical aid benefits are included in note 35.5.

	2011 Rm	2010 Rm
21. TRADE AND OTHER PAYABLES		
Financial liabilities		
Trade payables	**1 097,1**	869,8
Other liabilities		
VAT payable	**6,0**	9,8
Employee-related accruals	**179,7**	87,8
Financial instrument liability	**27,8**	22,4
Other payables and accruals	**400,1**	304,0
	1 710,7	1 293,8

The group's management of and exposure to market, cash flow and liquidity risk is disclosed in notes 22 and 23.

22. FINANCIAL RISK MANAGEMENT

22.1 Overview

The group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the group's exposure to each of the above risks and the group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

22.2 Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports quarterly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

22.3 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises on trade receivables – retail, cash, investments, participation in export partnerships, staff housing loans, RCS Group loan receivables and RCS Group private label card receivables. The group does not consider there to be any significant concentration of credit risk in respect of which adequate impairment has not been raised.

Trade receivables – retail

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The risk arising on trade receivables – retail is managed through a stringent group policy on the granting, continual review and monitoring of credit sales. The group has established a credit policy under which each new customer is analysed individually for creditworthiness before payment terms and conditions are offered. A credit facility is established for each customer, which represents the maximum open amount without requiring approval from the risk management committee; these limits are reviewed annually.

The group does not require collateral in respect of trade and other receivables.

22. FINANCIAL RISK MANAGEMENT CONTINUED

22.3 Credit risk continued

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is calculated 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 board of directors believe that the application of the Markov model results in trade receivables balances being measured fairly.

Cash and investments

The group limits its exposure to credit risk through dealing with well-established financial institutions with high credit standing, and thus management does not expect any counterparty to fail to meet its obligations.

Participation in export partnerships

A company listed on the JSE Limited has warranted certain important cash flow aspects of the subsidiary companies' participation in export partnerships.

Staff housing loans, RCS Group loan receivables and RCS Group private label card receivables

The group limits its exposure to credit risk through a stringent group policy on the granting, continual review and monitoring of loan advances.

22.4 Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The group's approach to managing liquidity is to ensure that it will always have sufficient cash flow to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

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

22.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

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.

Currency risk

The group is exposed to currency risk as operating subsidiaries undertake transactions that are denominated in foreign currencies. These currencies are the Euro, US Dollars (USD) and Sterling (GBP).

At any point in time it is the group's intention to hedge all its estimated foreign currency exposure in respect of forecast purchases over the following six months. The group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Refer to note 23.3 for further details.

Interest rate risk

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, interest rate swap contracts are entered into for the purposes of cash flow hedging. The RCS Group loan receivables largely bear interest at fixed rates whilst borrowings bear interest at variable rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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22. FINANCIAL RISK MANAGEMENT CONTINUED

22.6 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain future development of business. The group primarily makes use of equity for capital management purposes.

Equity consists of ordinary share capital, retained earnings and non-controlling interests of the group. The board of directors monitors the return on equity, which the group defines as profit for the year divided by total average equity, including non-controlling interests. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The group's medium-term target is to achieve a return on equity of 32%; in 2011 the return was 24,3% (2010: 22,5%).

From time to time the group purchases its own shares on the market.

The shares are primarily intended to be used to meet the group's obligations in terms of its share option schemes (refer to note 35.1).

There were no changes in the group's approach to capital management during the year.

23. FINANCIAL INSTRUMENTS

23.1 Credit risk

Exposure

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2011 Rm	2010 Rm
Loans and receivables		
Other receivables and prepayments	**194,3**	175,7
Participation in export partnerships	**78,9**	85,0
Preference share investment	**200,0**	200,0
RCS Group loan receivables	**858,4**	857,3
RCS Group private label card receivables	**2 030,2**	1 773,5
Staff housing loans	**0,7**	0,9
Trade receivables – retail	**3 823,0**	3 169,3
Cash	**338,5**	284,0
Interest rate swaps		
Assets	**4,8**	–
	7 528,8	6 545,7

The group believes that there is no significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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The Foschini Group Limited and its subsidiaries

23. FINANCIAL INSTRUMENTS CONTINUED

23.1 Credit risk continued

Impairment losses: trade receivables – retail

The group manages the ageing of its trade receivables – retail book on both a contractual and recency basis, but uses the recency basis to calculate write-off and impairment losses. Recency refers to the number of payment cycles that have elapsed since the last qualifying payment was received.

Recency categories range from 0 to 5, at which point the account will be charged off, unless the payment profile score is above a fixed level.

The ageing of past due unimpaired trade receivables – retail at 31 March was:

	Carrying amount	
	2011 Rm	2010 Rm
Recency 1	**571,8**	477,5
Recency 2	**152,1**	128,9
Recency 3	**66,2**	63,0
Recency 4	**22,7**	22,3
Recency 5	**6,3**	6,0
	819,1	697,7
The movement in the allowance for impairment in respect of trade receivables – retail during the year was as follows:		
Balance at 1 April	**306,0**	252,5
Impairment raised	**461,5**	412,6
Impairment loss recognised	**(401,7)**	(359,1)
Balance at 31 March	**365,8**	306,0

During the year the group renegotiated the terms of customers to the value of R272,2 (2010: R150,5) million. No impairment in respect of these customers was recognised (2010: Rnil).

23. FINANCIAL INSTRUMENTS CONTINUED

23.1 Credit risk continued

Impairment losses: RCS Group loan receivables

The group manages the ageing of its RCS Group loan receivables on a contractual basis.

The ageing of past due unimpaired loan receivables at 31 March was:

	Carrying amount 2011 Rm	2010 Rm
Past due 0 – 30 days	**31,7**	46,8
Past due 31 – 60 days	**7,9**	12,8
Past due 61 – 90 days	**3,8**	7,3
Past due more than 91 days	**7,2**	14,3
	50,6	81,2
The movement in the allowance for gross impairment in respect of loan receivables during the year was as follows:		
Balance at 1 April	**95,6**	94,3
Impairment raised	**103,0**	140,1
Impairment loss recognised	**(124,1)**	(138,8)
Balance at 31 March	**74,5**	95,6
Previously, the movement in the allowance for impairment was shown net of the provision for future recoveries. The net impairment is made up as follow:		
Gross impairment	**74,5**	95,6
Provision for future recoveries	**(35,3)**	(46,0)
Net impairment	**39,2**	49,6

Included in the carrying amount of loan receivables is R2,8 (2010: Rnil) million relating to receivables whose terms have been renegotiated, which would otherwise have been past due.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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23. FINANCIAL INSTRUMENTS CONTINUED

23.1 Credit risk continued

Impairment losses: RCS Group private label card receivables

The group manages the ageing of its RCS Group private label card receivables on a contractual basis.

The ageing of past due unimpaired private label card receivables at 31 March was:

	Carrying amount	
	2011 Rm	2010 Rm
Past due 0 – 30 days	**310,2**	276,7
Past due 31 – 60 days	**94,7**	84,3
Past due 61 – 90 days	**39,8**	31,0
Past due more than 91 days	**34,1**	18,7
	478,8	410,7
The movement in the allowance for gross impairment in respect of private label card receivables during the year was as follows:		
Balance at 1 April	**159,9**	134,9
Impairment raised	**103,8**	369,1
Impairment loss recognised	**(87,1)**	(344,1)
Balance at 31 March	**176,6**	159,9
Previously, the movement in the allowance for impairment was shown net of the provision for future recoveries. The net impairment is made up as follow:		
Gross impairment	**176,6**	159,9
Provision for future recoveries	**(51,3)**	(60,5)
Net impairment	**125,3**	99,4

Included in the carrying amount of private label card receivables is R0,2 (2010: R50,5) million relating to receivables whose terms have been renegotiated, which would otherwise have been past due.

Customers that are not past due and have a good track record with the group make up 74,9% of the trade receivables – retail book (2010: 76,2%), 87,8% of loan receivables (2010: 81,2%) and 80,7% (2010: 72,6%) of the private label card receivables.

23. FINANCIAL INSTRUMENTS CONTINUED

23.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments:

	Carrying amount	Cash flows	Less than 1 year	1 – 2 years	More than 2 years
31 March 2011					
Non-derivative financial liabilities					
Interest-bearing debt	**1 509,6**	**1 657,4**	**1 369,0**	**288,4**	**–**
Non-controlling interest loans	**144,3**	**179,5**	**11,7**	**11,7**	**156,1**
RCS Group external funding	**908,0**	**1 017,1**	**402,6**	**47,0**	**567,5**
Trade and other payables	**1 710,7**	**1 710,7**	**1 710,7**	**–**	**–**
Derivative financial liabilities					
Interest rate swaps used for hedging	**0,6**	**0,6**	**0,6**	**–**	**–**
Forward exchange contracts used for hedging	**27,2**	**588,4**	**588,4**	**–**	**–**
	4 300,4	**5 153,7**	**4 083,0**	**347,1**	**723,6**
31 March 2010					
Non-derivative financial liabilities					
Interest-bearing debt	1 119,1	1 251,3	284,8	966,5	–
Non-controlling interest loans	478,3	614,6	–	–	614,6
RCS Group external funding	372,1	478,5	168,4	96,4	213,7
Trade and other payables	1 293,8	1 293,8	1 293,8	–	–
Derivative financial liabilities					
Interest rate swaps used for hedging	14,6	22,1	19,9	2,2	–
Forward exchange contracts used for hedging	8,0	177,5	177,5	–	–
	3 285,9	3 837,8	1 944,4	1 065,1	828,3

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and impact profit or loss:

	Carrying amount	Cash flows	Less than 1 year	1 – 2 years	More than 2 years
31 March 2011					
Interest rate swaps					
Liabilities	**(0,6)**	**(0,6)**	**(0,6)**	**–**	**–**
Assets	**4,8**	**(18,7)**	**(12,9)**	**(5,8)**	**–**
Forward exchange contracts					
Liabilities	**(27,2)**	**(588,4)**	**(588,4)**	**–**	**–**
	(23,0)	**(607,7)**	**(601,9)**	**(5,8)**	**–**
31 March 2010					
Interest rate swaps					
Liabilities	(14,6)	(22,1)	(19,9)	(2,2)	–
Forward exchange contracts					
Liabilities	(8,0)	(177,5)	(177,5)	–	–
	(22,6)	(199,6)	(197,4)	(2,2)	–

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23. FINANCIAL INSTRUMENTS CONTINUED

23.3 Currency risk

Exposure to currency risk

Exposure to currency risk is hedged through the use of forward exchange contracts. At 31 March the group had forward exchange contracts in various currencies in respect of future commitments to acquire inventory not yet recorded as assets on the statement of financial position.

These amounted to:

		Foreign currency 000's	Rand equivalent (at forward cover rate) R'000
31 March 2011	USD	**80 407**	**586 286**
	Euro	**149**	**1 454**
	GBP	**65**	**699**
			588 439
31 March 2010			
	USD	22 204	174 706
	Euro	157	1 377
	GBP	116	1 426
			177 509

The following significant exchange rates applied during the year:

	Average rate		31 March spot rate	
	2011	2010	**2011**	2010
USD	**7,23**	7,86	**6,81**	7,35
Euro	**9,53**	11,08	**9,64**	9,90
GBP	**11,21**	12,52	**10,97**	11,08

Sensitivity analysis

The group is primarily exposed to the US Dollar, Euro and British Pound currencies. The following analysis indicates the group's sensitivity at year-end to the indicated movements in these currencies on financial instruments, assuming that all other variables, in particular interest rates, remain constant. The rates of sensitivity are the rates used when reporting the currency risk to the board and represents management's assessment of the potential change in foreign currency exchange rates at the reporting date.

A 10% strengthening of the Rand against the following currencies at 31 March would have increased equity and profit or loss by the amounts shown below.

	Equity Rm	Profit or loss Rm
31 March 2011		
USD	**55,9**	**–**
Euro	**0,1**	**–**
GBP	**0,1**	**–**
31 March 2010		
USD	13,6	–
Euro	0,1	–
GBP	0,1	–

A 10% weakening of the Rand against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The methods and assumptions used to calculate the above sensitivity analysis is consistent with the prior year.

23. FINANCIAL INSTRUMENTS CONTINUED

23.4 Interest rate risk

Profile

At 31 March the interest rate profile of the group's interest-bearing financial instruments was:

	Interest rate at 31 March		Carrying amount	
	2011 %	2010 %	**2011 Rm**	2010 Rm
Fixed rate instruments				
RCS Group loan receivables	**33,1**	33,5	**858,4**	857,3
Interest-bearing debt	**13,3**	13,3	**(800,0)**	(800,0)
			58,4	57,3
The total RCS Group loan receivables of R858,4 million (2010: R857,3 million) attracts interest at floating rates as interest swaps have been taken out.				
Included in fixed rate interest-bearing debt of R800 million (2010: R800 million) is R50 million (2010: R50 million) which attracts interest at floating rates for which an interest swap has been taken out.				
Variable rate instruments				
Staff housing loans	**9,0**	10,5	**0,7**	0,9
RCS Group private label card receivables	**21,8**	27,9	**2 030,2**	1 773,5
Trade receivables – retail	**–**	–	**588,7**	598,1
Trade receivables – retail	**22,1**	25,4	**3 234,3**	2 571,2
Cash	**9,0**	10,0	**338,5**	284,0
Financial assets			**6 192,4**	5 227,7
Interest-bearing debt	**6,0**	7,2	**(709,6)**	(319,1)
RCS Group external funding	**7,2 – 11,0**	9,3 – 11,9	**(908,0)**	(372,1)
Non-controlling interest loans	**7,2 – 11,0**	9,5	**(144,3)**	(478,3)
Financial liabilities			**(1 761,9)**	(1 169,5)

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at 31 March would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at 31 March would have increased equity and profit or loss by the amounts shown in the table alongside. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2010.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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The Foschini Group Limited and its subsidiaries

23. FINANCIAL INSTRUMENTS CONTINUED

23.4 Interest rate risk continued

	Profit or loss Rm	Equity Rm
31 March 2011		
Variable rate instruments	**25,4**	**–**
Interest rate swaps	**5,7**	**–**
Cash flow sensitivity (net)	**31,1**	**–**
31 March 2010		
Variable rate instruments	**100,2**	**–**
Interest rate swaps	**6,1**	**3,1**
Cash flow sensitivity (net)	**106,3**	**3,1**

A decrease of 100 basis points in interest rates at 31 March would have had the equal but opposite effect on equity and profit or loss, on the basis that all other variables remain constant.

23.5 Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities reasonably approximate their carrying values in the statement of financial position.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
2011				
Interest rate swaps				
– assets	**–**	**4,8**	**–**	**4,8**
– liabilities	**–**	**(0,6)**	**–**	**(0,6)**
Total	**–**	**4,2**	**–**	**4,2**
2010				
Interest rate swaps	–	(14,6)	–	(14,6)
Total	–	(14,6)	–	(14,6)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

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24. SUBSEQUENT EVENT

No significant events took place between the end of the financial year and the date these financial statements were authorised for issue.

	2011 Rm	2010 Rm
25. COMMITMENTS AND CONTINGENT LIABILITIES		
Authorised capital commitments	**17,5**	10,0

Contingent liabilities
The Foschini Group has provided RCS Group with a liquidity facility of R101,8 million in respect of their domestic medium-term note programme. This facility was R30,8 million at 31 March 2010.

Forward exchange commitments
Refer to note 23.3.

26. REVENUE

	2011 Rm	2010 Rm
Retail turnover	**9 936,5**	8 605,2
Interest income (refer to note 28)	**1 486,2**	1 443,7
Dividend income – retail	**12,1**	13,8
Other revenue (refer to note 29)	**935,8**	717,6
	12 370,6	10 780,3

27. COST OF TURNOVER

	2011 Rm	2010 Rm
Cost of turnover comprises:		
Cost of goods sold	**(5 239,7)**	(4 554,9)
Costs of purchase, conversion and other costs	**(528,4)**	(450,9)
	(5 768,1)	(5 005,8)

28. INTEREST INCOME

	2011 Rm	2010 Rm
Trade receivables – retail	**705,2**	636,4
Receivables – RCS Group	**764,2**	795,7
Sundry – RCS Group	**7,9**	2,7
Sundry – retail	**8,9**	8,9
	1 486,2	1 443,7

29. OTHER REVENUE

	2011 Rm	2010 Rm
Merchants' commission – RCS Group	**30,9**	30,2
Club income – retail	**248,6**	193,0
Club income – RCS Group	**4,9**	5,4
Customer charges income – retail	**55,7**	25,3
Customer charges income – RCS Group	**249,4**	192,3
Insurance income – retail	**203,2**	141,3
Insurance income – RCS Group	**90,8**	87,8
Cellular income – one2one airtime product	**47,5**	35,0
Sundry income – retail	**4,8**	7,3
	935,8	717,6

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2011 Rm	2010 Rm
30. OPERATING PROFIT BEFORE FINANCE CHARGES		
Operating profit before finance charges has been arrived at after taking account of:		
Trading expenses		
Depreciation: land and buildings	**(6,4)**	(6,1)
Depreciation: shopfitting, vehicles, computers, and furniture and fittings	**(275,9)**	(258,0)
Amortisation: intangible asset on acquisition of client lists	**(0,4)**	(0,1)
Goodwill impairment	**(5,8)**	–
Employee costs: normal – retail	**(1 387,1)**	(1 207,8)
Employee costs: share–based payments – retail	**(55,9)**	(34,3)
Employee costs: bonuses and restraint payments – retail	**(67,8)**	(2,4)
Employee costs: normal – RCS Group	**(145,3)**	(132,4)
Occupancy costs: normal – retail	**(902,3)**	(797,1)
Occupancy costs: normal – RCS Group	**(10,4)**	(10,7)
Occupancy costs: operating lease liability adjustment	**(9,2)**	(8,6)
Net bad debt – retail	**(401,7)**	(359,1)
Net bad debt – RCS Group	**(231,1)**	(352,4)
Other operating costs – RCS Group profit share MDD	**(19,6)**	–
Other operating costs	**(782,4)**	(632,9)
	(4 301,3)	(3 801,9)
There are no other impairments on assets other than shown above.		
The following disclosable amounts are included above:		
Auditor's remuneration		
Audit fees	**(4,6)**	(4,2)
Fees for other services	**–**	(0,2)
Loss on sale of property, plant and equipment	**(1,9)**	(1,6)
Retirement fund expenses (refer to note 35.3)	**(121,7)**	(108,9)
Staff discount	**(17,8)**	(15,3)
Net foreign exchange loss	**(3,1)**	(0,9)
31. FINANCE COST		
Finance cost on financial liabilities measured at amortised cost	**(250,1)**	(261,5)

32. INCOME TAX EXPENSE

	2011 Rm	2010 Rm
South African current taxation		
Current year	**637,1**	488,0
Prior year under (over) provision	**9,3**	(6,6)
Secondary taxation on companies	**63,5**	59,7
South African deferred taxation		
Current year	**(61,8)**	(14,3)
Prior year (over) under provision	**(4,7)**	6,4
Secondary taxation on companies	**1,6**	(2,4)
Non-South African current taxation		
Current year	**19,9**	18,8
Prior year over provision	**(1,9)**	–
Non-South African deferred taxation		
Current year	**(0,6)**	(0,9)
Prior year over provision	**(0,1)**	–
Rate change	**–**	(0,1)
	662,3	548,6

	%	%
Reconciliation of tax rate		
Effective tax rate	**32,3**	32,1
Exempt income	**0,2**	0,2
Non-deductible expenditure	**(2,2)**	(0,8)
Non-South African tax rate	**0,9**	(0,1)
Non-recoverable withholding taxes	**(0,1)**	–
Secondary taxation on companies and withholding tax on dividends	**(3,1)**	(3,4)
South African statutory rate	**28,0**	28,0

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

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	2011 Rm	2010 Rm
33. EARNINGS PER SHARE		
33.1 Basic and headline earnings per share		
The calculation of basic and headline earnings per share at 31 March 2011 was based on profit for the year attributable to ordinary shareholders of The Foschini Group Limited of R1 301,8 (2010: R1 085,6) million and headline earnings of R1 305,6 (2010: R1 085,6) million divided by the weighted average number of ordinary shares as follows:		
Profit attributable to equity holders of The Foschini Group Limited	**1 301,8**	1 085,6
Adjusted for the after-tax effect of:		
Goodwill impairment – effective portion	**3,2**	–
Goodwill impairment	**5,8**	–
Less: non-controlling interest	**(2,6)**	–
Profit on disposal of property, plant and equipment	**(0,2)**	(0,5)
Loss on disposal of property, plant and equipment	**0,8**	0,5
Headline earnings	**1 305,6**	1 085,6
Weighted average number of ordinary shares in issue	**206 495 906**	208 243 974
Earnings per ordinary share (cents)	**630,4**	521,4
Headline earnings per ordinary share (cents)	**632,3**	521,4
33.2 Diluted earnings and diluted headline earnings per share		
The calculation of diluted earnings and diluted headline earnings per share at 31 March 2011 was based on profit for the year attributable to ordinary shareholders of The Foschini Group Limited of R1 301,8 (2010: R1 085,6) million and headline earnings of R1 305,6 (2010: R1 085,6) million divided by the fully diluted weighted average number of ordinary shares as follows:		
Weighted average number of ordinary shares as above	**206 495 906**	208 243 974
Number of shares that would have been issued for no consideration	**4 094 246**	1 264 151
Weighted average number of ordinary shares used for dilution	**210 590 152**	209 508 125
Diluted earnings per ordinary share (cents)	**618,1**	518,2
Diluted headline earnings per ordinary share (cents)	**619,9**	518,2

	2011 Rm	2010 Rm
34. OPERATING LEASE OBLIGATIONS		
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:		
Less than one year	**952,3**	837,5
More than one year and less than five years	**2 395,2**	2 043,4
More than five years	**277,7**	90,5

35. EMPLOYEE BENEFITS

35.1 Share incentive schemes

Executive directors and key management personnel of the group participate in its share incentive schemes.

Options

The scheme rules of the 1997 scheme 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.

Share appreciation rights

The scheme rules of the 2007 scheme provide that, upon fulfilment of certain performance conditions, the share appreciation rights (SARs) may upon request, be converted from the third anniversary of the grant date. Participants are entitled to receive shares in equal value to the growth in the share price on a defined number of shares between the date of grant and the date of conversion. The entitlement to these shares is subject to group performance criteria, linked to inflation. All rights expire after six years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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The Foschini Group Limited and its subsidiaries

35. EMPLOYEE BENEFITS CONTINUED

35.1 Share incentive schemes continued

The fair value of options and SARs 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:

	2011	2010
Share appreciation rights granted during the financial year ending 31 March		
Grant price	**R64,47**	R58,37
Expected volatility	**35,9%**	35,5%
Expected dividend yield	**6,0%**	5,8%
Risk-free interest rate	**8,0%**	7,9%

The group recognised total expenses of R55,9 (2010: R34,3) million related to these equity-settled share-based payment transactions during the year.

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

	Number of share options	
Foschini 1997 Share Option Scheme		
Options exercised, subject to future delivery, at 1 April	**4 357 794**	6 154 503
Put exercised by option holders	**–**	(94 999)
Options forfeited during the year	**(89 003)**	(71 673)
Options delivered during the year	**(2 694 041)**	(1 630 037)
Options exercised, subject to future delivery, at 31 March	**1 574 750**	4 357 794

	Number of SARs	
Foschini 2007 Share Incentive Scheme		
SARs granted, subject to fulfilment of conditions, at 1 April	**9 565 000**	9 503 000
SARs granted during the year, subject to fulfilment of conditions	**2 266 500**	172 000
SARs delivered during the year	**(1 500)**	–
SARs forfeited during the year	**(118 000)**	(110 000)
SARs granted, subject to fulfilment of conditions, at 31 March	**11 712 000**	9 565 000

35. EMPLOYEE BENEFITS CONTINUED

35.1 Share incentive schemes continued

SARs delivered during the year equates to 792 ordinary shares.

Options in terms of the 1997 scheme will be delivered during the following financial years:

Year	Average price	Number of share options
2012	48,60	**188 334**
2013	60,19	**1 278 080**
2014	56,60	**108 336**
		1 574 750

Upon request, SARs in terms of the 2007 scheme may be converted from the following financial years:

Year	Average price	Number of SARS
2012	41,57	**9 283 500**
2013	58,37	**172 000**
2014	64,47	**2 256 500**
		11 712 000

These schemes are administered by The Foschini Share Incentive Trust which holds shares in The Foschini Group Limited as follows:

	2011	2010
Shares held at the beginning of the year	**7 455 692**	9 092 806
Shares delivered during the year	**(2 694 833)**	(1 637 114)
Shares purchased during the year	**6 379 641**	–
Shares held at the end of the year	**11 140 500**	7 455 692

35.2 Staff housing loans

Refer to note 5.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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The Foschini Group Limited and its subsidiaries

35. EMPLOYEE BENEFITS CONTINUED

35.3 Retirement funds

The Foschini Group funds

The 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 The Foschini Group Limited, excluding those that are members of the Namflex or Sibaya Funds, are members of the retirement fund.

An actuarial valuation of the fund was performed as at 31 December 2009, in which the valuator reported that the fund was in a sound financial position.

The actuarial valuation as at 31 December 2012 is due to be performed during the 2013 financial year.

Investment Solutions Provident Fund: Defined contribution plan

All executives and key management personnel are required to be members of this fund.

The employer contributes 1,5% of employee's earnings to this 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.

Sibaya Provident Fund: Defined contribution plan

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

RCS Group funds

Alexander Forbes Retirement Annuity: Defined contribution plan

All permanent employees of RCS Botswana (Proprietary) Limited under normal retirement age are required to be members of the Alexander Forbes Retirement Annuity. This fund is a money purchase arrangement whereby the members pay 7,5% of their pensionable salary as contributions towards retirement benefits.

Liberty Life Pension Fund and SACCAWU Provident Fund

Existing employees of the Massdiscounters credit business which was acquired during the 2009 financial year, remained as members of either the SACCAWU Provident Fund or the Liberty Life Pension Fund.

Liberty Life Provident Fund: Defined contribution plan

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

In addition, existing employees of the Massdiscounters credit business which was acquired during the 2009 financial year remained as members of either the SACCAWU Provident Fund or the Liberty Life Pension Fund.

Sanlam Retirement Annuity: Defined contribution plan

All permanent employees of RCS Investment Holdings Namibia (Proprietary) Limited under normal retirement age are required to be members of the Sanlam Retirement Annuity. This fund is a money purchase arrangement whereby the members pay 7,5% of their pensionable salary as contributions towards retirement benefits.

35. EMPLOYEE BENEFITS CONTINUED

35.3 Retirement funds continued

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

	Number of members		Employer contributions	
	2011	2010	**2011 Rm**	2010 Rm
Summary per fund:				
TFG Funds				
The Foschini Group Retirement Fund	**10 793**	9 971	**109,5**	96,2
Investment Solutions Provident Fund	**162**	147	**1,7**	1,4
Namflex Pension Fund	**249**	213	**1,6**	1,2
Sibaya Provident Fund	**9**	8	**–***	–*
RCS Group Funds				
Alexander Forbes Retirement Annuity	**6**	–	**–***	–
Liberty Life Pension Fund	**13**	51	**0,1**	0,4
Liberty Life Provident Fund	**590**	469	**8,7**	9,4
SACCAWU Provident Fund	**14**	36	**0,1**	0,3
Sanlam Retirement Annuity	**2**	–	**–***	–
	11 838	10 895	**121,7**	108,9

* Zero as a result of rounding to millions

35. EMPLOYEE BENEFITS CONTINUED

35.4 Medical aid

The Foschini Group funds

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 South African employees. Membership of the scheme is voluntary, except for senior employees.

Total membership currently stands at 2 773 (2010: 2 712) principal members.

These costs are charged against income as incurred and amounted to R29,2 (2010: R26,9) million, with employees contributing a further R29,2 (2010: R26,9) million to the fund.

In respect of the year ended 31 December 2010, the scheme earned contributions of R63,7 million and reflected a net surplus of R1,5 million after the deduction of all expenses. The fund had net assets totalling R37,0 million.

The budgeted projected surplus in respect of the year ending 31 December 2011 is R0,8 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 R0,7 (2010: R0,7) million, with employees contributing a further R0,7 (2010: R0,7) million to the fund. There are currently 56 (2010: 64) 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 55 (2010: 67) employees are currently members. Costs charged to income total R1,0 (2010: R1,4) million.

RCS Group funds

Discovery Health: Defined benefit plan

All permanent staff of RCS Investment Holdings (Proprietary) Limited, a partially-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 R6,1 (2010: R3,6) million. Total membership currently stands at 1 346 (2010:509) principal members.

BOMaid: Defined benefit plan

All permanent staff of RCS Botswana (Proprietary) Limited are required to become members of their choice of the medical plans offered by BOMaid. Total membership currently stands at three (2010: nil) principal members. These costs are charged against income as incurred and amounted to R27 030 (2010: Rnil).

Nexus Medical Aid: Defined benefit plan

All permanent staff of RCS Investment Holdings Namibia (Proprietary) Limited are required to become members of their choice of the medical plans offered by Nexus Medical Aid. Total membership currently stands at one (2010: nil) principal member. These costs are charged against income as incurred and amounted to R30 474 (2010: Rnil).

35. EMPLOYEE BENEFITS CONTINUED

35.5 Post-retirement medical aid

Qualifying retired employees are entitled to medical aid benefits, which have been fully provided for (refer to note 20).

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 Rnil (2010: Rnil) million.

The principal assumptions at the last valuation date, being 31 March 2011 were as follows:

Net discount rate	1,5%
Withdrawal rates	0% – 20%
Normal retirement age	60 – 65 years

35.6 Other

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

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36. DIRECTORS' REMUNERATION

	Fees R'000	Remuneration R'000	Pension fund R'000	Travel allowance R'000	Other benefits* R'000	Performance bonus** R'000	**2011 Total R'000**	2010 Total R'000
Non-executive								
D M Nurek	**1 050,0**	**–**	**–**	**–**	**–**	**–**	**1 050,0**	
F Abrahams	**347,6**	**–**	**–**	**–**	**–**	**–**	**347,6**	
S E Abrahams	**341,0**	**–**	**–**	**–**	**–**	**–**	**341,0**	
W V Cuba	**235,0**	**–**	**–**	**–**	**–**	**–**	**235,0**	
M Lewis	**206,0**	**–**	**–**	**–**	**–**	**–**	**206,0**	
E Oblowitz##	**122,8**	**–**	**–**	**–**	**–**	**–**	**122,8**	
D M Polak	**227,0**	**–**	**–**	**–**	**–**	**–**	**227,0**	
N V Simamane	**255,0**	**–**	**–**	**–**	**–**	**–**	**255,0**	
K N Dhlomo	**255,0**	**–**	**–**	**–**	**–**	**–**	**255,0**	
Total	**3 039,4**	**–**	**–**	**–**	**–**	**–**	**3 039,4**	
Executive								
A D Murray	**–**	**3 889,7**	**466,8**	**305,0**	**123,4**	**6 281,8**	**11 066,7**	
R Stein	**–**	**2 260,2**	**271,2**	**233,9**	**79,2**	**2 901,7**	**5 746,2**	
P S Meiring	**–**	**1 914,7**	**229,8**	**233,9**	**76,2**	**2 430,8**	**4 885,4**	
Total	**–**	**8 064,6**	**967,8**	**772,8**	**278,8**	**11 614,3**	**21 698,3**	
Total remuneration 2011	**3 039,4**	**8 064,6**	**967,8**	**772,8**	**278,8**	**11 614,3**	**24 737,7**	
Non-executive								
D M Nurek	800,0	–	–	–	–	–		800,0
F Abrahams	250,0	–	–	–	–	–		250,0
S E Abrahams	300,0	–	–	–	–	–		300,0
W V Cuba	220,0	–	–	–	–	–		220,0
M Lewis	175,0	–	–	–	–	–		175,0
E Oblowitz##	–	–	–	–	–	–		–
D M Polak	257,5	–	–	–	–	–		257,5
N V Simamane	192,2	–	–	–	–	–		192,2
K N Dhlomo	192,2	–	–	–	–	–		192,2
Total	2 386,9	–	–	–	–	–		2 386,9
Executive								
A D Murray	–	3 543,0	425,2	297,6	119,8	1 500,0		5 885,6
R Stein	–	2 075,0	249,0	228,1	74,7	600,0		3 226,8
P S Meiring	–	1 801,0	216,1	228,1	76,2	800,0		3 121,4
Total	–	7 419,0	890,3	753,8	270,7	2 900,0		12 233,8
Total remuneration 2010	2 386,9	7 419,0	890,3	753,8	270,7	2 900,0		14 620,7

* Other benefits include medical aid and group life cover

** The 2010 bonus payment relate to performance in the 2009 financial year

\## E Oblowitz was appointed as a non-executive director on 1 October 2010

In accordance with the requirements of IFRS 2, the fair value of share options and share appreciation rights (SAR) granted to employees is expensed in profit or loss over the term of the option/SAR. An amount of R6,5 (2010: R3,9) million, R2,8 (2010: R1,7) million, R1,0 (2010: R0,9) million and R2,4 (2010: R1,5) million was recognised in respect of options granted to Messrs A D Murray, R Stein, D M Polak and P S Meiring respectively. These amounts are not included in the amounts reflected above.

37. RELATED PARTY TRANSACTIONS

Shareholders

An analysis of the principal shareholders of the company is provided in appendix 3 to the company's financial statements on page 248.

For details of directors' interests refer to note 13.5.

Subsidiaries

During the year, in the ordinary course of business, certain companies within the group entered into arm's length transactions. These intra-group 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 (Proprietary) Limited, a subsidiary of The Foschini Group Limited.

	2011 Rm	2010 Rm
Administration fee earned from The Foschini Group Retirement Fund	**1,9**	1,8

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

Directors

Remuneration

Details relating to executive and non-executive directors' remuneration are disclosed in note 36.

Interest of directors in contracts

No directors have any interests in contracts that are in contravention of section 234 of the Companies Act No. 61 of 1973.

Executive directors are bound by service contracts.

Loans to directors

No loans have been made to directors.

Employees

Details relating to the share incentive schemes are disclosed in note 35.1.

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. Executive directors and associates of all subsidiary companies and The Foschini Group Limited 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.

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	2011 Rm	2010 Rm
37. RELATED PARTY TRANSACTIONS CONTINUED		
Remuneration paid to key management personnel is as follows:		
Short-term employee benefits		
Remuneration	**80,5**	77,5
Performance bonus	**67,8**	1,1
Travel allowance	**11,1**	9,7
Post-employment benefits		
Pension fund	**10,6**	8,8
Other long-term benefits		
Other benefits	**1,2**	3,8
Share-based payments		
Fair value of share options granted*	**50,6**	27,4
Total remuneration	**221,8**	128,3
Refer to note 36 for further disclosure regarding remuneration paid to executive directors of the company.		
Remuneration paid to the top three highest earners, excluding executive directors, is as follows:		
Short-term employee benefits		
Remuneration	**5,3**	4,8
Performance bonus	**6,9**	0,1
Travel allowance	**0,5**	0,5
Post-employment benefits		
Pension fund	**0,7**	0,6
Other long-term benefits		
Other benefits	**0,1**	0,1
Share-based payments		
Fair value of share options granted*	**6,2**	3,7
Total remuneration	**19,7**	9,8

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

	2011 Rm	2010 Rm
38. CASH FLOW		
38.1 Operating profit before working capital changes		
Profit before tax	**2 051,1**	1 711,1
Adjusted for:		
Interest income – sundry	**(16,8)**	(11,6)
Finance cost	**250,1**	261,5
Dividend income	**(12,1)**	(13,8)
Non-cash items	**358,0**	290,3
Operating profit before working capital changes	**2 630,3**	2 237,5
38.2 Working capital changes		
(Increase) decrease in inventory	**(310,9)**	31,1
Increase in trade and other receivables	**(930,1)**	(613,8)
Increase in trade and other payables	**416,9**	41,3
Increase in working capital	**(824,1)**	(541,4)
38.3 Reconciliation of taxation paid		
Amount unpaid at the beginning of the year	**(128,0)**	(70,6)
Current year provision	**(727,9)**	(559,9)
Current tax effect of other items in equity	**7,8**	15,2
Amount unpaid at the end of the year	**79,1**	128,0
	(769,0)	(487,3)
38.4 Reconciliation of dividends paid		
Dividends declared during the year	**(637,5)**	(599,1)
Dividends paid by subsidiary to non-controlling interest	**(28,4)**	(9,1)
	(665,9)	(608,2)

39. CHANGE IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 Standards as issued by the Accounting Practices Board or it successor, and the interpretations adopted by the International Accounting Standards Board (IASB) on a basis consistent with the prior year except for the adoption of the following revised standard.

IAS 27 Consolidated and Separate Financial Statements

During the year, the group adopted the amended IAS 27 Consolidated and Separate Financial Statements.

The principal effect of the change required by IAS 27 was that total comprehensive income of subsidiaries are now attributed to non-controlling interest even if this results in a total deficit balance.

The adoption of IAS 27 has had no significant effect on these results.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

40. 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
The amendments to IFRS 7 will be applicable to the group for the first time for its financial reporting period ending 31 March 2013.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

- not derecognised in their entirety; and
- derecognised in their entirety, but for which the group retains continuing involvement.

It is not anticipated that this standard would have an impact on the group's financial statement disclosures.

IFRS 9 Financial Instruments
IFRS 9 will be applicable to the group for the first time for its financial reporting period ending 31 March 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements for the group has not yet been estimated.

40. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE YEARS CONTINUED

IFRS 9 Additions to Financial Instruments

The additions to IFRS 9 will be applicable to the group for the first time for its financial reporting period ending 31 March 2014. The standard will be applied retrospectively, subject to transitional provisions.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates the guidance in IAS 39 dealing with fair value measurement, derivatives embedded in host contracts that are not financial assets and the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

The impact on the financial statements for the group has not yet been estimated.

IAS 24 (AC 126) (revised)

IAS 24 (AC 126) (revised) will be applicable to the group for the first time for its financial reporting period ending 31 March 2012. The standard will be applied retrospectively.

IAS 24 (AC 126) (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities.

Under IAS 24 (AC 126) (revised) the definition of a related party has been amended with the result that a number of new related party relationships have been identified.

It is not anticipated that this standard would have an impact on the group's financial statement disclosures.

Improvements to International Financial Reporting Standards (IFRS) 2010

The following standards have been amended by the Annual Improvements to IFRS 2010 project and will be applicable to the group for its financial reporting period ending 31 March 2012.

It is not anticipated that these amendments would have a significant impact on the group's financial statements.

IFRS 3 Business Combinations – Transitional requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS

IFRS 3 is amended to state that contingent consideration arising in a business combination that had been accounted for in accordance with IFRS 3 (2004) that has not been settled or otherwise resolved at the adoption date of IFRS 3 (2008) continues to be accounted for in accordance with IFRS 3 (2004).

For such contingent consideration, the cost of the business combination is adjusted if and when payment of the contingent consideration is probable and the amount can be measured reliably. That means that IAS 39 Financial Instruments: Recognition and Measurement does not apply to contingent consideration within the scope of the amendment, i.e. liability-classified contingent consideration is not measured at fair value through profit or loss.

The amendment is required to be applied prospectively from the date that an entity first applied IFRS 3 (2008).

40. ACCOUNTING STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN FUTURE YEARS CONTINUED

IFRS 3 – measurement of non-controlling interests

IFRS 3 is amended to limit the accounting policy choice to measure non-controlling interests (NCI) upon initial recognition either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets to instruments that give rise to a present ownership interest and currently entitle the holder to a share of net assets in the event of liquidation.

The accounting policy choice does not apply to other instruments, such as written options classified as equity instruments or options granted under share-based payment arrangements. Such interests generally will be measured at fair value or otherwise in accordance with other relevant IFRS, e.g. share-based payments that give rise to NCI will be measured in accordance with IFRS 2 Share-based Payment.

The amendment is required to be applied prospectively from the date that an entity first applied IFRS 3 (2008).

IFRS 7 Financial Instruments: Disclosures (amendments to disclosures)

IFRS 7 is amended to add an explicit statement that the qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments.

The existing disclosure requirements of IFRS 7 are amended as follows:

- Clarifiy that disclosure of the amount that best represents an entity's maximum exposure to credit risk is required only if the carrying amount of a financial asset does not reflect such exposure already.
- Additional requirement to disclose the financial effect of collateral held as security and other credit enhancements in respect of a financial instrument. This disclosure is in addition to the existing requirement to describe the existence and nature of such collateral.
- Clarifiy that disclosure in respect of collateral taken possession of by the entity is required only in respect of such collateral held at the end of the reporting period.

The following requirements have been removed from IFRS 7:

- disclosure of the carrying amount of financial assets that would have been past due or impaired if their terms had not been renegotiated; and
- disclosure of the description and fair value of collateral held as security and other credit enhancements in respect of financial assets that are past due but not impaired and in respect of financial assets that are individually determined to be impaired.

In addition, the clause stating that quantitative disclosures are not required when a risk is not material has been removed from IFRS 7.

IAS 1 Presentation of Financial Statements

This amendment relates to the presentation of the statement of changes in equity. Currently, IAS 1 required for each component of equity a reconciliation from opening to closing balances to be presented in the statement of changes in equity. That reconciliation is required to show separately changes arising from items recognised in profit or loss in other comprehensive income and from transactions with owners acting in their capacity as owners.

IAS 1 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but is permitted to be presented either in the statement of changes in equity or in the notes.

IAS 34 – significant events and transactions

IAS 34 is amended by adding a number of examples to the list of events or transactions that require disclosure under IAS 34, being examples of:

- recognition of a loss from the impairment of financial assets;
- significant changes in an entity's business or economic circumstances that have an impact on the fair value of items in the statement of financial position, regardless of whether such items are accounted for at fair value;
- significant transfers of financial instruments between levels of the fair value hierarchy; and
- changes in assets' classification as a result of changes in their purpose or use.

THE FOSCHINI GROUP LIMITED

AS AT 31 MARCH

STATEMENT OF FINANCIAL POSITION

	Note	2011 Rm	2010 Rm
ASSETS			
Non-current assets			
Investment in preference shares	4	–	200,0
Interest in subsidiaries	Appendix 1	1 246,0	950,0
		1 246,0	1 150,0
Current assets			
Interest in subsidiaries	Appendix 1	568,4	682,5
Investment in preference shares	4	200,0	–
Other receivables		3,4	3,9
Cash		1,1	1,7
		772,9	688,1
Total assets		2 018,9	1 838,1
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	13.2	3,4	3,4
Share premium		498,7	498,7
Dividend reserve	15.1	510,0	408,8
Distributable reserve		997,8	916,3
		2 009,9	1 827,2
Current liabilities			
Other payables		7,4	5,7
Taxation payable		1,6	5,2
		9,0	10,9
Total equity and liabilities		2 018,9	1 838,1
Guarantee: The company has guaranteed the overdraft facilities of subsidiary companies. The amounts utilised amounted to		1 440,0	1 041,0

THE FOSCHINI GROUP LIMITED CONTINUED

FOR THE YEARS ENDED 31 MARCH

INCOME STATEMENT

	2011 Rm	2010 Rm
Profit before taxation*	1 010,6	421,5
Taxation – current year	(87,1)	(90,9)
Profit attributable to ordinary shareholders	923,5	330,6
* after taking account of:		
Dividend income – subsidiary companies	892,1	237,4
– preference shares	12,1	13,8

STATEMENT OF COMPREHENSIVE INCOME

	2011 Rm	2010 Rm
Profit attributable to ordinary shareholders	923,5	330,6
Total comprehensive income for the year	923,5	330,6

STATEMENT OF CHANGES IN EQUITY

	2011 Rm	2010 Rm
Equity at the beginning of the year	1 827,2	2 189,2
Total comprehensive income for the year	923,5	330,6
Dividends paid	(740,8)	(692,6)
Equity at the end of the year	2 009,9	1 827,2

APPENDIX 1: SUBSIDIARY COMPANIES

Name of subsidiary	Note	Issued share capital R	2011 Cost Rm	2010 Cost Rm	2011 Indebted-ness Rm	2010 Indebted-ness Rm
Trading subsidiaries						
Fashion Retailers (Pty) Limited	4	250 006	0,2	0,2	–	–
Fashion Retailers Zambia Limited	6	75	–	–	–	–
Foschini Finance (Pty) Limited	2, 9	6	–	–	38,9	153,0
Foschini Investments (Pty) Limited	2	10	–	–	–	–
Foschini Lesotho (Pty) Limited	7	2	–	–	–	–
Foschini Retail Group (Pty) Limited	2, 3, 9	2	102,5	102,5	1 142,1	727,0
Foschini Services (Pty) Limited	2	10	–	–	–	–
Foschini Stores (Pty) Limited	2, 8	1	–	–	528,6	528,6
Foschini Swaziland (Pty) Limited	5	2	–	–	–	–
Markhams (Pty) Limited	2	1	–	–	–	–
Pienaar Sithole and Associates (Pty) Limited	2, 9	100	–	–	1,8	1,8
Retail Credit Solutions (Pty) Limited	2	18 200	–	–	–	–
TFG Apparel Supply Company (Pty) Limited	2, 9	1	–	–	–	119,1
What U Want To Wear (Pty) Limited	2	66 200	0,1	0,1	–	–
Total trading subsidiaries			102,8	102,8	1 711,4	1 529,5
Other*			1,1	1,1	(0,9)	(0,9)
Total			103,9	103,9	1 710,5	1 528,6

	2011 Rm	2010 Rm
Summary		
Investment in shares at cost	103,9	103,9
Amounts owing by subsidiaries – non-current portion	1 142,1	846,1
Total non-current portion	1 246,0	950,0
Amounts owing by subsidiaries – current portion	568,4	682,5
Total interest in subsidiaries	1 814,4	1 632,5

Notes

1. The company owns, directly or indirectly, all the ordinary shares in the subsidiaries listed above except for Retail Credit Solutions (Pty) Limited that has a 55% shareholding in the RCS Group.
2. Incorporated in South Africa
3. Included is an amount of R102,5 (2010: R102,5) million representing the fair value of 102 500 R1 preference shares issued on 28 February 2002. The directors' valuation thereof at 31 March 2011 is R102,5 (2010: R102,5) million
4. Incorporated in Namibia
5. Incorporated in Swaziland
6. Incorporated in Zambia
7. Incorporated in Lesotho
8. The loan to subsidiary is unsecured, interest free and no fixed date for repayment has been determined
9. The loan to subsidiary is unsecured, bears interest at rates determined from time to time and no fixed date for repayment has been determined. By mutual agreement the loan will not be repayable within the next 12 months

* A schedule of these details is available on request

THE FOSCHINI GROUP LIMITED CONTINUED

FOR THE YEARS ENDED 31 MARCH

APPENDIX 2: RELATED PARTY INFORMATION

	2011 Rm	2010 Rm
Loans to and from related parties are disclosed in Appendix 1.		
Interest was received from the following related parties:		
Foschini Finance (Pty) Limited	**10,4**	22,8
Foschini Retail Group (Pty) Limited	**101,2**	111,5
Pienaar Sithole and Associates (Pty) Limited	**0,2**	0,2
TFG Apparel Supply Company (Pty) Limited	**2,7**	1,7
	114,5	136,2
Dividends were received from the following related parties:		
Foschini Finance (Pty) Limited	**9,4**	12,2
Foschini Retail Group (Pty) Limited	**767,4**	81,7
Foschini Services (Pty) Limited	**–**	5,7
Foschini Stores (Pty) Limited	**74,1**	28,4
Markhams (Pty) Limited	**–**	0,9
Retail Credit Solutions (Pty) Limited	**34,3**	100,5
TFG Apparel Supply Company (Pty) Limited	**0,7**	–
	885,9	229,4
Preference dividends were received from the following related party:		
Foschini Retail Group (Pty) Limited	**6,2**	8,0
Dividends were paid to the following related parties:		
Foschini Stores (Pty) Limited	**74,1**	69,3
The Foschini Share Incentive Trust	**29,2**	24,3
	103,3	93,6

Also refer to note 37 for related party disclosure.

APPENDIX 3: SHAREHOLDINGS

Analysis of Shareholdings at 25 March 2011

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 25 March 2011

SPREAD ANALYSIS	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	2 127	54,6	771 639	0,3
1 001 – 10 000 shares	1 153	29,6	3 902 473	1,6
10 001 – 100 000 shares	409	10,5	14 905 630	6,2
100 001 – 1 000 000 shares	165	4,2	55 798 137	23,2
1 000 001 shares and over	43	1,1	165 120 362	68,7
	3 897	100,0	240 498 241	100,0

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	Percentage of shares in issue
Unit trusts/mutual funds and other managed funds	75 595 981	31,5
Pension funds	67 195 391	27,9
Private investors	25 141 659	10,5
Corporate holding*	24 049 824	10,0
Sovereign wealth	12 578 529	5,2
Investment and employee trusts*	13 298 092	5,5
Insurance companies	9 788 860	4,1
Other	12 849 905	5,3
	240 498 241	100,0

* Includes shareholdings of Foschini Stores (Proprietary) Limited and The Foschini Share Incentive Trust

BENEFICIAL SHAREHOLDINGS GREATER THAN 3 %

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 25 March 2011	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	38 850 440	16,2
Foschini Stores (Pty) Limited	24 049 824	10,0
Lewis family	12 816 874	5,3
	75 717 138	31,5

THE FOSCHINI GROUP LIMITED CONTINUED

APPENDIX 3: SHAREHOLDINGS CONTINUED

FUND MANAGERS' HOLDINGS GREATER THAN 3%

According to disclosures made, the following fund managers administered client portfolios which included more than 3% of the company's issued shares

	Holding	% of shares in issue
PIC	34 844 895	14,5
AXA Financial SA	9 885 185	4,1
BlackRock Inc	9 653 992	4,0
Old Mutual Inv Group	9 291 217	3,9
Prudential Portfolio Managers	9 014 718	3,7
	72 690 007	30,2

SHAREHOLDING SPREAD

Category	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public	3 887	99,8	187 583 305	78,0
Directors	8	0,2	17 724 612	7,4
Trust	1	0,0	11 140 500	4,6
Subsidiary	1	0,0	24 049 824	10,0
Total	3 897	100,0	240 498 241	100,0