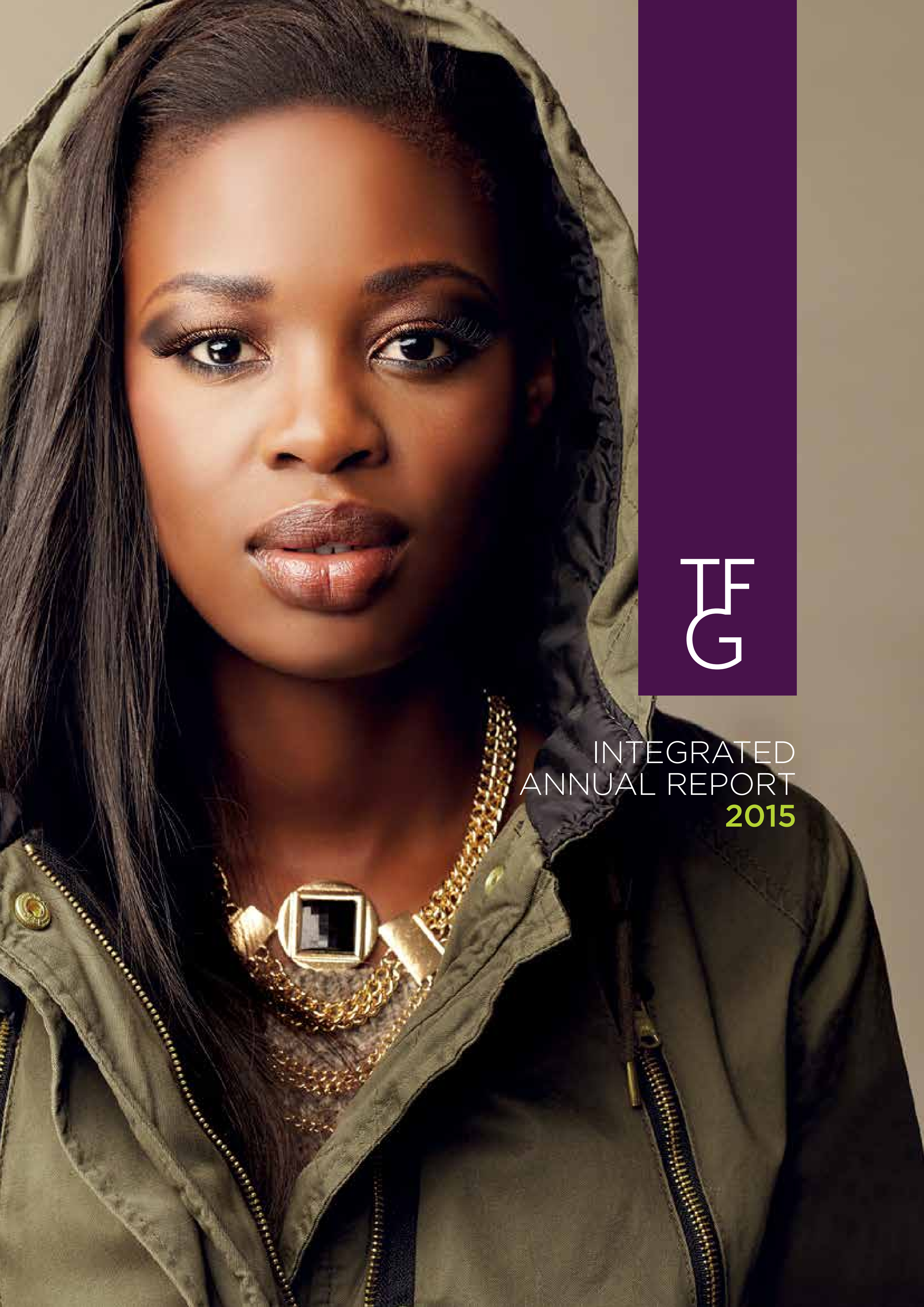


INTEGRATED ANNUAL REPORT 2015

CONTENTS

@home
THE HOMEWARE STORE

Sells a comprehensive range of premium fashion homeware.

@homelivingspace
THE HOMEWARE STORE

Offers a comprehensive range of contemporary furniture and dècor items in addition to the homeware range.

AMERICAN SWISS

The ultimate brand experience in accessible luxury for jewellery, watches and accessories.

CHARLES & KEITH

Charles & Keith is an established Singapore-based footwear and accessories chain with more than 400 stores across Asia, Middle East and Europe. It operates on a franchise basis with eleven stores in South Africa.

DONNACLAIRE

Donnaclaire offers shapely women stylish, high-quality fashion, accessories and shoes. It targets all women size 16 – 28.

DUESOUTH
BE AN OUTSIDER

Duesouth caters for the modern, hi-tech, outdoor consumer, who demands a clearly differentiated retail environment suited to their outdoor lifestyle.

EXACT

Offers "surprisingly affordable fashion for the modern family" with particular appeal to women and men aged 30 and upwards, as well as clothing and footwear for children aged 3 – 12 years.

Fabiani.

The leading, premium menswear retailer in Southern Africa. Fabiani is renowned for its combination of style, quality, passion and the unexpected pop.

FASHION EXPRESS

For aspiring young middle class women, Fashion Express is the only ladies-wear retailer that offers the seasonal fashion-right 'must-have' look at surprisingly great prices, because Fashion Express always delivers newness and excitement without sacrificing authenticity.

"I can't believe it"

FOSCHINI

The Foschini brand is positioned as a destination of choice for women seeking fashionable, contemporary clothing, footwear and cosmetics, offering good value in a modern environment. It is targeted at the 25 to 40-year old women.

hi

A stand alone mobile technology store where fashion and lifestyle meet innovation. hi offers a range of connected lifestyle, mobile technology products such as cellular phones, notebooks, tablets, headphones, accessories, data and prepaid and contract airtime.

G-STAR RAW

Just the Product – G-Star Raw is the leading, authentic denim brand for men and women.

MARKHAM

Markham is the largest menswear fashion retailer in South Africa and provides men in South Africa, Namibia, Botswana, Lesotho, Swaziland, Nigeria and Ghana with on-trend menswear of good quality and value, fitting for all occasions.

MAT & MAY

Mat & May offers lifestyle accessories including bags, wallets, sunglasses and cellphones for the urban, fashion savvy consumer.

Phase Eight

Offers 35 to 55-year-old women stylish and contemporary fashion using high-quality fabric for impeccable cut and fit.

sportscene

sportscene offers a blend of sports and street brands that are trend relevant, providing the street-conscious youth with a unique environment where Sneakers are King. We stay relevant by being part of the urban youth landscape through various initiatives. Local and international brands are key to our business, giving us credibility and differentiating us from our competitors.

STERNS 1896

Contemporary and classic jeweller, celebrating life with perfect pieces, for now and forever.

TOTALSPORTS

The premier sports retailer in Southern Africa and strategic partner of choice for Nike, adidas, Asics and Puma.

KEY PERFORMANCE INDICATORS & SALIENT FEATURES

Group turnover up **13,6%** to **R16,1 billion** (excluding Phase Eight: 10,8%)

Strong cash sales growth of **19,6%** now representing **45,6%** of TFG turnover (including two months of Phase Eight: 46,9%)

Headline earnings per share from continuing operations (excluding once-off acquisition costs) up **9,7%** to **897,9 cents**

Final distribution of scrip with a cash dividend alternative of **325,0 cents** per share – a **10,9%** increase

Acquisition of international fashion retailer Phase Eight concluded

Gross margin (%)	**47,3%** (46,7% excluding Phase Eight)
Operating margin (%)	**17,5%** (17,7% excluding Phase Eight)
ROE (%)	**23,4%**
Space growth – annual (%)	**6,7%** excluding Phase Eight
Number of stores – total	**2 724** (2 280 excluding Phase Eight)
Employment equity (% representation of previously disadvantaged groups among permanent South African employees)	**91,7%**

SCOPE AND BOUNDARY OF REPORT

We have pleasure in presenting the 2015 integrated annual report for The Foschini Group Limited and its subsidiaries (together referred to as "TFG" or the "group"). This report aligns with the requirements of the King Code of Governance for South Africa (King III), the International <IR> Framework (referred to as the "Framework") and the core reporting requirements of the G4 Sustainability Reporting Guidelines. In accordance with the stated objectives of integrated reporting, our report focuses on those matters that have a material impact on TFG's ability to create and sustain value, and outlines how these matters have been integrated within our business strategy.

To determine the material matters relevant to the 2015 integrated annual report, matters – both direct and indirect – that affect the group's ability to create value in the short, medium and long term, were considered. Throughout our report we have covered these material matters to indicate the connectivity with our business. Where relevant, this has been indicated by using the navigational icon (refer alongside). In the next reporting period, we will continue our journey towards a more formalised and refined process for determining materiality to enhance our integrated reporting.

While we have several stakeholders that we engage with and that influence our business, this report is targeted primarily at current and potential investors in the group.

In our continuous effort to promote environmental sustainability, reduce our carbon footprint, improve efficiencies and contain costs, we are now distributing all shareholder communication, including our integrated annual report, electronically through our website. Hard copies are only available on request. Should you wish to elect to receive electronic communication from TFG going forward, kindly provide your e-mail address by emailing our transfer secretaries at **ecomms@computershare.co.za**.

SCOPE OF THE REPORT

This report provides a consolidated review of the group's financial, social, economic and environmental performance for the period 1 April 2014 to 31 March 2015. This report covers the activities of all of TFG's subsidiaries, including the newly acquired Poppy Holdco Limited trading as Phase Eight (hereafter referred to as "Phase Eight"), in which TFG has a c.85% shareholding.

Phase Eight is a UK-based international women's clothing and accessories retailer trading out of 444 outlets across the UK and Ireland as well as 17 other international countries. For this financial year, two months of Phase Eight trading (February and March 2015) have been included in our results. Accordingly, to assist analysis, where relevant, we reflect the TFG position excluding Phase Eight as well as the combined position including the impact of the acquisition. Due to the recent acquisition, we are still in the process of aligning Phase Eight's governance, compliance, internal audit and risk management functions to our existing functions. We have, unless explicitly stated, not reported on their functions for this year in our Governance profile. Similarly, as transformation matters are more specific to South Africa, we have not included transformation detail relating to Phase Eight's workforce profile, in the Transformation report.

In addition, as announced on SENS on 10 April 2014, during the year, TFG together with The Standard Bank of South Africa Limited, entered into agreements which resulted in the disposal of the RCS Group. The closing date of the transaction was 6 August 2014 and the effective date was 30 June 2014. Accordingly, the results of the RCS Group for the three month period (April, May and June 2014) are included as profit from discontinued operations. Where relevant and appropriate, figures have been restated accordingly and indicated as such.

TFG's subsidiaries operate in South Africa as well as Botswana, Ghana (from 2015 financial year), Lesotho, Namibia, Nigeria, Swaziland and Zambia under the various TFG retail brands and globally in the UK and Ireland as well as 17 other international countries under the Phase Eight brand.

Other than highlighted above, the only other change in terms of our scope compared to that of our 2014 report is that we are no longer presenting separate divisional reports for Supply Chain, TFG Human Resources and TFG Infotec. Instead, the relevant information in respect of these divisions is incorporated into our Strategic Agenda and Corporate Governance reports as well as our Performance Summary and the Chief Financial Officer's report, where relevant.

There have been no other significant changes from last year's report in terms of the scope, boundary or measurement methods applied in this report.

NAVIGATIONAL GUIDE

Other sections of the report

Content and supplementary information available at www.tfglimited.co.za

Strategic objectives

Sustainability information

Material matters

Include inter alia:
Crime-related losses
Exchange rate volatility and rising input costs
Credit and consumer spending
Fashion trends and stock management
Expansion (rest of Africa and online)
Regulatory environment
Political environment
Investor confidence and shareholder relations

SCOPE AND BOUNDARY OF REPORT

CONTINUED

CONTENT OF THE REPORT

In line with our commitment to integrated reporting, we have continued to apply the guidance given in the Framework in our integrated annual report this year.

As this report is focused around our material matters, certain additional information has been made available online on our website (www.tfglimited.co.za). Where relevant, this has been indicated throughout this report through the use of a navigational icon (refer previous page).

For this financial year, we would like to highlight the following key additional information that has been made available on our website:

Report	Website link
Sustainability overview report	www.tfglimited.co.za/sustainability/sustainability overview
Detailed King III compliance checklist	www.tfglimited.co.za/investor-relations/integrated reporting centre
Detailed index responding to each of the "G4" criteria of the Global Reporting Initiative (GRI)	www.tfglimited.co.za/investor-relations/integrated reporting centre
Detailed annual financial statements (hard copies available on request)	www.tfglimited.co.za/investor-relations/financial_results

Any feedback or information requests that relate to this integrated annual report can be addressed to the company secretary, whose contact details are on the inside back cover of this report.

DISCLAIMER

This report contains certain forward-looking statements with respect to the results and operations of TFG which by their nature involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future.

These forward-looking statements have not been reviewed or reported on by the group's external auditors.

INDEPENDENT ASSURANCE

In respect of the 2015 financial year, we obtained assurance on the following aspects of our integrated annual report:

Business process assured	Output from assurance	Status	Assurance provider
Financial			
Annual financial statements	External audit report	Audited	KPMG Inc.
Internal audit			
External quality assurance review of internal audit function	External assessment report	Assured	Deloitte & Touche
Empowerment			
BBBEE credentials	BBBEE scorecard	Assured	Empowerdex
Human resources			
Employee satisfaction	Supaloud survey	Independently verified	Pure Survey

The group has not commissioned additional external assurance of the non-financial information provided in this report other than as indicated above.

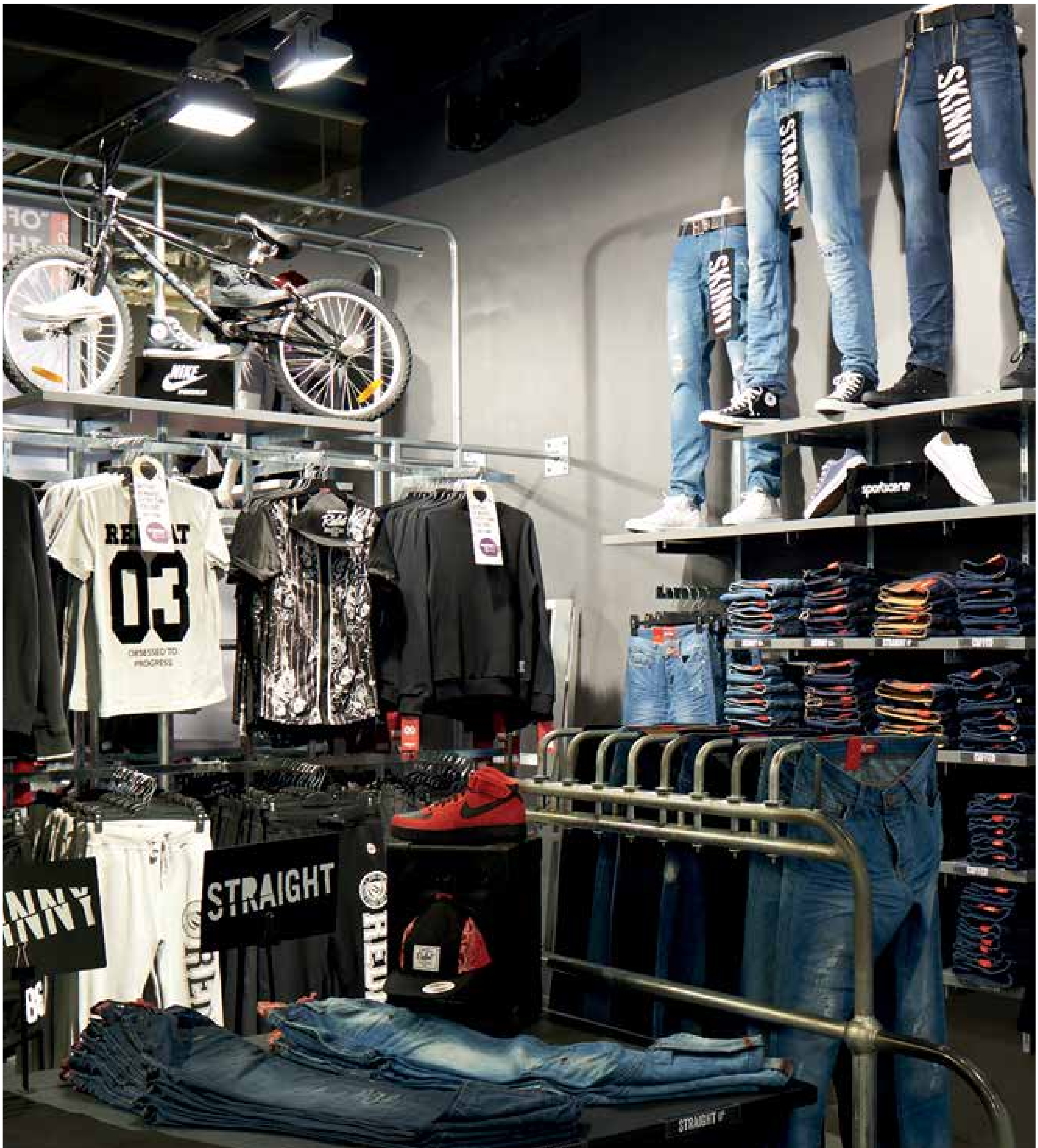
APPROVAL

The audit committee has recommended the approval of the annual financial statements and the integrated annual report to the board. The board has reviewed and assessed the content of the integrated annual report and believes that it addresses the material matters that impact the group and that it is a fair presentation of TFG's integrated performance.

The board approved the 2015 integrated annual report on 29 June 2015.

M Lewis
Chairman

AD Murray
CEO



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INTRODUCING TFG

CORPORATE PROFILE

CORPORATE PROFILE

TFG is one of the foremost independent chain-store groups in South Africa. We have 18 retail brands that trade in clothing, jewellery, accessories, sporting and outdoor apparel and equipment, cellular goods and services and homeware and furniture to the broad, middle-and upper-income market throughout 2 700+ stores. We trade predominantly in southern Africa as well as Ghana, Nigeria and Zambia through our various TFG retail brands and also internationally in 19 countries (UK and Ireland plus 17 other international countries) through Phase Eight. In respect of the 2015 year, 46,9% of turnover is in the form of cash sales to customers, with the balance being on our own in-house credit offering. The majority of merchandise sold in our stores is under our own brand names. In addition to retail turnover, revenue is also generated from interest received on customers' store cards, as well as through various customer value added products which are primarily sold through our call centre. Merchandise is sourced both locally and internationally. In addition, we have an in-house design and manufacturing facility which co-ordinates production through our own factories as well as through various independent cut, make and trim factories.

HISTORY

The company, which commenced trading in 1924, has been listed on the JSE since 1 January 1941. The company's success is strongly driven by its desire to provide the right merchandise to the respective target markets of all its trading divisions, and its skill in achieving this objective has resulted in a successful track record.

MISSION AND VISION

The group's mission is to be the leading fashion lifestyle retailer in Africa whilst growing its international footprint by providing innovative, creative products, and by leveraging our portfolio of diverse brands to differentiate our customer offering. Our talented and engaged people will always be guided by our values and social conscience.

TIMELINE

1924	Founded
1941	Listed
1958	Stanley Lewis buys major shareholding
1967	American Swiss Watch Company acquired
1968	Markham acquired
1969	Pages launched
1993	Sterns acquired
1994	Donnaclaire launched
1996	Sportscene acquired
1999	Pages rebranded as Exact; RCS established
2000	Totalsports acquired; Matrix launched
2001	Fashion Express launched; @home launched
2004	Duesouth launched
2005	Luella launched; @homelivingspace launched
2010	Foschini Limited changed to TFG Limited
2011	Charles & Keith franchise partnership; Fabiani & G-star acquired
2012	Prestige Clothing acquired
2013	Matrix rebranded as Mat & May
2014	Luella incorporated within Foschini stores
2015	RCS disposal; Phase Eight acquired

PRIDE^2

VALUES

TFG believes that teamwork, coupled with professionalism, in all aspects of retailing will continue to be the foundation for the future.

- **Professionalism**

  We are accountable and drive performance in a creative and innovative way.

- **Resilience**

  We have the courage of our convictions and the boldness to constructively challenge.

- **Integrity**

  Our word is our honour, we are honest and ethical.

- **Dignity and Respect**

  We treat everyone like we want to be treated.

- **Empowerment**

  We have equal opportunity to grow in a supportive environment.

- **Excellent Service**

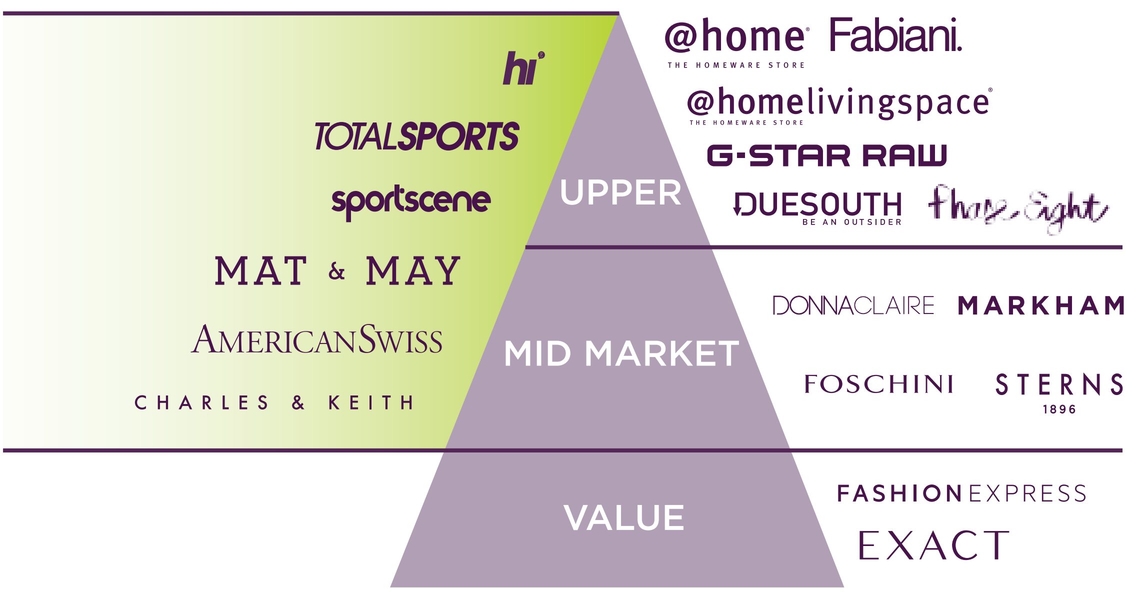
  Our customers are our future – we look after them.

POSITIONING

TFG's retail brands span various market segments

TFG has developed into a leading fashion and lifestyle retailer by leveraging

- Market-leading store design capabilities
- Strong operational support
- Broad retail experience
- Aggressive store development

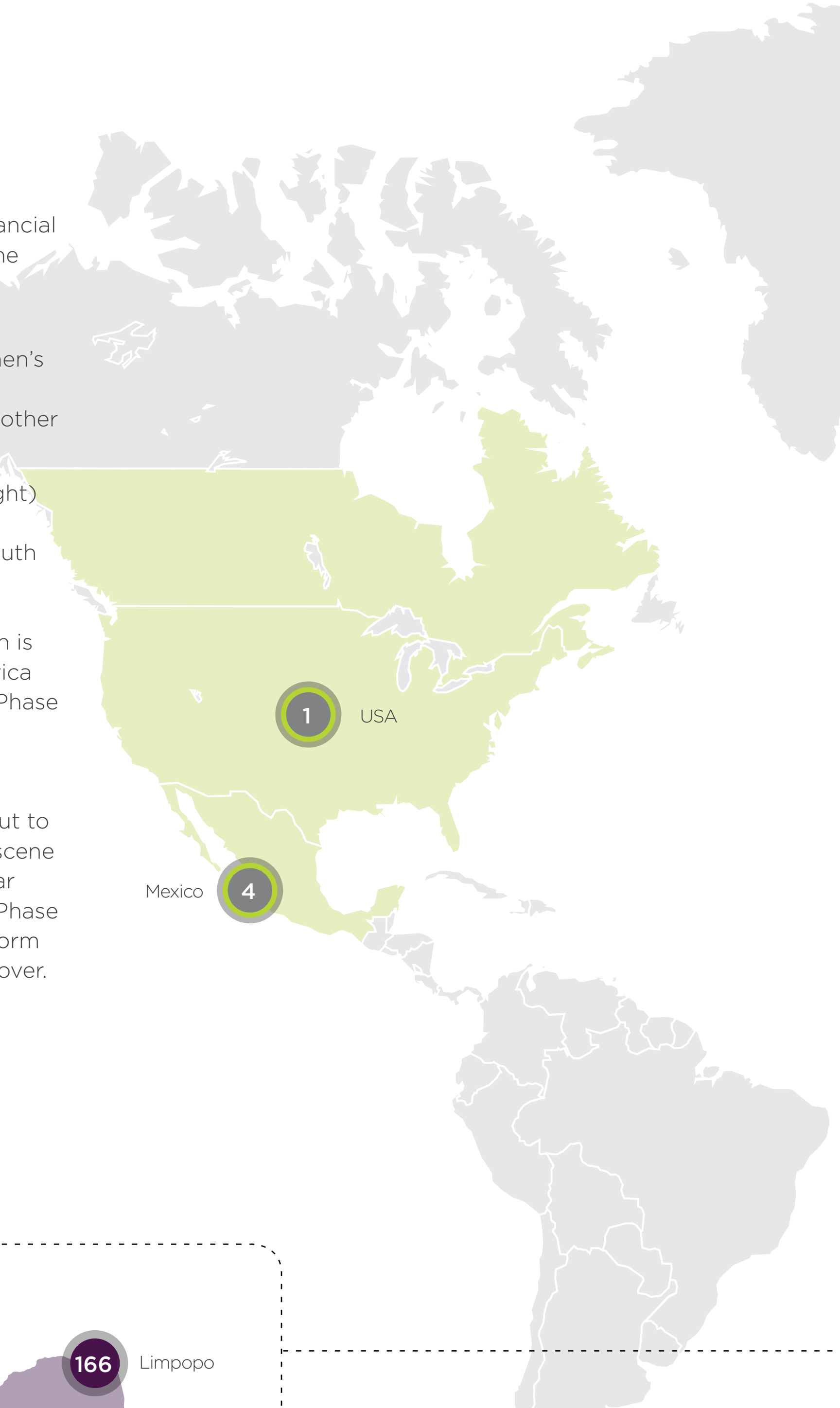


FOOTPRINT

TFG (excluding Phase Eight) currently operates in South Africa, Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland and Zambia. Further expansion is planned for Kenya (2016 financial year), Angola and Mozambique. The rest of Africa contributed approximately 6% of total turnover for the 2015 financial year as well as 5% of total number of stores as at the end of the financial year.

On 15 January 2015, TFG acquired c.85% in Phase Eight. Phase Eight is a UK-based international women's clothing and accessories retailer trading out of 444 outlets across the UK and Ireland as well as 17 other international markets.

At the end of March 2015, TFG (including Phase Eight) was operating out of 2 724 outlets in 27 countries globally. This includes 2 132 standalone stores in South Africa, 148 standalone stores in the rest of Africa, 123 standalone Phase Eight stores and 321 Phase Eight concessions internationally. Further expansion is planned for 2016 of approximately 160 stores in Africa (TFG brands) and in excess of 100 internationally (Phase Eight brand). During the year, our @home division (through the @home brand) and our TFG Mobile division (through the hi brand) also launched their online trading platform. This will be further rolled out to our Sports division (through the Totalsports, sportscene and Duesouth brands) during the 2016 financial year with other brands to follow in a phased approach. Phase Eight already has an established e-commerce platform which accounts for approximately 17% of their turnover.



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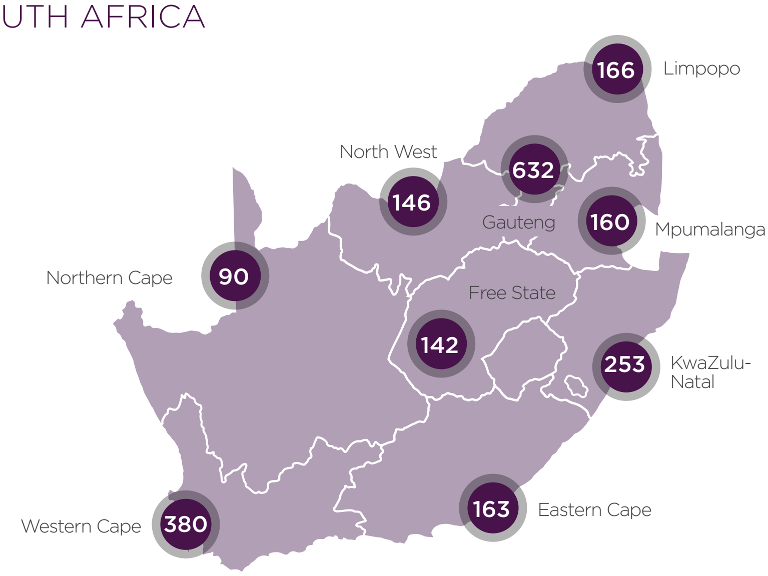
TFG STORES IN SOUTH AFRICA

CONTRIBUTION TO TURNOVER

91,8%



TFG footprint

Phase Eight footprint

Revenue contribution (including Phase Eight)

TFG number of stores

Phase Eight number of stores

Phase Eight number of concessions

313

PHASE EIGHT OUTLETS IN UNITED KINGDOM AND IRELAND

CONTRIBUTION TO TURNOVER

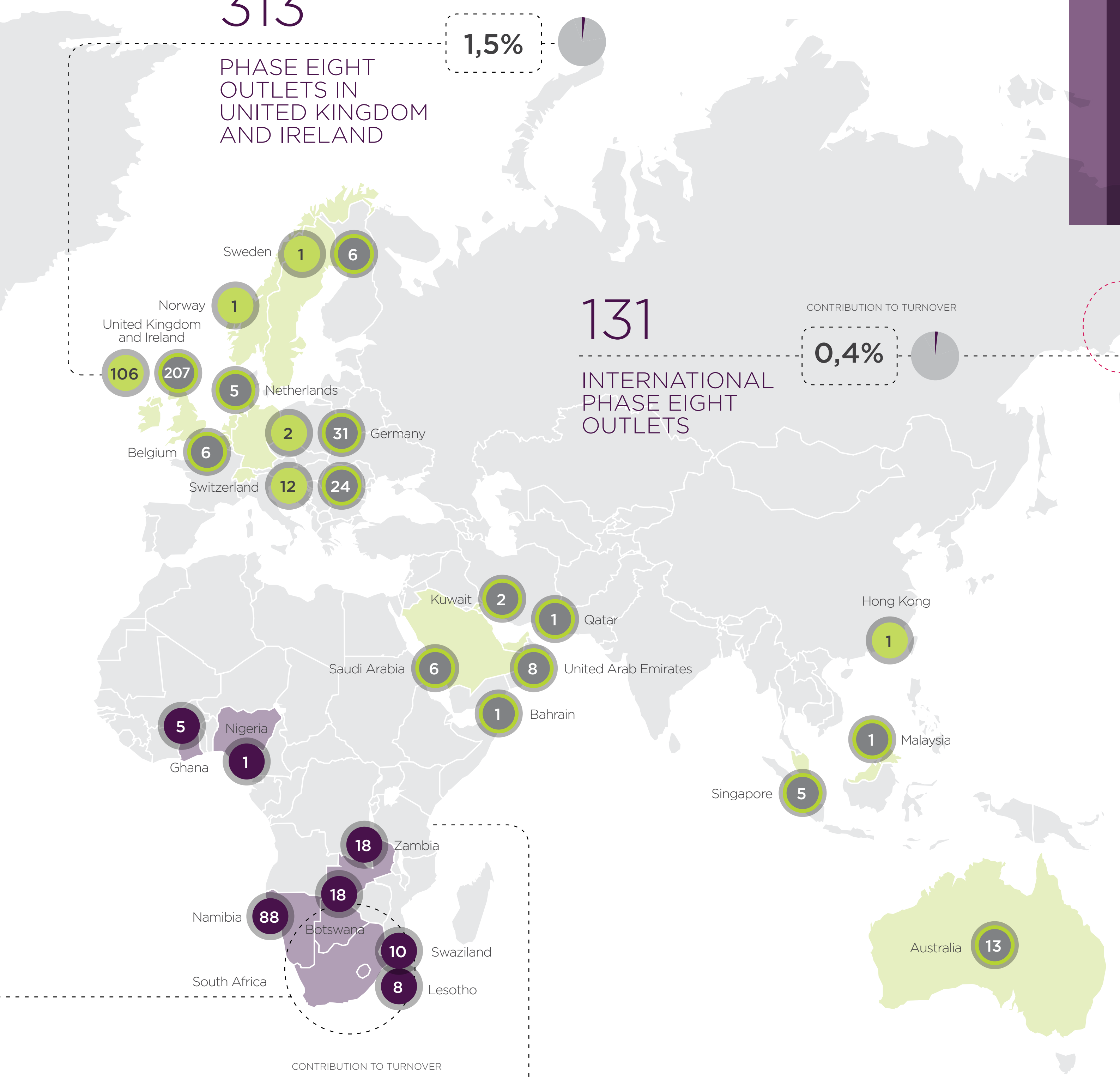
1,5%

131

INTERNATIONAL PHASE EIGHT OUTLETS

CONTRIBUTION TO TURNOVER

0,4%



CONTRIBUTION TO TURNOVER

0,7%

E-COMMERCE

148

TFG STORES IN REST OF AFRICA

CONTRIBUTION TO TURNOVER

5,6%

While we continually seek opportunities for growth in South Africa, we foresee expansion into the rest of Africa as a long-term growth strategy.

Phase Eight international expansion is a key strategy.

CORPORATE STRUCTURE

DIRECTORATE
The Foschini Group Limited
("Supervisory board" or "board")

CHIEF EXECUTIVE OFFICER

OPERATING BOARD
TFG

FINANCIAL SERVICES

TFG Financial Services
Provides group-wide credit-related products and services to Southern Africa customers.

- Credit
- Customer value-added products

CENTRALISED FUNCTIONS

The retail trading brands are supported by a number of centralised service functions.

EMPLOYEES	EXPANSION	FACILITIES
TFG Human Resources	TFG Property	TFG Services

ACCOUNTING & GOVERNANCE	SUPPLY CHAIN	SYSTEMS
TFG Finance & Advisory	Prestige Clothing	TFG Infotec
TFG Internal Audit	TFG Design	
	TFG Logistics	
	TFG Merchandise Procurement	

For further information on our directorate and operating board refer to TFG's Directorate and Executive Management section elsewhere in this report.

RETAIL BRANDS		Retail turnover Rm	Number of stores
@home	@home THE HOMEWARE STORE, @homelivingspace THE HOMEWARE STORE	1 207,0	105
Exact	EXACT	1 449,6	262
Fashion Express	FASHIONEXPRESS	865,9	229
Foschini Division	FOSCHINI, DONNACLAIRE, CHARLES & KEITH	4 185,0	372
Jewellery Division	AMERICANSWISS, STERNS 1896, MAT & MAY	1 608,4	439
Markham Division	MARKHAM, Fabiani, G-STAR RAW	2 764,9	334
Phase Eight	Phase Eight	311,4	444
Sports Division	sportscene, TOTALSPORTS, DUESOUTH BE AN OUTSIDER	3 550,7	536
TFG Mobile	hi	34,5	3
E-commerce	hi, @home THE HOMEWARE STORE, Phase Eight	108,5	-

	Growth %	Retail turnover Rm	Number of stores
TFG TOTAL	13,6%	16 085,9	2 724

PERFORMANCE SUMMARY

Our group produced a solid result for the year in a difficult trading environment. We believe that we have achieved appropriate progress in respect of each of the performance measures below (as measured against the board's medium-term targets where relevant). These targets have been grouped according to each of the group's strategic objectives and are based on the group's Vision 2020 plan. In respect of our recourse debt/equity ratio, it is our intention to bring this closer to our medium-term target of 40% within the next 12 months. Further information in this regard can be found in the CFO's report.

CUSTOMER	Medium-term target	March 2015	March 2014	Change %
Number of Rewards customers (million)				
– Cash	5,0	**3,6**	2,1	71,4
– Credit	3,5	**3,0**	2,6	15,4
Net bad debt/closing debtors' book – %	<15,0	**13,6**	12,4	9,7

LEADERSHIP	Medium-term target	March 2015	March 2014	Change %
Number of employees				
– Including Phase Eight		**20 728**	17 898	15,8
– Excluding Phase Eight		**18 885**	17 898	5,5
Staff turnover – permanent head office employees – excluding Phase Eight (%)	12,0 – 18,0	**7,3**	8,3	(12,1)
Employment equity (% representation of previously disadvantaged groups among permanent SA employees)	> 90,0	**91,7**	90,6	1,2

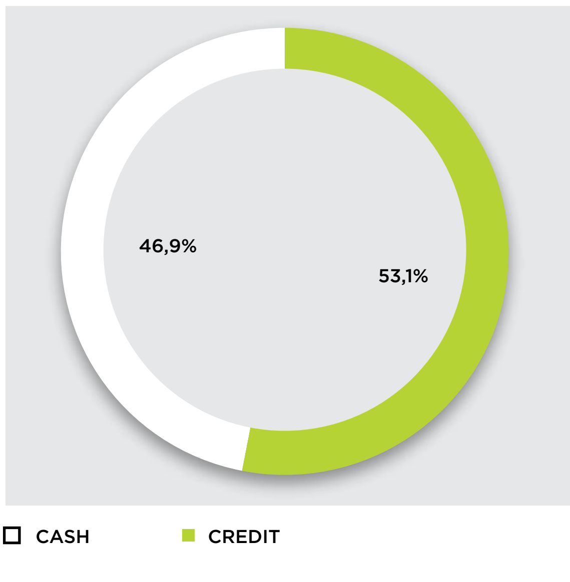
PROFIT	Medium-term target	March 2015	March 2014	Change %
Stock turn (times)				
– Jewellery	1,6 – 1,8	**1,6**	1,7	(5,9)
– Homeware and furniture	2,0 – 2,4	**2,1**	2,4	(12,5)
– Clothing	3,2 – 4,5	**3,1**	3,2	(3,1)
Gross margin (excluding Phase Eight) – %	47 – 48	**46,7**	46,5	0,4
Gross margin (including Phase Eight) – %	47 – 48	**47,3**	46,5	1,7
Operating margin (excluding Phase Eight) – %	17 – 19	**17,7**	17,9	(1,1)
Operating margin (including Phase Eight) – %	17 – 19	**17,5**	17,9	(2,2)

Note:
Medium term target = 3 – 5 years

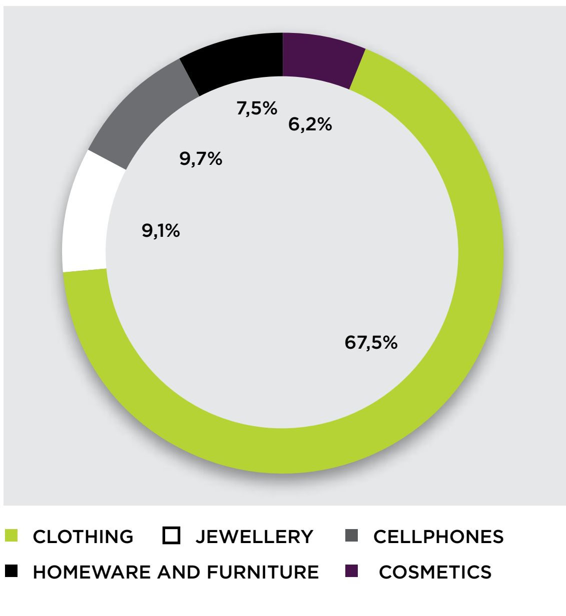
GROWTH	Medium-term target	March 2015	March 2014	Change %
Retail turnover (excluding Phase Eight) – Rm	R30 bn	**15 683,8**	14 159,0	10,8
Retail turnover (including Phase Eight) – Rm	R34 bn	**16 085,9**	14 159,0	13,6
Cash sales contribution (including Phase Eight) – %	58,0 – 62,0	**46,9**	42,2	11,1
Number of stores (excluding Phase Eight)	3 175	**2 280**	2 111	8,0
Number of stores (including Phase Eight)	3 945	**2 724**	2 111	29,0
Space growth (excluding Phase Eight) – %	6,0	**6,7**	6,1	9,8

INVESTOR INFORMATION	Medium-term target	March 2015	March 2014	Change %
HEPS (continuing operations excluding once-off acquisition costs) – cents		**897,9**	818,7	9,7
Final distribution – cents		**325,0**	293,0	10,9
Total distribution – cents		**588,0**	536,0	9,7
ROE (including Phase Eight) – %	28,0 – 30,0	**23,4**	25,3	(7,5)
Recourse debt/equity (excluding Phase Eight) – %	40,0	**56,6**	36,8	53,8

CASH VS CREDIT TURNOVER CONTRIBUTION
(TFG incl Phase Eight)



MERCHANDISE CATEGORY CONTRIBUTION
(TFG incl Phase Eight)



THE INDUSTRY WITHIN WHICH TFG OPERATES

TFG'S INDUSTRY CONTEXT

- Revenue streams comprise turnover (86,5%), interest income (7,5%), customer value added products and other (6%)
- Retailing on cash (45,6%) and credit (54,4%) through primarily leased premises
- Primarily in South Africa (94,2% of turnover) but with a growing footprint in the rest of Africa (5,8% of turnover)

- During the current year we launched on-line retailing in respect of two of our brands (@home and hi)
- Broad range of products, including apparel and footwear (45,8%), sporting goods (20,8%), cellphones (9,9%), jewellery (9,4%), cosmetics (6,4%), and homeware and furniture (7,7%)

WHAT IS TFG?#

TFG = house of leading own brands

- Products sourced through a combination of imported supply as well as local production
- Supplemented by customer value-added products of publishing, insurance and mobile one2one airtime

- Appealing to broad customer base of diverse Living Standards Measure (LSM) groupings from value to upper-end

 # Please note all commentary is quoted prior to the impact of the Phase Eight acquisition reflected below as this acquisition was concluded towards the end of the financial year (i.e January 2015).

Significant changes to industry context during 2015

During the current year, the following key actions took place which had a significant impact on the context within which we operate:

RCS Group

- Effective from the 30 June 2014, the financial services business RCS Group (in which we previously had a 55% holding) was disposed of, thus rationalising our business to a purely retail context

Phase Eight

- On 15 January 2015 we acquired a c.85% shareholding in Phase Eight, a UK based international women's wear retailer
- While Phase Eight operates very much within the retail industry, this acquisition brings with it nuances which differentiate it from the traditional TFG business model. These include:
  - Phase Eight's positioning as a stylish and contemporary brand aimed at the 35 – 55 year old woman with a high disposable income
  - Phase Eight operates as a cash only retailer
  - The Phase Eight store footprint comprises both standalone stores (comprising approximately 35% of their total revenue) as well as concession arrangements in major department stores (comprising approximately 48% of their total revenue)
  - In addition, Phase Eight has an established on-line business which accounts for approximately 17% of their total revenue
  - Phase Eight trades in the UK & Ireland (currently approximately 71% of revenue) as well as 17 other international markets (currently 29% of revenue)

STAKEHOLDERS

- SUPPLY CHAIN AND EMPLOYEES
- GOVERNMENT AND COMMUNITIES
- SHAREHOLDERS AND CUSTOMERS
- ENGAGEMENT MECHANISMS

EMPLOYEES

We strive to maximise employee productivity, innovation and efficiency, and minimise employee turnover, by investing in staff training and development opportunities, and by providing a rewarding work environment that contributes towards making us an employer of choice.

Engagement mechanisms

Ethics and code of conduct
Employee engagement
Talent development
Annual performance review process

GOVERNMENT AND REGULATORS

We maintain constructive relationships with key government departments, closely monitor policy developments, and submit comments on new legislation either directly or through industry representative bodies.

Engagement topics

Legislative and industry developments

2015 key developments:

- Implementation of affordability regulations in SA
- Amended BBBEE codes in SA
- Engagement via industry forums regarding crime-related losses

COMMUNITIES

Our investment in local procurement activities, and in resurrecting and strengthening the South African clothing industry, reflects our commitment to supporting the communities in which we operate, and contributing towards the greater wellbeing of the South African economy – all of which is to our collective benefit.

Engagement topics

BBBEE and employment equity

Skills development

CSI initiatives

Enterprise development

2015 key matters:

- continuity of electricity supply in SA impacted by load shedding; and
- consistency of mail delivery impacted by postal strikes in SA

TFG

LANDLORDS AND CONCESSION PARTNERS

Through active engagement with landlord and concession partners we are able to optimise our location strategy for our various brands.

Engagement mechanisms

Lease renewal process and annual escalation discussions

Contract discussions and ongoing relationship management with key concession partners

2015 key matter:

Engagement with SA landlords in relation to power outages

MERCHANDISE SUPPLIERS

Through active engagement with suppliers we are able to maximise buying efficiencies, improve speed to market and reduce potential external risks.

Engagement mechanisms

Merchandise supplier contracts (both local and international)

Ongoing supplier measurement and evaluation

KEY SERVICE PROVIDERS

Through active engagement with key service providers we aim to ensure consistency and reliability of supply.

Engagement mechanisms

Key supplier contracts

Ongoing relationship management and measurement of performance

2015 key matter:

Engagement with SAPO re postal strikes

CUSTOMERS

By understanding and being responsive to preferences, and by continuing with our strong focus on customer relationship management and our rewards programme, we continue to grow and maintain a loyal SA customer base. Our active management of customer credit limits and account payments in southern Africa assists us in minimising potential losses.

Engagement with the Phase Eight customer base is through surveys, communication via our customer database as well as interaction through our on-line platforms.

Engagement mechanisms

Customer satisfaction surveys

Brand ambassadors

Rewards programmes

Credit limits

Interaction via call centres

In-store interaction

Online interaction

SHAREHOLDERS

We maintain a positive relationship with current and potential investors through our transparent reporting practice, and by ensuring consistency in our trading performance.

Engagement mechanisms

Integrated annual report
One-on-one discussions
Investor presentations
Investor roadshows

2015 key discussion items:

- RCS Group disposal (use of proceeds)
- Phase Eight acquisition

A full table reflecting stakeholder engagement is available on our website

TFG'S INDUSTRY CONTEXT CONTINUED

SOUTH AFRICAN OPERATING ENVIRONMENT DYNAMICS IN 2015

State of the South African economy##

- South African economy remains weak
  - GDP growth at 1,9% for 2015 (Bureau of Economic Research "BER")
  - Marginally improved current account position
  - Continued Rand weakness against the US Dollar
  - Industrial action still prevalent
  - Load shedding disruption
  - Employment growth remains stagnant
- There are however some positive signs due to:
  - impact of fuel price
  - early signs of improvement in credit cycle

State of clothing retail in SA##

Clothing retail in South Africa remains:

- dominated by a few major players with many smaller independents
- although there is some overlap, the major players tend to service different market segments and are differentiated by:
  - exposure to mens, ladies' and children's wear market
  - casual vs formal wear offering
  - LSM appeal
  - exposure to fashion risk
  - source of supply (import vs local)
  - scale of credit offering

During 2015, we saw a continuation of the trends experienced in recent years with:

- increased international competition entering the SA market place;
- ongoing evolution of the quick response model which continues to drive localisation as on-shore or near-shore sources of supply offer reduced lead times;
- continued product inflation due to Rand weakness; and
- trading conditions in the credit side of our business remained challenging.

##Note: Since the Phase Eight acquisition was only concluded towards the end of 2015, we do not believe it is appropriate to give a full market commentary in relation to the territories in which they operate, key trends in relation to their geographic context or the governance requirements. Where deemed appropriate, a more detailed commentary on Phase Eight will be included in the 2016 integrated annual report.

TFG'S BUSINESS AGAINST THE BACKDROP OF THIS CONTINUING MACRO VOLATILITY##

The current business context, globally and regionally, remains subject to high levels of uncertainty and volatility relating to a range of macro-economic factors that impact the operating environment dynamics.

These factors which influence TFG's operations include:

- continuing uncertainty regarding the rate of growth of the South African economy;
- dealing with the impact of load shedding;
- changing levels of disposable household income, affected by issues such as the rate of unemployment, levels of household debt, and interest rates;
- the nature and extent of product inflation, which is affected by, among other things, the current volatility in exchange rates, the oil price and (for our jewellery business) the gold price;
- the nature of our cost base, which is influenced by the inflation rate and domestic interest rates; and
- the levels of indebtedness of customers, impacting their ability to repay accounts.

In the context of this uncertainty, we see continuing opportunities for business growth both in South Africa as well as the rest of Africa. In addition, the recent acquisition of Phase Eight opens up further new growth opportunities.

SO HOW DOES TFG RESPOND?

To deliver increasing shareholder returns in the context of these changing trends and stakeholder expectations, TFG must ensure that:

- our retail stores remain world-class and our merchandise offering remains compelling;
- we continue to focus on driving supply chain agility through the development of the local clothing, footwear, textile and jewellery industry which we believe will offer competitive advantage into the future;
- appropriate risk measures are applied in granting credit to customers;
- our REWARDS & MORE programme continues to provide a range of benefits that appeal to customers and give them reason to increase the frequency of their shopping at group stores;

- our cost base is managed at an acceptable level;
- our funding structure is optimised;
- earnings are improved and new market and growth opportunities are realised in respect of our traditional Southern African business through:
  - continued expansion in South Africa
  - expansion into the rest of Africa
  - further roll-out of omni-channel across all our retail brands by 2018; and
- Phase Eight growth opportunities are harnessed.

It should be noted that the Phase Eight acquisition was concluded on the basis that this would contribute to increasing TFG shareholder returns due to the strength of their management, their proven profitable track record and their future growth prospects.

CHANGING GOVERNANCE REQUIREMENTS IN SA##

Our business continues to be impacted by growing government policy requirements, as well as by an increasing number of voluntary frameworks addressing social, environmental and corporate governance issues. Key legislation and governance frameworks that impact our day-to-day operations include:

- legislation relating to consumer protection, such as the National Credit Act, the Consumer Protection Act, and the Protection of Personal Information Act;
- legislation (including amendments thereto) aimed at protecting employees and promoting transformation, such as the Labour Relations Act, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act;
- general fiscal policies, including the Income Tax Act and Value-Added Tax Act, employee taxes, as well as specific environmental taxes such as fuel levies and possible carbon taxes;
- legislation and instruments promoting good governance, such as the Companies Act, the King Code on Corporate Governance (King III and in future King IV), the JSE Listings Requirements and the International <IR> Framework; and
- voluntary initiatives such as the Carbon Disclosure Project (CDP), the Kimberley Process, the Global Reporting Initiative (GRI), as well as various ethical trading and product labelling programmes.

These governance trends have both a direct and indirect impact on our business. In addition to the cost implications associated with meeting the new legislative requirements, there are also potential impacts on our business arising from the broader macro-economic implications resulting from government policy. For example certain policy measures, such as the proposed introduction of a carbon tax, may prompt an increase in prices generally, leading to reductions in the disposable income of consumers and a potential slowing in consumer spending.

POTENTIAL ENVIRONMENTAL AND RESOURCE PRESSURES##

Although we are not a resource-intensive company, we nevertheless recognise that environmental and resource issues have the potential to impact on our activities, for example through new legislative requirements, changing resource prices, shifts in consumer expectations and impacts on our supply chain and distribution activities. In addition to identifying opportunities for greater efficiencies in our operations, particularly as regards electricity and fuel usage, TFG remains committed to promoting transparency in respect of our environmental impacts, for example through our participation in the CDP initiatives.

SUSTAINABILITY STRATEGY

Our sustainability strategy has been positioned in relation to the material environmental, social and governance (ESG) issues associated with our operations. Our revised strategy will prioritise local supply chain development, enabling us to focus on creating shared value – in both financial and social terms – with our supply chain strategy. The five key focus areas of our sustainability strategy are as follows:

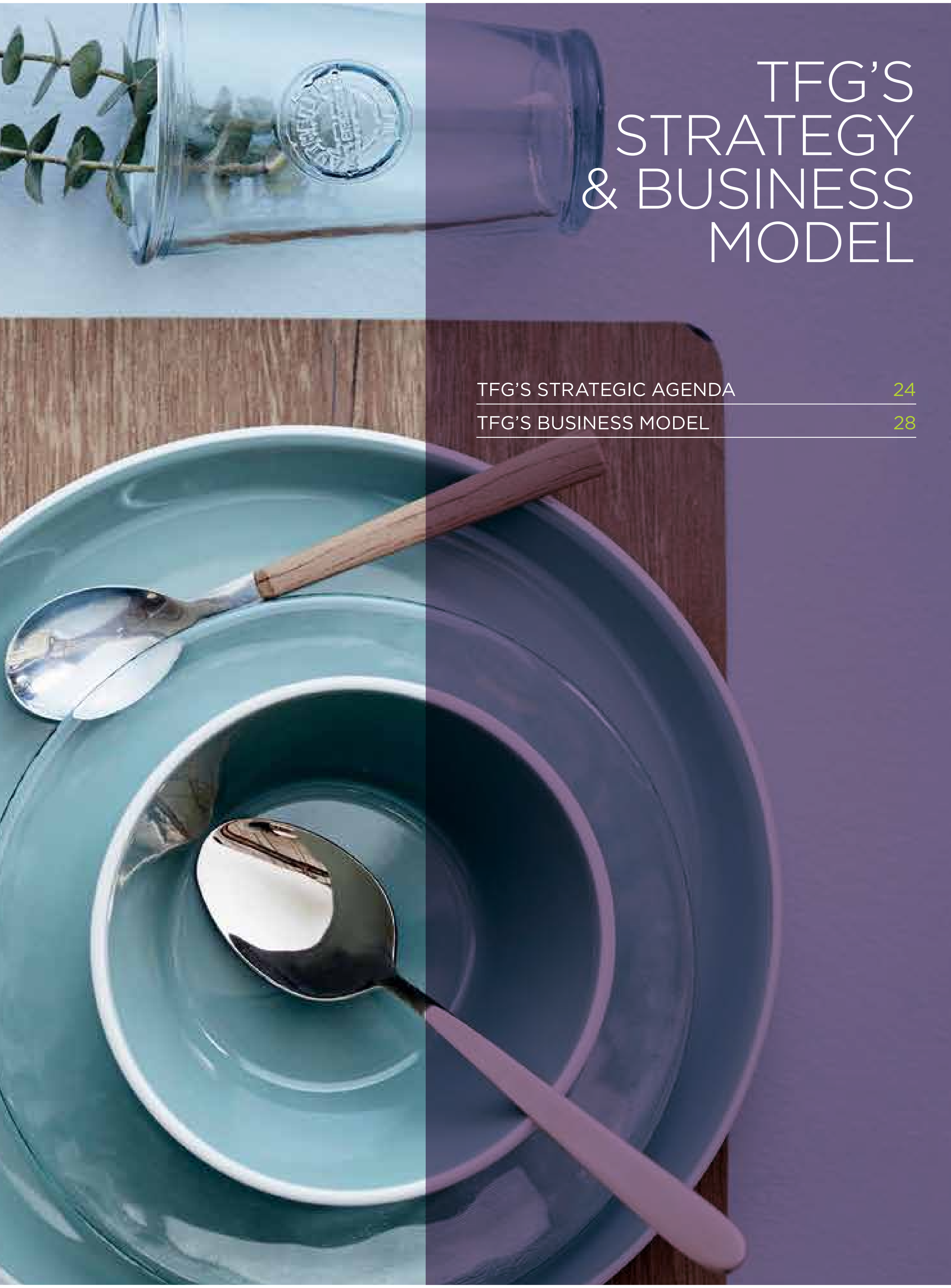
- Local supply chain development
- Employee empowerment
- Resource efficiency
- Governance, ethics and accountability
- Social economic development

We are seeking to integrate ESG issues into our business decision–making and, where relevant, these considerations are reflected in the content that follows in this report. For a more detailed account of our progress on sustainability initiatives, please refer to our sustainability overview report which is available on our website.

Against the backdrop of this industry context, as well as taking into account the expectations of our stakeholders, we are firmly of the view that our strategic objectives are appropriate to deliver the outcome we seek in the medium term.

These strategic objectives are outlined in the strategy and business model section of this report.

##Note: Since the Phase Eight acquisition was only concluded towards the end of 2015, we do not believe it is appropriate to give a full market commentary in relation to the territories in which they operate, key trends in relation to their geographic context or the governance requirements. Where deemed appropriate, a more detailed commentary on Phase Eight will be included in the 2016 integrated annual report.



TFG'S STRATEGY & BUSINESS MODEL

TFG'S STRATEGIC AGENDA

Our strategic agenda is aimed at ensuring that the group delivers on its vision of being **the leading fashion lifestyle retailer in Africa whilst growing our international footprint**.

TFG's supervisory and operating boards review the group strategy annually to assess progress against our stated strategic objectives, and to ensure that our strategy remains appropriate. While this process inevitably results in certain adjustments being made to the key strategic objectives, it does not involve a complete reworking of these objectives. The key strategic objectives are believed to be those focus areas that will guide the operations of the business over the medium term (3 – 5 years).

OUR STRATEGIC OBJECTIVES

Last year, in our 2014 integrated annual report, we identified and reported against the following four strategic objectives for the group:

1. Optimising our supply chain
2. Customer Relationship Management (CRM) focus
3. Africa expansion
4. Omni-channel

Following the latest annual review process at board level, these objectives have been revisited. While the priorities remain fairly consistent with those previously reported, they have been clustered according to broader over-riding themes as follows:

1. Customer (includes CRM strategy)
2. Leadership (this has always been implicit in the way we do business, but has now been extracted as a separate strategy)
3. Profit (includes supply chain strategy)
4. Growth (includes African expansion & omni-channel)

While the naming conventions are somewhat different, the underlying key objectives remain broadly in line with 2014, again demonstrating our philosophy that strategy should be revisited rather than reinvented each year.

Consistent with our standard approach, each strategic objective is championed by a member of TFG's operating board and appropriate targets and measures are in place to drive performance. Progress against each objective is reviewed regularly, and is reported on quarterly at board level. At the heart of the strategic plan lies the overall group financial vision for 2020.

In addition to these group-level strategic objectives, each of the operating businesses has responsibility for its own strategic direction that is aligned with, and guided by, these overall group objectives.

Refer to Performance Summary for our financial 2020 targets

We will offer our customers a range of compelling rewards. Alternative credit products will be investigated that will appeal to our changing customer base.

We will deliver superior customer experiences across our retail brands.

We will be the leading fashion lifestyle retailer in Africa whilst growing our international footprint.

We will deliver an integrated, secure omni-channel customer experience by 2018.

We are committed to embedding a performance-based culture that will ensure that we attract and retain the best talent in the industry.

Our brands will optimise their supply chain capability, including their suppliers, buying processes and quick response.

We will optimise the flow of goods from source to customer to enhance the customer experience.

TFG'S STRATEGIC AGENDA CONTINUED

CUSTOMER

Primary focus areas

- Superior customer experiences
- Enhance customer relationships

Long-term objectives

- Growth in cash customer base
- Growth in active account base
- Growth in basket size in excess of inflation
- Improved conversion rates
- 3,5m active credit customers by March 2020 (currently 3,0m)
- 5,0m active cash customers by March 2020 (currently 3,6m)
- Improved take-up of reward offers
- Alternative credit products to appeal to needs of customers (high value)

LEADERSHIP

Is implicit in the way we do business, but we believe it merits separate focus in order to achieve 2020 Vision

Long-term objectives

- Greater focus on development of customer-facing employees through the implementation of enhanced training programmes as well as performance based incentive programmes
- Development and retention of key talent by ensuring:
  - appropriate recognition and reward
  - ongoing performance management through a formal annual review process
  - alignment of pay to individual performance through short-term incentives linked to individual performance

PROFIT

Long-term objectives

- Optimise supply chain capability to ensure appropriate suppliers to drive quick response
  - Ensure consistent, capable supplier performance
  - Improve in-season trading capability
- Increase own sourced percentage
- Improve lead times and stock turn targets across merchandise categories
- Maximise our in-house design and manufacturing capability
- Optimise logistics flows
- Reduced logistics and shipping costs

GROWTH

Long-term objectives

- Africa
  - Target 10% turnover contribution (excluding Phase Eight) by 2020 (with same store growth of 10% pa)
  - Target 375 stores by 2020
  - Profitable brand location strategy
- Omni-channel
  - Rollout of all brands by 2018
- International expansion through Phase Eight

FOUNDATION FOR STRATEGIC OBJECTIVES

In addition to these strategic objectives, our business model relies on the ongoing implementation of predefined business imperatives which underpin day-to-day operations and form the foundation on which the strategic objectives are developed.

The ongoing business imperatives are as follows:

The **customer** strategy is underpinned by ensuring a **more equitable split of cash versus credit turnover** contribution. Notably, the inclusion of Phase Eight on an annualised basis will move the split to approximately 54% cash.

Through our **leadership** strategic objective, we aim to develop and grow diverse talent to ensure the continuous supply of a capable, competent workforce.

The **profit** strategy is underpinned by ensuring:

- improvement in trading densities;
- continual gross margin management;
- supply chain innovations to enhance quick response capability
- ongoing focus on cost control; and
- risk metrics for credit customer acquisition remain relevant and aligned to acquisition channels.

The **growth** strategy is underpinned by the following key focus areas:

- Growth through diversification of product offering across a broad **range of merchandise categories** including:
  - Clothing
  - Jewellery
  - Cellphones
  - Cosmetics
  - Homeware and furniture

  Notably, the Phase Eight acquisition results in further diversification within ladies clothing.
- Growth through diversification of product appeal to a broad range of **customers from value to upper LSMs.** Notably, the Phase Eight acquisition results in further diversification at the equivalent of upper LSM.
- Growth through further **innovation** in publishing and insurance products
- Growth through **space expansion** (both in South Africa and further afield)
  - in existing locations where certain brands are not represented currently
  - in existing locations where an increase in floor space of existing brands would be desirable
  - in new shopping centre and high street locations
- Growth through the **introduction of new retail brands** as appropriate. Clearly the Phase Eight acquisition resulted in an additional retail brand.

In addition, across all areas of our business it is imperative that we remain abreast of legislative developments and emerging guidelines in respect of environmental, social and governance practice.

The achievement of these business imperatives is reliant on having appropriate people and systems in place. To this end, significant investment is made in information technology.

The objective of our Infotec division is to add value by improving operational efficiencies, researching technology trends and supporting business growth strategies.

TFG'S BUSINESS MODEL

TFG's business activities can be broadly segmented into:

- merchandise procurement, design and manufacturing operations; and
- retail operations.

Alongside, we illustrate how the six capitals link to our business model and how we create value through the use of these capitals.

CAPITAL

1 FINANCIAL CAPITAL

TFG's pool of funds consists of funds reinvested in the group, revenue generated, interest income and a combination of long- and short-term loans from capital providers

2 MANUFACTURED CAPITAL

The stores, distribution network and general infrastructure throughout South Africa which enable us to procure, import, manufacture, deliver and sell our products and services

3 INTELLECTUAL CAPITAL

The intangibles that constitute our product and service offering and provide our competitive advantage

4 HUMAN CAPITAL

The skill and experience vested in our employees that enable us to implement our strategy, deliver our products and services and thereby create value for our stakeholders

5 SOCIAL AND RELATIONSHIP CAPITAL

The key and long-term relationships that we have cultivated with clients, suppliers and business partners, particularly to enhance broad-based black economic empowerment as well as facilitate job creation

6 NATURAL CAPITAL

The resources that we use for the production of goods

For more information on the interdependencies of these capitals to our business processes go to www.tfglimited.co.za/investor_relations/integrated reporting centre

RETAIL OPERATIONS

Both of these primary areas are driven by the particular requirements of the individual retail brands. Ongoing refinements to the brand positioning are undertaken to ensure consistency of market share as consumer and fashion trends change over time.

MERCHANDISE PROCUREMENT, DESIGN AND MANUFACTURING OPERATIONS

Merchandise procurement, design and manufacturing operations

Retail operations

3 4 5

SALES ONLINE
Online selling to customers on e-commerce platform

1 4 5

SALES IN-STORE (CASH AND CREDIT)
Sales to customers in-store on cash or credit

2 3 4

BRAND IDENTITY
Unique brand proposition aimed at specific target market

2 3 4

STORE DESIGN AND ROLL-OUT
This is a direct manifestation of the brand identity

1 3 4 5

IN-STORE MARKETING
Relevant in-store marketing material to promote brand as well as specific product offers

3 4

PRODUCT DESIGN
Determined by requirements of individual retail brands (combination of in-house and outsourced)

3 4

PRODUCT SPECIFICATION
Determined by product design and will influence possible source of supply

1 2 5 6

IN-HOUSE MANUFACTURING
Key differentiator that supports quick response capability

1 6

PROCUREMENT
Import vs local
Finished goods vs manufactured

1 5

FINANCIAL SERVICES/ CREDIT
Credit offering to customers aligned with their individual risk profile

3 4 5

PROMOTIONS/REWARDS
Allocation of rewards offers to customers to entice more frequent shopping/ increased spend

1 2 3 4

STORES
Unique customer shopping experience across 18 retail brands

2 4

DISTRIBUTION
TFG Logistics
Finished goods distributed from the central distribution centres

The DCs distributed 57,3 million units of stock during the year

2 4

RECEIVING
Finished goods are received into central distribution centres

TFG sources finished goods and fabric for manufacturing both locally and internationally. For more on supply chain go to www.tfglimited.co.za/investor_relations/integrated reporting centre

OUTCOMES

The summary below provides an overview of the value created grouped according to the six capitals referred to the <IR> Framework of the International Integrated Reporting Council.

1 FINANCIAL CAPITAL

- R1 146,9 million paid to shareholders as dividends
- R770,7 million paid to government as tax
- R946,7 million reinvested in the group to finance future expansion and growth

2 MANUFACTURED CAPITAL

- Property, plant and equipment to the value of R2 197,0 million
- Inventory to the value of R3 813,9 million
- R10 668,3 million paid to suppliers for the delivery of goods and services

3 INTELLECTUAL CAPITAL

- Goodwill and intangible assets to the value of R4 365,2 million
- More than 6,6 million customers
- State-of-the-art fabric and pattern optimisation systems
- In-house design and manufacturing is a key differentiator

4 HUMAN CAPITAL

- An experienced, balanced and diverse board with a strong commitment to good corporate governance
- Experienced, competent and cohesive management team
- 20 728 employees
- R120,6 million invested in training

5 SOCIAL AND RELATIONSHIP CAPITAL

- 6,6 million customers part of our rewards programme
- BBBEE rating at level four
- R8,6 million donated by TFG Foundation across 46 organisations
- In addition to job creation through normal store expansion, 72 additional jobs were created through our in-house manufacturing

6 NATURAL CAPITAL

- Environmental performance managed by our green team comprising senior managers from various areas of the business
- Sustainability steering committee coordinates and integrates sustainability initiatives across the group
- Included in JSE's SRI index for 2014

A more detailed analysis of value creation through the use of capitals is available on our website

TFG'S INVESTMENT CASE

INVESTMENT CASE

VISION:
TO BE THE LEADING FASHION LIFESTYLE RETAILER IN AFRICA WHILST GROWING OUR INTERNATIONAL FOOTPRINT

TRUSTED BRANDS

- Over 6,6 million customers
- Continued growth since the company was founded in 1924
- Successful rewards programme across cash and credit customers
- Strong corporate social investment strategy empowering and sustaining the communities in which we operate
- Procurement from BBBEE sources at 90%
- Brand innovation across clothing, homeware, jewellery, cellphones, cosmetics and technology
- Focus on professionalism, resilience, integrity, dignity and respect, empowerment and excellent service
- 18 fashion-forward brands trading out of 2 724 stores in 27 countries globally
- Customer base primarily LSM 6-10 group

FINANCIAL PERFORMANCE

TURNOVER IN EXCESS OF
R16 bn

CASH SALES GROWTH OF
19,6%
(EXCLUDING PHASE EIGHT)

RETURN ON EQUITY
23,4%

GROSS PROFIT MARGIN MAINTAINED

CASH EBITDA
R2,8 bn

10-YEAR COMPOUNDED TURNOVER GROWTH RATE OF
11,8%

10-YEAR HEADLINE EARNINGS PER SHARE* COMPOUNDED GROWTH RATE OF
11,7%

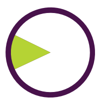
10-YEAR COMPOUNDED GROWTH ON DISTRIBUTION RETURNS TO SHAREHOLDERS OF
13,6%

CASH FLOW GENERATION REMAINS STRONG

VALUE ADDED IN 2015


Applied to employees
= R2 325,2 million (42,9%)


Applied to providers of capital
= R1 375,0 million (25,4%)


Applied to taxation
= R770,7 million (14,2%)


Reinvested in the group to finance future expansion and growth
= R946,7 million (17,5%)

* *Calculated using headline earnings per share from continuing operations adjusted for once-off acquisition costs.*

STRATEGY

1 CUSTOMER STRATEGY

- TFG Financial Services provides full in-house credit management capability supported by 1 500-seat call centre
- Manages our retail debtors' book
- Leading-edge risk management methodology
- Large publishing/insurance/cellular offer that augments product offering
- Customer Relationship Management across all retail brands
- Omni-channel strategy – all 18 brands will be live by 2018

2 LEADERSHIP STRATEGY

- Experienced executive management team (average of 21 years of service)
- Good succession due to unique corporate structure
- Ongoing talent development and performance evaluation

3 PROFIT STRATEGY

- Broad retail experience
- Market-leading store design capabilities
- Ongoing store development
- In-house design and manufacturing is a key differentiator
- Captive cut, make and trim (CMT) production houses
- State-of-the-art fabric and pattern optimisation systems
- Quick interpretation of fashion trends
- Offshore partnerships allow finished-goods sourcing in the Far East
- Centralisation of key services allows TFG to leverage synergies and create economies of scale
- World-class standards have been deployed to retain best-in-class operations

4 GROWTH STRATEGY

South Africa

- 10,1% turnover growth in 2015 with same store growth of 5,2 %
- Projected number of stores approximately 2 800 by 2020

Rest of Africa

- Well-located footprint in Botswana, Ghana, Lesotho, Namibia, Nigeria, Swaziland and Zambia
- Expansion into Kenya (2016), Angola and Mozambique in future
- 23,9% turnover growth in 2015 with same store growth of 12,2%
- Projected number of stores outside South Africa approximately 375 by 2020

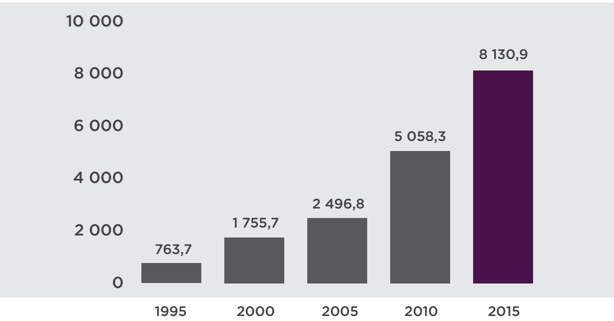
International

- Trading through 444 outlets in 19 international countries (Phase Eight brand)
- Projected number of international outlets approximately 770 by 2020

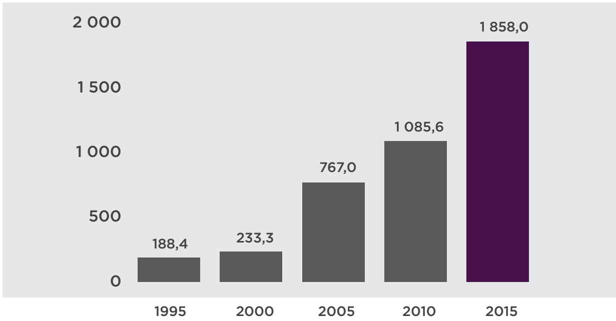
FIVE-YEAR REVIEW

1995 – 2015

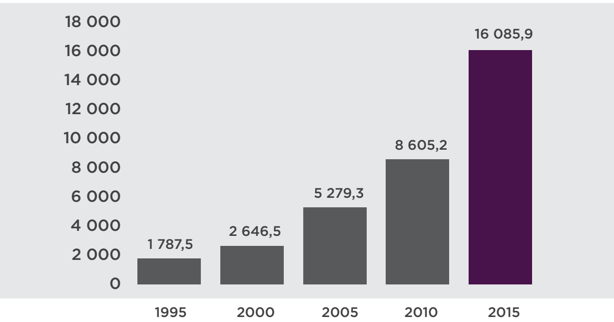
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE FOSCHINI GROUP LIMITED (Rm)



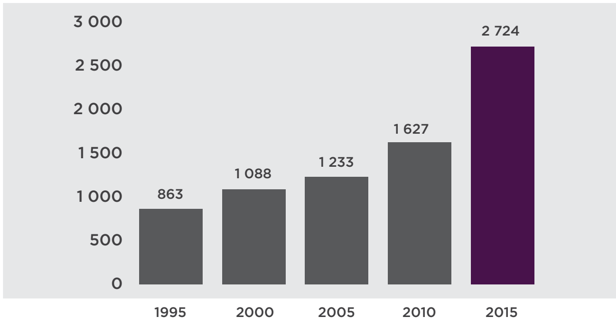
ATTRIBUTABLE EARNINGS (Rm)



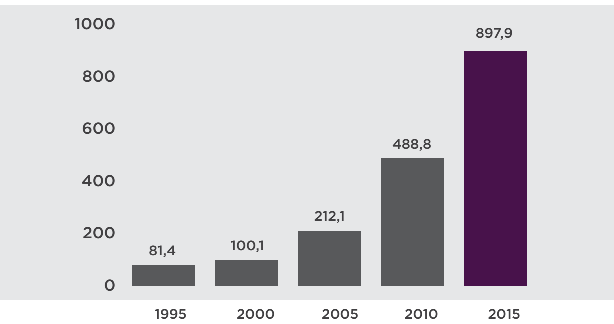
TURNOVER (Rm)



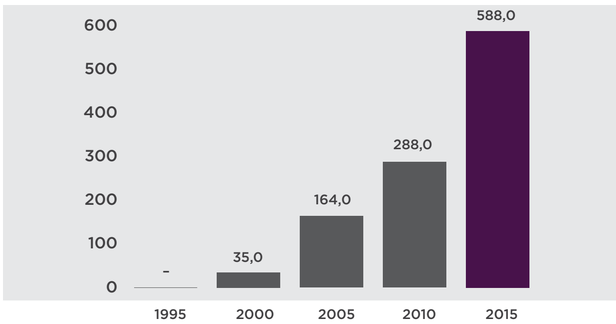
NUMBER OF STORES



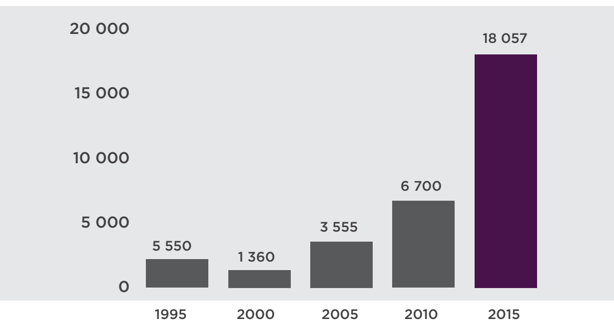
HEADLINE EARNINGS PER ORDINARY SHARE (Cents)*



DISTRIBUTION DECLARED PER ORDINARY SHARE (cents)#



CLOSING SHARE PRICE (cents)



* Comparative figures have been restated in terms of the increased number of shares in issue resulting from sub-divisions and capitalisation issues.

From 2000, earnings are based on the weighted average number of shares in issue.

From 2004 onwards restated to reflect continuing operations only

The 2015 headline earnings per ordinary share is in respect of continuing operations excluding once-off acquisition costs

\# In 1997 there was a capitalisation issue.

In 2015 a scrip distribution was declared.


AIR
03
SKINNY
PUMA
TENNIS
FOREVERFASTER

10-YEAR STATISTICS

YEARS ENDED	2015 (TFG including Phase Eight)	2015 (TFG excluding Phase Eight)
Profitability		
Retail turnover (Rm)	16 085,9	15 683,8
Operating profit before finance charges – continuing operations (Rm)	2 807,1	n/a
Profit before tax – continuing operations (Rm)	2 286,6	n/a
Profit attributable to equity holders of The Foschini Group Limited (Rm)	1 858,0	n/a
Headline earnings (Rm)	1 881,9**	n/a
Statement of financial position		
Non-current assets (Rm)	6 925,3	2 487,2
Current assets (Rm)	11 608,1	10 654,4
Assets of disposal group (Rm)	–	–
Total assets (Rm)	18 533,4	13 141,6
Total shareholders' interest (Rm)	8 130,9	5 397,0
Non-controlling interest (Rm)	2,7	2,7
Non-current liabilities (Rm)	4 491,4	2 501,6
Current liabilities (Rm)	5 908,4	5 240,3
Liabilities of disposal group (Rm)	–	–
Total equity and liabilities (Rm)	18 533,4	13 141,6
Cash flow statement		
Cash flows from operating activities – continuing operations (Rm)	(61,7)	n/a
Cash flows from investing activities – continuing operations (Rm)	(1 779,6)	n/a
Cash flows from financing activities – continuing operations (Rm)	2 328,5	n/a
Net increase/(decrease) in cash (Rm)	487,2	n/a
Cash at the beginning of the year (Rm)	301,3	n/a
Cash at the end of the year – discontinued operations (Rm)	–	n/a
Effect of exchange rate fluctuations on cash held (Rm)	11,9	n/a
Cash at the end of the year – continuing operations (Rm)	800,4	n/a
Performance measures/ratios		
Turnover growth (%)	13,6	10,8
Same store turnover growth (%)	n/a	5,5
Operating margin – continuing operations (%)	17,5	17,7
Debt equity ratio – continuing operations (%)	76,8	56,6
Total liabilities to shareholders' interest (times)	1,3	1,4
Total liabilities to shareholders' interest – continuing operations (times)	1,3	1,4
Net retail borrowings (Rm)	6 242,1	4 602,9
Current ratio – continuing operations (times)	2,0	2,0
Headline earnings per ordinary share (HEPS) – continuing operations** (cents)	897,9	n/a
Change in HEPS from continuing operations (%)	9,7	n/a
Distribution declared per ordinary share (DPS) (cents)	588,0*	n/a
Tangible net asset value per ordinary share (cents)	1 833,3	n/a
Market capitalisation (Rm)	38 101,2	n/a
Statistics		
Number of ordinary shares in issue (millions)	211,0	211,0
Number of ordinary shares on which headline earnings per share is calculated (millions)	204,3	204,3
Net number of ordinary shares on which net asset value per share is calculated (millions)	205,4	205,4
Closing share price (cents)	18 057	n/a
Number of stores	2 724	2 280
Floor area (gross square metres)	718 979	690 190

Notes

When an accounting policy has been changed, comparative figures have been restated in accordance with the new policy.
2013 and prior years have been restated where appropriate to reflect RCS Group as a discontinued operation.
* *2015 final distribution of 325,0 cents per share is a scrip dividend with a cash alternative.*
** *2015 HEPS from continuing operations is adjusted for once-off acquisition costs relating to Phase Eight acquisition.*
# *Restated as insurance cells are no longer consolidated and their cash flow is now included in working capital as part of the insurance receivable.*
In 2008 cash balances were restated to include an amount previously set off against interest-bearing debt.

2014	2013	2012	2011	2010	2009	2008	2007	2006
14 159,0	12 896,4	11 630,5	9 936,5	8 605,2	8 089,6	7 668,7	7 230,0	6 432,1
2 536,9	2 407,3	2 232,6	1 845,1	1 559,3	1 686,4	1 521,5	1 478,5	1 250,2
2 375,1	2 298,9	2 156,4	1 775,5	1 485,2	1 573,2	1 515,8	1 459,6	1 235,1
1 859,6	1 792,0	1 582,1	1 301,8	1 085,6	1 145,8	1 128,4	1 119,2	986,9
1 872,3	1 796,6	1 584,2	1 305,6	1 085,6	1 145,8	1 128,4	1 119,2	986,9
2 120,5	1 883,1	1 623,8	1 353,1	1 380,5	1 363,3	1 284,4	1 204,7	886,6
9 351,2	8 425,9	7 281,2	6 156,0	4 949,9	4 608,7	3 982,1	3 755,5	3 571,7
5 631,5	4 985,4	3 912,9	3 164,3	2 883,7	2 679,7	1 897,7	1 823,5	1 390,0
17 103,2	15 294,4	12 817,9	10 673,4	9 214,1	8 651,7	7 164,2	6 783,7	5 848,3
7 228,6	7 043,8	6 293,1	5 462,9	5 058,3	4 496,3	3 845,2	3 823,6	3 267,9
861,3	705,5	571,1	485,6	427,0	359,2	290,9	181,3	88,9
2 016,0	1 392,4	1 048,4	1 251,7	1 678,4	2 080,3	1 036,7	1 282,4	1 064,2
3 296,1	2 750,3	2 284,8	1 417,3	764,3	769,4	712,1	212,9	326,3
3 701,2	3 402,4	2 620,5	2 055,9	1 286,1	946,5	1 279,3	1 283,5	1 101,0
17 103,2	15 294,4	12 817,9	10 673,4	9 214,1	8 651,7	7 164,2	6 783,7	5 848,3
128,2	485,2	(77,9)	190,8	352,0	640,3	(47,8)	492,3	343,2
(537,5)	(557,0)	(377,2)	(353,9)	(264,0)	(517,1)	(15,6)	(98,2)	56,1
339,5	121,4	666,9	179,4	(131,1)	(17,2)	20,3	(386,6)	(374,5)
(69,8)	49,6	211,8	16,3	(43,1)	106,0	(43,1)	7,5	24,8
593,4	504,7#	338,5	284,0	296,2	169,5	202,3##	62,5	36,2
(222,4)	39,0	160,5	38,2	30,9	20,7	10,3	1,1	1,5
0,1	0,1	0,1	–	–	–	–	–	–
301,3	593,4	710,9	338,5	284,0	296,2	169,5	71,1	62,5
9,8	10,9	17,0	15,5	6,4	5,5	6,1	12,4	21,8
4,2	5,8	10,6	10,8	–	–	2,2	8,0	14,9
17,9	18,7	19,2	18,6	18,1	20,8	19,8	20,4	19,4
36,8	22,3	20,7	20,1	14,4	20,1	26,5	9,5	10,1
1,2	1,1	0,9	0,9	0,7	0,8	0,8	0,7	0,8
0,7	0,6	0,5	0,5	0,5	0,6	0,5	0,4	0,4
2 659,1	1 567,4	726,1	237,6	(169,4)	18,7	253,7	(360,1)	(139,6)
2,8	3,1	3,2	4,3	6,5	5,9	5,5	17,8	10,9
818,7	780,6	653,9	537,3	440,7	488,8	458,2	438,1	397,0
4,9	19,4	21,7	21,9	(9,8)	6,7	4,6	10,4	33,9
536,0	506,0	455,0	350,0	288,0	288,0	288,0	270,0	220,0
3 507,2	3 322,4	3 030,5	2 656,4	2 415,8	2 164,5	1 874,8	1 799,2	1 532,7
23 787,8	25 774,6	29 744,8	20 480,8	16 113,4	10 567,5	9 261,6	16 618,4	14 011,4
222,0	228,5	240,5	240,5	240,5	240,5	240,5	240,5	240,5
206,0	209,2	205,2	206,5	208,2	204,8	206,3	209,5	213,1
204,3	210,1	206,4	205,3	209,0	207,3	204,6	212,0	212,6
10 715	11 280	12 368	8 465	6 700	4 394	3 851	6 910	5 826
2 111	1 979	1 857	1 727	1 627	1 539	1 393	1 332	1 273
646 665	609 411	579 365	537 951	505 676	467 420	410 378	380 615	354 747

TFG'S DIRECTORATE & EXECUTIVE MANAGEMENT

DIRECTORATE EXECUTIVE

A D Murray (58)

BA, CA

Appointed: 2007

Member of: Risk and Social and Ethics committees

Meetings attended by invitation: Audit, Remuneration and Nomination committees

Joined the group: 1985

Doug is our CEO, a position he has held since 1 January 2008. He joined the group in 1985 and was appointed as an executive director of The Foschini Group Limited in 2007. Doug has extensive retail experience, having previously held the positions of MD of Pages (subsequently re-branded Exact) and American Swiss Jewellers. He was appointed to the operating board in 1997 and served as the retail director of the group for 10 years prior to his appointment as CEO.

R Stein (66)

B Comm, CA(SA)

Appointed: 1999

Member of: Risk committee

Meetings attended by invitation: Audit and Social and Ethics committees

Joined the group: 1996

Ronnie is currently the CFO. He joined the group in 1996 and was appointed to the operating board in 1997. Prior to joining the group he was an accountant and auditor in public practice. He was a partner at Kessel Feinstein for 15 years. Ronnie will be retiring at the end of June 2015, but will remain on the board in a non-executive capacity thereafter.

P S Meiring (59)

Appointed: 2009

Joined the group: 1983

Peter is currently the group director of TFG's financial services division, a position he has held since 1998. He was appointed to the operating board in 1999. Peter has extensive experience in consumer credit lending. He also has experience in information technology, specifically financial systems. He has held various roles in the group's IT department, as well as within Pages (subsequently re-branded Exact) before moving to the financial services division in 1992. Peter will be retiring at the end of June 2015.

DIRECTORATE NON-EXECUTIVE

M Lewis (56)

Chairman (appointed 19 June 2015)[1]

BA (Econ) (Hons)

Appointed: 1989

Member of: Nomination[1] committee

Michael is currently chairman of Oceana Investment Corporation Limited, a private UK investment company and of Strandbags Holdings (Pty) Ltd, an Australian retail company, comprising some 400 stores. He is also a partner in Oceana Investment Partners LLP, a UK investment advisor. Michael is a director of Histogenics, a US-based bio-technology company and United Trust Bank Limited, a UK-based bank. Michael was appointed as deputy chairman of TFG in May 2015 and as chairman on 19 June 2015.

D M Nurek (65)

Chairman (resigned 19 June 2015)[1]

Diploma in Law, Graduate Diploma in Company Law

Appointed: 1990

Member of: Risk, Remuneration[2], Nomination, and Social and Ethics committees

Chairman of: Nomination[1] and Social and Ethics committees

Meetings attended by invitation: Audit committee

Also a director of South African listed companies: Clicks Group Limited, Distell Group Limited, Lewis Group Limited and Trencor Limited

Also a director of a foreign listed company: Textainer Group Holdings Limited

David is a very experienced director and serves on a number of board committees in relation to the various companies listed above.

He has been employed in an executive capacity by Investec Bank since 2000. Prior to joining Investec he practised as a commercial attorney at Sonnenberg, Hoffmann Galombik for more than 30 years, ultimately serving as chairman.

S E Abrahams (76)

FCA, CA(SA)

Appointed: 1998

Member of: Audit and Nomination committees

Chairman of: Audit committee

Open invitation: Risk committee

Also a director of a South African listed company: Investec Bank Limited

Sam is a very experienced director. He was formerly an international partner and South African managing partner of Arthur Andersen. Sam is currently the chairman of Investec Securities (Pty) Ltd and chairman of The Victor Daitz Foundation, one of the largest charitable foundations in South Africa.

[1] *From 19 June 2015 Mr DM Nurek is no longer a director of the TFG. Mr M Lewis was appointed chairman of the board and the nomination committee following Mr DM Nurek's resignation.*

[2] *On 4 May 2015 Mr M Lewis replaced Mr D M Nurek on the Remuneration committee.*

DIRECTORATE NON-EXECUTIVE CONTINUED

Prof F Abrahams (52)

B Econ (Hons), M Comm, D Comm

Appointed: 2003

Member of: Remuneration and Social and Ethics committees

Chairperson of: Remuneration and Transformation (sub-committee of Social and Ethics committee) committees

Also a director of South African listed companies: Clicks Group Limited, Iliad Africa Limited and Lewis Group Limited

Fatima is a senior part-time professor in industrial psychology at the University of the Western Cape (UWC) and is a registered Industrial Psychologist. She was previously chairperson of the Department of Industrial Psychology and Dean of the Faculty of Economic and Management Sciences at UWC. She is known for her academic work and has presented papers at international and national conferences and has published a number of accredited articles and academic texts (focus on Human Resources issues). In addition, she was a non-executive director of Transnet, B2B Africa (Pty) Ltd and chairperson of Victoria and Alfred Waterfront Holdings. She has served on the Audit and Risk committees, Transformation and Remuneration committees of many of the companies she was involved in and built up sound business experience over the years.

D Friedland (62)

B Com, Certificate in the Theory of Accountancy CA(SA)

Appointed: 2013

Member of: Remuneration and Risk committees

Meetings attended by invitation: Audit committee

Also a director of South African listed companies: Pick n Pay Stores Limited and Investec Limited.

Also a director of a foreign listed company: Investec PLC

David is a chartered accountant with extensive audit experience of a broad range of retail listed companies. He served as international partner at Arthur Andersen from 1990 and from 2002, was a partner at KPMG. David was head of audit and risk at KPMG (Cape Town), and was the lead audit partner for several listed companies. In 2013, David retired as a partner at KPMG and was appointed in March 2013 to the boards of Investec Limited and Investec PLC, serving as the group audit committee chairman.

B L M Makgabo-Fiskerstrand (41)

Appointed: 2012

Member of: Remuneration and Social and Ethics committees

Also a director of a South African listed company: Sun International Limited

Tumi is founder and executive director of AfricaWorldwide Media as well as director of Tumi Makgabo Enterprises, focusing on enterprise development in South Africa and across the African continent. In addition, Tumi served for two years as the vice chairperson of the World Economic Forum's Global Agenda Council for Women's Empowerment and as a member of its Council on Africa. In 2008, she was nominated to the World Economic Forum's Forum of Young Global Leaders which is a multi-stakeholder community of exceptional leaders, below the age of 40, selected from around the world. She also serves as a non-executive director of South African Tourism and was appointed a member of the Department of Arts and Culture's reference group for Africa Month in 2015.

E Oblowitz (57)

B Comm, CA(SA), CPA(Isr)

Appointed: 2010

Member of: Audit and Risk committees

Chairman of: Risk committee

Also a director of South African listed companies: Trencor Limited

Eddy has considerable audit and business advisory experience having spent 21 years in professional practice, most notably as a senior partner of the Cape Town, Durban and Port Elizabeth offices of Arthur Andersen. In addition he served as a member of the firm's worldwide Retail and Distribution Industry Team. He is currently the Executive Chairman of Stonehage South Africa which provides multi-family office, wealth management and advisory services to an extensive international client base.

N V Simamane (56)

BSc(Biochem) (Hons)

Appointed: 2009

Member of: Audit and Social and Ethics committees

Also a director of South African listed companies: Cashbuild Limited and Oceana Group Limited

Nomahlubi has extensive business, marketing and communications experience, having previously held the positions of Marketing Manager at Unilever, Marketing Director of British American Tobacco and Managing Director of BLGK Bates Advertising Agency. She is currently the CEO of Zanusi Brand Solutions, a Branding Consultancy that she founded in 2001. She has worked in the United States and Kenya and has been recognised as a seasoned business woman having won two Business Women of the Year Awards in 2009. She was also named the 2013 Enterprising Woman, in Fort Lauderdale, Florida, USA.

COMMITTEES

Audit committee

SE Abrahams (Chairperson)
E Oblowitz
NV Simamane
D Friedland (by invitation)
DM Nurek (by invitation)#
AD Murray (by invitation)
R Stein (by invitation)

Remuneration committee

Prof F Abrahams (chairperson)
DM Nurek#
D Friedland
BLM Makgabo-Fiskerstrand
AD Murray (by invitation)

Risk committee

E Oblowitz (chairperson)
DM Nurek#
D Friedland
AD Murray
R Stein

Nomination committee

DM Nurek (chairperson)#
SE Abrahams
M Lewis
AD Murray (by invitation)

Social and Ethics committee

DM Nurek (chairperson)#
Prof F Abrahams
BLM Makgabo-Fiskerstrand
NV Simamane
AD Murray
R Stein (by invitation)

** On 4 May 2015 Mr DM Nurek stepped down from the remuneration committee whilst Mr M Lewis was appointed.*
 # On 19 June 2015 Mr DM Nurek resigned from the board of TFG.

CHAIRMAN'S REPORT

MICHAEL LEWIS
CHAIRMAN

IN THIS DIFFICULT CREDIT ENVIRONMENT, THE GROUP PRODUCED A SOLID RESULT

I am pleased to present my first chairman's report following my recent appointment on 19th June 2015. I succeed David Nurek who was chairman of TFG for the past six years having served on the board since 1990. I would like to thank David for the valuable contribution he has made during his long association with the group and wish him well.

INTEGRATED REPORTING

This integrated annual report takes cognisance of the impact of broader societal matters on our business, as well as reflecting how these matters have influenced the strategic direction of our group. In addition, we highlight in this report our approach to managing our most material sustainability impacts.

We believe we have provided sufficient context in this report to enable our stakeholders to understand the key socio-economic, governance and environmental trends that may affect the group, and to appreciate the impact, both positive and negative, of our operations on the resources and relationships that we depend on to create value for our stakeholders, in particular our shareholders.

Reporting on sustainability matters continues to be integrated into this report where relevant while a more comprehensive account of our overall approach to sustainability is contained within our Sustainability Overview report which is made available on our website.

ECONOMY AND OPERATING ENVIRONMENT

Broader economic trends, such as GDP growth, inflation, industrial action, load shedding, interest rates and employment, have an impact on TFG's performance, and while these trends are beyond our immediate control, they nevertheless have a bearing on the nature of our strategic response.

The South African economic outlook remains subdued with the BER projecting GDP growth for the 2015 calendar year at below 2%. The Rand exchange rate continued to lose ground against major currencies this year, which raises the risk of increased product inflation. Conversely, interest rates remain at historically low levels with expectations of only a marginal increase in the near term. Inflation is expected to remain within the targeted 4%-6% range.

OVERVIEW OF THE YEAR AND STRATEGIC DRIVERS

Retailers continued to face a challenging trading environment, particularly regarding credit sales. Our customers felt the impacts of industrial action and we, as a business, were impacted by crime-related losses as well as the impact of load shedding which were themes common to most retailers in 2015.

TFG's 2015 results were impacted by two key strategic actions taken during the year, namely:

- The disposal of the RCS Group in June 2014
- The acquisition of Phase Eight (international women's fashion and accessories retailer) in January 2015

The Phase Eight acquisition will meaningfully impact the following key business imperatives:

- Further diversification of LSM categories as Phase Eight caters to higher disposable income consumers
- Driving a more equitable cash versus credit split as Phase Eight is a cash-only retailer
- Expansion of international footprint as Phase Eight currently trades in the UK and Ireland, as well as 17 further international markets. Further expansion is planned in the years ahead.

In addition, continued focus was placed this year on:

- Continued expansion of our store footprint, both in South Africa and in the rest of Africa with a total of 195 new stores opened
- Driving sales growth through, *inter alia*:
  - continued investment in customer relationship marketing through our rewards programme
  - investment in supply chain to improve quick response capability as well as ensuring that our merchandise remains appealing
- Evolution of on-line retailing with the launch of two of the existing TFG brands, @home and hi.
- Brand re-positioning where necessary to ensure that the brands remain appropriate to their chosen target markets

Overall, turnover (excluding Phase Eight) increased by 10,8% with very pleasing cash sales growth at 19,6%. Enhanced credit risk management measures remained in place in both the granting and collection of credit which resulted in credit turnover growth being constrained to 4,3% for the year. Cash sales (excluding Phase Eight) now represent 45,6% of turnover and in the next financial year when a full year of Phase Eight trading is incorporated, cash sales will represent an even greater proportion of group turnover. This will position our group well for any future downturns in the economic cycle.

VALUE CREATION

In this difficult credit environment, the group produced a solid result with headline earnings per share from continuing operations excluding once-off acquisition costs relating to Phase Eight growing by 9,7%.

TFG achieved profit before tax of R2,3 billion and as at the year-end had a market capitalisation of R38,1 billion.

Post the Phase Eight acquisition, it is our intention to bring our recourse debt/equity ratio which is currently at 56,6% (with consolidated gearing of 76,8%) closer to our medium-term recourse gearing target of 40%. This will be achieved through the introduction of scrip distributions in the short term with the intention of increasing equity by approximately R1 billion over time. Based on our current expectations we anticipate this will be completed within the next 12 months. This will ensure that the group is well positioned to take advantage of future growth opportunities.

SUSTAINABILITY AND TRANSFORMATION

The board recognises the critical role it has to play regarding sustainability and transformation and through the social and ethics committee, ensures that these receive appropriate focus. Sustainability and transformation are embedded in the way we do business. Our sustainability strategy focuses on the following five key areas: local supply chain development, employee empowerment, resource efficiency, social economic development and governance, ethics and accountability. In addition, a separate sub-committee of the social and ethics committee, being the transformation committee, continues with the task of driving the group's broad-based black economic empowerment (BBBEE) strategy. In reviewing the current transformation strategy, cognisance will clearly need to be taken of the impact of the amended codes.

The board is pleased that TFG was included in the JSE's SRI Index for 2014.

GOVERNANCE AND BOARD CHANGES

TFG remains commited to high standards of corporate governance with accountability and transparency being key guiding principles in all decision making. As is outlined more fully in the corporate governance report, management and the board continue to be guided by the principles contained in the King III code and the Listings Requirements of the JSE. Our detailed compliance with the King III principles is available on our website.

In addition to its usual oversight of governance, this year the board placed particular focus on the Phase Eight acquisition. A sub-committee was appointed to give appropriate consideration to the acquisition as well as to ensure that a thorough due dilligence process was followed and further that advisors were in place to assist management and the board in all aspects of the transaction.

As was announced on SENS on 28 May 2015, two of our executive directors, Ronnie Stein and Peter Meiring, are retiring at the end of June 2015. Anthony Thunström, currently CFO-elect, will be appointed to the board as an executive director on 1 July 2015 and we look forward to his future contribution. Following his retirement as an executive director, I am pleased that Ronnie Stein will remain on the board in a non-executive capacity to enable TFG to benefit from his business experience, judgement and knowledge of the company.

The board extends its thanks for the significant contributions made by both Ronnie and Peter during their 19 and 32 year tenures. TFG has benefitted immeasurably from their outstanding contributions.

APPRECIATION

On behalf of the board I wish to extend deep appreciation to:

- Doug Murray and the senior executive team for its leadership of the group during a challenging year;
- all employees for their excellent performance and hard work during the year;
- our customers for their continued loyal support;
- our shareholders for their support and confidence in the future of the group;
- our suppliers, advisors and business associates for their contribution to the growth of the business; and
- my fellow directors for their insight, guidance and valuable input.

Michael Lewis
Chairman

29 June 2015

OPERATING BOARD

BACK, L to R: BJ CURRY, M MENDELSOHN, SA BAIRD, J FISHER, DB GEDYE, M MARITZ, A THUNSTRÖM, GS NAIDOO
FRONT, L to R: R STEIN, AD MURRAY, PS MEIRING

THE OPERATING BOARD OF DIRECTORS OF THE GROUP

BJ Curry (53)
Chief Information Officer – TFG Infotec and TFG Logistics
Joined the group in 1988

DB Gedye (56)
Group Director – Sports Division
Joined the group in 1979

M Maritz (47)
Group Director – Markham Division
Joined the group in 2001

PS Meiring (59)[#]
Group Director – TFG Financial Services
Joined the group in 1983

M Mendelsohn (56)
Group Director – Exact, Fashion Express, TFG Merchandise Procurement and Design Centre, TFG Manufacturing and TFG Mobile
Joined the group in 1982

AD Murray (58)
BA, CA
Chief Executive Officer
Joined the group in 1985

GS Naidoo (47)
BSoc.Sc (Hons), MA (Ind.Psych)
Group Director – TFG Human Resources, Jewellery Division and @home Division
Joined the group in 2005

R Stein (66)[#]
B Comm, CA(SA)
Chief Financial Officer
Joined the group in 1996

SA Baird (49)
Group Director – Foschini Division
Joined the group in 1986

A Thunström (44)
B Comm (Hons Acc), CA(SA)
Chief Financial Officer – Elect
Joined the group in 2015

J Fisher (42)
BSc (Hons) Mathematics and Computing Science
Group Director – Financial Services
Joined the group in 2013

[#] Retiring at the end of June 2015.

RESPONSIBILITY

The operating board is responsible for the group's strategy formulation, as well as the day-to-day management of all aspects of the operations of the trading and service divisions.

In addition, they are responsible for deliberating and taking decisions or recommendations on all matters affecting TFG strategy and operations including risk management, and executive and senior management succession. This includes all operational matters including:

- merchandise sourcing, buying, planning, warehousing and distribution
- store location, leasing, operations, design and architecture
- human resource recruitment, training, development and remuneration
- information systems acquisition, development and maintenance
- credit management and customer relationship marketing and systems
- financial management and administration
- strategic plan formulation, development, execution and refinement
- development, review and achievement of budgets in relation to sales, operating expenses and capital expenditure
- identification, assessment, mitigation and management of risk
- development and refinement of business philosophy and the value system
- development, monitoring and audit of internal controls
- development, review and implementation of the employment equity plan
- development and monitoring of operational policies and procedures
- development, implementation and monitoring of transformation strategy
- approving transactions regarding investment, disinvestment, refinancing and restructuring, in accordance with parameters set by the supervisory board
- adopting and implementing corporate governance practices and meeting standards set out in King III

CHIEF EXECUTIVE OFFICER'S REPORT

DOUG MURRAY
CEO

WE BELIEVE THAT THE STRATEGIC ACTIONS TAKEN DURING 2015 IN RELATION TO THE DISPOSAL OF THE RCS GROUP AND THE SUBSEQUENT ACQUISITION OF PHASE EIGHT POSITIONS OUR GROUP WELL TO DELIVER VALUE TO SHAREHOLDERS

THEMES IN THE SOUTH AFRICAN ECONOMY AND RETAIL DURING 2015

In our last integrated annual report we indicated that economic conditions in South Africa would remain difficult, and this certainly proved to be true. The credit cycle has remained challenging and we are experiencing arguably the worst credit cycle we have seen for many years.

The economic landscape in South Africa has seen the following key trends this year:

- Marginally improved current account position
- A weakening GDP growth outlook with the BER forecast for the 2015 calendar year being reduced from 3,0% to 1,9%
- Continued Rand weakness against the US dollar
- Industrial action still prevalent – strikes in the platinum, metals and engineering as well as postal sectors
- Employment growth remaining stagnant
- Positive signs due to:
  - impact of fuel price and interest rate environment (interest rates are at historic lows and likely to remain flat or show a marginal increase for remainder 2015)
  - inflation being at the low end of target range (and likely to remain there in the near term)
  - early signs of improvement in credit cycle

Another trend this year, with which all businesses in South Africa have had to contend, is load shedding. We estimate that the lost turnover as a result of load shedding in 2015 was in the region of R71 million which is approximately a 1% impact. This is of concern to us, as is the increased level of crime-related losses we have experienced this year.

In addition, 2015 has seen continued entry of international retailers to South Africa. As mentioned last year, international competition, particularly in the ladies wear casual product category which comprises approximately 6% of our group turnover, is now a feature of the South African retail environment. While management continues to remain abreast of both local and international competitors, we believe we are well placed to withstand such competition due to our diversification across broad merchandise categories and broad LSM appeal.

OVERVIEW

While trading conditions were challenging, particularly in the credit side of our business, we nonetheless produced a solid result for the year.

During 2015 we completed two significant strategic actions which impact all analysis and understanding of our results. These actions were as follows:

- Disposal of RCS Group in June 2014
- Acquisition of Phase Eight (international womenswear fashion retailer) in January 2015

In order to aid analysis, where possible, the impact of the disposal as well as the acquisition are separately reported.

VALUE CREATION FOR SHAREHOLDERS

In summary, retail turnover (including Phase Eight trading for two months) increased by 13,6% to R16,1 billion, while total headline earnings per share from continuing operations, excluding the once-off acquisition costs relating to Phase Eight, increased by 9,7%.

The final distribution for 2015 was in the form of scrip with a cash dividend alternative of 325,0 cents per share – an increase of 10,9%. The dividend in respect of the full year amounts to 588,0 cents per share, an increase of 9,7% reflecting the growth in the underlying continuing operations.

TFG's share price has received a re-rating during 2015 and at the end of March 2015 showed an increase of 68,5% on the previous year.

We believe that the strategic actions taken in 2015 in relation to the disposal of the RCS Group, and the subsequent acquisition of Phase Eight, positions our group well to deliver value to shareholders through increased growth drivers. Phase Eight constitutes approximately 12% of turnover on an annualised basis, ensuring that their promising future growth prospects are able to make a meaningful contribution to TFG in the medium term.

In addition, our intention to introduce approximately R1 billion in equity through the introduction of a scrip distribution for a period is also premised on the fact that we wish to be well positioned to take advantage of future growth opportunities as they may arise.

TARGETS

The group sets targets for the purposes of medium-term planning and a full list of these can be found on pages 14 to 15 of this report. These targets reflect what we believe constitutes appropriate achievement in the medium-term towards our longer-term vision for 2020.

In addition, short-term targets are set and approved by the Remuneration committee as part of ongoing performance management. These targets are formulated with commensurate performance bonus metrics against which actual performance is measured. This determines amounts due in terms of the group annual bonus scheme. As a result of the group's solid performance in 2015, the group has met its overall performance target.

2015 HIGHLIGHTS

While the group's detailed financial performance for the year can be found in the CFO's report, I would nevertheless like to draw attention to some of the highlights:

- Group turnover up 13,6% to R16,1 billion (excluding Phase Eight: 10,8%)
- Strong cash sales growth of 19,6% now representing 45,6% of TFG turnover (including two months of Phase Eight: 46,9%)
- Headline earnings per share from continuing operations (excluding once-off acquisition costs) up 9,7% to 897,9 cents
- Final distribution of scrip with a cash dividend alternative of 325,0 cents per share – a 10,9% increase
- Disposal of RCS Group
- Acquisition of international fashion retailer Phase Eight concluded

RCS GROUP

As previously stated it was our intention to dispose of our interest in RCS in order to reduce our exposure to the unsecured lending market and enable us to focus on our core retail business. We announced on SENS on 10 April 2014, that the group together with The Standard Bank of South Africa Limited had entered into agreements which resulted in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group with an effective date of 30 June 2014. Accordingly for the three-month period from April to June 2014, the RCS Group has been disclosed as a discontinued operation. TFG's share of the net proceeds was R1,4 billion which was applied to the acquisition of Phase Eight.

CHIEF EXECUTIVE OFFICER'S REPORT

CONTINUED

PHASE EIGHT

As was announced on SENS on 16 January 2015, the group acquired c.85% of Phase Eight, with the remaining c.15% shareholding owned by management. Through put/call arrangements, the group has the right to acquire and management the right to sell all shares held by management in three equal tranches on the earlier of (i) the publication of the audited accounts of the group for each of the fourth, fifth and sixth years following completion of the acquisition or (ii) six months following the fourth, fifth and sixth year anniversaries of completion of the acquisition.

The acquisition was funded through a combination of proceeds from the disposal of RCS Group and South African cash resources.

In respect of 2015, two months trading of Phase Eight are included in these results.

This acquisition satisfied three key requirements as follows:

- Proven, profitable track record
- Strong management team
- Good future growth prospects

In addition, the business model is very attractive, being capital light and low risk, as well as offering the opportunity to expand certain of the existing TFG brands through this model.

I would like to extend a warm welcome to CEO Ben Barnett, MD Lee Harlow and the entire staff of Phase Eight to our group.

2015 PERFORMANCE

TURNOVER

The credit cycle remains challenging with credit sales growth having been constrained to 4,3%. Cash sales growth continues to be very pleasing growing by 19,6% and now representing 45,6% of turnover (excluding Phase Eight).

Overall turnover growth was at 10,8% (excluding Phase Eight) with same store growth of 5,5%.

Growths in the various merchandise categories (excluding Phase Eight) were as follows:

Clothing	10,2%
Jewellery	5,7%
Cellphones	19,2%
Homeware and furniture	12,9%
Cosmetics	10,1%

BRAND PERFORMANCE

We are pleased with the performance of all our clothing brands, particularly our sports brands which have continued to trade well this year. We are confident that the changes we have made in re-positioning our Foschini brand are starting to bear fruit and we have seen improved performance from our Exact brand which was re-positioned during the year. We are excited at the recent addition of the Phase Eight ladies' clothing brand. The performance of our jewellery brands remains challenging in the current tough credit cycle while the performance of our homeware brand @home continues to be pleasing. Cellphones has had a very good performance while cosmetics continued to deliver double-digit sales growth in a highly competitive market segment.

MARGIN

Our gross margin of 46,7% (excluding Phase Eight) this year remains very consistent with the prior year (2014: 46,5%).

COST CONTROL

Cost control remains a focus and we are pleased to report that total costs (excluding Phase Eight) grew by 12,1% with like-for-like expense growth at approximately 8%. Expense growth was impacted by an increase in crime-related losses as well as investment in customer relationship marketing costs and by investment in infrastructure to support both our expansion into the rest of Africa as well as on-line retailing.

CREDIT

Continued implementation of risk management strategies appropriate for this cycle constrained credit turnover to 4,3% for the year. The growth in the net bad debt write-off slowed to 9,4% from last year's 39,5%, with the net bad debt write-off to book at 13,6%, very much within management's expectation. Our debtors' book at the year-end is adequately provisioned at 13,6%.

STRATEGY

The Phase Eight acquisition has aided many of our key business imperatives including:

- broadening our customer base across higher LSM categories as Phase Eight caters for high disposable income consumers
- driving a more equitable cash versus credit turnover contribution as Phase Eight is a cash-only retailer – this we believe positions us well through the various economic cycles
- a mindset of seeking ongoing expansion opportunities, including new territories
- exposure to currencies outside of South Africa provides an element of natural Rand hedge protection

In addition we have continued to make meaningful progress with our strategy, particularly in regard to:

- Customer-centric focus through ongoing rewards programme optimisation, as well as constantly reviewing brand positioning to ensure it remains appropriate to our target audience
- Leadership development through ongoing succession planning remains key to our success and a key differentiator
  - we have a breadth and depth of talent across our various brands unmatched in other organisations
- Profit through supply chain initiatives which:
  - improve quick response capability and thereby ensure the ongoing appeal of our merchandise to our customers
  - seeking opportunities to increase efficiencies (and thus reduce cost) in sourcing and logistics
- Growth
  - 195 new stores were opened including 29 in the rest of Africa
  - Launch of on-line platform in respect of two of our brands, @home and hi

We believe that our key objectives of growth, customer, profit and leadership are appropriate to achieve the longer-term strategic direction of our group.

Further detail on these objectives is outlined on pages 25 to 26 of this report.

RISKS

Our business is dependent on consumer cycles and thus trading in the year ahead will remain a balance between driving cash turnover growth while ensuring that we continue to apply credit risk management strategies that are appropriate for the cycle. A further factor in 2016 is the operational impact, particularly on our customers, of ensuring compliance with the affordability regulations. The implementation of these regulations has necessitated changes to our in-store processes.

While we are taking appropriate steps to minimise the impact, load shedding will likely continue in the near term.

Clearly the most significant risk facing any retailer is their ability to ensure that their merchandise remains appealing to their target audience. We devote significant attention to managing this risk on an ongoing basis and believe our business model of in-house design and production is a key differentiator while also reducing risk in this regard.

Ongoing expansion of our store base remains a key focus and a pre-requisite for growth. While we have historically achieved our annual space growth targets and believe we will continue to do so, in this, we remain reliant on our ability to secure appropriate real estate sites at appropriate rentals.

SUSTAINABILITY STRATEGY

The group's sustainability strategy continues to evolve and through the implementation of this strategy we believe we are adequately addressing our most material sustainability matters that have a bearing on our core business strategy. Our sustainability strategy focuses on five strategic focus areas: local supply chain development, employee empowerment, resource efficiency, social economic development and governance, ethics and accountability. In the interest of good governance and accountability, and to meet the expectations of our stakeholders, we have once again provided a separate detailed review of our performance against each of the criteria of the international global reporting initiative's sustainability reporting guidelines, which is available on our group's website.

A separate account of progress in respect of our sustainability strategy is contained within the sustainabilty overview, also available on our website.

CHIEF EXECUTIVE OFFICER'S REPORT

CONTINUED

PEOPLE

TFG is seen as an employer of choice and our pool of talented people remains a key strength and a key differentiator. Following the acquisition of Phase Eight we now employ in excess of 20 000 people.

PROSPECTS

While early signs of improvement are evident in the credit side of our business, we nevertheless expect the credit cycle and the South African economic environment to remain challenging. We are concerned around the potential ongoing impact that load shedding is likely to have on our business. However, we anticipate continuing to benefit from good cash sales growth.

Our strategic objectives remain appropriate and will continue. In line with our strategy for long-term growth, we anticipate opening in excess of 160 new stores in sub-Saharan Africa in the year ahead which will increase trading space by approximately 6%. In addition, we are planning to open in excess of 100 Phase Eight outlets internationally. We will continue the e-commerce roll-out with the launch of our Totalsports, Sportscene and Duesouth brands this year.

THANKS

My thanks to my colleagues on the operating board for their input and support during this past year and in particular a warm welcome to the new members of the operating board. As part of succession planning Jane Fisher, Group Director, joined the operating board in January 2015 with specific responsibility for credit, while Anthony Thunström, CFO-elect, was appointed to the operating board in February 2015. These changes were made in preparation for the planned retirements of both Ronnie Stein, CFO, and Peter Meiring, Group Director TFG Financial Services, at the end of June.

Ronnie has made an outstanding contribution to the group over the last 19 years and under his financial stewardship the group has annually produced outstanding results while maintaining a strong balance sheet. Ronnie has been instrumental in the strategic evolution of our group, most recently playing a key role in the acquisition of Phase Eight.

Peter Meiring retires after 32 years' service. Peter has held various positions in the group during his career, most recently heading up our credit business. In this role he has ably managed our group's single largest asset, being our debtors' book. Peter was a key player in building the success of the RCS Group over many years and was also instrumental in its recent successful disposal.

I wish to extend thanks on behalf of my colleagues on the operating board to both Ronnie and Peter for the significant contributions made by both of them during their tenure.

I'd like to thank our outgoing chairman, David Nurek and wish him well for the future. David made a valuable contribution to TFG during the 25 years that he served on the board. I believe our new chairman, Michael Lewis possesses broad retail skills and experience which will be of immense value as we take TFG forward. To all members of the supervisory board, my thanks for their wisdom guidance and direction.

Finally, my thanks go to all the group's employees without whom the success of the past year would not have been possible.

Doug Murray
Chief Executive Officer

29 June 2015

CHIEF FINANCIAL OFFICER'S REPORT

THE GROUP RECORDED A SOLID PERFORMANCE THIS YEAR WITH CONTINUING HEADLINE EARNINGS EXCLUDING ONCE-OFF ACQUISITION COSTS OF 897,9 CENTS PER SHARE, A GROWTH OF 9,7%

I am pleased to present my final CFO's report.

BACKGROUND AND OVERVIEW

The results this year were significantly impacted by both the disposal of RCS Group, as well as the subsequent acquisition of Phase Eight.

As was announced on SENS on 16 January 2015, the group acquired a c.85% holding in Poppy Holdco Limited which trades as Phase Eight. Phase Eight is a UK-based international women's clothing and accessories retailer trading out of 444 outlets across the UK and Ireland as well as 17 other international markets. For this financial year, two months of Phase Eight trading (February and March 2015) have been included in these results. Accordingly, to assist analysis, where relevant, we reflect the TFG position excluding Phase Eight as well as the combined position including the impact of the acquisition.

In addition, the results of RCS Group for the three-month period (April, May and June 2014) are included as profit from discontinued operations. As reported in our interim results, the transaction in relation to TFG's 55% interest in the RCS Group was completed with an effective date of 30 June 2014. TFG's share of the transaction proceeds was R1,4 billion.

As expected, trading conditions remained challenging particularly in the credit side of our business, but despite this the group recorded a solid performance this year, with continuing headline earnings excluding once-off acquisition costs of 897,9 cents per share, a growth of 9,7%.

Total turnover (including Phase Eight trading for two months) grew by 13,6% to R16 085,9 million. Excluding Phase Eight, turnover grew by 10,8% to R15 683,8 million with same store turnover increasing by 5,5%.

Our cash sales growth was particularly pleasing at 19,6% (including Phase Eight: 26,3%), reflecting the ongoing appeal of our merchandise to our customers. Cash sales for TFG excluding Phase Eight as a percentage of its total sales increased to 45,6% from 42,2% in the previous year while cash sales for the group including Phase Eight as a percentage of total sales increased to 46,9%. On an annualised basis, cash sales as a percentage of total sales for the group including Phase Eight would have increased to approximately 54%.

Full year credit turnover growth was constrained to 4,3%, although credit turnover growth was stronger during the second half of the year improving to 6,1% from 2,5% in the first half.

The credit environment has remained difficult and while we are pleased with the early signs of improvement in the credit cycle, we continue to apply credit risk management practices appropriate for this cycle. Net bad debt as a percentage of closing debtors book grew to 13,6% from 12,4% at the previous year-end in line with management's expectations. The debtors' book is adequately provisioned at 13,6%, up from 12,3%, at the previous year-end.

We continued to grow trading space by opening 195 stores for the full year in South Africa and the rest of Africa, while 26 were closed. At the year-end, TFG excluding Phase Eight was trading out of 2 280 stores, an increase in trading area of 6,7%.

In November 2014 TFG launched its online trading platform with two of its brands, hi and @home. Their performance to date has been encouraging and in line with management's expectations.

The key financial indicators for the year are as follows, and are discussed in more detail elsewhere in this report.

	Incl Phase Eight March 2015	Excl Phase Eight March 2015	Excl Phase Eight March 2014
Turnover (Rm)	**16 085,9**	**15 683,8**	14 159,0
Gross margin (%)	**47,3**	**46,7**	46,5
Operating margin (%)	**17,5**	**17,7**	17,9
ROE combined (%)	**23,4**	**n/a**	25,3
Space growth (TFG excluding Phase Eight) – annual (%)	**n/a**	**6,7**	6,1
Number of rewards customers – cash (million)	**3,6**	**3,6**	2,1
Number of rewards customers – credit (million)	**3,0**	**3,0**	2,6
Number of stores – SA	**2 132**	**2 132**	1 991
Number of stores – rest of Africa	**148**	**148**	120
Number of outlets – Phase Eight#	**444**	**n/a**	n/a

 # Located in the UK and Ireland, as well as 17 other countries.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

In order to provide users of this integrated annual report with information that is most relevant to them, we continue to include only summary financial information. Detailed annual financial statements are available on our website.

ACCOUNTING POLICIES AND STANDARDS

The annual financial statements have been prepared in accordance with our group's accounting policies, which comply with International Financial Reporting Standards (IFRS), Financial Reporting Guides as issued by the Accounting Practice Committee of the South African institute of Chartered Accountants, disclosures required by the Companies Act no. 71 of 2008 and the JSE Listings Requirements. Our group's principal accounting policies are consistent with those applied in the previous year except as described below.

The following revised accounting standards were adopted by our group during the year:

- Investment Entities (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 Financial instruments: Presentation)
- Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36 Impairment of Assets)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39 Financial instruments: Recognition and Measurement)
- IFRIC 21 Levies

The adoption of these standards had no material impact on these results.

During the year, the group adopted the following accounting policies as a result of the acquisition of Phase Eight:

- IFRS 2 Share-based Payments: Cash-settled share-based options
- IAS 39: Financial Instruments: Put and call option to acquire group equity

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

INCOME STATEMENT

RETAIL TURNOVER AND GROSS MARGIN

Retail turnover growth was pleasing at 10,8% (including Phase Eight 13,6%) with total retail turnover (including Phase Eight) of R16,1 billion. Same store turnover growth excluding Phase Eight was at 5,5%. We continued to benefit from strong cash sales growth in the second half of the year with total cash sales growth for the year of 19,6% (combined 26,3%), reflecting the ongoing appeal of our merchandise to our customers. Our credit turnover growth was stronger during the second half of the year at 6,1% improving from 2,5% in the first half. Full year credit turnover growth was 4,3%.

The table below indicates the growth in the various merchandise categories:

Retail turnover by merchandise category	Incl Phase Eight March 2015 (Rm)	Excl Phase Eight March 2015 (Rm)	Excl Phase Eight March 2014 (Rm)	% Change Incl Phase Eight	% Change Excl Phase Eight	% Same store growth Excl Phase Eight
Clothing	**10 849,9**	**10 447,8**	9 481,9	14,4	**10,2**	4,6
Jewellery	**1 466,8**	**1 466,8**	1 387,8	5,7	**5,7**	1,2
Cellphones	**1 556,3**	**1 556,3**	1 306,1	19,2	**19,2**	14,8
Homeware and furniture	**1 211,7**	**1 211,7**	1 073,6	12,9	**12,9**	7,4
Cosmetics	**1 001,2**	**1 001,2**	909,6	10,1	**10,1**	6,3
Total	**16 085,9**	**15 683,8**	14 159,0	13,6	**10,8**	5,5

Product inflation averaged 7% for the year. The gross margin at 46,7% (excluding Phase Eight) is consistent with the prior year. Including Phase Eight, the overall margin is at 47,3%.

Our stores in Africa continued to trade well, increasing their turnover by 23,9% with same store turnover growth of 12,2%.

The acquisition of Phase Eight gives TFG an entry into global markets allowing us to expand our international footprint. TFG including Phase Eight now trades through 2 724 outlets in 27 countries.

INTEREST INCOME

Due to the impact of the National Credit Act capping formula, interest yields remain at historically low levels. Interest received increased by 18,3% to R1 337,7 million. This was due to the higher average interest rate (two rate increases took place compared to the previous year, being 50bps in January 2014 and 25bps in July 2014), as well as the higher average book. Currently 89,0% of balances attract interest, marginally up from 88,9% last year.

OTHER REVENUE

Other revenue increased by 3,3% to R1 090,4 million, due to slower performances from customer value-added products as a result of the tough credit environment. Growth in insurance income, publishing income and mobile one2one airtime should improve when the credit cycle improves and the number of new active accounts starts to increase.

Collection cost recovery increased by 5,7% to R304,1 million as a result of collection costs being incurred and passed on to customers in line with the provisions of the Debt Collectors Act.

EXPENSES

Expenses were well controlled, growing by 12,1% excluding Phase Eight. Like-for-like expense growth was at approximately 8% with investment having been made in CRM and rewards as well as infrastructure to support e-commerce and Africa expansion. Utilities costs grew in excess of inflation and of particular concern to us this year was the significant increase in crime-related losses.

Depreciation and amortisation (excluding Phase Eight) grew by 12,9% reflecting the costs associated with new stores as well as related IT systems.

Employment costs remain our group's biggest operating cost, and were well controlled, increasing by only 9,8% over the previous year. The increase in these costs is due to normal staff salary increases, which this year averaged 6,0%, as well as the appointment of new staff to service new store openings.

Store occupancy costs, the group's second-largest operating cost, increased by 11,1% and as a percentage of sales increased to 9,9% from 9,8% last year. Lease escalations average 7% – 8%, with the balance of this cost relating to the opening of new stores. During the year 195 new stores were opened and 26 stores were closed.

Net bad debt and movement in provisions in our debtors' book increased by 9,4% to R1 023,6 million (compared to 39,5% in the prior year) while our debtors' book grew by 7,0%. Bad debt as a percentage of closing debtors' book increased to 13,6% from 12,4% in the previous year and 12,9% at the half year, very much within management's expectations. More detail on the group's bad debt and provisions is provided in the Financial Services review elsewhere in this report.

OPERATING MARGIN

Our group's operating margin (excluding Phase Eight) for the year was 17,7% compared to last year's 17,9%. Combined operating margin (including Phase Eight trading for the two months) is 17,5%.

FINANCE COSTS

Finance costs increased to R228,1 million and was impacted by higher borrowing levels due to investment in our debtors' book and capex, as well as the impact of finance costs on the UK borrowings of Phase Eight (that are non-recourse to TFG). In addition the interest rate was higher (having been impacted by two interest rate hikes of 50bps in January 2014 and a further 25bps in July 2014), as well as the introduction of R1,4 billion in term funding earlier this year which is at a rate approximately 1% higher than our normal cost of funding.

ONCE-OFF ACQUISITION COSTS

A total of R292,4 million was incurred in respect of advisory and related costs incurred primarily in the UK in relation to the Phase Eight acquisition. While these costs are required to be expensed, in order to aid comparability a measure of headline earnings from continuing operations excluding these once-off costs has been reflected.

TAXATION

The group's effective tax rate increased to 32,7% compared to 29,1% last year due to the increase in non-deductible expenses (primarily the once-off acquisition costs in relation to Phase Eight).

EARNINGS

Headline earnings decreased from R1 872,3 million in 2014 to R1 594,2 million this year reflecting the impact of the discontinued operation (RCS Group) as well as the impact of the once-off acquisition costs in relation to Phase Eight. Adjusted headline earnings totalled R1 881,9 million with headline earnings per share from continuing operations excluding the once-off acquisition costs in relation to Phase Eight increasing by 9,7% to 897,9 cents per share. Headline earnings per share has been calculated on the weighted average number of ordinary shares in issue of 204,3 million down from 206,0 million in the prior year.

Diluted headline earnings per share decreased from 813,1 cents to 750,7 cents.

The group's return on equity (ROE) is 23,4% compared to 25,3% in the prior year due to the impact of the RCS Group disposal as well as the once-off acquisition costs associated with Phase Eight.

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

DIVIDENDS

The final distribution is in the form of scrip with a cash dividend alternative of 325,0 cents per share – an increase of 10,9%. Accordingly the dividend in respect of the full year amounts to 588,0 cents per share, an increase of 9,7% reflecting the growth in the underlying continuing operations.

STATEMENT OF FINANCIAL POSITION

The tangible net asset value per share decreased by 47,7% to 1 833,3 cents per share due to the acquisition of Phase Eight which included a significant portion of intangibles. Total assets of continuing operations now amount to R18,5 billion.

ASSETS

Property, plant and equipment

Property, plant and equipment increased to R2 197,0 million, a growth of 12,4% (excluding Phase Eight). The increase largely relates to the opening of new stores, store enlargements and refurbishments in line with our strategy to increase trading space.

Trade receivables – retail

The group's net retail trade receivables increased by 7,0% to R6 199,9 million from R5 796,6 million. The book growth at 7,0% was marginally ahead of credit turnover growth reflecting a slight lengthening of the book in this difficult credit environment. Our active accounts base grew by 0,3% during the year.

Net bad debt write-off as a percentage of the debtors' book increased to 13,6% from 12,4%, very much within management expectations. The book is adequately provisioned at the year-end with the doubtful debt provision as a percentage of the debtors' book at 13,6%.

The key debtors' statistics are detailed in the TFG Financial Services section of this report.

Inventory

Total inventory on hand increased by 37,4% to R3 813,9 million and by 25,3% excluding Phase Eight. This increase is largely as a result of a system change on 1 April 2015 which resulted in cellphone and cosmetic orders being brought forward. In addition, the move of Easter affected stock levels as did the fact that Exact was particularly under-stocked in 2014 and is now at a more normalised stock level. We believe the levels of stock are appropriate to support expected trading. Stock turns in our business remain a focus and continue to be addressed through our supply chain initiative. Our stock turn in respect of jewellery merchandise at 1,6 is considered good in terms of world benchmarks, while the group's stock turns on homeware at 2,1 and clothing at 3,1 should improve further over the next few years as a result of our supply chain initiative. Adequate provision has been made for markdowns, shrinkage and inventory obsolescence.

ACQUISITION OF PHASE EIGHT

As referred to above, the group acquired c.85% of Phase Eight, with the remaining c.15% shareholding owned by management. Through put/call arrangements, the group has the right to acquire and management the right to sell all shares held by management in three equal tranches on the earlier of (i) the publication of the audited accounts of the group for each of the fourth, fifth and sixth years following completion of the acquisition or (ii) six months following the fourth, fifth and sixth year anniversaries of completion of the acquisition. As these put/call arrangements are a consequence of the business combination, they will be accounted for as a financial liability. Accordingly, no non-controlling interest is recorded. In addition, a cash-settled equity instrument was issued to the employees of the acquired group. The cash-settled share based payments is treated in accordance with IFRS 2.

The acquisition was fully hedged and converted using a ZAR:GBP exchange rate of R18,29, being the relevant hedged rate. The acquisition of Phase Eight was at an enterprise value of GBP238 million (R4 353 million) with an equity value of GBP159,0 million (R2 908,6 million) after taking into account net debt and related adjustments. The acquisition was funded through a combination of proceeds from the disposal of RCS Group and South African cash resources. The existing indebtedness of Phase Eight was refinanced through a new UK facility of GBP80 million which was raised on a non-recourse basis to TFG.

The at acquisition GBP values have been translated at the closing exchange rate at 15 January 2015 of GBP1:R17,50. These results include two months of Phase Eight trading, while the identifiable assets and liabilities of Phase Eight are reflected at their acquisition-date fair values.

Goodwill of GBP 142,3 million (R2,6 billion) and the Phase Eight brand amounting to GBP 87,9 million (R1,5 billion) have been recognised as intangible assets at acquisition. The goodwill consists largely of the value assigned to the unique operating business model and future growth prospects. The fair values used to calculate the goodwill are provisional and subject to further review for a period of up to one year from the acquisition date.

In addition, as previously stated, the once-off acquisition costs of R292,4 million have been expensed in the current period, but an adjusted headline earnings has been reflected in order to present users with a more useful basis for comparison.

RCS GROUP

As was announced on SENS on 10 April 2014, the group, together with The Standard Bank of South Africa Limited, entered into agreements which resulted in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group. Accordingly, the RCS Group was treated as a discontinued operation in terms of IFRS 5 for the year ended 31 March 2014, as well as 2015. The effective date was 30 June 2014 and thus RCS group results for the period 1 April 2014 to 30 June 2014 have been disclosed as a discontinued operation separately from continuing operations. TFG's share of the transaction proceeds was R1,4 billion while the profit on disposal of R273,2 million was excluded from headline earnings.

EQUITY

The group's attributable equity increased to R8 130,9 million from R7 228,6 million, translating into a tangible net asset value of 1 833,3 cents per share. At the financial year-end, treasury shares held by subsidiaries, including the share trust, amounted to 5,6 million shares, with the net number of shares in issue being 205,4 million.

At the annual general meeting of the company held on 1 September 2014 shareholders gave approval for a specific repurchase of 11 million ordinary shares held by a wholly owned subsidiary and approval, by way of a general authority, for the company to acquire its own shares from time to time, subject to the memorandum of the company, the provisions of the Companies Act and the Listings Requirements as presently constituted.

The specific repurchase was implemented on 19 September 2014 at an average price of R117,39 per share, whereafter the shares were cancelled and restored to authorised share capital. On 21 October 2014 11,0 million shares were delisted reducing the total shares in issue from 222 005 054 shares to 211 005 054 shares.

For further details on this and other repurchase transactions, please refer to note 15 in our summary financial information elsewhere in this report.

NON-CONTROLLING INTEREST

The non-controlling interest reduced from R861,3 million to an insignificant R2,7 million due to the disposal of the RCS Group. The remaining non-controlling interest relates to a small external shareholding in one of our minor subsidiary entities, Pienaar Sithole and Associates Proprietary Limited, which acts as a recovery agent.

As mentioned above, the shareholding by Phase Eight management is not treated as a non-controlling interest due to the put/call arrangements which are in place.

CHIEF FINANCIAL OFFICER'S REPORT

CONTINUED

DEBT PROFILE

	March 2015 (Rm)	March 2014 (Rm)
Interest-bearing debt	**7 042,5**	2 960,4
Less: Cash	**(800,4)**	(301,3)
Net borrowings TFG including Phase Eight	**6 242,1**	2 659,1
Less: Phase Eight net borrowings (non-recourse)	**(1 639,2)**	–
TFG borrowings excluding Phase Eight	**4 602,9**	2 659,1

The group's operations are financed primarily by means of its own cash flow as well as banking facilities. Net debt totals R6 242,1 million and represents consolidated gearing of 76,8% (2014: 36,8%). Excluding Phase Eight the recourse gearing amounts to R4 602,9 million reflecting recourse gearing of 56,6%.

Post the Phase Eight acquisition, it is our intention to bring our recourse debt/equity ratio closer to our medium term target of 40%. Accordingly a scrip distribution has been proposed with a cash dividend alternative. This has been offered to shareholders in the short term with the intention of increasing equity by approximately R1 billion over time. This will ensure that the group is well positioned to take advantage of future growth opportunities.

TRADE AND OTHER PAYABLES

Trade and other payables increased to R2 553,0 million (a growth of 12,6% excluding Phase Eight and 37,8% including Phase Eight) and to a partial extent finances the group's stockholding.

CAPITAL EXPENDITURE

Total capital expenditure for the year amounted to R669,8 million, most of which relates to the opening of the 195 new stores and refurbishments as well as investment in retail IT systems.

In line with our strategy of investing for the longer term, budgeted capital expenditure for 2016 excluding Phase Eight is approximately R650 million relating mainly to the opening of new stores and investment in retail IT systems. Also included is a further investment in our omni-channel strategy for online sales. Excluding Phase Eight we anticipate opening in excess of 160 new stores in the year ahead, approximately 6% floor space growth. Phase Eight anticipates opening in excess of 100 outlets in the year ahead with expected capex of approximately R140 million.

CASH FLOW

Cash flows from operating activities before working capital changes amounted to R3 047,4 million. The majority of our spend relates to investment in future growth, with a R403,3 million increase in our retail debtors' book. We experienced a net outflow from investing activities of R1 779,6 million relating to the acquisition of Phase Eight, offset by the disposal of RCS Group. Interest-bearing debt reflects a corresponding increase of R2 371,6 million.

FINANCIAL TARGETS

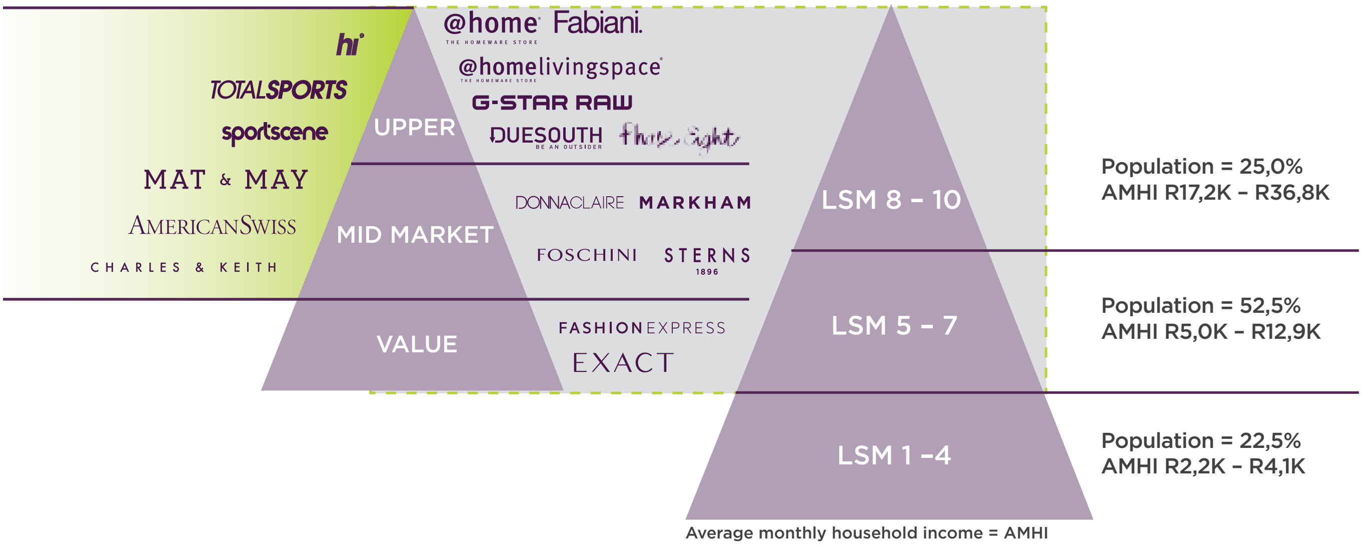
Our group's financial targets have been included in the performance summary on pages 14 to 15.

Ronnie Stein
Chief Financial Officer

29 June 2015

REVIEW OF OPERATIONS AND SERVICES

BRAND PROFILE



Source: AMPS Individual databases (2013B, 2014B)

TFG comprises 18 retail brands which are leading household names. Our group now trades out of 2 724 outlets in 27 countries. Of these 2 132 are in South Africa, 148 in seven countries across the rest of Africa and through Phase Eight a further 444 outlets in 19 countries internationally.

The majority of our 18 brands are own brands and it remains our intention to continually expand this range of brands by developing new brands in-house augmented by strategic acquisitions of brands.

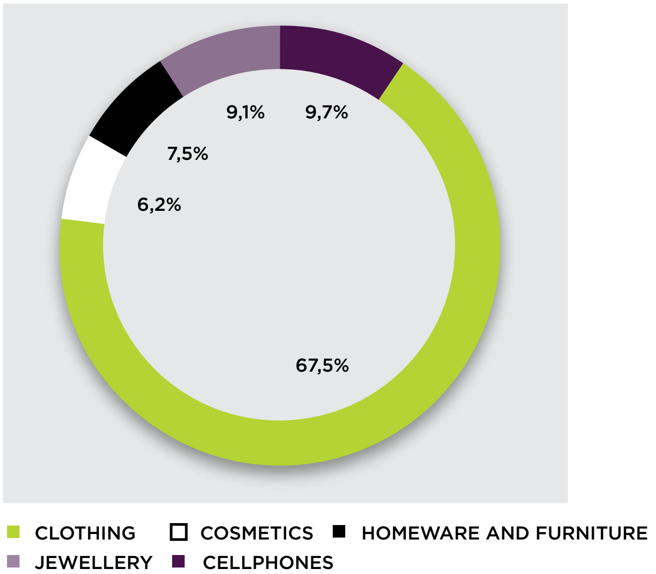
Through these brands, we have a broad range of product offerings across various merchandise categories, including clothing, cellphones, jewellery, cosmetics and homeware and furniture. Our clothing category comprises footwear, sporting apparel as well as men's and ladies' apparel across various LSM groupings from value to upper-end. Our offering comprises fashionability from relatively low fashion risk to higher-risk fashion.

Our brands appeal to a broad customer base ranging from value to upper-end LSM groups. This, together with our diversified product offering, supports our vision of being the leading fashion lifestyle retailer in Africa with a growing international footprint.

The brands in the upper LSM groupings include Fabiani and G-Star which are growing at a faster rate and our recent acquisition in this category, Phase Eight, has significant growth potential as well as opportunities for further brand development.

Our more traditional brands Donnaclaire, Foschini, Markham and Sterns are aimed at the mid-market grouping with brands such as Exact and Fashion Express being aimed at the the value end of the market. Our American Swiss, Totalsports and Sportscene brands straddle both the mid and upper market segments.

TURNOVER BY MERCHANDISE CATEGORY (TFG incl Phase Eight)



UPPER LSM CATEGORY

	@home THE HOMEWARE STORE		@homelivingspace THE HOMEWARE STORE		DUESOUTH BE AN OUTSIDER	
BRAND SUMMARY	Sells a comprehensive range of premium fashion homeware.		Offers a comprehensive range of contemporary furniture and décor items in addition to the homeware range.		Duesouth caters for the modern, hi-tech, outdoor consumer, who demands a clearly differentiated retail environment suited to their outdoor lifestyle.	
BRAND OFFERING	Homeware needed to equip and decorate a stylish modern home.		Homeware and furniture for lounge, dining, bedroom, office and outdoor.		Apparel, footwear, equipment and accessories for the outdoor.	
Primary LSM category	**UPPER**		**UPPER**		**UPPER**	
Target audience	**Males and females of all ages**		**Males and females of all ages**		**Males and females of all ages**	
	2015	2014	**2015**	2014	**2015**	2014
Number of stores	**84**	78	**21**	19	**46**	41
Floor area (gross m^2)	**29 854**	28 084	**34 494**	32 845	**11 544**	10 481
2016 projected number of stores	**85**		**28**		**51**	
2017 projected number of stores	**94**		**32**		**86**	

Average monthly household income = R17,2K – R36,8K

Population = 25,1%

Fabiani.	G-STAR RAW	Phase Eight
The leading, premium menswear retailer in Southern Africa. Fabiani is renowned for its combination of style, quality, passion and the unexpected pop.	Just the Product – G-Star Raw is the leading, authentic denim brand for men and women.	Offers the 35-55 year old woman stylish and contemporary fashion using high quality fabric for impeccable cut and fit.
Renowned for the exceptional cut of its suit, high-quality fabric and powerful design details. Offering expanded to include exclusive casual and accessory brands.	A fusion of high-level craftsmanship with street-level edge. Continously pushing the boundaries, evolving our core DNA. Challenging our designers to investigate new materials, styles and cuts.	Stylish and contemporary ladies fashion.
UPPER	UPPER	UPPER*
Upper-income males	Males and females aged 20 – 35 years	Females aged 35 – 55 years
2015 2014	**2015** 2014	**2015** 2014
16 15	**6** 4	**444** n/a
2 687 2 618	**1 071** 765	**28 789** n/a
23	**10**	**552**
25	**12**	**612**

** Phase Eight does not operate in SA currently but has been categorised as upper LSM due to its market positioning in respect of females with a high disposable income.*

MID TO UPPER LSM CATEGORY

	AMERICANSWISS		CHARLES & KEITH		hi	
BRAND SUMMARY	The ultimate brand experience in accessible luxury for jewellery, watches and accessories.		Charles & Keith is an established Singapore-based footwear and accessories chain with more than 400 stores across Asia, Middle East and Europe, It operates on a franchise basis with eleven stores in South Africa.		A standalone mobile technology store where fashion and lifestyle meet innovation, hi offers a range of connected lifestyle, mobile technology products such as cellular phones, notebooks, tablets, headphones, accessories, data and prepaid and contract airtime.	
BRAND OFFERING	An inspirational, exciting and indulgent retail experience offering the most wanted brands and of the moment looks.		International ladies footwear, handbags and accessories.		Targeted at a modern, 'tech-savvy' consumer with a connected lifestyle.	
Primary LSM category	**MID TO UPPER**		**MID TO UPPER**		**MID TO UPPER**	
Target audience	**Males and females of all ages**		**Females aged 18 – 40 years**		**Males and females of all ages**	
	2015	2014	**2015**	2014	**2015**	2014
Number of stores	**233**	227	**11**	7	**3**	3
Floor area (gross m^2)	**16 160**	15 745	**1 707**	973	**236**	236
2016 projected number of stores	**241**		**12**		**3**	
2017 projected number of stores	**259**		**19**		**11**	

Average monthly household income = R7,4K – R36,8K

Population = 61,7%

sportscene		**TOTALSPORTS**		**MAT & MAY**	
Sportscene offers a blend of sports and street brands that are trend-relevant, providing the street-conscious youth with a unique environment where sneakers are King,		The premier sports retailer in southern Africa and strategic partner of choice for Nike, adidas, Asics and Puma.		Mat & May offers lifestyle accessories including bags, wallets, sunglasses and cell-phones for the urban, fashion savvy consumer.	
A blend of street-credible sports brands in apparel, footwear and accesories.		Focus on football, running, fitness and rugby with a broad range of apparel, footwear and equipment.		Most wanted brands of sunglasses and cellphones together with a premium selection of the latest bags and wallets, including our own Mat & May branded range.	
MID TO UPPER		MID TO UPPER		MID TO UPPER	
Male and female youth aged 18 – 23 years		Males and females of all ages		Males and females aged 25 – 40 years	
2015	2014	**2015**	2014	**2015**	2014
207	173	**283**	260	**28**	28
45 635	39 167	**74 492**	68 506	**887**	800
238		299		28	
290		346		26	

MID MARKET LSM CATEGORY

	DONNACLAIRE		FOSCHINI	
BRAND SUMMARY	Donnaclaire offers shapely women stylish, high-quality fashion, accessories and shoes. It targets all women sizes 16 – 28.		The Foschini brand is positioned as a destination of choice for women seeking fashionable, contemporary clothing, footwear and cosmetics, offering good value in a modern environment. It is targeted at 25-to-40-year-old women.	
BRAND OFFERING	Sizes 16 – 28, smart casual clothing, accessories, lingerie and footwear.		Smart, casual, denim and leisurewear, accessories, lingerie, footwear, cellular, cosmetics, fine jewellery, kidswear in selected stores.	
Primary LSM category	**MID MARKET**		**MID MARKET**	
Target audience	**Fuller-figured females of all ages**		**Females aged 25 – 40 years**	
	2015	2014	**2015**	2014
Number of stores	**87**	86	**274**	261
Floor area (gross m²)	**23 359**	23 090	**195 834**	187 519
2016 projected number of stores	**89**		**287**	
2017 projected number of stores	**95**		**316**	

Average monthly household income = R7,4K – R16,2K

Population = 45,4%

MARKHAM

Markham is the largest menswear fashion retailer in South Africa and provides men in South Africa, Namibia, Botswana, Lesotho, Swaziland, Nigeria and Ghana with on-trend menswear of good quality and value, fitting for all occasions.

We stock a stylish array of Markham branded smart and casualwear, including footwear, accessories, cellphones and fragrances. Our denim range is spearheaded by Markham-owned Relay Jeans and complemented with a denim selection from G-Star, Guess and Levi's.

MID MARKET	
Males aged 20 – 35 years	
2015	2014
312	288
93 565	87 758
327	
334	

STERNS
1896

Contemporary and classic jeweller, celebrating life with perfect pieces, for now and forever.

Sharing joy with our customers through our bridal and gift offering, all complemented by Sterns' exceptional quality, craftmanship and design.

MID MARKET	
Males and females of all ages	
2015	2014
178	168
10 985	10 570
185	
196	

VALUE LSM CATEGORY

Average monthly household income = R5,0K – R12,9K

Population = 52,5%

	EXACT		FASHION EXPRESS	
BRAND SUMMARY	Offers "surprisingly affordable fashion for the modern family" with particular appeal to women and men aged 30 and upwards, as well as clothing and footwear for children aged 3 – 12 years.		For aspiring young middle-class women, Fashion Express is the only ladies-wear retailer that offers the seasonal fashion-right 'must-have' look at surprisingly great prices, because Fashion Express always delivers newness and excitement without sacrificing authenticity. "I can't believe it"	
BRAND OFFERING	Modern, contemporary clothing for families. Childrenswear an important aspect.		Offers a full product selection of smart, casual, leisure, Plus (sizes 18 – 28), sleepwear, footwear and accessories to our valued customers.	
Primary LSM category	**VALUE**		**VALUE**	
Target audience	**Family store**		**Females aged 25 – 35 years**	
	2015	2014	**2015**	2014
Number of stores	**262**	242	**229**	211
Floor area (gross m²)	**81 888**	75 981	**65 792**	61 527
2016 projected number of stores	**277**		**241**	
2017 projected number of stores	**297**		**263**	

TFG FINANCIAL SERVICES

PETER MEIRING
GROUP DIRECTOR

TFG Financial Services comprises the Credit unit, the Insurance, Publishing and One2One (O2O) unit, and TFG Group Marketing and E-commerce unit. Its responsibilities include the end-to-end management of the group's credit portfolio, the management of the group's insurance and magazine portfolios as well as its post-paid airtime interests. The group marketing and e-commerce unit is responsible for the group's customer relationship management strategy, the management of the group's rewards programme for cash and account customers, and the strategic leadership of the e-commerce programme.

KEY STRATEGIC INITIATIVES

The business is responsible for growing the group's credit and cash customer base and promoting the increase in shopping frequency and the value of the average customer spend. During the year, the group expanded its cash customer database by 71,4%. An increasingly challenging credit lending environment characterised by stringent credit lending criteria saw new credit accounts reduce by 0,6%. As a consequence of strong cash sales, the cash ratio improved further to 45,6% (2014: 42,2%) of total sales. At this level the group remains well positioned to deal with negative credit cycles while still able to benefit from the growth opportunity in the positive credit cycle.

Strategic objective	Progress during 2015
Offer customers a range of compelling rewards	• Rewards membership increases to 6,6 million (2014: 4,7 million). • Rewards customers spend 24,0% more than non-reward customers.
Alternative credit facilities will be investigated that will appeal to our changing customer base and simplify the account opening process	• A product aimed at facilitating high-volume purchases has been specified. • Account opening application on mobile devices has been introduced.
Integrated, secure omni-channel customer experience	• Two brands, @home and hi on-line launched. • Three sports brands preparing for go-live during 2016.

REVIEW OF THE YEAR – CREDIT UNIT

The credit landscape in the year under review has remained challenging. Macro-economic factors including low growth, labour unrest in several key sectors and continued high levels of unemployment did not improve the financial prospects of indebted consumers. However, the rate of deterioration in most metrics has slowed following prudent customer acquisition and credit management strategies.

The weakness in payment performance observed last year persisted with some signs of stability emerging in the final quarter. However, delays in statement delivery as a result of an extended postal strike overshadowed these improvements with resultant increases in delinquency levels during the third quarter of the year which included the festive season. Load shedding recommenced in November 2014, severely prejudicing both credit turnover and in-store account payments.

Responsible account acquisition remains a critical business imperative. Lending criteria continued to be tight. However, the redesign of operational processes in the new accounts call centre led to an improvement in new account accept rates. Notwithstanding this improvement, new customers approved and activated contracted by 0,6% (2014: -10,8%). Optimisation in the process of extending additional credit to existing customers of the group allowed for some expansion in credit sales from these customers while achieving improvements in the risk profile of the same portfolio. The ratio of overdue values to the book improved to 14,6% (2014: 15,3%).

In overall terms the tough credit environment saw credit sales growth at 4,3% (2014: 5,7%) and the growth in net book balances slowed to 7,0% (2014: 11,3%).

Credit Performance	2015	2014	% Change
Interest income (Rm)	**1 337,7**	1 130,5	18,3
Net bad debt (Rm)	**(1 023,6)**	(935,5)	9,4
Credit cost (Rm)	**(220,4)**	(184,9)	19,2
EBIT (Rm)	**93,7**	10,1	

Progress on key focus areas during 2015 :

Focus areas	Progress during 2015
Expanding new account acquisitions	• Applications for store cards can be made via mobile devices or the TFG website.
Improving quality of debtors book	• Better use of external data to improve quality of credit allocation increases.
Improving collections efficiency	• Improved pre-delinquency strategies aimed at pre-empting future delinquency. • External data from the bureaus used by collection agents to improve awareness of a customer's financial situation during payment negotiations. • Improved management of external debt collection agencies through more frequent review of placement strategies.
Optimising credit costs	• Work force management pilot launched in credit call centres to improve staff planning and to predict the amount of agents that are needed per hour/per day to optimally manage volumes in new accounts, customer service and collections.

	2015	2014	↑/↓
Number of active accounts ('000s)	**2 677,5**	2 668,9	↑
Credit sales as a percentage of total retail sales (%)	**54,4**	57,8	↓
Net debtors' book (Rm)	**6 199,9**	5 796,6	↑
Overdue value as a percentage of debtors' book (%)	**14,6**	15,3	↓
Net bad debt write-off as a percentage of credit transactions (%)	**8,0**	7,1	↑
Net bad debt write-off as a percentage of debtors' book (%)	**13,6**	12,4	↑
Doubtful debts provision as a percentage of debtors' book (%)	**13,6**	12,3	↑
Provision value (Rm)	**976,3**	816,0	↑
Percentage able to purchase (%)	**80,9**	79,3	↑

TFG FINANCIAL SERVICES CONTINUED

Interest income

The increase in interest income of 18,3% (2014: 14,9%) is attributable to interest rate increases and book growth. The average nominal rate prevailing during the year increased to 22,5% (2014: 21,1%) following a repo rate increase in January 2014 and July 2014 of 0,5% and 0,25% respectively. The group continues to offer predominantly 6 and 12-month plans to its customers.

Net bad debt

Growth in net bad debt slowed significantly to 9,4% (2014: 39,5%). This improvement reflects the tightening of credit policies during the last 24 months. Continuous improvements in collection tactics have been achieved, including the expansion of pre-delinquency campaigns. These campaigns attempt to pre-empt future delinquency by addressing customers who display a high propensity for delinquency, but are not yet 30 days in arrears. In addition, systems enhancements have been undertaken to integrate external data into payment negotiations so that collectors can secure more appropriate, sustainable payments. Write-off policies remain consistent with prior years. Despite the bad debt growth reducing to 9,4%, it was nevertheless, in excess of book growth causing the net bad debt ratio to the book to increase to 13,6% (2014: 12,4%).

Credit costs

Strategic initiatives demanded greater investment in the cost base. The ongoing commitment to expanding and maintaining both the cash and the credit base required additional resources, both in terms of higher costs of communication and expanded acquisition campaigns aimed at more desirable, but lower responding market segments.

Credit cost include costs associated with the establishment of the e-commerce management team and associated call centre support.

In response to escalating transactional fraud losses, the forensics unit was expanded, and identity verification processes were reinforced. In addition, the systematic replacement of all store cards with cards offering enhanced security features commenced during the year.

New accounts and credit sales

The credit approval criteria remained consistent. As a result the volumes of new accounts approved were constrained during the year, and combined with the volumes in write-off, active accounts increased by a modest 0,3%. The credit information amnesty was implemented during the year. Early indications are that this resulted in a minor improvement in accept rates following implementation, and that these effects are subsequently reversing. The low growth in the active base limited credit sales growth to 4,3% (2014: 5,7%).

Provisioning

The statistical methodology utilised to quantify the expected value of the doubtful debt provision has been applied consistently. The model considers past payment performance and default behaviours to quantify expected losses. The required provision of R976,3 million (2014: R816,0 million), represents 13,6% (2014: 12,3%) of closing book and is in keeping with the actual bad debt losses experienced during the course of the year.

Credit regulation

Apart from the credit information amnesty introduced early in the financial year, the National Credit Act Amendments and Affordability Regulations were released in March 2015. The aim of this legislation is to ensure improved affordability assessments in the industry. Given the group's prevailing practice of stringent and conservative evaluation of stated customer income and expenses, this legislation is unlikely to improve the quality of our affordability assessments. The response of customers to the new requirement to evidence income is, however, uncertain.

Further changes in credit regulation, including changes with regard to fees, interest and the in duplum laws are being investigated by the National Credit Regulator. These developments will be closely monitored.

REVIEW OF THE YEAR – CUSTOMER VALUE ADDED PRODUCTS

PUBLISHING, INSURANCE AND O2O

Key facts about the Publishing, Insurance and O2O unit:

	2015	2014	↑/↓
Net income (Rm)	450,9	453,9	↓
Growth in net income from publishing (%)	1,3	11,7	↓
Growth in net income from insurance activities (%)	(1,8)	14,2	↓
Growth in net income from O2O (%)	(2,3)	32,3	↓
Number of new product/service launches	2	2	–

Since most of the customer-value-added products portfolio is offered exclusively to account holders, credit cycles influence the growth prospects of this unit. In this respect, the year under review proved especially challenging. The pool of customers available to the product sales teams was reduced due to muted new account growth and sustained levels of delinquency in the customer base, causing fewer customers to be in a billable position. Coupled with this smaller pool of customers, sales yields also reduced from their previous levels.

As a result, the net income from the publishing, insurance and one2one decreased by 0,7% (2014: +15,6%).

Publishing

The group offers its customers monthly subscriptions to a diverse selection of magazines. Each subscription includes specific lifestyle benefits that enhance the value proposition. While the offer was previously only available to account holders, selected publications are now available through news agents and via online subscription. Achieving greater sales from our cash customer base is an important strategic focus for next year.

Growth in net income from publishing amounted to 1,3% (2014: 11,7%). New innovative offerings are continuously being explored to add to the existing range of titles. During the year, the magazine portfolio was expanded to include a highly successful food title, MyKitchen, which achieved a monthly subscription base of more than 40 000 by the sixth issue. The business continues to retain its position as the market leader in the publishing sphere. Eight of the group's 12 publications have the highest circulation in their category. The total average monthly billed circulation of all publishing titles is 1,8 million.

Insurance

The insurance portfolio includes a wide range of products offering customers protection against both personal and product losses. Most of these products are only available to account holders.

Net income from insurance decreased by 1,8% (2014: +14,2%) attributable to the lower yield from a smaller billable base. The product range was expanded with the launch of the Income Assist policy providing retrenchment and disability cover. All products are bundled with a range of benefits, spouse or family options are available on selected policies. Group insurance offerings are optional, and no mandatory credit life cover is required. During the year, control of the claims management area was successfully absorbed into the business unit.

One2one

One2one is the group's contract mobile airtime product. It is also available only to account holders. Net income from one2one reduced by 2,3% (2014: +32,3%). The 2014 year benefited from the introduction of an improved selection model. This impact could not be replicated in the current year and, combined with increasingly competitive market conditions and aggressive pricing by the cellular networks, sales growth was limited. However, the product remains attractive and convenient for many customers.

REVIEW OF THE YEAR – GROUP MARKETING AND E-COMMERCE

This unit is responsible for the customer relationship management (CRM) strategy and its implementation across the group as well as the strategic leadership of the group's e-commerce programme. The CRM responsibilities include developing methods of acquiring new credit and cash customers and providing a range of benefits under the REWARDS & MORE programme. These benefits are designed to encourage customers

TFG FINANCIAL SERVICES CONTINUED

to increase the frequency of their shopping visits and their average spend at group stores.

The convenience and immediacy of the REWARDS & MORE programme continued to attract interest as membership increased to 6,6 million (2014: 4,7 million). Most of the growth comes from new cash customers. The rich database offers a wealth of behavioural data regarding the purchasing preferences of customers, enabling incentives to be structured to appeal to customers across their preferred brands and merchandise. The success of this programme has been highlighted by the substantial increased average spend associated with customers who take up these offers.

The group successfully launched its e-commerce platform with two brands, @home and hi online. Trading results have been encouraging and the group is committed to further expansion of its e-commerce offering with a wider range of TFG brands next year.

TFG's mobile application for customers expanded its reach as registered customers increased to 260 000 (2014: 80 000). This application allows both credit and cash customers to interact with the brands across a variety of functions.

In March 2015, TFG piloted an e-statement solution that utilises an e-mail as well as a mobile platform. This initiative will be rolled out to the entire credit base over time. As much as it is an eco-friendly and a technologically efficient solution, it also allows our customers to be timeously informed of their payment obligations and to any brand-specific promotional activity. In light of the postal strikes last year, the group aims to ensure that communication with customers can be successfully maintained at all times.

TFG FINANCIAL SERVICES PROSPECTS AND STRATEGY

While there are signs that the sustained negative credit cycle that has prevailed for some years is easing, current trends suggest that consumers remain under pressure and that credit lending conditions are likely to remain challenging. The new regulatory requirements will add further complexity to the consumer credit environment.

Responsible account acquisition strategies will continue to underpin our origination strategy. Due to regulatory and economic constraints the active account base is expected to remain at current levels. Optimal levels of credit are available to customers and the challenge remains to encourage customers to utilise our credit products. Campaigns aimed at mobilising this base of credit customers together with our increasing pool of cash customers are underway. It is our intention to increase the average number of store visits that a customer makes as well as the amount spent on each occasion. This will be achieved through exposing customers to the latest group product offerings and to couple these offerings with relevant incentives that result in a compelling proposition to our customers.

Ensuring in-store advocacy of the rewards programme, both in terms of cash rewards swipes and voucher redemption is a key focus area. In addition, strategies to improve the visibility of the rewards programme for account customers will be developed.

The rate of growth of bad debt should continue to decelerate. The significant investments that the group has made in the collections infrastructure and processes should continue to deliver benefits into the ensuing year. Focus will be given to improving efficiencies and similarly reducing costs in managing collections.

The business recognises the strategic significance of e-commerce and is expecting to launch e-commerce sites for our three sports brands in the coming year. The digital account opening platform will also be more aggressively promoted during the course of the next 12 months.

The publishing, insurance and one2one business is expected to launch two new products. Systems and strategies to facilitate the increased penetration of cash markets in this area have been formulated and are expected to be introduced during the course of the year.


adidas
ORIGINALS
NIKE
PUMA
VANS
SUPERGA
CONVERSE
new balance
GET
adidas
ORIGINALS
PUMA
CONVERSE
VANS

TFG'S GOVERNANCE PROFILE

CORPORATE GOVERNANCE REPORT

TFG remains committed to the highest standards of corporate governance. Transparency and accountability remain the key principles on which all its business activities are conducted. TFG fully supports the governance principles contained in the King Code of Governance of South Africa 2009 (King III) and the Listings Requirements of the JSE. Governance extends beyond regulatory compliance as management aims to create and maintain a culture of good governance throughout the group.

KING III

TFG continues to apply the King III principles in terms of the composition and functioning of its governance structures as well as the governance of its day-to-day activities. A register of all 75 King III principles is available on our website.

GOVERNANCE STRUCTURES

The non-executive board of TFG embraces the responsibilities imposed by King III and acknowledges that it is ultimately accountable for the strategy, direction, leadership, governance and performance of TFG. It also has oversight of the development, approval and updating of TFG's purpose, value and mission statements, significant policies and goals related to economic, environmental and social impacts. Day-to-day management and operations is the responsibility of the operating board.

The scope and functioning of the board and board committees are governed by formal board charters. These charters are reviewed and updated regularly. They outline the relevant authority, responsibilities, powers, composition and functioning of the board and its committees.

COMPOSITION

In accordance with King III requirements, the board of directors of TFG comprises a majority of non-executive directors with the majority being independent. The nomination committee gives due consideration to succession planning for all main board directors and ensures that all committees are appropriately constituted and chaired. The board structure as at 31 March 2015 comprised 11 directors, eight of whom were non-executive directors, of whom seven were independent directors and one is not regarded as independent. The remaining three directors are executive directors, namely the Chief Executive Officer, the Chief Financial Officer and Group Director: TFG Financial Services, and are salaried employees of TFG.

Five committees assist the board in discharging its duties. The committees are: the remuneration, risk, audit, social and ethics, and nomination committees. An overview of the functions of these committees appears later in this report. The composition of the board and its committees appears on page 84.

DIRECTORS

The non-executive directors come from diverse backgrounds in commerce and industry. Their collective experience enables them to provide sound, independent and objective judgement in decision-making that is in the best interests of TFG. They are ultimately responsible for the performance of TFG, its long-term sustainable growth and the enhancement of shareholder value. They review and ratify TFG's strategy in addition to monitoring and measuring its performance and executive management against key performance indicators. They provide opinion and advice regarding the group's financial, audit, governance and risk management controls. In order to ensure sustainable leadership they review transformation and succession planning at senior levels, and provide input into the remuneration process.

All directors exercise unfettered discretion in the fulfilment of their duties, resulting in constructive debate at meetings that continues to yield well-considered decisions. There exists a balance of power and authority amongst the directors of the board.

Detailed information on the directors and their credentials appears on pages 40 to 43.

Director appointment and induction

Potential new directors go through a thorough interview procedure until a suitable candidate is chosen, and appointed. The process is contained in a policy detailing the appointment procedure and it ensures that appointments are a matter for the board of directors as a whole, assisted by the nomination committee. Newly appointed directors hold office only until the next annual general meeting at which time their original appointment is confirmed and they stand for re-election at that meeting. Each year, one third of the existing non-executive directors are subject to retirement by rotation. This is in line with King III and the memorandum of incorporation. The nomination committee recommends re-election by shareholders after due consideration is given to the director's attendance at meetings and performance. Non-executive directors have no fixed term of employment and the performance of all directors is subject to an annual peer review.

A formal induction programme for new non-executive directors is in place with the objective of maximising their understanding of the group and enabling them to immediately provide input and make well-informed decisions.

Changes to the board and committees during the 2015 financial year

There were no changes to the board during the financial year. The only changes to committee composition were in respect of the social and ethics committee where Ms BLM Makgabo-Fiskerstrand and Ms NV Simamane were appointed as additional members, as well as in respect of the remuneration committee where Ms BLM Makgabo-Fiskerstrand was appointed as an additional member. These changes were effective from 10 October 2014.

Changes to the board subsequent to year-end

The following changes to the board and committee composition took place after year-end.

- On 4 May 2015 Mr M Lewis replaced Mr D M Nurek as a member of the remuneration committee.
- On 19 June 2015 Mr DM Nurek resigned as chairman and director of TFG. Accordingly, he is no longer a member of any committee.
- On 19 June 2015 Mr M Lewis was appointed as chairman of the board and also as chairman of the nomination committee.

On 30 June 2015 Mr R Stein will be retiring as Chief Financial Officer of the group but he will remain on the board as a non-executive director.

Mr A Thunström, currently CFO-elect, will be appointed as Chief Financial Officer with effect from 1 July 2015. Mr Thunström will be appointed to the risk committee and wil be an invitee to the audit and social and ethics committees.

On 30 June 2015, Mr PS Meiring will also retire from the group.

Independence assessment

All non-executive directors are annually required to complete an independence questionnaire to establish whether they meet the objective independence criteria in King III. Seven of the non-executive directors at 31 March 2015 were independent according to the King III definition of independence.

It is believed to be prudent to not regard Mr D Friedland as an independent non-executive director despite the fact that whilst at KPMG he was not TFG's designated auditor or the managing director of KPMG.

Of the seven directors that satisfied the objective independence requirements at 31 March 2015, four had served a term in excess of nine years. The board reviewed the independence of Mr D M Nurek, Mr S E Abrahams, Mr M Lewis and Prof F Abrahams and after due consideration (during the relevant meeting the aforementioned directors recused themselves), concluded that their long association with the group in no way impaired their independence.

Remuneration and shareholding

The remuneration paid to directors during the current year as well as details of direct and indirect shareholdings are disclosed in the remuneration report which appears elsewhere in this report. Information regarding their participation in share incentive schemes (which is limited to executive directors) is also disclosed.

Dealing in shares

The board complies with the Listings Requirements of the JSE in relation to restrictions on the trading of TFG's shares by directors and employees during the defined closed periods. Restrictions may also be placed on share dealings at other times if TFG is involved in corporate activity or sensitive negotiations.

There is a process in place in terms of the Listings Requirements of the JSE for directors to obtain prior clearance before dealing in TFG's shares. All transactions are conducted at the ruling market price on the JSE.

Details of directors' share dealings are disclosed on SENS and subsequently tabled at the next board meeting.

Directors' interests in contracts

In addition to a formal annual disclosure process, directors are required to make ongoing disclosures of any interests in contracts. During the year under review, the directors had no interest in contracts as contemplated in the Companies Act.

BOARD MEETINGS

The board typically meets quarterly in Cape Town and further meetings are held at short notice when necessary. Proceedings at meetings are directed by way of a formal agenda. The proposed agenda is circulated in advance of the meeting to allow board members sufficient opportunity to request additional agenda items.

In addition, a comprehensive board pack is distributed to all members in advance of meetings to ensure that they are properly informed and able to engage in meaningful discussions and effectively discharge their duties.

All directors have unrestricted access to the company secretary and all company records, as well as to independent professional advice at the company's expense in appropriate circumstances.

During the current financial year, the board, *inter alia,* approved projections and results, approved dividend declarations, reviewed strategy, focused on current performance and considered report-backs from board committees.

CORPORATE GOVERNANCE REPORT CONTINUED

BOARD AND COMMITTEE ATTENDANCE

The attendance of directors at board meetings and board committee meetings for the financial year was as follows:

	Board	Remuneration Committee**	Risk Committee	Audit Committee	Nomination Committee	Social and Ethics Committee
Number of meetings	5	3	4	3	3	2
D M Nurek##	5	3	4	2#	3	2
F Abrahams	5	3	–	–	–	2
S E Abrahams	4	–	3#	2	2	–
D Friedland	5	2*	3*	2#	–	–
M Lewis	5	–	–	–	3	–
B L M Makgabo-Fiskerstrand	5	3*	–	–	–	-*
E Oblowitz	5	–	4	3	–	–
N V Simamane	5	–	–	3	–	1*
A D Murray	5	3#	4	3#	3#	2
R Stein	5	–	4	3#	–	2#
P S Meiring	5	–	–	–	–	–

invitee
* *appointed to the committee on 10 October 2014*
** *from May 2015 M Lewis replaced D M Nurek on this committee*
resigned from the board on 19 June 2015

BOARD EVALUATIONS

An annual evaluation of the board, its members and each of the committees is undertaken by way of comprehensive questionnaires sent to all board members. The results are collated and passed on to the chairman who has a one-on-one interview session with each director to discuss their feedback as well as any areas of concern. The chairman provides feedback to the full board on any actions arising from the evaluation process.

The annual evaluation is comprehensive encompassing all aspects of the board's responsibilities. It covers both individual member contributions and the effectiveness of the board and its committees as a whole. The evaluation in respect of the current year will commence shortly and the outcome thereof will be tabled at the next board meeting.

As regards the previous annual evaluation, all action items have been attended to. These action items included the following: a more in-depth training programme for non-executive directors on the credit business of TFG, outcome of benchmarking of TFG's information technology landscape, three meetings of the nomination committee to be held each year and that the membership of the social and ethics committee be re-looked with a view to possibly appointing additional committee members.

COMPANY SECRETARY

The company secretary, Ms D Sheard, is accountable to the board and all directors have access to her advice and services as the company secretary. She maintains an arm's length relationship with the board and is not a director of the company. The company secretary is independent and functionally reports to the board on company secretarial matters.

The company secretary's duties include but are not limited to those listed in section 88 of the Companies Act.

Every year, as part of the annual board evaluation process, the directors assess whether the company secretary has fulfilled her obligations and duties. The annual assessment questionnaire gives directors the opportunity to rate the company secretary and to raise any concerns.

The board believes that the company secretary is suitably qualified, competent and experienced and is able to provide the board with the requisite support for its efficient functioning and discharge of its duties as prescribed by the Companies Act, King III and the Listings Requirements of the JSE.

MAIN BOARD COMMITTEES

The main board of directors has delegated specific responsibilities to board committees, each with its own charter that defines its powers and duties. The committees aim to review their charters annually and undertake an annual performance evaluation. All committees are chaired by an independent non-executive director.

The board committees meet independently and provide feedback to the main board through their chairpersons. In addition, minutes of all committee meetings are included in the main board packs and all directors are given the opportunity to raise any concerns or questions arising from these minutes.

The directors confirm that the committees have functioned in accordance with their written terms of reference during the financial period. An overview of each committee's functioning and responsibilities follows.

Audit Committee	Scheduled meetings	Responsibility
Members S E Abrahams (Chairperson) E Oblowitz N V Simamane **Invitees** D M Nurek# D Friedland A D Murray R Stein	Three times per annum	• to review the effectiveness of the group's systems of internal control including internal financial control, to ensure that effective internal control systems are maintained and to assist in the oversight of the risk management process (particularly as it concerns financial reporting) • to ensure that written representation on internal control are submitted to the board annually by all heads of trading and service divisions (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 ensure that the scope of the internal audit function has no limitations imposed by management and that there is no impairment on its independence • to evaluate the independence, effectiveness and performance of the external auditors and obtain assurance from the auditors that adequate accounting records are being maintained • to recommend the appointment of the external auditors on an annual basis • to ensure that the respective roles and functions of external audit and internal audit are sufficiently clarified and co-ordinated • to review financial statements for proper and complete disclosure of timely, reliable and consistent information and to confirm that the accounting policies used are appropriate

 # Resigned from the board 19 June 2015

CORPORATE GOVERNANCE REPORT CONTINUED

Risk Committee	Scheduled meetings	Responsibility
Members E Oblowitz (Chairperson) D M Nurek# D Friedland A D Murray R Stein **Invitee** S E Abrahams	Four times per annum	• to ensure that appropriate risk and control policies are in place and are communicated throughout the group • the process of risk management and the system of internal control are regularly reviewed for effectiveness • there is an ongoing process of identifying, evaluating and managing the significant risks faced by the group, and that this is in place throughout the year • a formal risk assessment is undertaken annually • there is an adequate and effective system of internal control in place to manage the more significant risks faced by the group to an acceptable level • there is a documented and tested process in place that will allow the group to continue its critical business processes in the event of a disaster, *inter alia,* the destruction of a distribution centre, head office or computer facility, that affects its activities • a risk register is maintained and kept up to date • appropriate insurance cover is placed and regularly reviewed, and all uninsured risks are reviewed and managed

Social and Ethics Committee	Scheduled meetings	Responsibility
Members D M Nurek (Chairperson)# Prof F Abrahams N V Simamane* B L M Makgabo-Fiskerstrand* A D Murray **Invitee** R Stein	Twice per annum	The committee has the following focus areas: • social and economic development • good corporate citizenship • the environment, health and public safety • consumer relationships • labour and employment A separate transformation sub-committee ensures that the issue of transformation receives appropriate focus

* *Appointed to the committee on 10 October 2014*
\# *Resigned from the board 19 June 2015*

Remuneration Committee	Scheduled meetings	Responsibility
Members	Three times per annum	The key mandate of the committee is to compile emolument proposals in accordance with the group's remuneration strategy which are then considered by the main board. This is designed and tailored to:
Prof F Abrahams (Chairperson)		• continue to attract, retain and motivate executives of the highest calibre
D M Nurek#		• enable the group to remain an employer of choice
B L M Makgabo-Fiskerstrand*		• ensure that the blend of skills consistently achieves predetermined objectives and targets
D Friedland		
Invitee A D Murray		

* *Appointed to the committee 10 October 2014*
\# *Mr M Lewis replaced Mr DM Nurek on this committee in May 2015. Mr DM Nurek resigned fom the board 19 June 2015*

Nomination Committee	Scheduled meetings	Responsibility
Members D M Nurek# (Chairperson) S E Abrahams M Lewis## **Invitee** A D Murray	At least once per annum; met three times in the 2015 financial year	• reviewing the board structure, size and composition • reviewing the nature, size and composition of the board committees • succession planning • reviewing the balance between non-executive and executive directors • ensuring that the directors have the required blend of experience, skills and knowledge to guarantee the continued success of the group • ensuring the existence of a formal process of performance evaluation

\# *Mr DM Nurek resigned fom the board 19 June 2015*
\## *Appointed chairman of this committee 19 June 2015*

CORPORATE GOVERNANCE REPORT CONTINUED

LEGAL COMPLIANCE

Ultimate accountability for compliance rests with the board. The board is responsible for establishing an effective compliance framework. Management implements this compliance framework and processes in order to manage compliance risk as an integral part of enterprise wide risk management. In addition, the board receives regulatory updates and compliance reports at the audit and social and ethics committee meetings. The functioning and purpose of the compliance function is documented in TFG's Legal Compliance Policy which is in accordance with Chapter 6 of King III.

The management of compliance risk refers to the current and future risk of damage or harm to TFG's business model or objectives, reputation and financial soundness arising from non-adherence with regulatory requirements.

The responsibilities of the compliance function include:

- reporting to the audit, and social and ethics committees;
- identifying, assessing and advising TFG on existing, new or amended legislation that is applicable to TFG's business, including giving recommendations on applicable rules;
- facilitating legal compliance with relevant laws and rules;
- assigning responsibility for areas of compliance;
- facilitating legal compliance with internal policies, rules, guidelines and procedures;
- facilitating and reviewing management's monitoring of compliance;
- drafting compliance risk management plans for key pieces of legislation;
- monitoring regulatory compliance by the business and reporting on those findings to management;
- drafting and submitting statutory compliance reports to Regulators; and
- liaising with various Regulators regarding regulatory reporting and legislative changes.

During 2015, additional effort has been applied to:

- Additional monitoring of compliance in our credit business following the appointment of a dedicated credit compliance resource to meet the increasingly complex regulatory environment;
- A more formalised approach to managing compliance in the rest of Africa; and
- Assistance to Phase Eight management in respect of amplifying their approach to compliance.

TFG has recently focused on the following new, amended or draft laws:

- National Credit Amendment Act, amended Codes of Conduct, Regulations on affordability assessments and guidelines
- Labour Relations Amendment Act
- Basic Conditions of Employment Amendment Act
- Financial Advisory and Intermediary Services Act board notices
- Draft Financial Sector Regulation Bill
- Treating Customers Fairly framework
- Broad-Based Black Economic Empowerment Amendment Act and amended Codes of Good Practice
- Protection of Personal Information Act

TFG has working groups and project boards in place to ensure that there are impact assessments for significant new laws and amendments. Thereafter timelines, implementation areas and business owners to implement changes are agreed.

Based on key laws that are effective as at 31 March 2015, there are no material areas of non-compliance.

The group is impacted by, adheres to, or uses as guidance in its operations, non-binding rules, codes, standards, initiatives and frameworks, which includes the following:

- Advertising Standards Authority Code of Conduct
- Information Technology (IT) ISO Standards and IT Governance Frameworks
- Payment Card Industry Data Security Standard (PCI DSS)
- Europay, MasterCard and Visa (EMV) Standard for credit and debit payment cards based on chip card technology
- Carbon Disclosure Project (CDP)
- Kimberley Process
- Global Reporting Initiative (GRI)
- JSE Socially Responsible Investment (SRI) Index
- King Code on Corporate Governance (King III)

BOARD AUDIT COMMITTEE REPORT

BOARD AUDIT COMMITTEE REPORT

The audit committee is pleased to present its report for the financial year ended 31 March 2015 to the shareholders of TFG.

This report is in compliance with the requirements of the Companies Act of South Africa No. 71 of 2008 (the Act) 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 has recently been reviewed and which incorporates all the requirements of the Act. This charter guides the committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the board.

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

DUTIES OF THE COMMITTEE

The duties of the audit committee are, *inter alia*:

Statutory duties as prescribed in the Act:

General

- The committee will receive and deal appropriately with any concerns or complaints (whether internal or external) or on its own initiative relating to the accounting practices and internal audit of TFG; the content or auditing of TFG's financial statements; the internal financial controls of TFG; or any related matter.

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 policies are in place which have been consistently applied;
- to evaluate the appointment of the external auditors on an annual basis and to ensure that such appointment is in terms of the provisions of the Act and any other legislation;
- to approve the audit fee and fees in respect of any non-audit services; and
- to determine the nature and extent of any non-audit services that the auditor may provide to the group and pre-approve any proposed agreements for non-audit services.

Financial results

- to make submissions to the board on any matter concerning the group's accounting policies, financial control, records and reporting; and
- to provide as part of the integrated annual report, a report by the audit committee.

Duties assigned and delegated by the board

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; and
- to assist the board in carrying out its risk management and IT responsibilities;

External auditors

- 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.

BOARD AUDIT COMMITTEE REPORT

CONTINUED

Finance function

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

Financial results

- to consider any accounting treatments, significant unusual transactions, or accounting judgements that could be contentious;
- to review management's assessment of going concern and make a recommendation to the board that the going concern concept be adopted by the group; and
- to review the integrated annual report, as well as annual financial statements, interim reports, preliminary reports or other financial information prior to submission and approval by the board.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The committee comprises three independent non-executive directors and the chairman of the committee is not the chairman of the board. The following directors served on the committee during the year under review:

Name of member	Date appointed to committee
Mr S E Abrahams (Chairman)	29 January 1999
Ms N V Simamane	24 February 2010
Mr E Oblowitz	1 October 2010

The committee held three meetings during the 2015 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. The chairman provided written reports to the main board summarising the committee's findings and recommendations.

Details of fees paid to committee members appear in note 37 of the annual financial statements.

The chief executive officer, the chief financial officer, the head of Internal Audit, the company secretary and the external audit partner and staff attend meetings at the regular invitation of the committee. David Friedland, a non-executive director also attends the meetings at the 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

The annual board evaluation (which includes an evaluation of all sub-committees) is due to take place shortly after the issue of this report. This evaluation will formally assess the performance of audit committee members during the past year. The chairman of the committee has, however, performed an informal assessment and is satisfied with the performance of the members of the committee. Members have also been 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.

MEETING ATTENDANCE:

Name of member	Qualifications	27 May 2014	3 November 2014	9 March 2015
S E Abrahams	FCA CA(SA)	Apologies	Present	Present
E Oblowitz	BComm CA(SA) CPA(Isr)	Present	Present	Present
N V Simamane	BSc(Biochem) (Hons)	Present	Present	Present

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

E Oblowitz

N V Simamane

COMMITTEE FUNCTIONING

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

- consideration of control risks and risk management (typically in February/March each year);
- approval of annual results (typically in May 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. The head of internal audit reports directly to the audit committee.

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, *inter alia*, comprising:

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

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

SPECIFIC RESPONSIBILITIES

The committee confirms that it has carried out its functions in terms of the board audit committee charter and section 94 (7) of the Companies Act, No. 71 of 2008 by:

- confirming the nomination of KPMG Inc. as the group's registered auditor for the year ending 31 March 2016 and being satisfied that they are independent of the company;
- approving the terms of engagement and fees to be paid to KPMG Inc.;
- ensuring that the appointment of KPMG Inc. complies with the provisions of the Companies Act;
- determining the nature and extent of any non-audit services which the external auditors provide to the company, or a related company;
- pre-approving any proposed agreement with KPMG Inc. for the provision of any non-audit services;
- preparing this report for inclusion in the annual financial statements as well as in the integrated annual report;
- receiving and dealing appropriately with any relevant concerns or complaints;
- making submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting; and
- performing such other oversight functions as may be determined by the board.

INTERNAL FINANCIAL CONTROL AND INTERNAL AUDIT

Based on the assessment of the system of internal financial controls conducted by 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 2015 financial year, the committee:

- were not made aware of any:
  - material breaches of any laws or legislation; or
  - material breaches of internal controls or procedures

The committee is pleased to report that an independent quality review of the internal audit function was recently conducted by Deloitte & Touche with the outcome of this review reflecting very favourably on the overall quality of TFG's internal audit function. The committee commends the Head of Internal Audit and his team on this outcome.

BOARD AUDIT COMMITTEE REPORT

CONTINUED

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 2015 financial year, the charters of both the audit committee and the risk committee were reviewed to ensure that there was clarity as to the role of each committee in the risk management process. This has resulted in more focussed and appropriate risk reporting to both committees. In addition, the audit 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 which appears elsewhere in this report.

RCS GROUP

As reported last year, the audit committee has retained its oversight role in respect of the RCS disposal transaction and continues to receive regular updates on the few outstanding issues.

PHASE EIGHT

During the year, the group acquired Poppy Holdco Limited trading as Phase Eight. The chairman of this committee as well as one of its members served on the board sub-committee which was constituted to evaluate the acquisition and make a recommendation to the board. Due consideration was therefore given to matters of concern to this committee, such as the conversion from UK GAAP to IFRS, as well as the maturity of the various governance structures within Phase Eight. The governance, compliance, internal audit and risk management functions of Phase Eight are less mature than the processes within TFG and this committee is therefore ensuring that management works towards aligning these over a period of time.

In addition, the audit committee received detailed reports from senior executive management on, *inter alia*, the extensive due diligence process that was undertaken prior to the acquisition of Phase Eight. This included consultation with lawyers and accountants to ensure appropriate cover of legal risks and complex accounting matters which emanated from the transaction.

THE FINANCIAL AND BUSINESS ENVIRONMENT

As presented in the 2014 integrated annual report, the concerns expressed in this report relating to the financial and business environment remain relevant and accordingly are once again presented in this report.

The concern of the ability of credit retail customers to service their debts, given the tightening of credit facilities made available to these customers continued throughout the year under review. TFG recognised the need to watch credit trends carefully and, as anticipated, bad debts continued to escalate during the year under review. Since the audit committee identified this issue as the single most significant financial risk facing TFG, considerable time was expended in questioning, assessing and evaluating the year end carrying value of receivables. The audit committee interrogated those charged with the management and administration of the various categories of accounts customers. This overview included the external auditors who independently reviewed the adequacy of the provisioning/allowance applied and therefore the efficacy of the year end balances. From our perspective I can report that it is our view that management has made adequate provision for those of our customers who have and are experiencing credit pressures.

The other major business associated risk which is drawn to the attention of all stakeholders is the ever increasing volumes of fraud and IT associated activity, including cyber-crime which continues to escalate in a significant manner. Management and IT management are actively addressing controls to counter fraud and cyber-crime risks. Regular reports are made to both the audit and risk commitees on progress. Cyber-crime is certainly not a TFG specific matter, it is of concern to all entities throughout the world.

The audit committee noted the continued increased trend in losses emanating from fraud related activity, burglaries, armed robberies etc. We received regular reports analysing the losses and noted management vigilance in attempting to alleviate losses from these activities.

In addition, as required, by King III we reviewed the levels of corporate governance in relation to the IT support division.

Although we remain concerned by the increased levels of crime-related losses being incurred, we believe that the appropriate level of senior management time and effort is being devoted to bolstering and strengthening the control environment. Although senior IT skilled resources remains a scarce commodity in South Africa, there are currently no critical IT vacancies and our committee believes that TFG management is approaching recruitment of key positions as a high priority.

EXTERNAL AUDITORS

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

KPMG Inc. is 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 H du Plessis, where necessary, raises matters of concern directly with the chairman of the committee.

The committee gave due consideration to the independence of the external auditors and is 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 for the 2016 financial year, having satisfied itself that the audit firm is accredited by the JSE.
As Mr H du Plessis, the designated auditor, is required to rotate in terms of Companies Act, No 71 of 2008, the committee has nominated Mr P Farrand as the designated auditor for the 2016 financial year, having satisfied itself that the designated auditor is 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 (IFRS) and the requirements of the Companies Act of South Africa.

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 ANNUAL 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 assurance would not be beneficial to stakeholders.

The committee has considered the sustainability information as disclosed in the integrated annual report and has assessed its consistency with the annual financial statements and 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 R Stein, the chief financial officer, possesses the appropriate expertise and experience to meet his responsibilities in that position. As Mr R Stein is retiring at the end of June 2015, members of the committee were involved in the selection committee regarding the appointment of his successor.
The committee is satisfied that Mr A Thunström, CFO-elect, possesses the necessary expertise and experience to fulfil the role of finance director in future.

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 annual financial statements and the integrated annual report to the board.

S E Abrahams
Chairman: Audit committee

29 June 2015

SOCIAL AND ETHICS COMMITTEE REPORT

The social and ethics committee is pleased to present its report for the financial year ended 31 March 2015 to the shareholders of TFG.

COMMITTEE MANDATE

The committee is governed by a formal charter which guides the committee in terms of its objectives, authority and responsibilities. The charter incorporates the requirements of the Companies Act and specifically regulation 43(5) of the Act's Regulations which requires the committee to monitor matters relating to:

- social and economic development;
- good corporate citizenship;
- the environment, health and public safety;
- labour and employment; and
- consumer relationships.

In addition to this report, a more detailed sustainability overview report is available on our website which deals with some of the aspects falling within the mandate of the committee.

COMMITTEE COMPOSITION AND ATTENDANCE AT MEETINGS

The committee comprises four independent non-executive directors and one executive director, being the CEO. In addition further TFG executives attend meetings of this committee by invitation.

MEETING ATTENDANCE

Name of member	5 June 2014	25 November 2014
D M Nurek (chairman)#	Present	Present
Prof F Abrahams	Present	Present
N V Simamane*	N/A	Present
B L M Makgabo-Fiskerstrand*	N/A	Apologies
A D Murray	Present	Present
R Stein (by invitation)	Present	Present

* *Appointed to the committee with effect from 10 October 2014.*
\# *Resigned on 19 June 2015.*

The committee held two meetings during the 2015 financial year. At each of these meetings the committee received reports detailing matters relevant to each of the functional areas within its mandate. Specifically, the committee dealt with the following aspects: the compilation of an ethics framework and the redrafting of the code of ethical conduct; corporate reputation and the new automated reputation management system for managing customer concerns; improved customer service; compliance with various laws such as the National Credit Act, Consumer Protection Act, Financial Advisory and Intermediary Services Act and the Protection of Personal Information Act; wage negotiations and labour law developments; environmental metrics for waste, electricity consumption, paper use and recyclables; the adoption of an anti-corruption policy; implementation of action items arising from the United Nations Global Compact principles including the adoption of a supplier human rights statement; corporate social investment initiatives and a review of TFG's sustainability strategy and its implementation including approval of TFG's sustainability overview report.

There are no specific matters which the committee would like to bring to the attention of shareholders at this stage. The committee is broadly satisfied with the efforts and activities undertaken by TFG in each of the areas falling within the committee's mandate. It is noted that the committee has been in operation for a relatively short period of time and as such the committee's functioning continues to evolve.

Details of fees paid to committee members appears in the remuneration report.

COMMITTEE STRUCTURE

The transformation committee operates as a sub-committee of the social and ethics committee whose report follows.

TRANSFORMATION REPORT

The board recognises the critical role it has to play in the transformation process and through the transformation sub-committee ensures that an appropriate transformation strategy exists that is aligned with the Broad-based Black Economic Empowerment Act (as amended) and the associated codes of good practice.

The transformation sub-committee comprises four# independent non-executive directors and one executive director, being the CEO. In addition further TFG executives attend meetings of this sub-committee by invitation.

The transformation sub-committee held three meetings during the 2015 financial year. At these meetings the sub-committee received feedback detailing matters relevant to each of the functional areas within its mandate. Specifically, the sub-committee dealt with the following aspects: TFG's BBBEE scorecard and related matters, transformation strategy and each of the individual BBBEE elements, in particular employment equity, the forthcoming amended codes of good practice (effective 1 May 2015) and the various transformation surveys which TFG participates in.

TRANSFORMATION STRATEGY

The aim of the transformation sub-committee is to achieve sustainable empowerment through alignment with the seven elements of the BBBEE code, being ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

Clear guidelines have been defined for each of the seven elements of the BBBEE, and the sub-committee has an ongoing responsibility to monitor and review all aspects of the group's BBBEE strategies. Targets have not been included in this report*. Sub-committees for each of the seven BBBEE elements have been established.

Note:

* *The amended BBBEE codes of good practice were gazetted in October 2013 and become effective on 1 May 2015. The transformation sub committee has reviewed its transformation strategy and will ensure that an appropriate transformation strategy, including targets, is put in place that is aligned with the Broad-based Black Economic Empowerment Act (as amended) and the associated codes of good practice.*

\# *Mrs N V Simamane and Ms B L M Makgabo-Fiskerstrand were appointed with effect from 10 October 2014.*

OUR PERFORMANCE

TFG was rated a level four contributor by Empowerdex, an accredited economic empowerment rating agency (based on information in respect of the year ended 31 March 2014) with an overall score of 68,7 (2013: 70,9). Our performance across each of the elements over the past two years is recorded below.

We are unable to report on our ranking in the 2015 Business Report Most Empowered Companies survey due to a delay in the publication of the results.

BBBEE element	Maximum	2014 Achieved	2013 Achieved
Direct empowerment			
Ownership	20	**8,8**	9,3
Management Control	10	**4,8**	5,1
Indirect empowerment			
Employment Equity	15	**6,7**	6,6
Skills Development	15	**10,6**	12,4
Preferential Procurement	20	**17,8**	17,5
Enterprise Development	15	**15,0**	15,0
Socio-Economic Development	5	**5,0**	5,0
Total	**100**	**68,7**	**70,9**
BBBEE Recognition Level Contributor		**Level 4**	**Level 4**

EQUITY OWNERSHIP

In terms of paragraph 3.4.5 of code 100, statement 100 of the codes of good practice, TFG appointed an external research organisation to undertake a competent person's report to estimate the extent of black rights measurable in TFG originating from mandated investments. The score achieved was 8,8 points and has been included in our verification certificate.

MANAGEMENT CONTROL

In respect of 2014, TFG scored 4.8 out of a maximum of 10 points which is indicative of the representivity achieved through securing black non-executive directors and senior executives through a continued focus on diversity in the succession planning and talent management processes. The board is satisfied with the progress being made in this area.

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

EMPLOYMENT EQUITY

Employment Equity continues to be a focus of TFG's transformation agenda. The group continues to ensure that there is alignment between the national economically active population and the targets that are set within the divisions.

TFG's representation of employees in designated groups to the total employee workforce continues to increase (90,36% in 2013 to 91,65% in 2015). Employment Equity progress at a senior management level continues to be a key strategic focus area with development opportunities aligned to the selection of employees from designated groups.

A key contributor to our talent pipeline, the Trainee Programme, boasts 17 equity trainees out of the 28 trainees placed for 2015.

Trainee Programme demographics as at 31 March

	RACE						GENDER	
	African	Coloured	Indian	White	Foreign national	Total black	Female	Male
2013	17,24%	37,93%	10,34%	27,59%	6,90%	65,51%	68,97%	31,03%
2014	15,62%	43,75%	3,13%	34,37%	3,13%	62,50%	71,87%	28,13%
2015	21,43%	28,57%	10,71%	39,29%	0,00%	60,71%	67,86%	32,14%

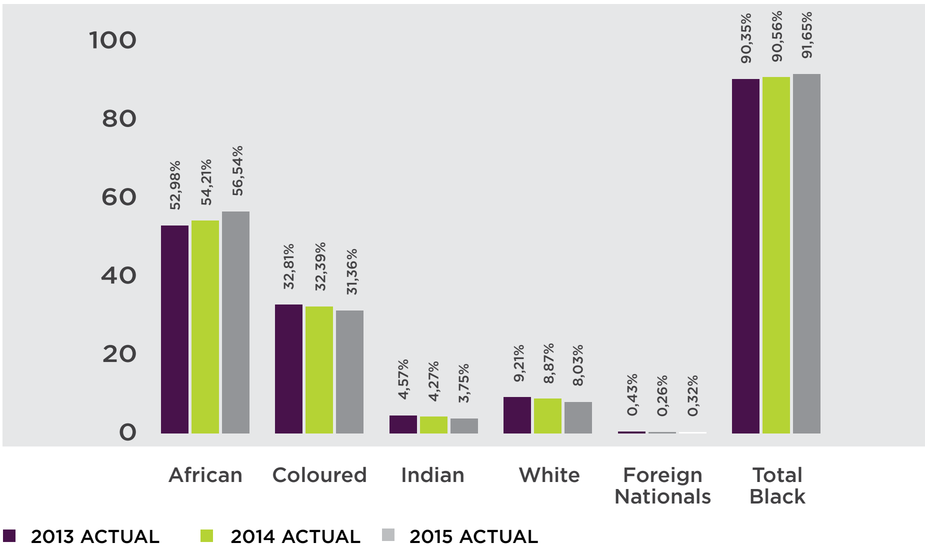
Up to March 2015, 89% (2014: 92%) of all candidates placed via TFG's Employee Referral Programme (ERP) were equity candidates. The allocation of shares to recognise and retain key individuals in professional middle management is a continued focus in our talent management strategy. The employment of disabled employees through learnerships also continues to be a key focus.

Summary of our South African employee complement as at 31 March 2015*

	Male				Female				Foreign nationals		Grand
Occupational levels	A	C	I	W	A	C	I	W	Male	Female	total
Permanent	**2 998**	**1 384**	**172**	**365**	**7 021**	**4 204**	**497**	**1 068**	**28**	**29**	**17 766**
1. Top Management				9			1			1	11
2. Senior Management	2	13	10	80	1	12	6	90			214
3. Prof. Middle Management	45	113	30	158	46	197	45	357	12	6	1 009
4. Skilled, Jnr Management	412	271	44	66	1 004	917	150	417	8	9	3 298
5. Semi Skilled	2 450	879	88	52	5 767	2 535	294	204	7	10	12 286
6. Unskilled	89	108			203	543	1		1	3	948
Temporary	**37**	**12**		**1**	**74**	**19**	**3**	**4**			**150**
Grand total	**3 035**	**1 396**	**172**	**366**	**7 095**	**4 223**	**500**	**1 072**	**28**	**29**	**17 916**

* *The information provided in this table relates to TFG South African workforce only.*

The bar graph below illustrates the workplace profile in terms of racial representation for the period from 2013 to 2015.



Progress in overall terms is positive with black employees making up 91.65% of total TFG employees.

Summary of demographic representation of South African employee complement

	African	Coloured	Indian	White	Foreign nationals	Total black
2013 Actual	52,98%	32,81%	4,57%	9,21%	0,43%	90,35%
2014 Actual	54,21%	32,39%	4,27%	8,87%	0,26%	90,56%
2015 Actual	56,54%	31,36%	3,75%	8,03%	0,32%	91,65%

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

SKILLS DEVELOPMENT

TFG continues to support the government's strategy of job creation and skills development by investing in key skills needed to sustain and grow the retail sector and its own workforce. Learning interventions comprising skills programmes, learnerships and non-accredited in house training that focus both on unemployed and employed learners. The reporting period reflected an increase in skills development numbers with 750 individuals participating in various funded interventions across a variety of departments, brands and levels.

Further information on our skills development projects can be found on our website, www.tfglimited.co.za/investor-relations/Integrated Reporting Centre.

The total percentage of training interventions for black employees remained at 91% whilst the training interventions for black female employees, increased to 75% in 2015.

	2015	2014	2013
Total number of training interventions for all employees	117 737	117 341	126 021
Total number of training interventions for black employees	107 619 (91% of total)	106 907 (91% of total)	114 886 (91% of total)
Total number of training interventions for black female employees	88 303 (75% of total)	84 847 (72% of total)	79 814 (63% of total)
Overall cost of training	R120 569 000	R117 553 778	R110 899 791

PREFERENTIAL PROCUREMENT

In respect of 2014, TFG achieved a score of 17.8 points out of a maximum of 20 and remains pleased with the progress that has been made in this area through an ongoing focus on the supply base. 43% of our BBBEE procurement spend applied to merchandise purchases and 47% to non-merchandise goods and services.

ENTERPRISE DEVELOPMENT

In respect of 2014, TFG achieved a score of 15,0 points out of a maximum of 15 points, again reflecting the commitment that has been made to ensure development of our supply base.

The specific supply chain enhancement initiatives with Eddels, a manufacturer of ladies and mens' footwear based in Pietermaritzburg and New Coe Knits, a manufacturer of knitwear based in Cape Town are still in place and continue to be successful.

SOCIO-ECONOMIC DEVELOPMENT

In respect of 2014, TFG achieved a maximum of 5 points. Our main focus remains on helping to create jobs for the people of South Africa and the African countries in which we operate. We have selected a few partners and have successfully worked with them to ensure that our funding makes a significant impact on their organisation and the people who benefit from them. Further detail on progress in respect of socio-economic development is contained in our sustainability overview report which is available on our website.

In addition a full list of projects aimed at socio-economic development is also available on our website.

RISK REPORT

TFG has an established Enterprise Risk Management (ERM) framework that provides a structured, dynamic and consistent approach to risk management which is in line with the King III principles. This approach aligns strategy, process, people, technology and knowledge for the purpose of evaluating and managing the uncertainties that the business faces. The ERM framework ensures that business-specific operational and strategic risks, emerging risks, as well as risks posed by the external environment are adequately and timeously identified and mitigated on an ongoing basis. These risks are documented in a risk register and are rated according to the likelihood of occurrence and impact.

2015 themes that have required focussed risk management include:

- Impact of postal strikes
- Impact of load shedding
- Impact of increasing crime related losses

The board confirms that the group's risk management, mitigation and monitoring processes have been effective in limiting the potential impact of risks on the business during the period.

In future effort will be placed on:

- Integration of Phase Eight into our risk management approach
- Managing the impact of the implementation of the Affordability Regulations which will require changes to our in-store processes

RISK OVERSIGHT

The management of risk in our group is achieved through oversight by:

- Executive risk management committee
- Board audit committee
- Board risk committee

During the year under review the charters of the audit and risk committees were reviewed and updated to ensure that there was clarity as to risk management responsibilities of each committee. This has resulted in more focused risk reporting at each committee.

INTERNAL CONTROL

The supervisory board is responsible for the group's systems of internal control. Effective internal control systems have been implemented and are continuously evaluated to:

- ensure the effectiveness and efficiency of operations
- provide reasonable assurance as to the integrity and reliability of the financial statements
- safeguard, verify and maintain accountability of assets
- detect and minimise fraud, potential liability and loss
- review compliance with applicable legislation and regulations

The internal control systems are governed by comprehensive internal control standards. Compliance with these standards rests within each division and is monitored by the audit committee, the risk committee, and internal and external audit processes.

The board receives representations from management and the head of internal audit regarding the effectiveness of the systems of internal control.

The board is not aware of any material breakdown during the past year in the functioning of these controls.

INTERNAL AUDIT

The internal audit department carries out an independent appraisal and assurance function. This department reports to the audit committee, whilst to the CFO for administrative matters. This structure does not impair the function's independence or objectivity. An Internal Audit Charter, approved by the audit committee and conforming to the International Standards for the Professional Practice of Internal Auditing, determines the mission and scope of the function. This charter was reviewed during the current year and minor amendments made.

LEGISLATIVE COMPLIANCE

Updates on compliance are provided both to the audit committee as well as to the social and ethics committee. No fines were incurred during this period, and there were no instances of prosecutions of directors or officials for failure to comply with any applicable legislation or codes of conduct.

RISK REPORT CONTINUED

INFORMATION TECHNOLOGY GOVERNANCE

The risk committee considers the effectiveness of IT controls, policies and processes as well as the effectiveness of financials controls; and monitors IT initiatives to ensure that these do not pose a risk to the continuity of the group's operations. In addition the audit committee considers IT governance from the perspective of potential risk to the financial reporting process.

CODE OF ETHICS

The board has adopted a code aimed at creating a culture of the highest standards of ethics and uncompromising honesty amongst all employees. This code was reviewed and updated during the current year. The code is founded on the principles of integrity, good faith, impartiality, openness and accountability. The code of ethics forms an integral part of the induction programme and all new employees agree to subscribe to the code. It is available to all staff members on the intranet.

It is comprehensive in nature, clearly outlining the full obligations of every member of staff in their dealings with fellow employees, customers, suppliers, competitors, shareholders and society at large.

Requirements of the code include:

- conformance with all laws and regulations
- disclosure of any gifts offered or received and which must be within prescribed financial parameters
- disclosure of any direct or indirect conflict of interest
- that no bribes be accepted or proffered
- reporting of any unethical or harmful behaviour
- compliance with all of the group's standards and procedures, including the IT usage policy

During the period, incidents of non-compliance by employees with the group's policy on ethical conduct were reported and dealt with as appropriate in terms of the group's disciplinary procedures. These incidents resulted in formal warnings and in some instances employees were dismissed and the relevant cases were reported to the South African Police Service.

TOP RISKS

The top risks facing the group have been identified and are listed below together with our key strategies to manage them. The overall risk profile of the group has not changed materially during the period under review, save for the inclusion of power outages as a top risk.

RISK	HOW WE MANAGE THIS RISK
1. Power outages The increased electricity power outages adversely impact upon the stores' ability to trade	• Monitoring Eskom announcements to anticipate power outages • Protecting computer and other key systems by using resilient hardware • Ensuring appropriate security measures are in place • Engaging with landlords to source alternative power supply to enable stores to trade
2. Sales Current debt levels inhibit credit and cash sales	• Utilising rewards programmes to continue to stimulate credit and cash sales including the improvement of our reward card usage • Creating opportunities for additional credit optimisation • Reviewing available credit products with the potential to attract less debt vulnerable accounts

RISK	HOW WE MANAGE THIS RISK
3. Bad debts The increase in affordability-based delinquency from our customers who have been directly impacted by aggressive unsecured lending since 2008. Customers have also been impacted by the subsequent contraction in lending since 2012	Account origination: • Ongoing review of credit applications for fraud indicators and assessment against NCA-compliant internal scorecards, credit bureau scorecards and verification of employment Account management: • Analytical decision systems determine appropriate collection strategies, approved credit line adjustments and authorisations by utilising internal behavioural and credit bureau scorecards • Systems and strategies are subject to ongoing management review within both of the above risk areas
4. Account base Our customer base and average credit spend does not grow sufficiently to support our turnover targets and the competitive advantage of in-house credit is reduced	• Ongoing implementation of objectives and strategies to substantially grow TFG's account base and the average spend per account over the next three years • Ongoing implementation of existing initiatives to grow the account base by applying creative marketing and communication strategies, supported by data analysis, modelling techniques and appropriate systems and processes
5. Crime Increased levels of crime impact negatively on the operating margin	• Ensuring security measures are in place to protect our stores, head office and distribution centres • Engaging with the South African Police Service to identify and combat crime in national and regional hotspots • Engaging with industry bodies to benchmark and analyse national crime trends across similar products • Engaging with security consultants to implement preventative strategies in key risk areas
6. Global financial instability The impact of global financial instability and the affect on fluctuating exchange rates	• Constantly monitoring financial indicators and considering their potential impact on our business model • Ensuring that the strategy for purchasing forward cover remains relevant and provides the best possible protection against currency fluctuations for committed and future orders
7. Local financial instability The high levels of unemployment negatively affects our customers' purchasing power	• Expanding our retail offering to cater for higher LSMs • Expanding our store base into varied locations to satisfy a broad spectrum of the market • Implementing credit scorecard models for collections and follow-ups to assist customers to maintain an "open-to-buy" position

RISK REPORT CONTINUED

RISK	HOW WE MANAGE THIS RISK
8. Supply chain The inability to provide TFG customers with the desired merchandise at the right price and time as a result of deficiencies in the management of the supply chain	• Considering all possible events and factors that can cause a disruption in the supply chain • Examining scenarios from past experience and analysing changing market forces • Creating solutions that culminate in improved stock-turn and customer satisfaction • Implementing changes in the supply chain methodology including ensuring sustainable and appropriate sources of supply through: – Enhancing our supplier assessment processes to ensure responsible practice. This includes updated quality assurance and quality control processes that ensure our contractual obligations are met – Continuing significant support for our local apparel supply base to ensure sustained merchandise manufacture and supply – Undertaking projects in conjunction with certain key manufacturers to expand local production utilising quick response models
9. Postal services Industrial action at the South African Post Office (SAPO) impacts on their ability to deliver account and marketing material to our customers on a timely basis	• Holding ongoing discussions with senior executives at the SAPO • Sending electronic statements and marketing material to our customers • Informing customers of their account payment due via SMS communication

WHISTLE-BLOWING

The group promotes a culture of openness and transparency throughout the organisation, in accordance with the group's values of trust and mutual respect.

A whistle-blowing facility has been in place since February 1998 for the reporting of suspected fraud and unethical behaviour through the use of an outsourced, anonymous, toll-free hotline. All reports are submitted to the enterprise risk management department for investigation. Employees are eligible for a reward of up to R10 000 when follow-up confirms evidence of fraud or unethical behaviour. An additional reward of R10 000 is paid twice annually to a randomly-selected staff member who has already been awarded the initial reward.

During the financial period the group continued to promote awareness of the hotline and of the policies that deal with fraud and unethical behaviour through regular distribution of informational cards, emails and posters.

During the year 114 reports were received (2014: 81), resulting in 8 dismissals, 1 disciplinary warning and 18 resignations before enquiry.

REMUNERATION REPORT

This report summarises the philosophy, principles and approach to remuneration at TFG as is applicable to executive directors, non-executive directors and other employees.

It details the policy and principles set by the remuneration committee for each of the primary components of remuneration.

In addition, it expands and explains the implementation of this policy in each of the pay components, depicting the resultant remuneration mix and remuneration structures in detail. Changes made to these components in the past year as part of the continuous need to revise and improve remuneration practice are disclosed.

The remuneration and shareholding of directors and prescribed officers of TFG Limited are disclosed.

Appointments of and the remuneration of non-executive directors are disclosed.

During the year under review, remuneration of Phase Eight employees was managed by the Phase Eight executive team and was not subject to review by TFG remuneration committee. During financial year 2016, TFG remuneration committee will perform a high level oversight role on Phase Eight remuneration policies and practices and will report appropriately.

The remuneration report is segmented into two parts, separating the disclosure of policy (Part 1) and its implementation (Part 2).

PART 1: REMUNERATION POLICY

PRINCIPLES

TFG's remuneration policy, as determined by the TFG remuneration committee, aims to attract, engage and retain the talent that is essential for the implementation of its business strategy and the achievement of its performance objectives towards sustained and long-term returns for shareholders.

Remuneration of executives seeks to achieve the following principal objectives:

- external equity, ensuring executives are rewarded in line with the national and retail market, taking all relevant and appropriate factors into account;
- internal equity, ensuring that executives are remunerated correctly relative to each other, in recognition of their individual contributions and accountabilities;
- performance alignment, ensuring that executives and employees are aware of the requirements of strong short-term and long-term performance as well as its rewards; and
- an appropriate remuneration mix, establishing a balance between base pay, short-term incentives (STI) and long-term incentives (LTI).

Remuneration must be balanced with attractive benefits, an enjoyable working environment and the opportunity for employees to develop and grow.

ROLE OF REMUNERATION COMMITTEE

The remuneration committee sets the group's remuneration strategy, policies and practices. The committee is responsible for recommending, reviewing and approving all remuneration components such as base pay (including non-executive directors' fees), STI and LTI.

In addition to members of the remuneration committee, an independent advisor attends meetings on a regular basis.

Further detail on the role and membership of the remuneration committee is detailed in the Corporate Governance section of this integrated annual report.

REMUNERATION REPORT CONTINUED

KEY ITEMS CONSIDERED BY THE REMUNERATION COMMITTEE DURING THE YEAR

BASE PAY

- Annual merit increase guidelines to pensionable salary.
- Annual increases in travel and housing allowances.
- Confirmation of a wage mandate for union negotiations (which were successfully concluded).
- Approval of remuneration for senior executives and directors.

STI

- Confirmation of divisional and group performance criteria and resultant annual bonus payments.
- Approval of the change in the group annual bonus scheme targets at group level from a measure of HEPS to a measure of profit before tax.
- Approval of the extension of the group annual bonus scheme to Paterson C5 employees (entry level for middle management). Participants in this scheme now extend from the CEO to middle management.
- Amendment of the group annual bonus scheme payment modifier to one based on individual performance from one based on divisional key performance indicators was approved.

LTI

- Confirmation of group performance, and resultant authority to convert share appreciation rights and vesting of forfeitable shares.
- Share award mix was reviewed and resolved that employees below Paterson E Band (executive) will receive only forfeitable restricted shares.
- Approval of June 2014 share award allocation, namely Share Appreciation Rights and Forfeitable Shares.
- Confirmation that for the purposes of measuring performance in 2015, HEPS is defined as HEPS (continuing operations excluding once-off acquisition costs).

OTHER

- Recommendation of fees for non-executive directors (including foreign non-executive directors) with effect from 1 April 2015 pending approval at the annual general meeting (AGM).

REMUNERATION MIX

Designed to achieve an appropriate mix between base pay, short-term incentives and long-term incentives

Summary of Remuneration Mix

Remuneration component	Mechanism	Changes to policy in the year under review	Subject to performance criteria	Applicable performance criteria	Performance condition	Minimum performance period
Base pay	Guaranteed Pay	None	Yes	Performance review	Merit increase approved by remuneration committee	n/a
STI	Group annual bonus scheme	Primary measure: Replace HEPS with profit before tax Secondary measure: Replace divisional KPI's with individual performance ratings Extend scheme to entry level middle management	Yes	Profit before tax and individual performance	Set by remuneration committee each year	One year
LTI	Share appreciation rights	None	Yes	HEPS growth (continuing operations excluding once off acquisition costs)	CPI	3 years from date of grant
	Forfeitable shares – performance	None	Yes	HEPS growth (continuing operations excluding once off acquisition costs)	CPI plus 2%	3 years from date of grant
	Forfeitable shares – restricted	None	No	n/a	n/a	3 years from date of grant

REMUNERATION REPORT CONTINUED

Each component, as well as the mix between components, is benchmarked against comparable peers and the market median using external objective market information, King III principles and expert guidance surrounding best practice.

The remuneration mix comprises base pay (guaranteed pay), short-term incentives (STI) and long-term incentives (LTI). The STI and LTI components of remuneration are designed relative to base pay, in order to achieve an appropriate mix between base pay, short-term incentives and long-term incentives.

Remuneration mix varies by organisational level, with incentive pay (short and long term) forming a larger portion of remuneration at higher organisational levels.

The targeted remuneration mix at varying levels of organisational performance is approved by the remuneration committee. The tables below depict the mix of remuneration components for the CEO and operating board, taking the following into account:

- Current base pay levels;
- Short-term incentive pay is at performance tier "on target" levels; and
- As is common practice, the share scheme awards are shown at fair value on the date of award. Face values of share scheme awards are determined with the use of option pricing formulae and probability factors coinciding with laid down performance conditions.

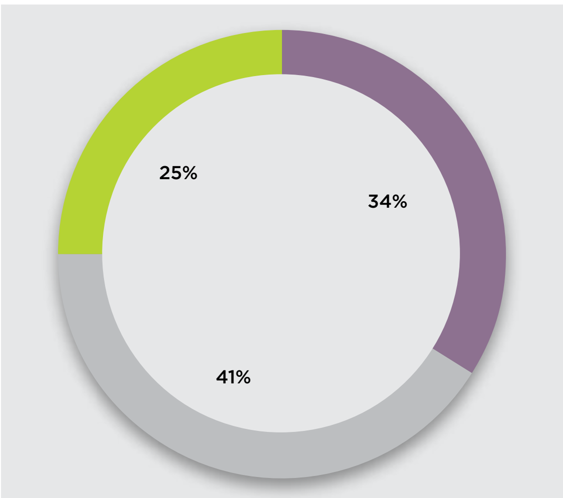
BASE PAY

Attracts and retains key talent, with dual focus on external market equity and internal equity.

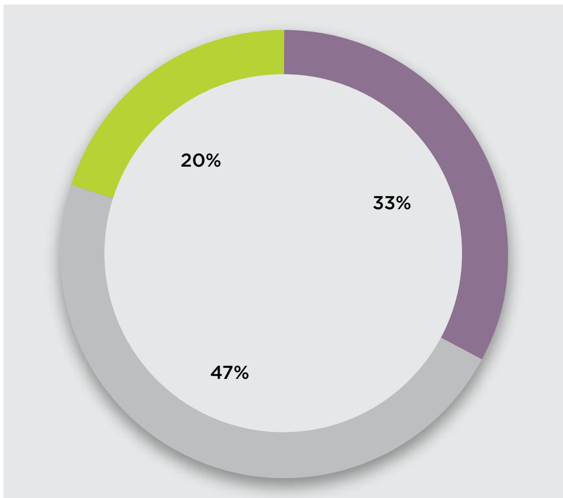
Base pay consists of the following, and applies to all permanent employees:

- pensionable salary;
- travel and housing allowance (dependent on organisational level);
- employer contributions to:
  - TFG retirement fund;
  - provident fund (dependant on organisational level);
  - group life and disability benefits; and
  - TFG medical aid scheme (where applicable).
- Base pay is reviewed annually with reference to the market, utilising independent external remuneration consultants and is targeted around the median of comparable market survey statistics.
- Base pay increases are awarded based on guidelines determined with reference to peers, independent market surveys and national economic indicators. The remuneration committee also takes past and current group trading performance and current economic indicators into account when determining the annual merit increase guidelines.
- Each role is benchmarked against the market using proven job evaluation and benchmarking methods.

TFG CEO (REMUNERATION MIX POLICY)



TFG OPERATING BOARD (REMUNERATION MIX POLICY)



■ Long-term incentives ■ Base pay ■ Short-term incentives

BENEFITS

Influences attraction and retention of key talent.

Vehicle benefits are provided linked to organisational level and role, as defined by our travel allowance and fleet policies.

Retirement, group life and disability benefits are provided in proportion to pensionable salary.

Medical aid is income-rated, providing identical cover to employees on the same plans, but requiring lower contributions from lower earning employees. Employees on one of the in-house schemes receive a 50% subsidy for all approved dependents.

SHORT-TERM INCENTIVES (STI)

Rewards employees for achieving or exceeding targeted performance levels.

STI Overview

The Group Annual Bonus Scheme defines three targeted tiers of performance at both divisional and group level, with commensurate bonus payments at each of these levels. These levels are defined as threshold, target and stretch.

This structure exists for the following reasons:

- to drive collaboration between divisions to the overall benefit of the group; and
- to reward strong divisional performance whilst moderating payments where group performance targets have not been met and thus cannot be fully funded.

Scheme rules are communicated to each participating employee. Any approved bonus payments, and confirmation to employees of the underlying performance measures, are made shortly after publication of annual financial results.

STI performance metrics

Multiple performance metrics are used to set targets for payment of short-term incentives. These measures include, but are not limited to, the following:

Primary measure	Executive Management and Centralised Functions	Retail Brands
Profit before tax (PBT)	100% weighting	40% weighting
Divisional profit growth		60% weighting
Total weighting	100% weighting	100% weighting

After calculating the base bonus using the primary measure, a secondary measure is applied. The secondary measure is individual performance. The purpose of introducing individual performance as a secondary measure is to support a “pay for performance” culture. This secondary measure is determined by a performance rating of the employee against predetermined criteria that are both qualitative and quantitative in nature. The range is between 0% (very poor performance) to 120% (exceptional performance). In line with good practice, these ratings are calibrated to ensure the group achieves a reasonable distribution curve.

REMUNERATION REPORT CONTINUED

STI target setting

The remuneration committee recommends group bonus targets to the board, using annual profit forecasts as a benchmark (primary measure).

It is important to note that return on equity or a similar measure is not used as divisions do not have sufficient line of sight and influence over group assets and functions, such as debtors.

STI payment multiples

Short-term incentive benchmarks are reviewed regularly to ensure that bonus payment levels at each organisational level and performance tier are appropriate and form the appropriate part of overall pay mix. Changes to the payment multiples or structure require remuneration committee approval.

Bonus multiples, before the influence of any individual factors are taken into account is calculated as a factor of:

- each individual's pensionable salary, i.e. their basic salary excluding allowances and company contribution; and
- each organisational level.

For ease of comparison and reporting, bonus multiples are shown as percentage annual base pay in this report.

The remuneration committee reviews and verifies the achievement of approved group and divisional targets and then recommends the appropriate bonus payment to the board.

The remuneration committee has an overriding discretion in exceptional circumstances to recommend adjustments to bonus payments and bonus targets to the board as a result of changed business conditions.

STI tiers of performance and related bonus multiple

The following rationale is applied to each tier of performance when determining and approving targets:

Threshold

- Performance marginally under On Target, that is nevertheless satisfactory, and substantially aligned with forecasted trading performance.
- Performance at this level, or anywhere between Threshold and On Target, warrants and justifies up to a maximum of 50% of the On Target bonus value.
- Threshold is thus the point under which no payment, regardless of size, is warranted.

On Target

- Strong performance that is above forecast trading performance.

Stretch

- A superior level of performance that is sufficient to warrant and justify the maximum potential bonus payment (200% of the On Target value).
- The payment cap by design is 200% of the On Target value multiplied by the maximum individual performance of 120%.

Remuneration committee guidelines dictate that the performance range between Threshold and On Target be substantially smaller than the range between On Target and Stretch, to prevent payment for under-performance.

Threshold and On Target is paid on an "all-or-nothing" basis, to limit bonus payments at performance below strong levels, and to create a significant incentive to achieve On Target performance levels.

Performance between On Target and Stretch is rewarded proportionately, and payments are capped at the Stretch level.

The resultant bonus structure for CEO and operating board members, expressed as a percentage of annual base pay, is indicated alongside.

CEO and operating board bonus payments

PBT perfomance tier achievement level		Percentage of payment at target	Percentage of annual base pay: Individual performance modifier 100% – CEO	Percentage of annual base pay: Individual performance modifier 100% – Operating board (average)	Percentage of annual base pay: Individual performance modifier 120% – CEO	Percentage of annual base pay: Individual performance modifier 120% – Operating board (average)
Stretch	Sliding scale between stretch and on target	200%	123%	85%	148%*	102%*
On target		100%	62%	43%	74%	51%
Threshold		50%	31%	21%	37%	26%
Under threshold		No bonus payment	0%	0%	0%	0%

**148% and 102% is the maximum resultant bonus payment expressed as a percentage of annual base pay for CEO and average operating board respectively.*

LONG-TERM INCENTIVES (LTI)

Share Appreciation Rights

Forfeitable Shares

Aligns executive and key management interests with those of shareholders

LTI allocation policy

Allocations are made using pre-defined multiples for each share incentive type based on:

- organisational level;
- annual base pay; and
- targeted pay mixes given market guidelines appropriate for each organisational level.

Allocations are made annually, on a consistent basis to establish the awards as an accumulating asset in the hands of eligible employees with the objective to retain them in service for a natural cycle. Ad hoc, once-off allocations are exceptional, and will normally represent upfront compensation approved when an employee is first employed. Any such exceptional awards to executive directors are disclosed to shareholders.

New allocations are not adjusted to compensate for any existing allocations that may be "underwater".

Benchmarks for the fair value of share awards are reviewed regularly. No changes are made without approval by the remuneration committee, and in turn by the board.

100% of share allocations made to the CEO, operating board and senior executive management are subject to group performance criteria. Shares vest based on the performance criteria applicable to the relevant scheme.

Despite dilution limits detailed as part of each scheme's rules, remuneration committee guidelines do not permit the total number of shares issued, allocated across all schemes, to exceed the following limits:

- 1% individual limit
- 7,5% company limit

Two share incentive schemes exist at TFG, namely Share Appreciation Rights and Forfeitable Shares. Both use HEPS growth as a performance target. The use of the HEPS performance target is considered appropriate as it establishes a basis for long-term financial planning and team-based effort between share scheme participants.

REMUNERATION REPORT CONTINUED

As part of TFG's retention strategy of other key senior employees, annual allocations are a defined mix of both performance and restricted shares. However, restricted shares are not allocated where there is another retention mechanism in place, namely a restraint of trade and minimum service agreement.

Newly appointed executives and managers may have their allocations initially increased to ensure that an appropriate holding for their role is reached over time, to create parity in the incentivising of long-term performance across similar categories of employees.

All allocations are approved by the remuneration committee. The remuneration committee confirms that fair principles and scheme rules have been applied in determining each individual's allocation, and also ensures that the overall share capital dilution and costs are within the defined guidelines.

Share appreciation rights

(2007 Share Incentive Scheme)

A share appreciation right (SAR) scheme was implemented, after shareholder approval, in 2008. Participants are entitled to receive resultant shares in value equal to the growth in the share price on a defined number of shares between the date of grant and the date of conversion to resultant shares.

All shares issued under this scheme are subject to group performance criteria, which are tested against inflation-linked group HEPS targets over a period of three years. The minimum period between grant and conversion is three years, and all rights expire after six years.

Allocations from June 2014 onwards have a single performance criterion test after three years. This test is HEPS growth of CPI. If the performance criterion is not met after three years, the shares will lapse. The June 2013 share scheme award was the last award that allowed for re-testing of performance criteria in years four and five.

Forfeitable shares

(2010 Share Incentive Scheme)

A forfeitable share (FS) scheme was implemented, after shareholder approval, in 2010. The first allocation in terms of this scheme was made in June 2011. Two instruments form part of this scheme, namely performance shares and restricted shares, both forfeitable shares.

Performance shares (forfeitable shares)
Performance shares issued under this scheme are subject to group performance criteria which are tested against inflation linked HEPS targets over a period of three years.

Allocations from June 2014 onwards have a single performance factor criterion test after three years with no re-testing. The June 2013 share scheme award was the last award that allowed for retesting of performance criteria in years four and five. Vesting will take place after three years if a performance criterion of HEPS growth of CPI plus 2% is met. Linear vesting will take place if HEPS growth is between CPI and CPI plus 2% with no vesting taking place if HEPS growth is less than CPI.

Restricted shares (forfeitable shares)
Restricted shares are issued with the specific objective of improving the retention of key senior talent, whilst still utilising an instrument that aligns the interests of recipients with that of shareholders. Restricted shares vest after three years.

SHARE ALLOCATION GUIDELINES

Share allocation guidelines, vesting and measurement criteria for share allocations made from April 2014 onwards are summarised below:

	Participants	Allocation frequency	Performance target	Measurement period	Vesting summary
Share Appreciation Rights	CEO and operating board	One allocation per annum	HEPS Growth of at least CPI, compounded annually over the measurement period	Three years	100% vest if performance target is met and participant is employed by TFG.
				Expiry period 6 years from date of grant	All lapse if performance target is not met
Performance Shares (forfeitable shares)	CEO, operating board and executives (Paterson E1 and above)	One allocation per annum	HEPS Growth of CPI + 2%, compounded annually over the measurement period	Three years	100% vest if performance target is met and participant is employed by TFG.
			Target reviewed and set annually by remuneration committee	Expiry period three years from date of grant	Linear vesting takes place between HEPS growth of CPI and CPI + 2%
					Any shares that do not meet this criteria lapse
Restricted Shares (forfeitable shares)	Senior management above the entry level of middle management i.e. Paterson D3, (excluding CEO, operating board and any employee with a restraint of trade and minimum service agreement)	One allocation per annum	No performance target – retention only	Three years	100% vest once measurement period has expired and participant is employed by TFG

REMUNERATION REPORT CONTINUED

Vesting on termination

All shares and rights are forfeited upon an employee's resignation or dismissal in terms of the scheme rules.

In line with scheme rules, the remuneration committee must consider and rule on any shares potentially vesting as a result of early termination. In the case of normal retirement, death, ill health or retrenchment, all shares vest. In the case of early retirement, the remuneration committee applies defined decision-making guidelines in determining if all, some or no shares will vest.

RETENTION STRATEGY

Specific programmes are in place to ensure that business continuity and delivery of strategy is supported through risk management of the loss of key employees.

Restraints and minimum service agreements

It is TFG policy to have restraints and minimum service agreements in place for the CEO and operating board members. These agreements are in place for the duration of employment.

Ex-gratia or other lump-sum payments on severance or retirement

No agreements currently in place provide for ex-gratia or other lump-sum payments on severance or retirement.

NON-EXECUTIVE DIRECTORS

Non-executive directors are appointed for a term of three years. The nominations committee recommends candidates for election to the board. In the case of proposed re-election of existing non-executive directors, evaluated performance is taken into consideration by the nomination committee before re-appointment is recommended.

Non-executive directors are paid a base fee, plus a committee fee derived based on the number of meetings.

Non-executive directors do not receive any payments linked to organisational performance, nor are they entitled to take part in any long-term incentive/share schemes. None of the non-executive directors has service contracts with the group.

Non-executive directors' fees are benchmarked to the market for similar size companies in a similar sector and are then recommended to the board by the remuneration committee and subsequently to shareholders at the annual general meeting.

Fees are approved by shareholders at the annual general meeting in advance of being implemented each year.

PART 2: IMPLEMENTATION OF POLICIES FOR THE YEAR UNDER REVIEW

The remuneration report that follows provides further detail regarding the practical implementation of the remuneration policy in relation to senior executives.

KEY ITEMS BY PAY COMPONENT DURING THE YEAR UNDER REVIEW

Base pay	The guideline given by the remuneration committee for increases to all staff (other than unionised staff which are subject to negotiation with the union) in April 2014 was set at 6%. Car allowances for eligible employees were adjusted by 6% in April 2014.
STI	The remuneration committee set the profit before tax target for 2015.
LTI	All shares allocated to CEO, operating board and senior executive management this year were performance based shares contingent on the achievement of company performance criteria. Outstanding share instruments awarded to employees and executives at 31 March 2015 are as follows: Share appreciation rights 2 294 000 Forfeitable shares 2 303 750 **Total 4 597 750** The above total is 2,2% of total issued shares. This is lower than the total limit percentage set by the remuneration committee of 7,5%.

SHORT-TERM INCENTIVE OUTCOMES

During the year under review, TFG exceeded the profit before tax target set by the remuneration committee and bonus payments were made to qualifying employees.

The following graphic indicates actual performance vs target and resultant bonus paid for Messrs Murray, Stein and Meiring.

Short-term Incentive Outcome	Threshold	Target	Stretch
2015 profit before tax Performance tiers set			
2015 profit before tax actual			
Actual bonus paid as percentage annual base pay			
A D Murray		80%	
R Stein		68%	
P S Meiring		56%	

LONG-TERM INCENTIVE SCHEME OUTCOMES

The fair value of share allocations to the CEO and operating board members are detailed below. As is common practice, share scheme awards are shown at their fair value on the date of awards. The fair value of the award is expressed as a percentage of their base pay (Guaranteed Pay).

	Fair value of annual share allocation as % base pay
CEO	85%
Operating Board	70% - 75%

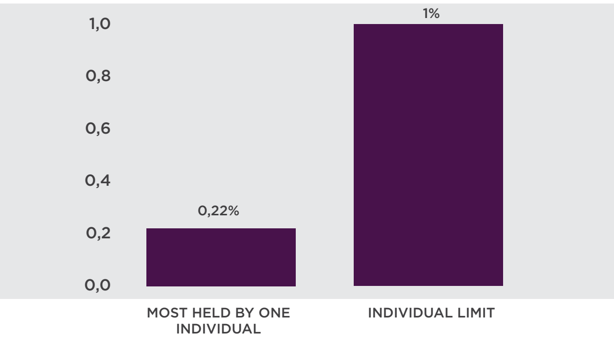
For the balance of participating employees, the total fair value of shares allocated, expressed as a percentage of base pay, ranges from 20% to 60%, based on organisational level.

REMUNERATION REPORT CONTINUED

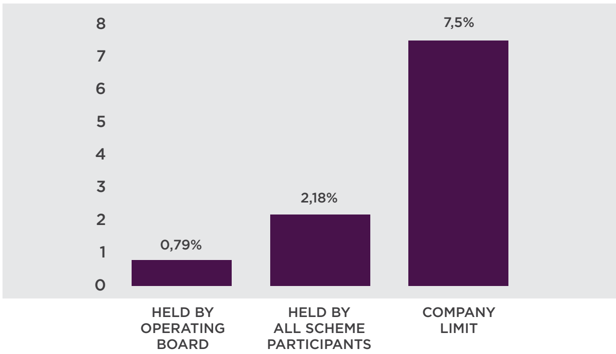
Current allocation vs policy limits

In terms of the policy set by the remuneration committee, it is evident below that both at an individual level and overall level, share awards held by scheme participants are within the defined limits. The CEO is the highest individual holder of share awards, and is thus compared against the Individual limit.

% ISSUED SHARES



% ISSUED SHARES



EXECUTIVE DIRECTORS' REMUNERATION

For the year under review, the board has determined that Prescribed Officers are the CEO, CFO and Group Director Financial Services. Messrs Murray, Stein and Meiring all serve as executive directors on the TFG Limited board. These individuals exercise general executive control and management of the business.

2015

Executive directors	Remu-neration R'000	Pension fund R'000	Travel allowance R'000	Other benefits R'000**	Guaranteed pay R'000	Per-formance bonus R'000#	Total R'000	IFRS share allocation fair value R'000
A D Murray	5 716,5	771,7	401,9	51,0	**6 941,1**	5 651,3	**12 592,4**	6 195,6
R Stein	3 216,2	434,2	308,1	47,7	**4 006,2**	2 749,9	**6 756,1**	2 448,2
P S Meiring	2 917,6	393,9	308,1	47,7	**3 667,3**	12 078,8*	**15 746,1**	2 226,2
Total	11 850,3	1 599,8	1 018,1	146,4	**14 614,6**	20 480,0	**35 094,6**	10 870,0

 # Performance bonus included in 2015 remuneration paid in 2016 but accrued in 2015.

** PS Meiring's performance bonus includes a payment of R10 million. This exceptional bonus payment was approved by the remuneration committee prior to commencing negotiations on the disposal of RCS and was conditional on a number of strategic issues directly related to the disposal of RCS and in recognition of Mr Meiring delaying his retirement in order to conclude this deal. Mr Meiring was instrumental in successfully concluding this deal during a challenging consumer credit environment.*

*** Other benefits include housing allowance and medical aid.*

2014

Executive directors	Remu-neration R'000	Pension fund R'000	Travel allowance R'000	Other benefits R'000	Guaranteed pay R'000	Per-formance bonus R'000	Total R'000	IFRS share allocation fair value R'000
A D Murray	5 203,3	702,4	379,2	51,2	**6 336,1**	4 615,1	**10 951,2**	11 878,5
R Stein	2 955,1	396,3	290,7	44,6	**3 686,7**	2 096,8	**5 783,5**	2 768,9
P S Meiring	2 680,7	361,9	290,7	44,6	**3 377,9**	1 712,0	**5 089,9**	2 520,7
Total	10 839,1	1 460,6	960,6	140,4	**13 400,7**	8 423,9	**21 824,6**	17 168,1

DIRECTORS' INTERESTS

As at 31 March 2015, directors had the following interests in company issued shares:

	Non-Executive					Executive			
	D M Nurek 000s	M Lewis 000s	E Oblowitz 000s	D Friedland 000s	N V Simamane 000s	A D Murray 000s	R Stein 000s	P S Meiring 000s	Total Shares 000s
Direct beneficial			2,0	30,3	1,5	1 150,0	709,2	206,7	2 099,7
Indirect beneficial	10,0	89,0				650,0	275,7	294,9	1 319,6
Indirect non-beneficial		9 351,4							9 351,4
Total	**10,0**	**9 440,4**	**2,0**	**30,3**	**1,5**	**1 800,0**	**984,9**	**501,6**	**12 770,7**

As at 31 March 2015, directors had accepted the following share appreciation rights:

				Director			
Financial year of original award	Financial year of earliest delivery	Financial year of latest delivery	Price per instrument	A D Murray 000s	R Stein 000s	P S Meiring 000s	Total SARs
2012	2015	2018	R86,62	85,2	43,7	40,0	168,9
2013	2016	2019	R136,22	62,8	32,2	29,5	124,5
2014	2017	2020	R96,86	133,4	67,9	62,7	264,0
2015	2018	2021	R111,10	89,4	45,5	41,7	176,6
				370,8	**189,3**	**173,9**	**734,0**

As at 31 March 2015, directors had accepted the following forfeitable shares:

		Director			
Financial year of original award	Financial year of earliest delivery	A D Murray 000's	R Stein 000's	P S Meiring 000's	Total FS
2013	2016	16,4	8,4	7,7	32,5
2013	2016	11,5	5,9	5,4	22,8
2014	2017	21,7	11,0	10,2	42,9
2015	2018	38,3	19,5	17,9	75,7
		87,9	**44,8**	**41,2**	**173,9**

CHANGES SUBSEQUENT TO YEAR END

Acceptance of SARs in June 2015:

	SARs accepted 000s	Price per SAR R
A D Murray	76,4	148,15

Acceptance of FS in June 2015:

	Shares accepted 000s	Estimated value Rm*
A D Murray	32,8	4,9

* *Estimated value based on closing share price of R149,59 on 8 June 2015.*

REMUNERATION REPORT CONTINUED

Sale of share instruments

On 4 June 2015, the executive directors sold ordinary shares previously granted on 19 July 2012 (with performance based restricted conditions) in terms of the group's 2010 share incentive scheme:

	Shares sold 000s	Value Rm
A D Murray	6,7	1,0
R Stein	3,4	0,5
P S Meiring	7,7	1,2

On 4 June 2015, the executive directors sold ordinary shares previously granted on 19 July 2012 (with time restricted conditions) in terms of the group's 2010 share incentive scheme:

	Shares sold 000s	Value Rm
A D Murray	4,7	0,7
R Stein	2,4	0,4
P S Meiring	5,4	0,8

Outcome of executive benchmarking

The remuneration committee believes it is important to ensure that remuneration is appropriately market related in order to properly remunerate and be able to attract and retain key talent in the organisation. Consistent with our normal process for remuneration review, a benchmarking exercise has been undertaken for executives and the CEO utilising independent external remuneration consultants. This recently performed exercise indicated that there is a gap between the current base pay and that of comparable market peers in respect of the CEO and certain senior management. The recent internationalisation of the group, specifically the Phase Eight acquisition, and the resultant expanded responsibilities of the CEO has only exacerbated the current position.

As a result, steps have been taken to ensure that levels of remuneration are market related. Accordingly the CEO will receive an increase on 1 July 2015, such that his base pay for the ensuing financial year will increase by 12%.

The committee will continue to benchmark executive and senior management remuneration, at least annually to ensure that remuneration remains market related.

NON-EXECUTIVE DIRECTORS

A comprehensive market benchmarking exercise was performed utilising independent external remuneration consultants to determine whether current non-executive director fees are market related. The benchmarking exercise determined that certain committee fees are significantly below market. These fees will be adjusted using a staggered approach over a 3 to 5 year period, subject to shareholder approval being obtained on an annual basis.

Proposed comparable fees for non-executive directors will decrease by 2,9% primarily due to the reduction in the proposed chairman's fee.

Non-comparable movements are as follows:

- B L M Makgabo-Fiskerstrand and N V Simamane were only appointed to social and ethics (including transformation) in October 2014 therefore their 2015 fee does not include R42 000 for the period April to September.
- R Stein (previously an executive director) will be appointed as a non-executive director on 1 July 2015 and therefore has no comparable fee for 2015.
- M Lewis was appointed as a member of the remuneration committee on 4 May 2015 and as chairman on 19 June 2015.

Proposed total fees for non-executive directors after taking into account committee structures, new appointments and market adjustments will decrease by 3,5%.

The fees for 2015 as well as the 2016 fees (based on current committee membership) for shareholder approval are presented below:

Non-executive directors (RSA)	Fees paid in respect of 2015 R'000	Fees proposed in respect of 2016 R'000
D M Nurek#	1 360,0	364,0
Prof. F Abrahams	408,0	434,0
S E Abrahams	442,0	477,8
M Lewis##	268,0	712,5
E Oblowitz	387,0	420,8
N V Simamane	324,0	371,8
B L M Makgabo-Fiskerstrand	317,0	360,5
D Friedland	415,0	448,3
R Stein	–	192,8
Total	**3 921,0**	**3 782,5**

Pro rata fee due to resignation on 19 June 2015
Pro rata fee based on three month director/deputy chairman fee (R300k p.a) and nine month chairman fee (R850k p.a)

In addition, this year for the first time, we are recommending to shareholders the approval of a foreign director's fee. This will enable the company to appoint foreign-based directors to further diversify our current board composition, should this be deemed appropriate in future. The proposed foreign-based director fee is an amount of £42 500 per annum.

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These summary consolidated financial statements comprise a summary of the audited annual financial statements of the group for the year ended 31 March 2015. The annual financial statements were approved by the board on 29 June 2015.

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

A copy of the annual financial statements is available on our group website, www.tfg.co.za, or a hard copy can be requested on the site or using the following link: www.tfg.co.za/ar_request.asp, or upon request from the TFG Finance and Advisory department care of: P. O Box 6020, Parow East, 7501, Tel: +27 (0) 21 938 1911

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH

The Foschini Group Limited and its subsidiaries

	2015 Rm	2014 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**2 197,0**	1 696,1
Goodwill and intangible assets	**4 365,2**	63,4
Participation in export partnerships	**8,4**	23,9
Deferred taxation asset	**354,7**	337,1
	6 925,3	2 120,5
Current assets		
Inventory (note 5)	**3 813,9**	2 775,9
Trade receivables – retail	**6 199,9**	5 796,6
Concession receivables	**156,5**	–
Other receivables and prepayments	**624,2**	465,5
Participation in export partnerships	**13,2**	11,9
Cash	**800,4**	301,3
	11 608,1	9 351,2
Assets associated with disposal group – RCS Group (note 6)	**–**	5 631,5
Total assets	**18 533,4**	17 103,2
EQUITY AND LIABILITIES		
Equity attributable to equity holders of The Foschini Group Limited	**8 130,9**	7 228,6
Non-controlling interest	**2,7**	861,3
Total equity	**8 133,6**	8 089,9
LIABILITIES		
Non-current liabilities		
Interest-bearing debt	**3 709,5**	1 584,7
Put option liability (note 13)	**20,3**	–
Cash-settled share incentive scheme (note 13)	**0,7**	–
Operating lease liability	**223,1**	208,2
Deferred taxation liability	**345,2**	42,7
Post-retirement defined benefit plan	**192,6**	180,4
	4 491,4	2 016,0
Current liabilities		
Interest-bearing debt	**3 333,0**	1 375,7
Trade and other payables	**2 553,0**	1 853,0
Operating lease liability	**9,0**	8,0
Taxation payable	**13,4**	59,4
	5 908,4	3 296,1
Liabilities associated with disposal group – RCS Group (note 6)	**–**	3 701,2
Total liabilities	**10 399,8**	9 013,3
Total equity and liabilities	**18 533,4**	17 103,2

SUMMARY CONSOLIDATED INCOME STATEMENT

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

Continuing operations	**2015 Rm**	2014 Rm	% change
Revenue (note 7)	**18 544,0**	16 362,9	
Retail turnover	**16 085,9**	14 159,0	13,6
Cost of turnover	**(8 484,2)**	(7 579,4)	
Gross profit	**7 601,7**	6 579,6	
Interest income (note 8)	**1 367,7**	1 148,1	
Other revenue (note 9)	**1 090,4**	1 055,8	
Trading expenses (note 10)	**(7 252,7)**	(6 246,6)	
Operating profit before once-off acquisition costs and finance charges	**2 807,1**	2 536,9	
Once-off acquisition costs	**(292,4)**	–	
Finance costs	**(228,1)**	(161,8)	
Profit before tax	**2 286,6**	2 375,1	
Income tax expense	**(748,8)**	(691,5)	
Profit from continuing operations	**1 537,8**	1 683,6	
Discontinued operations			
Profit from discontinued operations, net of tax – RCS Group (note 6)	**86,2**	321,1	
Profit on disposal of discontinued operation – RCS Group (note 6)	**273,2**	–	
Profit for the year	**1 897,2**	2 004,7	
Attributable to:			
Continuing operations	**1 537,4**	1 683,1	
Discontinued operations	**320,6**	176,5	
Equity holders of The Foschini Group Limited	**1 858,0**	1 859,6	(0,1)
Non-controlling interest	**39,2**	145,1	
Profit for the year	**1 897,2**	2 004,7	
Earnings per ordinary share (cents)			
Continuing operations (excl. once-off acquisition costs)			
Basic	**893,3**	817,1	9,3
Headline	**897,9**	818,7	9,7
Diluted (basic)	**885,7**	811,5	9,1
Diluted (headline)	**890,3**	813,1	9,5
Total			
Basic	**909,4**	902,8	0,7
Diluted (basic)	**901,7**	896,6	0,6
Weighted average ordinary shares in issue (millions)	**204,3**	206,0	

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2015 Rm	2014 Rm
Profit for the year	**1 897,2**	2 004,7
Other comprehensive income:		
Items that will never be reclassified to profit or loss		
Actuarial losses on post-retirement defined benefit plan	**–**	(69,8)
Deferred tax on items that will never be reclassified to profit or loss	**–**	19,5
Items that are or may be reclassified to profit or loss		
Movement in effective portion of changes in fair value of cash flow hedges	**32,9**	40,6
Continuing operations	**41,1**	6,9
Discontinued operations	**(8,2)**	33,7
Foreign currency translation reserve movement	**66,0**	(3,2)
Continuing operations	**66,0**	(5,0)
Discontinued operations	**–**	1,8
Deferred tax on items that are or may be reclassified to profit or loss	**(9,2)**	(11,3)
Other comprehensive income for the year, net of tax	**89,7**	(24,2)
Total comprehensive income for the year	**1 986,9**	1 980,5
Attributable to:		
Continuing operations	**1 633,0**	1 632,8
Discontinued operations	**317,4**	191,6
Equity holders of The Foschini Group Limited	**1 950,4**	1 824,4
Non-controlling interest	**36,5**	156,1
Total comprehensive income for the year	**1 986,9**	1 980,5

SUPPLEMENTARY INFORMATION

	2015	2014
Net ordinary shares in issue (millions)	**205,4**	204,3
Weighted average ordinary shares in issue (millions)	**204,3**	206,0
Tangible net asset value per ordinary share (cents)	**1 833,3**	3 507,2

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries	Equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2013	7 043,8	705,5	7 749,3
Total comprehensive income for the year	1 824,4	156,1	1 980,5
Profit for the year			
Continuing operations	1 683,1	0,5	1 683,6
Discontinued operations	176,5	144,6	321,1
Other comprehensive income			
Continuing operations			
Actuarial losses on post-retirement defined benefit plan	(69,8)	–	(69,8)
Movement in effective portion of changes in fair value of cash flow hedges	6,9	–	6,9
Foreign currency translation reserve movement	(5,0)	–	(5,0)
Deferred tax on movement in other comprehensive income	17,6	–	17,6
Discontinued operations			
Movement in effective portion of changes in fair value of cash flow hedges	18,5	15,2	33,7
Foreign currency translation reserve movement	1,8	–	1,8
Deferred tax on movement in other comprehensive income	(5,2)	(4,2)	(9,4)
Contributions by and distributions to owners			
Share-based payments reserve movements	90,3	–	90,3
Dividends paid	(1 066,9)	(0,3)	(1 067,2)
Cancellation of issued shares	(0,1)	–	(0,1)
Repurchase of shares	(600,5)	–	(600,5)
Proceeds on delivery of shares by share trust	45,5	–	45,5
Shares purchased in terms of share incentive schemes	(127,5)	–	(127,5)
Current tax on shares purchased	6,5	–	6,5
Deferred tax on shares purchased	13,1	–	13,1
Equity at 31 March 2014	7 228,6	861,3	8 089,9

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 31 MARCH (CONTINUED)

The Foschini Group Limited and its subsidiaries	Equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2014	7 228,6	861,3	8 089,9
Total comprehensive income for the year	1 950,4	36,5	1 986,9
Profit for the year			
Continuing operations	1 537,4	0,4	1 537,8
Discontinued operations	320,6	38,8	359,4
Other comprehensive income			
Continuing operations			
Movement in effective portion of changes in fair value of cash flow hedges	41,1	–	41,1
Foreign currency translation reserve movement	66,0	–	66,0
Deferred tax on movement in other comprehensive income	(11,5)	–	(11,5)
Discontinued operations			
Movement in effective portion of changes in fair value of cash flow hedges	(4,5)	(3,7)	(8,2)
Deferred tax on movement in other comprehensive income	1,3	1,0	2,3
Contributions by and distributions to owners			
Share-based payments reserve movements	97,4	–	97,4
Dividends paid	(1 146,9)	–	(1 146,9)
Realisation of non-controlling interest on disposal of discontinued operations	–	(895,1)	(895,1)
Realisation of reserves on disposal of discontinued operations	24,2	–	24,2
Cancellation of issued shares	(0,1)	–	(0,1)
Proceeds from sale of shares in terms of share incentive schemes	132,6	–	132,6
Shares purchased in terms of share incentive schemes	(175,7)	–	(175,7)
Increase in the fair value of the put option liability	(15,8)	–	(15,8)
Current tax on shares purchased	12,1	–	12,1
Deferred tax on shares purchased	24,1	–	24,1
Equity at 31 March 2015	8 130,9	2,7	8 133,6

	2015	2014
Dividend per ordinary share (cents)		
Interim	263,0	243,0
Final	325,0	293,0
Total	588,0	536,0

SUMMARY CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	2015 Rm	2014 Rm
Cash flows from operating activities		
Operating profit before working capital changes (note 11)	**3 047,4**	3 000,6
Increase in working capital	**(998,4)**	(930,3)
Cash generated from operations	**2 049,0**	2 070,3
Interest income	**30,0**	17,6
Finance costs	**(228,1)**	(161,8)
Taxation paid	**(765,7)**	(730,7)
Dividends paid	**(1 146,9)**	(1 067,2)
Net cash (outflows) inflows from operating activities	**(61,7)**	128,2
Cash flows from investing activities		
Purchase of property, plant and equipment	**(669,8)**	(554,2)
Acquisition of assets through business combination (note 13)	**(2 576,9)**	–
Proceeds from sale of property, plant and equipment	**10,2**	4,1
Repayment of participation in export partnerships	**14,2**	12,6
Proceeds from disposal of discontinued operations	**1 442,7**	–
Net cash outflows from investing activities	**(1 779,6)**	(537,5)
Cash flows from financing activities		
Repurchase of shares	**–**	(600,5)
Shares purchased in terms of share incentive schemes	**(175,7)**	(127,5)
Proceeds from sale of shares in terms of share incentive schemes	**132,6**	45,5
Increase in interest-bearing debt	**2 371,6**	1 022,0
Net cash inflows from financing activities	**2 328,5**	339,5
Net increase (decrease) in cash during the year	**487,2**	(69,8)
Cash at the beginning of the year	**301,3**	593,4
Cash at the beginning of the year - discontinued operations	**–**	(222,4)
Effect of exchange rate fluctuations on cash held	**11,9**	0,1
Cash at the end of the year	**800,4**	301,3

SUMMARY CONSOLIDATED SEGMENTAL ANALYSIS

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

	Retail trading divisions Rm	Customer value added products Rm	Credit Rm	Central and shared services Rm	Phase Eight Rm	Total Retail Rm
Year ended 31 March 2015						
External revenue	**15 683,8**	**775,1**	**304,1**	**11,2**	**402,1**	**17 176,3**
External interest income	**–**	**–**	**1 337,7**	**30,0**	**–**	**1 367,7**
Total revenue*	**15 683,8**	**775,1**	**1 641,8**	**41,2**	**402,1**	**18 544,0**
Inter-segment revenue				**9,7**		**9,7**
External finance costs				**(209,3)**	**(18,8)**	**(228,1)**
Depreciation and amortisation				**(412,7)**	**(15,4)**	**(428,1)**
Group profit before tax						**2 286,6**
Segmental profit (loss) before tax	**3 380,9**	**450,9**	**93,6**	**(1 233,0)**	**(287,7)**	**2 404,7**
Other material non-cash items						
Foreign exchange transactions						**(4,8)**
Share-based payments						**(97,4)**
Operating lease liability adjustment						**(15,9)**
Capital expenditure						**669,8**
Segment assets						**18 533,4**
Segment liabilities						**10 399,8**
Year ended 31 March 2014	Rm	Rm	Rm	Rm	Rm	Rm
External revenue	14 159,0	763,1	287,6	5,1	–	15 214,8
External interest income	–	–	1 130,5	17,6	–	1 148,1
Total revenue*	14 159,0	763,1	1 418,1	22,7	–	16 362,9
Inter-segment revenue				53,5		53,5
External finance costs				(161,8)	–	(161,8)
Depreciation and amortisation				(365,5)	–	(365,5)
Group profit before tax						2 375,1
Segmental profit (loss) before tax	3 078,4	453,9	10,1	(1 052,3)	–	2 490,1
Other material non-cash items						
Foreign exchange transactions						(5,0)
Share-based payments						(90,3)
Operating lease liability adjustment						(19,7)
Capital expenditure						554,2
Segment assets						11 471,7
Segment liabilities						5 312,1

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

Phase Eight was acquired on 15 January 2015 and is reflected as a separate reportable segment as defined by the board, being the chief operating decision-maker.

	Discontinued operations – RCS Group# Rm 2015	Discontinued operations – RCS Group Rm 2014
External revenue	**164,5**	634,5
External interest income	**298,2**	1 118,7
Total revenue*	**462,7**	1 753,2
Inter-segment revenue	**2,7**	8,3
External finance costs	**(65,0)**	(252,2)
Depreciation and amortisation	**(4,8)**	(17,4)
Group profit before tax	**480,4**	458,7
Segmental profit before tax	**480,4**	456,9
Other material non-cash items		
Foreign exchange transactions	**–**	1,8
Capital expenditure	**4,9**	22,9
Segment assets	**–**	5 631,5
Segment liabilities	**–**	3 701,2

 # Year ended 31 March 2015 represents 3 months of trading prior to the disposal of RCS Group.

SELECTED EXPLANATORY NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH

The Foschini Group Limited and its subsidiaries

The consolidated annual financial statements for the year ended 31 March 2015 and these summary consolidated financial statements have been audited by the company's auditors, KPMG Inc. Their unqualified audit opinion on both such financial statements is available at the company's registered office for inspection.

1. These results have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS), IAS 34 Interim Financial Reporting, Financial Reporting Guides as issued by the Accounting Practice Committee of the South African Institute of Chartered Accountants, Financial Pronouncements as issued by Financial Reporting Standards Council and disclosures required by the Companies Act No. 71 of 2008 and the JSE Listings Requirements, and, except as mentioned in note 2 and 3, have been consistently applied with those in the prior year.
2. During the year, the group adopted the following revised accounting standards:
   - Investment Entities (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements)
   - Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32 Financial Instruments: Presentation)
   - Recoverable Amount Disclosure for Non-Financial Assets (Amendment to IAS 36 Impairment of Assets)
   - Novation of Derivatives and Continuation of Hedge Accounting (Amendment to IAS 39 Financial Instruments: Recognition and Measurement)
   - IFRIC 21 Levies

   The adoption of these standards had no material impact on these results.
3. Additional accounting policies adopted due to the acquisition of Phase Eight

   During the year, the group had adopted the following accounting policies as a result of the acquisition of Phase Eight:
   - IFRS 2 Share-based payments: Cash-settled share-based options
   - IAS 39: Financial Instruments: put and call option to acquire group equity
4. These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control. In the prior year, the RCS Group was treated as a discontinued operation held for disposal in terms of IFRS 5. The RCS Group was disposed of on 30 June 2014 (refer to note 6).

	2015 Rm	2014 Rm
5. **Inventory**		
Inventory at year-end	**3 813,9**	2 775,9
Inventory write-downs included above	**154,0**	140,4

SELECTED EXPLANATORY NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH (CONTINUED)

The Foschini Group Limited and its subsidiaries

6. **Discontinued operations (RCS Group)**
As was announced on SENS on 10 April 2014, the group together with The Standard Bank of South Africa Limited, entered into agreements which resulted in BNP Paribas Personal Finance S.A. becoming the 100% shareholder of the RCS Group. Accordingly, the RCS Group was treated as a discontinued operation in terms of IFRS 5 for the year ended 31 March 2014. The closing date of the transaction was 6 August 2014 and the effective date was 30 June 2014. TFG's share of the proceeds was R1,4 billion. For the period 1 April 2014 to 30 June 2014, the RCS Group has been disclosed as a discontinued operation, and the profit on disposal of the RCS Group has been disclosed separately from continuing operations.

	2015 Rm	2014 Rm
INCOME STATEMENT*		
Interest income	**298,2**	1 118,7
Other income	**164,5**	634,5
Total credit income	**462,7**	1 753,2
Net bad debt	**(111,1)**	(373,6)
Operating costs	**(166,6)**	(668,7)
Operating profit before finance charges	**185,0**	710,9
Finance costs	**(65,0)**	(252,2)
Profit before tax	**120,0**	458,7
Income tax expense	**(33,8)**	(137,6)
Profit from discontinued operations	**86,2**	321,1
Profit on disposal of discontinued operations	**273,2**	–
Profit for the year	**359,4**	321,1
** Year ended 31 March 2015 represents 3 months of trading prior to the disposal of RCS Group.*		
CASH FLOW STATEMENT		
Net cash outflows from operating activities	**(45,2)**	(144,9)
Net cash outflows from investing activities	**(4,9)**	(22,3)
Net cash inflows from financing activities	**41,4**	366,7
	(8,7)	199,5
Earnings per share (cents)		
Discontinued operations		
Basic	**156,9**	85,7
Headline	**23,2**	90,2
Diluted (basic)	**155,6**	85,1
Diluted (headline)	**23,0**	89,6

		2015 Rm	2014 Rm
7.	**Revenue**		
	Retail turnover	**16 085,9**	14 159,0
	Interest income (refer note 8)	**1 367,7**	1 148,1
	Other revenue (refer note 9)	**1 090,4**	1 055,8
		18 544,0	16 362,9
8.	**Interest income**		
	Trade receivables – retail	**1 337,7**	1 130,5
	Sundry	**30,0**	17,6
		1 367,7	1 148,1
9.	**Other revenue**		
	Publishing income	**388,2**	379,0
	Collection cost recovery	**304,1**	287,6
	Insurance income	**300,3**	299,6
	Mobile one2one airtime income	**86,6**	84,5
	Sundry income	**11,2**	5,1
		1 090,4	1 055,8
10.	**Trading expenses**		
	Depreciation	**(428,1)**	(365,5)
	Employee costs	**(2 325,2)**	(2 048,3)
	Occupancy costs	**(1 585,0)**	(1 393,0)
	Net bad debt	**(1 023,6)**	(935,5)
	Other operating costs	**(1 890,8)**	(1 504,3)
		(7 252,7)	(6 246,6)
11.	**Operating profit before working capital changes**		
	Profit before tax	**2 286,6**	2 375,1
	Finance costs	**228,1**	161,8
	Operating profit before finance charges	**2 514,7**	2 536,9
	Interest income – sundry	**(30,0)**	(17,6)
	Non-cash items	**562,7**	481,3
	Depreciation	**428,1**	365,5
	Operating lease liability adjustment	**15,9**	19,7
	Share-based payments	**97,4**	90,3
	Post-retirement defined benefit medical aid movement	**12,2**	6,1
	Foreign currency translation reserve movement	**(4,8)**	(5,0)
	Cash-settled share incentive scheme	**0,7**	–
	Loss on disposal of property, plant and equipment	**13,5**	4,8
	Profit on disposal of property, plant and equipment	**(0,3)**	(0,1)
		3 047,4	3 000,6

SELECTED EXPLANATORY NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH (CONTINUED)

The Foschini Group Limited and its subsidiaries	**2015 Rm**	2014 Rm
12. **Reconciliation of profit for the year to headline earnings**		
Profit for the year attributable to equity holders of The Foschini Group Limited	**1 858,0**	1 859,6
Adjusted for:		
Profit on disposal of property, plant and equipment	**(0,3)**	(0,1)
Loss on disposal of property, plant and equipment	**13,5**	4,8
Profit on disposal of discontinued operations	**(273,2)**	–
Impairment of loan receivables	**–**	12,9
Adjusted headline earnings before tax	**1 598,0**	1 877,2
Tax on headline earnings adjustments	**(3,8)**	(4,9)
Headline earnings	**1 594,2**	1 872,3
Once-off acquisition costs	**292,4**	–
Tax impact of adjustments	**(4,7)**	–
Adjusted headline earnings*	**1 881,9**	1 872,3

** Adjusted headline earnings is calculated to remove the impact of the once-off acquisition costs of the Phase Eight acquisition.*

Earnings per ordinary share (cents)	**Continuing operations (excl once-off acquisition costs)**	**Continuing operations (incl once-off acquisition costs)**
2015		
Basic	**893,3**	**752,5**
Headline	**897,9**	**757,1**
Diluted (basic)	**885,7**	**746,1**
Diluted (headline)	**890,3**	**750,7**
2014		
Basic	817,1	817,1
Headline	818,7	818,7
Diluted (basic)	811,5	811,5
Diluted (headline)	813,1	813,1

13. **Acquisition of Phase Eight**

On 15 January 2015, the group acquired c.85% of Poppy Holdco Limited, which trades as Phase Eight, with the remaining c.15% shareholding owned by management. Through put/call arrangements, the group has the right to acquire and management the right to sell all shares held by management in three equal tranches on the earlier of (i) the publication of the audited accounts of the group for each of the fourth, fifth and sixth years following completion of the acquisition or (ii) 6 months following the fourth, fifth and sixth year anniversaries of completion of the acquisition. As these put/call arrangements are a consequence of the business combination, they will be accounted for as a financial liability. Accordingly, no non-controlling interest is recorded. In addition, a cash-settled equity instrument was issued to the employees of the acquired group. The cash-settled share based payments is treated in accordance with IFRS 2.

The acquisition was funded through a combination of proceeds from the disposal of RCS Group and South African cash resources. The existing indebtedness of Phase Eight was refinanced through a new UK facility of GBP80m which was raised on a non-recourse basis to TFG.

The acquisition was fully hedged and converted using a ZAR:GBP exchange rate of R18,29 being the relevant hedged rate. The acquisition of Phase Eight was at an enterprise value of GBP238 million (ZAR4 353 million) with an equity value of GBP159,0 million (ZAR2 908,6 million) after taking into account net debt and related adjustments.

Certain fair values are provisional and subject to further review for a period of up to one year from the acquisition date. The at acquisition GBP values have been translated at the closing exchange rate at 15 January 2015 of GBP1:R17,50. These results include 2 months of Phase Eight trading.

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

The provisional at acquisition values are presented below:

	Rm	£m
Non-current assets	1 814,2	103,7
Property, plant and equipment	276,6	15,8
Intangible assets	1 537,6	87,9
Current assets	858,8	49,0
Inventory	274,7	15,7
Other receivables and prepayments	216,9	12,4
Tax receivable	35,5	2,0
Cash	331,7	18,9
Non-current liabilities	1 970,6	112,6
Interest-bearing debt	1 658,8	94,8
Deferred tax	307,5	17,6
Put option liability	4,3	0,2
Current liabilities	409,6	23,4
Trade and other payables	375,1	21,4
Provisions	34,5	2,0
Total identifiable net assets at fair value	292,8	16,7
Goodwill arising from acquisition	2 615,8	142,3
Purchase consideration	2 908,6	159,0
Purchase consideration transferred	2 783,3	159,0
Cost of hedging instrument	125,3	–
Cash and cash equivalents acquired	(331,7)	(18,9)
Cash outflow on acquisition	2 576,9	140,1

SELECTED EXPLANATORY NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 MARCH (CONTINUED)

The Foschini Group Limited and its subsidiaries

13. **Acquisition of Phase Eight (continued)**

    Goodwill of GBP 142,3 million (R2,6 billion) and the Phase Eight brand amounting to GBP 87,9 million (R1,5 billion) have been recognised as intangible assets at acquisition. Goodwill represents the value paid in excess of the provisional fair value of the net assets. This consists largely of the value assigned to the unique operating business model and future growth prospects. Once-off acquisition costs related to the acquisition of R292,4 million have been expensed in the current period.

14. **Related parties**

    Related party transactions similar to those disclosed in the group's annual financial statements for the year ended 31 March 2014 took place during the year. There are no significant related party transactions which took place in the current year except as mentioned in note 15.

15. **Repurchase of shares**

    At the annual general meeting of the company held on 1 September 2014 shareholders approved a specific repurchase of 11 million ordinary shares held by a wholly-owned subsidiary.

    The specific repurchase was implemented on 19 September 2014 at an average price of R117,39 per share, whereafter the shares were cancelled and restored to authorised share capital. On 21 October 2014 11 million shares were delisted, reducing the total shares in issue from 222 005 054 shares to 211 005 054 shares.

16. **Fair value**

    The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature. There are no level 1 or level 3 financial instruments within the group and there were no transfers between levels during the year.

17. **Events after the reporting date**

    No further significant events took place between the end of the financial year and the date these preliminary consolidated results were authorised for issue.

APPENDICES

APPENDIX 1: DEFINITIONS

Current ratio	Current assets divided by current liabilities
Concession arrangements	In addition to their own stand-alone stores, Phase Eight operates through concession arrangements with key department store partners whereby they occupy an agreed floor space area (referred to as "mat") which is dedicated to Phase Eight product
Debt: equity ratio	Net borrowings expressed as a percentage of total equity
Dividend cover	Basic earnings per share divided by dividend declared
Doubtful debt provision as a % of debtors' book	Provision for doubtful debts expressed as a percentage of gross receivables
EBITDA	Earnings before finance cost, tax, depreciation and amortisation
EBITDA finance charge cover	EBITDA divided by finance costs
Finance charge cover	Operating profit before finance charges divided by finance cost
Gross square metres	Comprises the total leased store area including stock rooms
Headline earnings	Net income attributable to ordinary shareholders adjusted for the effect, after tax, of exceptional items
Headline earnings per ordinary share	Headline earnings divided by the weighted average number of shares in issue for the year
LSM	Refers to the SAARF Universal Living Standards Measure which is a unique means of segmenting the South African market by dividing the population into 10 LSM groups, 1 (lowest) to 10 (highest). Refer table on the next page
Market capitalisation	The market price per share at the year-end multiplied by the number of ordinary shares in issue at the year-end
Net bad debt and provision movement	VAT-exclusive bad debts including provision movement, net of recoveries
Net bad debt write-off – retail	VAT-inclusive bad debts, net of recoveries and excluding movement in provision
Net bad debt write-off as a % of credit transactions	Net bad debt write-off expressed as a percentage of credit transactions
Net bad debt write-off as a % of debtors' book	Net bad debt write-off expressed as a percentage of gross receivables
Net borrowings	Interest-bearing debt and non-controlling interest loans reduced by cash
Omni – channel	Describes multi-channel retailing (e-commerce, online sales, mobile app sales)
Operating margin	Operating profit before finance charges expressed as a percentage of retail turnover
Operating profit	Profit earned from normal business operations
Outlets	Phase Eight trades through a combination of stand-alone stores and concession arrangements resulting in their operations being referred to as outlets rather than the traditional "stores"
Overdue values as a % to debtors' book	Overdue portion of debtors at statement month-end as a percentage of debtors' book
Recourse debt: equity ratio	Recourse debt excluding Phase Eight reduced by cash, expressed as a percentage of total equity
Same store	Stores which have traded for the full current and previous financial years out of the same trading area
Tangible net asset value per ordinary share	Total net asset value, after non-controlling interest, excluding goodwill and intangible assets , divided by the net number of ordinary shares in issue at the year-end
Trading expenses	Trading expenses are costs incurred in the normal course of business, and includes amongst others, depreciation, amortisation, employee costs, occupancy costs, net bad debt and other operating costs

LSM GROUPINGS

SA ADULT (15+) POPULATION SPLIT BY LSM: AVERAGE MONTHLY HOUSEHOLD INCOME

Source: AMPS Individual Databases (2013B, 2014B)

Notes:

All adults aged 15+

Average income is calculated using the midpoint of the income bands provided by AMPS. Maximum category in 2014b is R60 000+, and the value R60 000 was used in this instance.

LSM refers to: SAARF Universal Living Standards Measure

All Rand values are nominal (inflation is not taken into account)

LSM	Population 2014	% Population 2009	% Population 2010	% Population 2011	% Population 2012	% Population 2013	% Population 2014	Average monthly household income 2014	Average monthly household income 2013
LSM 1	**590 540**	3,5	2,4	1,9	1,6	1,4	**1,6**	**R2 168**	R1 480
LSM 2	**1 250 688**	7,3	5,7	5,1	4,1	3,6	**3,3**	**R2 886**	R2 202
LSM 3	**1 948 696**	7,8	7,0	6,1	6,2	5,7	**5,2**	**R3 307**	R2 585
LSM 4	**4 641 711**	14,2	14,0	12,2	13,0	11,6	**12,3**	**R4 068**	R3 205
LSM 5	**5 992 359**	15,2	16,6	17,4	17,1	16,4	**15,9**	**R5 016**	R4 344
LSM 6	**8 891 519**	19,5	20,3	22,4	22,6	23,7	**23,6**	**R7 387**	R6 821
LSM 7	**4 906 090**	10,2	10,6	11,4	11,4	12,3	**13,0**	**R12 923**	R11 839
LSM 8	**3 320 619**	7,6	8,3	8,4	8,6	8,8	**8,8**	**R17 224**	R16 555
LSM 9	**3 777 023**	8,4	8,9	8,9	9,4	10,0	**10,0**	**R24 292**	R22 788
LSM 10	**2 345 292**	6,3	6,2	6,2	6,0	6,5	**6,3**	**R36 838**	R33 895
Total	**37 664 537**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**100,0**	**R11 276**	**R10 318**

APPENDIX 2: CONSOLIDATED PERFORMANCE TABLE

PERFORMANCE INDICATOR	TFG including Phase Eight % change	**TFG including Phase Eight 2015**	TFG excluding Phase Eight % change	**TFG excluding Phase Eight 2015**	2014
Economic and related core baseline indicators					
Retail turnover (Rm)	13,6	**16 085,9**	10,8	**15 683,8**	14 159,0
Operating profit before finance charges (Rm)**	10,7	**2 807,1**		**n/a**	2 536,9
EBITDA (Rm)**	11,5	**3 235,2**		**n/a**	2 902,4
Adjusted headline earnings (Rm)	0,5	**1 881,9**		**n/a**	1 872,3
Earnings per ordinary share from continuing operations excluding once-off acquisition costs (cents)	9,3	**893,3**		**n/a**	817,1
Headline earnings per ordinary share from continuing operations excluding once-off acquisition costs (cents)	9,7	**897,9**		**n/a**	818,7
Distribution declared per ordinary share (cents)	9,7	**588,0**		**n/a**	536,0
Value added (Rm)	8,1	**5 417,6**		**n/a**	5 013,2
Total number of stores	29,0	**2 724**	8,0	**2 280**	2 111
Total number of distribution centres	–	**8**	–	**8**	8
Total procurement from BBBEE sources (%)#		**n/a**	2,3	**90,0**	88,0
Number of environmental, health and safety and/or governance legal incidents	–	**none**	–	**none**	none
Employee indicators					
Total number of employees:					
Permanent full-time employees	7,6	**14 277**	3,8	**13 767**	13 265
Permanent part-time employees	1 320,0	**1 562**	203,6	**334**	110
Flexitime employees	24,3	**4 268**	24,3	**4 268**	3 435
Contract employees	(48,9)	**487**	(55,5)	**424**	953
Casual employees	(0,7)	**134**	(31,9)	**92**	135
Employee turnover (excluding contractors) %*			16,1	**36**	31

* *As Phase Eight is only included for two months, this figure is not a true reflection and we therefore only indicate the comparable number for TFG excluding Phase Eight*

\# *Data in respect of BBBEE and environmental issues is presented one year in arrears.*

** *Excludes once-off acquisition costs.*

	% change	TFG excluding Phase Eight 2015	2014
Employee indicators (continued)			
Employment equity (% representation of previously disadvantaged groups among permanent employees)			
Top management	(17,0)	**8,3**	10,0
Senior management	2,0	**20,6**	20,2
Specialists and middle management	1,9	**47,2**	46,3
Skilled technical and junior management	1,3	**84,8**	83,7
Semi and unskilled employees	0,5	**97,9**	97,4
Investment in employee training and development			
Total expenditure (Rm)	2,6	**120,6**	117,6
% of payroll	(10,0)	**5,4**	6,0
Total number of employees trained#	0,3	**117 737**	117 341
Work-related fatalities	–	**none**	none
Number of classified injuries			
Number of days lost	(4,2)	**1 614**	1 685
Number of incidents	29,4	**427**	330
Number of incidents where days off three or less	42,6	**318**	223
Number of work days lost due to industrial action	(100,0)	**none**	13
Corporate social investment			
CSI total spend (Rm)	62,3	**8,6**	5,3
Merchandise donations for the benefit of The Feel Good Project (Rm)	(8,3)	**32,1**	35,0
Environmental indicators			
Purchased electricity usage (kilowatt hours) (stores, distribution centres and offices)	3,0	**156 150 783**	151 558 784
Carbon footprint (tonnes CO_2e)			
Total emissions	5,1	**213 382**	203 079
Scope 1	(1,0)	**3 385**	3 419
Scope 2	7,7	**155 354**	144 275
Scope 3	(1,5)	**52 959**	53 781
Non-kyoto	5,0	**1 684**	1 604
Intensity: emissions per m^2 (including stores)	(3,6)	**0,27**	0,28
Water consumption (kilolitres) (head offices and distribution centres)	(15,8)	**64 481**	76 618

 # Refers to attendees and not individual employees.

APPENDIX 3: VALUE ADDED STATEMENT

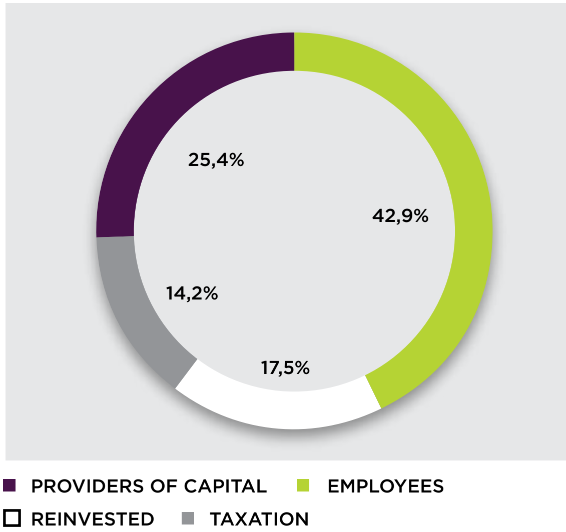
FOR THE YEARS ENDED 31 MARCH

	Note	2015 Rm	%	2014 Rm	%
Retail turnover		**16 085,9**		14 159,0	
Paid to suppliers for goods and services		**(10 668,3)**		(9 145,8)	
Value added		**5 417,6**	**100,0**	5 013,2	100,0
Applied as follows:					
Employees					
Remuneration to employees		**2 325,2**	**42,9**	2 048,3	40,9
Providers of capital					
To lenders as finance charges		**228,1**	**4,2**	161,8	3,2
To shareholders as dividends		**1 146,9**	**21,2**	1 067,2	21,3
Taxation					
Taxation		**770,7**	**14,2**	749,2	14,9
Reinvested					
Reinvested in the group to finance future expansion and growth	1	**946,7**	**17,5**	986,7	19,7
Employment of value added		**5 417,6**	**100,0**	5 013,2	100,0

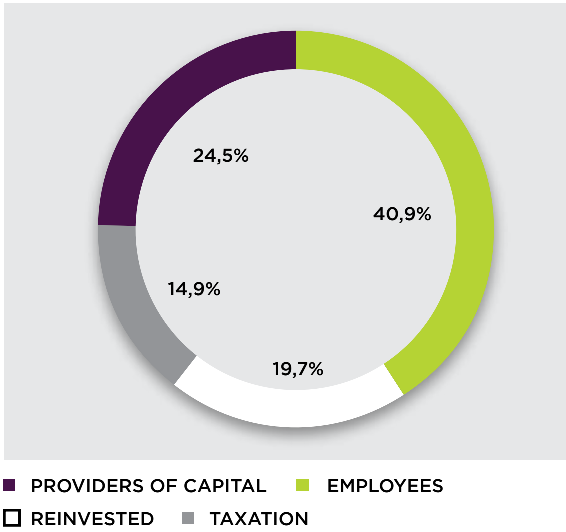
NOTES TO THE VALUE ADDED STATEMENT

	2015 Rm	%	2014 Rm	%
1. Reinvested in the group to finance future expansion and growth				
Depreciation	**428,1**	**7,9**	365,5	7,3
Deferred taxation	**(284,9)**	**(5,2)**	55,3	1,1
Retained income	**803,5**	**14,8**	565,9	11,3
	946,7	**17,5**	986,7	19,7
2. State taxes				
Direct taxation as above	**770,7**		749,2	
Net value added taxation	**497,7**		459,0	
Employees taxation	**379,6**		289,7	
Channelled through the group	**1 648,0**		1 497,9	

VALUE ADDED STATEMENT (2015)



VALUE ADDED STATEMENT (2014)



APPENDIX 4: SUBSIDIARY COMPANIES

AS AT 31 MARCH 2015

Name of subsidiary	Country of registration	Issued share capital R
Trading subsidiaries		
Customer Arrear Solutions Proprietary Limited*	South Africa	18 200
Dress Holdco A Limited	UK	2 783 130 566
Fashion Retailers Proprietary Limited	Namibia	250 006
Fashion Retailers (Zambia) Limited	Zambia	75
Foschini Finance Proprietary Limited	South Africa	6
Foschini (Lesotho) Proprietary Limited	Lesotho	2
Foschini Nigeria Limited	Nigeria	2 840 769
Foschini Retail Group Proprietary Limited	South Africa	2
Foschini Services Proprietary Limited	South Africa	10
Foschini Stores Proprietary Limited	South Africa	1
Foschini (Swaziland) Proprietary Limited	Swaziland	2
Markhams Proprietary Limited	South Africa	1
Pienaar Sithole and Associates Proprietary Limited	South Africa	100
Prestige Clothing Proprietary Limited	South Africa	10
TFG Apparel Supply Company Proprietary Limited	South Africa	1
The Foschini Group Ghana Limited	Ghana	10 746 800
What U Want To Wear Proprietary Limited	South Africa	66 200

** Previously Retail Credit Solutions Proprietary Limited.*

APPENDIX 5: SHAREHOLDINGS OF THE FOSCHINI GROUP LIMITED

ANALYSIS OF SHAREHOLDINGS

Compiled by JP Morgan Cazenove utilising the company's transfer secretaries' records as at 27 March 2015.

SPREAD ANALYSIS	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
1 – 1 000 shares	4 926	66,4	1 626 799	0,8
1 001 – 10 000 shares	1 673	22,5	5 339 895	2,5
10 001 – 100 000 shares	602	8,1	21 082 299	10,0
100 001 – 1 000 000 shares	180	2,4	53 509 442	25,4
1 000 001 shares and over	43	0,6	129 446 619	61,3
	7 424	100,0	211 005 054	100,0

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of shares held	% of shares in issue
Pension Funds	83 892 077	39,8
Unit Trusts/Mutual Funds	54 714 699	25,9
Other Managed Funds	29 680 195	14,1
Private Investor	13 264 779	6,3
Sovereign Wealth	9 388 636	4,4
Insurance Companies	6 571 167	3,1
Custodians	5 633 818	2,7
University	1 940 977	0,9
Other	5 918 706	2,8
	211 005 054	100,0

BENEFICIAL SHAREHOLDINGS GREATER THAN 3%

Beneficial interests – direct and indirect, as per share register and information supplied by nominee companies as at 27 March 2015.

	Holding	% of shares in issue
Government Employees Pension Fund (PIC)	35 254 260	16,7
Coronation Top 20 Fund	6 729 282	3,2
	41 983 542	19,9

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
Coronation Asset Management (Pty) Ltd	45 890 531	21,7
Government Employees Pension Fund (PIC)	27 784 842	13,2
Old Mutual PLC	12 432 716	5,9
Sanlam Investment Management (Pty) Ltd (SIM)	8 590 680	4,1
BlackRock Inc	6 890 376	3,3
	101 589 145	48,2

SHAREHOLDING SPREAD

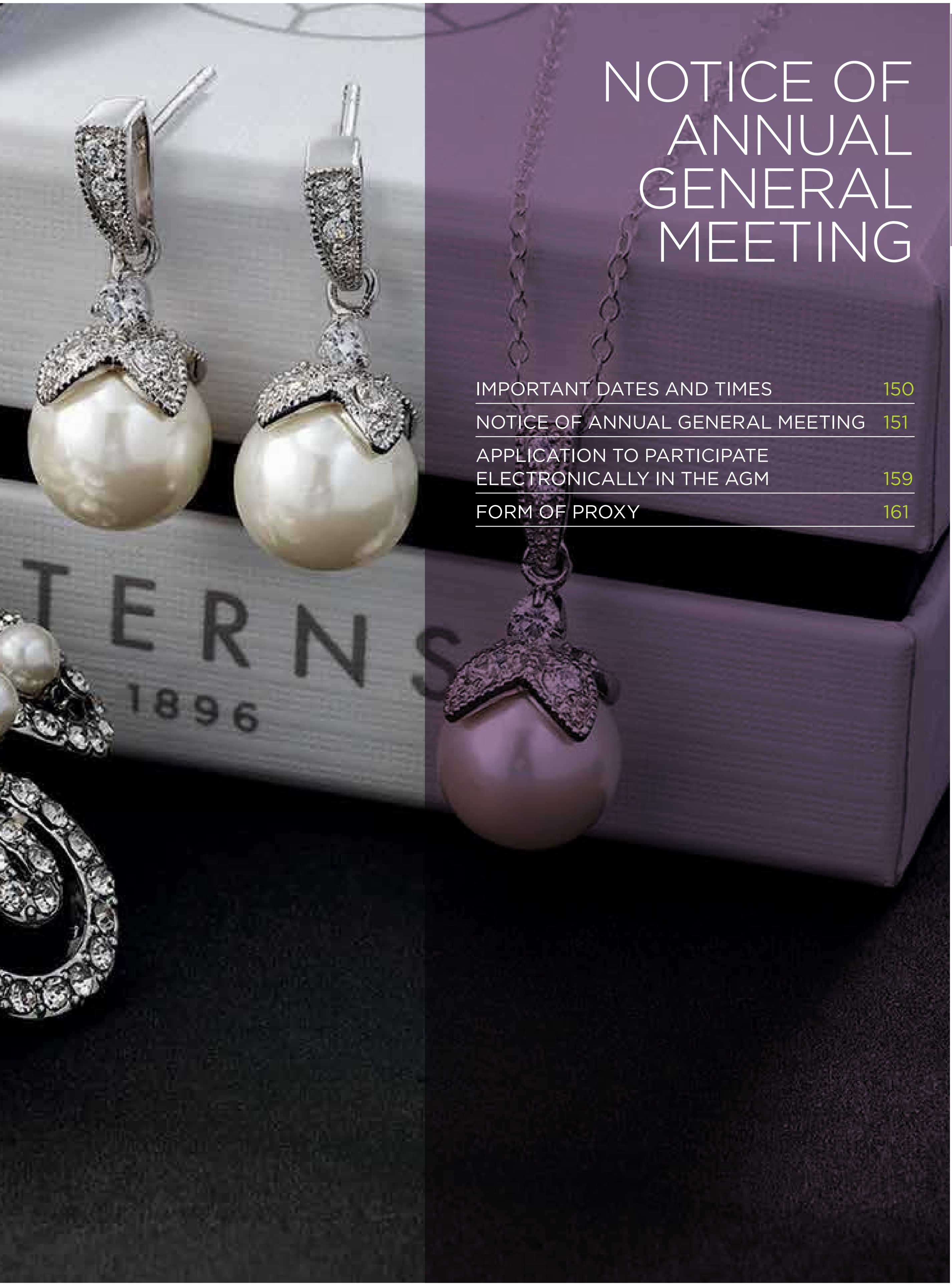
Category	Number of holders	% of total shareholders	Number of shares held	% of shares in issue
Public	7 118	95,9	192 583 340	91,3
Directors	8	0,1	12 944 580	6,1
Trust	1	0,0	2 297 460	1,1
Subsidiary	1	0,0	1 049 824	0,5
Employees of TFG	296	4,0	2 129 850	1,0
Total	7 424	100,0	211 005 054	100,0

APPENDIX 6: SHARE PERFORMANCE AND ADDITIONAL INFORMATION

EXCHANGE RATE INFORMATION	2015	2014
Closing US $ conversion rate	12,15	10,61
Average US $ conversion rate	11,12	10,13
Closing GBP conversion rate	18,01	17,69
Average GBP conversion rate*	17,85	16,13

** For the period that Phase Eight's results are consolidated, the average GBP exchange rate was 17,92.*

SHARE PERFORMANCE	2015	2014
Market price per share (cents)		
– at year-end	18 057	10 715
– highest	18 198	11 736
– lowest	10 014	8 694
– average	12 983	10 149
Number of beneficial shareholdings	7 424	7 445
Price/earnings ratio at year-end (%)	19,86	11,87
Dividend yield (%)	3,3	5,0
Number of shares traded during the year (millions)	283,8	387,7
Volume traded/number of shares in issue (%)	134,5	174,6
Market capitalisation (Rm)	38 101,2	23 787,8



NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT DATES AND TIMES

Record date to determine which shareholders are entitled to receive the notice	Friday, 17 July 2015
Post and email 2015 integrated annual report and notice of annual general meeting	Wednesday, 22 July 2015
Last day to trade in order to be able to attend, participate and vote at the annual general meeting	Friday, 14 August 2015
Record date in order to be able to attend, participate and vote at the annual general meeting and last date to apply for electronic participation to be received by 12:15	Friday, 21 August 2015
Proxy forms for the annual general meeting to be received by 12:15	Monday, 31 August 2015
Annual general meeting to be held at 12:15	Tuesday, 1 September 2015
Results of annual general meeting released on SENS	Tuesday, 1 September 2015

The dates and times provided for in this document are subject to amendment. Any amendment will be published on SENS. All times are South African times.

NOTICE OF ANNUAL GENERAL MEETING

THE FOSCHINI GROUP LIMITED
(incorporated in the Republic of South Africa)
Registration number: 1937/009504/06
Share code: TFG – TFGP
(ISIN: ZAEOOO148466 – ZAE000148516)
("TFG" or "company")

Notice is hereby given that the 78th annual general meeting of shareholders of TFG will be held at Stanley Lewis Centre, 340 Voortrekker Road, Parow East, Cape Town on Tuesday, 1 September 2015 at 12:15 to:

1. deal with such business as may lawfully be dealt with at the meeting; and
2. consider and, if deemed fit, pass with or without modification, the ordinary and special resolutions set-out hereunder in the manner required by the Companies Act and the company's memorandum of incorporation ("MOI"), which meeting is to be participated in and voted at by shareholders as at the record date of Friday, 21 August 2015.

It should be noted that TFG has made provision for its shareholders or their proxies to participate electronically in the annual general meeting as detailed later in this notice.

ORDINARY RESOLUTION NUMBER 1 (PRESENTATION OF ANNUAL FINANCIAL STATEMENTS)

To receive and adopt the annual financial statements of the company and the group for the year ended 31 March 2015. The consolidated audited annual financial statements of the company and its subsidiaries (as approved by the board) incorporating the independent auditor's report, the directors' report and the board audit committee's report for the year ended 31 March 2015 as well as the social and ethics committee's report contained in the 2015 integrated annual report have been made available and will be presented.

ORDINARY RESOLUTION NUMBER 2 (RE-APPOINTMENT OF EXTERNAL AUDITOR)

That upon the recommendation of the board audit committee, KPMG Inc. be re-appointed as auditors (and Mr P Farrand as the designated partner) of the company until the following annual general meeting.

ORDINARY RESOLUTION NUMBER 3 (RE-ELECTION OF DIRECTOR)

That upon the recommendation of the nomination committee and the board, to re-elect Mr E Oblowitz who is retiring by rotation as an independent non-executive director, in accordance with the provisions of the MOI; Mr E Oblowitz being eligible, offers himself for re-election as an independent non-executive director.

A brief curriculum vitae is included in annexure 1 to this notice.

ORDINARY RESOLUTION NUMBER 4 (RE-ELECTION OF DIRECTOR)

That upon the recommendation of the nomination committee and the board, to re-elect Ms N V Simamane who is retiring by rotation as an independent non-executive director, in accordance with the provisions of the MOI; Ms N V Simamane being eligible, offers herself for re-election as an independent non-executive director.

A brief curriculum vitae is included in annexure 1 to this notice.

ORDINARY RESOLUTION NUMBER 5 (RE-ELECTION OF DIRECTOR)

That upon the recommendation of the nomination committee and the board, to re-elect Ms B L M Makgabo-Fiskerstrand who is retiring by rotation as an independent non-executive director, in accordance with the provisions of the MOI; Ms B L M Makgabo-Fiskerstrand being eligible, offers herself for re-election as an independent non-executive director.

A brief curriculum vitae is included in annexure 1 to this notice.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

ORDINARY RESOLUTION NUMBER 6 (RE-ELECTION OF DIRECTOR)

That upon the recommendation of the nomination committee and the board, to re-elect Mr A E Thunström as an executive director, in accordance with the provisions of the MOI; Mr A E Thunström being eligible, offers himself for re-election as an executive director. Mr A E Thunström is currently the CFO–elect and will be appointed as an executive director on 1 July 2015 by the board.

A brief curriculum vitae is included in annexure 1 to this notice.

ORDINARY RESOLUTION NUMBER 7 (ELECTION OF BOARD AUDIT COMMITTEE MEMBER)

Upon the recommendation of the nomination committee and the board, that shareholders elect Mr S E Abrahams, an independent non-executive director as a member of the board audit committee.

A brief curriculum vitae is included in annexure 2 to this notice.

ORDINARY RESOLUTION NUMBER 8 (ELECTION OF BOARD AUDIT COMMITTEE MEMBER)

Upon the recommendation of the nomination committee and the board, that shareholders elect Mr E Oblowitz, an independent non-executive director as a member of the board audit committee.

A brief curriculum vitae is included in annexure 2 to this notice.

ORDINARY RESOLUTION NUMBER 9 (ELECTION OF BOARD AUDIT COMMITTEE MEMBER)

Upon recommendation of the nomination committee and the board, that shareholders elect Ms N V Simamane, an independent non-executive director as a member of the board audit committee.

A brief curriculum vitae is included in annexure 2 to this notice.

ORDINARY RESOLUTION NUMBER 10 (NON-BINDING ADVISORY VOTE ON REMUNERATION POLICY)

That shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set-out in Part I of the remuneration report on pages 103 to 112 of this document.

SPECIAL RESOLUTION NUMBER 1 (NON-EXECUTIVE DIRECTOR REMUNERATION)

To approve the remuneration to be paid to non-executive directors for the period 1 October 2015 to 30 September 2016, details of which are as follows:

Chairman	R850 000
Director (South African)	R257 000
Director (foreign)	£42 500
Board audit committee chairperson	R195 000
Risk committee chairperson	R95 000
Remuneration committee chairperson	R90 000
Transformation sub-committee chairperson	R84 000
Member of board audit committee	R75 000
Member of risk committee	R60 000
Member of remuneration committee	R60 000
Member of social and ethics committee	R42 000
Member of nomination committee	R30 000

Further that in order to align the fee increase date with the annual general meeting, the annual fee increase date is moved from 1 April to 1 October. The above fees are therefore approved until 30 September 2016.

Fees which were paid to directors from 1 April 2015 to 30 September 2015 were approved at the previous annual general meeting subject to the proviso that the annual increase may not be more than 2% in excess of CPI.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 1

To approve the remuneration to be paid to non-executive directors for the calendar year commencing 1 October 2015 until 30 September 2016. Further, in terms of this special resolution it is proposed that the annual non-executive director remuneration cycle (which currently runs from 1 April to 31 March each year) is amended such that the cycle runs from 1 October until 30 September each year. This change is proposed in order to align the cycle with the holding of the company's annual general meeting each year.

The resolution now reflects a proposed foreign director fee. Whilst the company currently does not have any foreign directors, it is proposed that shareholders approve a foreign director's fee. This will enable the company to appoint foreign based directors to further diversify the current board composition should this be deemed appropriate in future.

SPECIAL RESOLUTION NUMBER 2 (GENERAL AUTHORITY TO ACQUIRE SHARES)

That the company and/or any subsidiary of the company is hereby authorised, by way of a general authority from time to time, to acquire ordinary shares in the share capital of the company upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the MOI of the company, the provisions of the Companies Act and the Listing Requirements as presently constituted and which may be amended from time to time, and subject to the following:

1. the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party (reported trades are prohibited);
2. approval by shareholders in terms of a special resolution of the company, in annual general/ general meeting, which shall be valid only until the next annual general meeting or for fifteen (15) months from the date of the resolution, whichever period is shorter;
3. repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five (5) business days immediately preceding the date on which the transaction is effected;
4. at any point in time, a company may only appoint one agent to effect any repurchase/s on the company's behalf;
5. issuers may only undertake a repurchase of securities, if, after such repurchase, it still complies with paragraph 3.37 of the Listings Requirements concerning shareholder spread requirements;
6. an issuer or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listing Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
7. the aggregate of acquisitions by subsidiaries of the company may not result in the subsidiaries holding more than 10% of the number of issued shares of any class of shares of the company; and
8. the general repurchase by the company of its own securities may not, in the aggregate in any one financial year, exceed 10% of the company's issued share capital of that class in any one financial year.

Statement by the board

Pursuant to and in terms of the Listing Requirements, the board hereby states:

1. The intention of the directors of the company is to use the general authority if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take account of, *inter alia*, an appropriate capitilisation structure for the company, the long-term cash needs of the company, and will ensure that any such use is in the interests of shareholders;
2. In determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the board will ensure that:

   2.1 the company and the group will be able to pay their debts as they become due in ordinary course of business for the next twelve (12) months;

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

2.2 the assets of the company and the group will be in excess of the liabilities of the company and the group for the next twelve (12) months. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;

2.3 the issued share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group for the next twelve (12) months; and

2.4 the working capital available to the company and the group will be sufficient for the group's requirements for next twelve (12) months

The board will notify the shareholders of the terms of the repurchase of the company's shares by publishing an announcement in accordance with the Listings Requirements should the company or its subsidiaries cumulatively repurchase more than 3% of the company's issued share capital.

The board will ensure that its sponsor provides the necessary sponsor letter on the adequacy of the company's working capital in terms of paragraph 2.12 of the Listings Requirements, prior to the commencement of any repurchases of TFG shares.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 2

The reason for special resolution number 2 is to grant the company a general authority in terms of the Companies Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond fifteen (15) months from the date of this general meeting. The passing of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Listings Requirements disclosures

Paragraph 11.26 of the Listings Requirements, require the following disclosures:

- Major shareholders (paragraph 11.26 (b)(i) – refer to pages 144 and 145 of this document;
- Share capital of the company (paragraph 11.26(b)(iii) – refer to note 12 of the 2015 annual financial statements).

Update on directors' interests in terms of paragraph 7.B.20 of the Listing Requirements

Please refer to page 115 of this document.

Litigation statement

In terms of paragraph 7.D.11 of the Listings Requirements the directors are not aware of any legal proceedings that are pending or threatened, that may have or had in the recent past (being at least the previous twelve (12) months) a material effect on TFG's financial position.

Material changes

Other than the facts and developments reported on in this document there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of this document.

Directors' responsibility statement

The directors whose names are given on pages 40 to 43 of this document, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that to the best of their knowledge and belief , there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the Listings Requirements.

SPECIAL RESOLUTION NUMBER 3 (FINANCIAL ASSISTANCE)

The shareholders approve that the company may provide direct or indirect financial assistance to a related or interrelated company or corporation provided that such financial assistance may only be provided within two (2) years from the date of the adoption of this special resolution and subject further to sections 44 and 45 of the Companies Act and the Listings Requirements.

REASON AND EFFECT OF SPECIAL RESOLUTION NUMBER 3

Section 44 of the Act applies to financial assistance provided by a company to related or interrelated companies, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company.

Section 45 of the Companies Act applies to financial assistance provided by a company or related or interrelated companies and corporations, including, among others, its subsidiaries.

Thus both sections 44 and 45 of the Companies Act provide that the financial assistance may only be provided pursuant to a special resolution passed by shareholders within the previous two (2) years.

The passing of this special resolution will have the effect of authorising the company to provide financial assistance to related and interrelated companies and corporations.

ORDINARY RESOLUTION NUMBER 11

Any director of the company is authorised to do all such things and sign all such documents as may be necessary for, or incidental to, the implementation of ordinary resolutions 1 to 10 and special resolutions 1 to 3 proposed at the company's annual general meeting to be held on Tuesday, 1 September 2015.

To transact any other business that may be transacted at an annual general meeting.

VOTING REQUIREMENTS

An ordinary resolution requires the support of more than 50% of the voting rights exercised on the resolution to be adopted.

A special resolution requires the support of more than 75% of the voting rights exercised on the resolution to be adopted.

GENERAL INSTRUCTIONS

Members are encouraged to attend, speak and vote at the annual general meeting.

Meeting participants (including shareholders and proxies) will be required to provide reasonably satisfactory proof of identity before being entitled to attend and/or participate in the meeting.

Forms of identification include valid identity documents, driver's licence and passports.

If you hold shares in certificated form (in other words, you have not dematerialised your TFG shares) or are registered as an own name dematerialised shareholder, then:

- you may attend and vote at this meeting, alternatively
- you may appoint a proxy to represent you at this meeting by completing the attached form of proxy and lodging it with the transfer secretaries of TFG by 12:15 on Monday, 31 August 2015.

Where you are entitled, and wish, to appoint a proxy, the proxy does not have to be a TFG shareholder and you may appoint more than one proxy to exercise voting rights attached to different securities held by you which entitled you to vote.

If you have dematerialised your shares and are not registered as an own name dematerialised shareholder (in other words, you have specifically instructed your CSDP not to hold your shares in your own name on TFG's uncertificated securities register), then subject to the custody agreement between yourself and your CSDP or broker:

- If you wish to attend the meeting you must contact your CSDP or broker and obtain the relevant letter of representation from it; alternatively
- If you are unable to attend the meeting but wish to be represented at the meeting, you must contact your CSDP or broker and furnish it with your voting instructions in respect of the meeting. You must not complete the attached form of proxy. The instructions must be provided in accordance with the custody agreement between yourself and your CSDP or broker within the time period required by your CSDP or broker.

CSDP's, brokers or their nominees recorded in the company's uncertificated securities register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialsed shares in the company, vote by either appointing a duly authorised representative to attend and vote at a meeting or by completing the attached form of proxy in accordance with the instructions thereon and lodging it with the transfer secretaries of the company by 12:15 on Monday, 31 August 2015.

ELECTRONIC PARTICIPATION

The company has made provision for shareholders of the company or their proxies to participate electronically in the annual general meeting by way of telephone conference call.

Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you or your proxy, will be required to complete the application form contained within the notice and return it to the transfer secretaries of the company which is to be received by no later than 12:15 on Friday, 21 August 2015.

By order of the board

D Sheard
Group company secretary

29 June 2015

NOTICE OF ANNUAL GENERAL MEETING: ANNEXURE 1

BRIEF CURRICULUM VITAE OF DIRECTORS STANDING FOR RE-ELECTION

In terms of the MOI, each year, one third of the non-executive directors are subject to retirement by rotation and are eligible for re-election.

The nomination committee has considered the performance and attendance of the following directors retiring by rotation:

- Mr E Oblowitz
- Ms N V Simamane
- Ms B L M Makgabo-Fiskerstrand

The nomination committee has also considered the proposed appointment of Mr A E Thunström as the chief financial officer on 1 July 2015.

The nomination committee has no hesitation in recommending these directors for re-appointment/appointment by the shareholders.

E Oblowitz (57)
B Comm, CA(SA), CPA(Isr)

Appointed: 2010

Member of: Audit and Risk committees

Chairman of: Risk committee

Also a director of a South African listed company: Trencor Limited.

Eddy has considerable audit and business advisory experience having spent 21 years in professional practice, most notably as a senior partner of the Cape Town, Durban and Port Elizabeth offices of Arthur Andersen. In addition he served as a member of the firm's worldwide Retail and Distribution Industry Team. He is currently the Executive Chairman of Stonehage South Africa which provides multi-family office, wealth management and advisory services to an extensive international client base.

N V Simamane (56)
BSc (Biochem) (Hons)

Appointed: 2009

Member of: Audit and Social and Ethics committees

Also a director of South African listed companies: Cashbuild Limited and Oceana Group Limited.

Nomahlubi has extensive business, marketing and communications experience, having previously held the positions of Marketing Manager at Unilever, Marketing Director of British American Tobacco and Managing Director of BLGK Bates Advertising Agency. She is currently the CEO of Zanusi Brand Solutions, a Branding Consultancy that she founded in 2001. She has worked in the United States and Kenya and has been recognised as a seasoned business woman having won two Business Women of the Year Awards in 2009. She was named the 2013 Enterprising Women, in Fort Lauderdale, Florida, USA.

B L M Makgabo-Fiskerstrand (41)

Appointed: 2012

Member of: Remuneration and Social and Ethics committees

Also a director of a South African listed company: Sun International Limited.

Tumi is a director of Tumi Makgabo Enterprises, focusing on enterprise development in South Africa and across the African continent. In addition, Tumi served for 2 years as the vice chairperson of the World Economic Forum's Global Agenda Council for Women's Empowerment, currently serves as a member of the Council on Africa and was, in 2008, nominated to the Forum of Young Global Leaders which is a multi-stakeholder community of exceptional leaders, below the age of 40, from around the world. She serves as a non-executive director of South African Tourism and she is a well known broadcaster and producer who founded AfricaWorldwide Media.

A E Thunström (44)
B Comm (Hons Acc), CA(SA)

Anthony was appointed as chief financial officer-elect on 1 February 2015 and will be appointed as chief financial officer of the company on 1 July 2015.

Following his appointment, he will become a member of the Risk committee, and will attend the Audit, and Social and Ethics committee meetings by invitation.

Anthony is a chartered accountant with over 21 years professional experience across a variety of industries including the retail and financial services industries. He was responsible for running various regional and pan-African businesses for KPMG and most recently held the position of chief operating officer for KPMG Africa where his primary responsibility was assisting companies with market expansion. In addition, Anthony served as a board member of KPMG South Africa and was chairman of its audit committee.

NOTICE OF ANNUAL GENERAL MEETING: ANNEXURE 2

BRIEF CURRICULUM VITAE OF DIRECTORS PROPOSED FOR ELECTION TO THE BOARD AUDIT COMMITTEE

In terms of the MOI and section 94(2) of the Companies Act, the board audit committee is required to be elected by shareholders at each annual general meeting.

In terms of King III, the board audit committee must comprise a minimum of three independent non-executive directors and further in terms of the Regulations of the Companies Act at least one third of the members of the committee must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

Having regard to the above requirements, the nomination committee considered the expertise, experience and independence requirements of the members offering themselves for election and recommended to the board that the board propose the following candidates to shareholders:

- Mr S E Abrahams
- Mr E Oblowitz
- Ms N V Simamane

Brief details of their qualifications and experience follow.

Mr S E Abrahams (76)
FCA, CA(SA)

Sam has been an independent non-executive director of The Foschini Group Limited since 1998.

He is a member of the nomination committee and is currently the chairman of the board audit committee.

Sam is a very experienced director and was formerly an international partner and South African managing partner of Arthur Andersen.

He is also chairman of Investec Securities (Pty) Ltd and chairman of The Victor Daitz Foundation, one of the largest charitable foundations in South Africa.

Mr E Oblowitz (57)
B Comm, CA(SA), CPA(Isr)

Eddy was appointed as an independent non-executive director of The Foschini Group Limited on 1 October 2010.

He is currently a member of the board audit committee and chairman of the risk committee.

Eddy has considerable audit and business advisory experience having spent 21 years in professional practice, most notably as a senior partner of the Cape Town, Durban and Port Elizabeth offices of Arthur Andersen. In addition he served as a member of the firm's worldwide Retail and Distribution Industry Team. He is currently the Executive Chairman of Stonehage South Africa which provides multi-family office, wealth management and advisory services to an extensive international client base.

He is also a non-executive director of Trencor Limited.

Ms N V Simamane (56)
BSc (Biochem) (Hons)

Nomahlubi was appointed as an independent non-executive director of The Foschini Group Limited in 2009. She is currently a member of the board audit committee and social and ethics committee.

Nomahlubi has extensive business, marketing and communications experience, having previously held the positions of Marketing Manager at Unilever, Marketing Director of British American Tobacco and Managing Director of BLGK Bates Advertising Agency. She is currently the CEO of Zanusi Brand Solutions, a branding consultancy that she founded in 2001. She has worked in the United States and Kenya and has been recognised as a seasoned business woman having won two *Business Women of the Year* awards in 2009. She was also named the 2013 Enterprising Women, in Fort Lauderdale, Florida, USA.

She is also a non-executive director of Cashbuild Limited and Oceana Group Limited.

APPLICATION TO PARTICIPATE ELECTRONICALLY IN THE AGM

THE FOSCHINI GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1937/009504/06
Share codes: TFG – TFGP
(ISIN: ZAE000148466 – ZAE000148516)

Shareholders or their duly appointed proxy(ies) ("participants") who wish to participate in the annual general meeting via electronic communication, being via teleconference, must apply to the company's transfer secretaries using this form.

Participants are advised that they will not be able to vote during the meeting. Participants, should they wish to have their vote counted at the meeting, must act in accordance with the general instructions contained on page 155 of this notice.

Shareholders must take note of the following:

- A limited number of telecommunication lines will be available.
- Each participant will be contacted between 09:00 and 11:00 on Tuesday, 1 September 2015 via email and/or SMS. Participants will be provided with a code and the relevant telephone number to allow them to dial-in.
- The cost of the shareholder's phone call will be for his/her own expense.
- The cut-off time for dialling-in on the day of the meeting will be at 12:10 on Tuesday, 1 September 2015 and no late dial-in will be possible.

To be returned to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) as soon as possible and to be received by no later than 12:15 on Friday, 21 August 2015.

Full name of shareholder
____

ID number of shareholder
____

Email address
____

Cellphone number
____

Telephone number (including dialling code from South Africa)
____

Name of CSDP/broker (if shares are in dematerialised form)
____

Contact number of CSDP/broker
____

Contact person at CSDP/broker
____

Number of share certificate (if applicable)
____

Signature of shareholder
____

Date
____

Please take note of the terms and conditions overleaf

APPLICATION TO PARTICIPATE ELECTRONICALLY IN THE AGM CONTINUED

Terms and conditions for participation in the annual general meeting via electronic communication

1. The cost of dialling-in using a telecommunication line to participate in the annual general meeting is for the expense of the participant and will be billed separately by the participant's own telephone service provider.
2. The shareholder/participant acknowledges that the telecommunication lines are provided by a third party and indemnifies TFG against any loss, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines whether or not the problem is caused by any act or omission on the part of the shareholder/participant or anyone else.
3. Shareholders who wish to participate in the meeting by dialling-in must note that they will not be able to vote during the meeting. Such shareholders, should they wish to have their vote counted at the meeting, must act in accordance with the general instructions contained within this notice of annual general meeting by:
   (a) completing the form of proxy; or
   (b) contacting their CSDP/broker.
4. The application will only be deemed successful if this application form has been completed in full and signed by the shareholder/proxy, and the terms and conditions have been complied with.

FORM OF PROXY

THE FOSCHINI GROUP LIMITED
(Incorporated in the Republic of South Africa)
Registration number: 1937/009504/06
Share codes: TFG – TFGP
(ISIN: ZAE000148466 – ZAE000148516)

To be returned to the transfer secretaries, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) as soon as possible and which is to be received by no later than 12:15 on Monday, 31 August 2015.

FORM OF PROXY (N.B. FOR USE ONLY BY CERTIFICATED AND OWN NAME DEMATERIALISED SHAREHOLDERS)

ANNUAL GENERAL MEETING: TUESDAY, 1 SEPTEMBER 2015

I/We (full names) ______________________________

of (address) ______________________________

Tel (H): __________ Cell: __________ Email: __________

being a shareholder(s) of The Foschini Group Limited
and entitled to __________ votes (ONE PER SHARE HELD)

hereby appoint ______________________________

or failing him/her ______________________________

or failing him/her the chairperson of the meeting as my/our proxy to act for me/us at the annual general meeting of the company to be held at 12:15 on Tuesday, 1 September 2015 at Stanley Lewis Centre, 340 Voortrekker Road, Parow East and at any adjournment thereof as follows:

		Insert X in appropriate block		
		For	Against	Abstain
Ordinary resolution No. 1	Presentation of annual financial statements			
Ordinary resolution No. 2	Reappointment of external auditor			
Ordinary resolution No. 3	Re-election of Mr E Oblowitz as a director			
Ordinary resolution No. 4	Re-election of Ms N V Simamane as a director			
Ordinary resolution No. 5	Re-election of Ms B L M Makgabo-Fiskerstrand as a director			
Ordinary resolution No. 6	Re-election of Mr A E Thunström as a director			
Ordinary resolution No. 7	Election of Mr S E Abrahams as a member of the audit committee			
Ordinary resolution No. 8	Election of Mr E Oblowitz as a member of the audit committee			
Ordinary resolution No. 9	Election of Ms N V Simamane as a member of the audit committee			
Ordinary resolution No. 10	Non-binding advisory vote on remuneration policy			
Special resolution No. 1	Non-executive directors' remuneration			
Special resolution No. 2	General authority to acquire shares			
Special resolution No. 3	Financial assistance			
Ordinary resolution No. 11	General authority of directors			

Signed this __________ day of __________ 2015

Signature ______________________________

Assisted by (where applicable) ______________________________

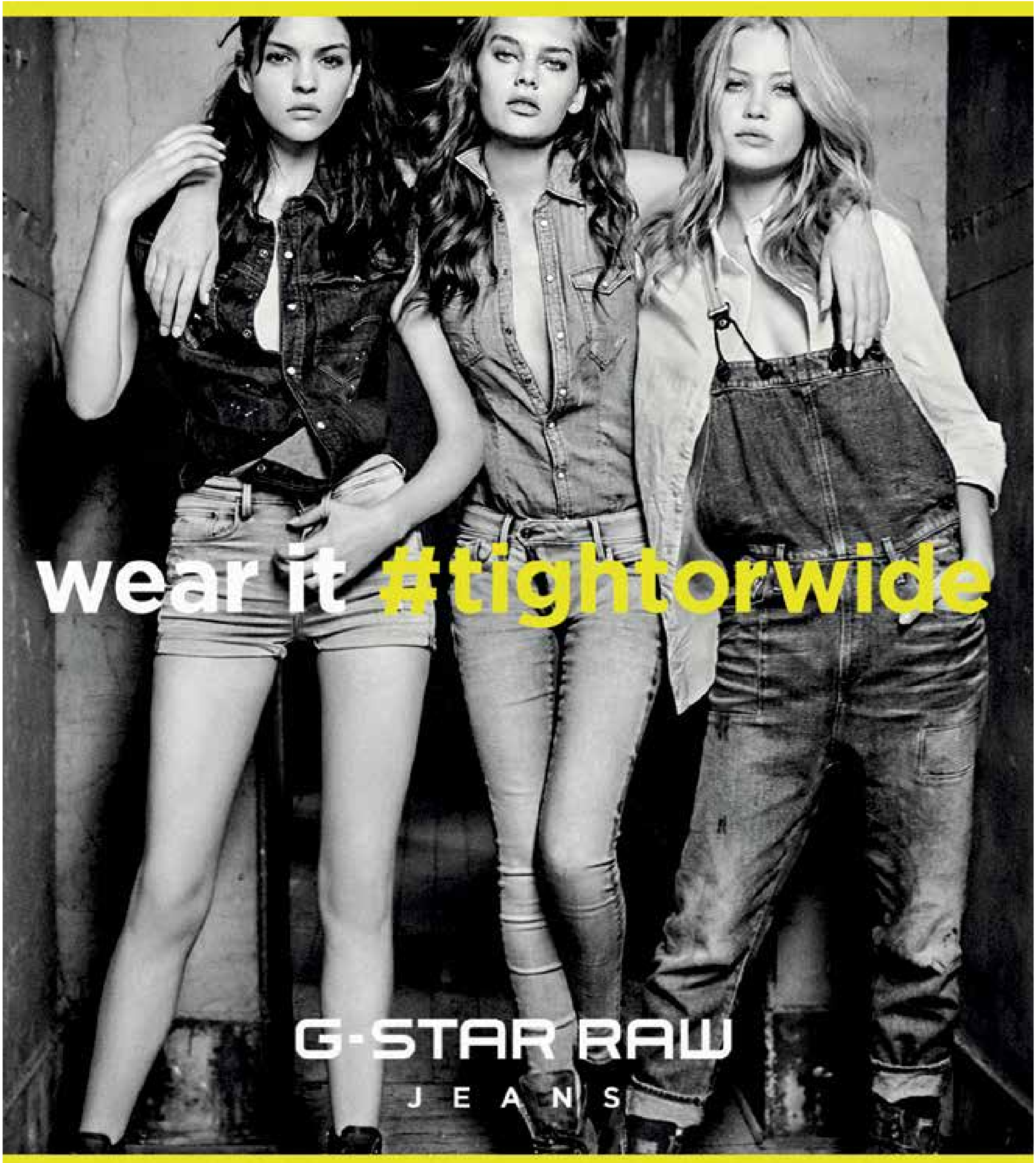
Please read the notes on the reverse side of this form of proxy.

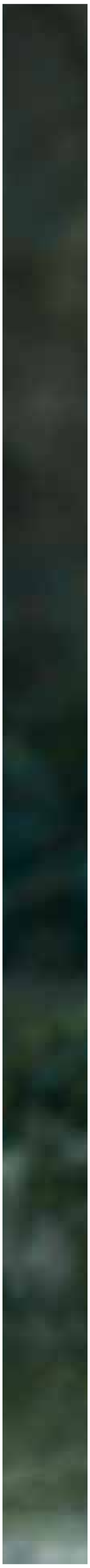
FORM OF PROXY CONTINUED

NOTES

1. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, the chairperson shall be deemed to be appointed as the proxy.
2. Unless otherwise instructed above, a proxy is entitled to vote as he/she thinks fit.
3. A proxy appointed by a shareholder to attend, speak and vote in his/her stead need not also be a shareholder of the company.
4. In order to be effective this form of proxy, and the power of attorney or other authority (if any) under which it is signed, must be RECEIVED by the transfer secretaries of the company, Computershare Investor Services Proprietary Limited not less than twenty-four (24) hours before the time appointed for the holding of the meeting or any adjournment thereof, as the case may be, at which the proxy proposes to vote, excluding Saturdays, Sundays and South African public holidays.
5. Any alteration or correction made to this proxy form must be initialled by the signatory/ies, but may not be accepted by the chairperson.
6. If you hold shares in certificated form (i.e. you have not dematerialised your shares) or are registered as an own name dematerialised shareholder, then you may attend and vote at this meeting; alternatively you may appoint a proxy to represent you at the meeting by completing the attached form of proxy and lodging it with the transfer secretaries of the company to be RECEIVED at least 24 hours before the time of the meeting, excluding Saturdays, Sundays and South African public holidays.
7. If you have dematerialised your shares and are not registered as an own name dematerialised shareholder (i.e. specifically instructed your CSDP to hold your shares in your own name) then subject to the custody agreement between yourself and your CSDP or broker:
   - If you wish to attend the meeting you must contact your CSDP or broker and obtain the relevant letter of representation from it; alternatively
   - If you are unable to attend the meeting but wish to be represented at the meeting, you must contact your CSDP or broker and furnish it with your voting instructions in respect of the meeting. You must NOT complete the attached form of proxy. The instructions must be provided in accordance with the custody agreement between you and your CSDP or broker within the time period required by your CSDP or broker.
8. CSDPs, brokers or their nominees recorded in the company's register should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company may vote by either appointing a duly authorised representative to attend and vote at the meeting or by completing the attached form of proxy in accordance with the instructions thereon which must be RECEIVED by the transfer secretaries of the company at least 24 hours before the time of the meeting, excluding Saturdays, Sundays and South African public holidays.

ince


wear it #tightorwide
G-STAR RAW
JEANS



ADMINISTRATION

The Foschini Group Limited
Registration number 1937/009504/06
JSE codes: TFG – TFGP
ISIN: ZAE000148466 – ZAE000148516

Registered office
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa

Head office
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa
Telephone +27(0) 21 938 1911

Company Secretary
D Sheard BComm, CA(SA)
Stanley Lewis Centre
340 Voortrekker Road
Parow East 7500
South Africa
PO Box 6020, Parow East 7501
South Africa

Sponsor
UBS South Africa Proprietary Limited
64 Weirda Road East, Weirda Valley
Sandton 2196
South Africa

Auditors
KPMG Inc.

Attorneys
Edward Nathan Sonnenbergs Inc.

Principal banker
FirstRand Bank Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited
70 Marshall Street
Johannesburg 2001
South Africa
PO Box 61051, Marshalltown 2107
South Africa
Telephone +27 (0) 11 370 5000

United States ADR Depositary
The Bank of New York Mellon
620 Avenue of the Americas
New York, NY 10011

Website
www.tfglimited.co.za

Shareholders' calendar

Financial year-end	31 March 2015	
Integrated annual report publication date	22 July 2015	
Annual general meeting (78th)	1 September 2015	
Interim profit announcement (2016)	12 November 2015	
Distribution payments during 2015		
Ordinary	– final 2015	July 2015
	– interim 2016	January 2016
Preference	– interim 2016	September 2015
	– final 2016	March 2016

Queries regarding this report to be addressed to:
D Sheard (Company Secretary)
E-mail: dees@tfg.co.za

www.tfglimited.co.za