UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2019

SALIENT FEATURES

+6,3%

GROUP REVENUE
up 6,3% to R18,6 billion

+6,5%

GROUP RETAIL TURNOVER
up 6,5% to R17,0 billion

53,2%

GROSS MARGIN
maintained at 53,2% (Sept 2018: 53,6%)

+5,6%

OPERATING PROFIT
before finance costs up 5,6% to R2,3 billion

+5,4%

BASIC EARNINGS PER SHARE
up 5,4% to 533,4 cents

+3,0%

HEADLINE EARNINGS PER SHARE
up 3,0% to 526,7 cents

91,4%

FREE CASH FLOW
in excess of R1,1 billion generated, equal to 91,4% of net profit after tax

335,0 cents

INTERIM DIVIDEND DECLARED
of 335,0 cents per share, an increase of 1,5%

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

COMMENTARY

STRONG PERFORMANCE IN A DIFFICULT TRADING ENVIRONMENT

TFG's performance for the 6 months to 30 September 2019 was achieved in a trading environment characterised by challenging conditions, increased pressure on consumers, retail industry disruption and low economic growth across all three of its major territories, South Africa, United Kingdom and Australia. Nevertheless, the Group outperformed the market in each of its three major territories and generated free cash flow in excess of R1,1 billion.

The Group delivered turnover growth of 6,5% and growth in earnings per share and headline earnings per share of 5,4% and 3,0% respectively. Cash turnover grew by 9,3% (TFG Africa: 12,0%) while credit turnover, by design, decreased by 0,5%. Cash turnover now contributes 73,5% to Group turnover.

TFG Africa's turnover grew by 6,4%, with comparable store turnover growth of 4,6%. TFG London achieved a turnover growth of 0,1% (£) in a particularly tough environment where Brexit-related uncertainty continues along with the ongoing negative impact of constrained trade through House of Fraser. Excluding concession turnover from House of Fraser, TFG London's turnover grew by 3,6%*. TFG Australia continued to report strong performance with turnover growth of 11,1% (A$) and comparable store turnover growth of 6,1% (A$). Turnover growth for TFG Australia, excluding the G-Star franchise stores disposed of in December 2018, was 15,9% (A$)*. The comparable store turnover growths are a notable achievement and are driven by an emphasis on merchandising and quality service.

Online turnover grew by 4,3% across the Group and now contributes 8,8% to Group turnover. Online turnover growth in the three business segments were as follows:

Business segment	Currency	Online turnover growth	Online turnover contribution to business segment turnover
TFG Africa	R	52,0%	1,5%
TFG London	£	(5,5%)	32,2%
TFG Australia	A$	37,1%	5,5%

Excluding online turnover from House of Fraser, TFG London's online turnover grew by 0,3%*.

The Group's gross margin for the period was maintained at 53,2% (Sept 2018: 53,6%). Margins in the respective business segments were 47,4% (TFG Africa), 61,7% (TFG London) and 64,8% (TFG Australia).

A consistent focus on back office optimisation limited expense growth to 4,5%. Growth in the respective segments were 4,4% (TFG Africa, ZAR), -2,3% (TFG London, £) and 10,0% (TFG Australia, A$), driven off a rapid expansion of the Australian store footprint and investment in digital capabilities. As a result, the Group's EBIT margin was largely maintained at 13,7% (Sept 2018: 13,9%).

Headline earnings for the period increased by 3,1% with headline earnings per share increasing by 3,0%.

An interim dividend of 335,0 cents per share was declared, a growth of 1,5% on the prior period.

* *Pro forma management account numbers used to calculate an indicative turnover growth.*

Merchandise category turnover

Positive turnover growth was achieved in all business segments and across most merchandise categories, except for cosmetics.

Turnover growth in the various merchandise categories were as follows:

	% turnover growth (Group) ZAR	% turnover growth (TFG Africa) ZAR	% comparable store turnover growth (TFG Africa) ZAR	% turnover growth (TFG London) £	% turnover growth (TFG Australia) A$	% comparable store turnover growth (TFG Australia) A$
Clothing	6,7%	6,8%	4,8%	0,1%	10,5%	6,1%
Cellphones	7,8%	7,8%	7,2%			
Homeware & furniture	7,9%	7,9%	4,5%			
Jewellery	6,4%	4,3%	3,6%		n/a^	
Cosmetics	(1,2%)	(1,2%)	(1,7%)			
	6,5%	6,4%	4,6%	0,1%	11,1%	6,1%

^ *American Swiss Australia only started trading in October 2018.*

Product price deflation in TFG Africa averaged approximately -0,4%.

New accounting standard – IFRS 16

The Group adopted IFRS 16 "Leases" for the first time for its financial reporting year ending 31 March 2020. The amendments to the standard have been applied retrospectively, subject to transitional provisions, with comparative information in these unaudited interim results restated accordingly. Further information about the impact of this change in accounting policy is provided in note 15 of these financial results. The primary effect of the application of the new standard at transition date (31 March 2018) has been to capitalise store leases of approximately R6,9 billion and to record a lease liability of R7,8 billion.

Store movement

As at the end of September 2019, the Group's footprint was 4 066 outlets across 33 countries. The Group opened 108 outlets during the past six months while 127 outlets were closed. Focus on space rationalisation in TFG Africa continued with net space increasing only 0,3% since the year-end. Space growth in TFG Australia was 3,5% since the year-end, as the business pursued its store expansion plans.

The store movement in the respective business segments were as follows:

Outlets	TFG Africa	TFG London	TFG Australia	Group
Opening balance	2 631	971	483	4 085
New	36	35	37	108
Closed	(85)	(34)	(8)	(127)
Closing balance	2 582	972	512	4 066

Negative rent reversions of 15% were achieved in TFG Africa for the last 12-month period with average escalations below 6%. In TFG Australia, double digit negative rent reversions were achieved. In the UK, the shift to turnover-based rentals and shorter lease terms continues.

Capital management

The Group generated free cash flow of R1,1 billion for the six months ended September 2019, the equivalent of 91,4% of net profit after tax. The improvement in free cash flow of 16,7%, compared to the corresponding six months ended September 2018, is in line with the Group's focus on working capital optimisation.

The debt to equity ratio at end September 2019 was 60,0% (Sept 2018: 65,1%) excluding the impact of IFRS 16, and 120,1% (Sept 2018: 127,5%) including the impact of the adoption of IFRS 16. See note 15 to these financial results.

Credit

Prudent credit risk policies and restricted approval rates, in response to the Group's assessment of the subdued economic climate and pending implementation of the Debt Intervention Bill, resulted in credit turnover growth contracting by 0,5% year-on-year for the first half of this financial year. Increased demand for credit in the prior financial year contributed to the growth of 7,3% in the gross debtors' book during the first half of the current financial period. The retail net debtors' book of R7,5 billion increased by 6,0% since September 2018. Net bad debt as a percentage of the debtors' book at September 2019 of 11,7% increased from 10,7% at March 2019 and 10,2% at September 2018 but remains within management's expectation.

Board updates

As was announced on SENS, Doug Murray, the former CEO of the Group, was appointed as a non-executive director with effect from 1 October 2019. The Supervisory Board welcomes Doug and looks forward to his contribution.

Outlook

The general retail outlook in the UK and Australia remains relatively subdued. However, the retail outlook for South Africa is particularly challenging given the close to zero growth environment, chronically high structural unemployment and the continuing speculation of a possible credit downgrade and what that may imply for the consumer.

Despite these challenges, TFG will continue focus on its well-defined strategy and believes that its considerable efforts in respect of digital transformation and business optimisation will positively position the Group for the future.

As always, the second half of the Group's financial year is heavily dependent on Black Friday, Cyber Monday and Christmas trade, which will largely determine performance for the full year. In South Africa, trading conditions have continued to tighten over recent months and, coming off a high base in the previous period, the Group is cautious in respect of its expectations for the remainder of the financial year.

Pro forma information

Pro forma management account information for TFG London and TFG Australia were used in this announcement for illustrative purposes only to provide an indicative turnover growth for these business segments.

In TFG London, all turnover transacted through House of Fraser was removed to illustrate the impact of House of Fraser (an independently owned department store) going into administration during August 2018.

In TFG Australia, turnover for the period 1 April to 30 September 2018 relating to the G-Star franchise stores was removed as if the disposal of these stores took place effective 31 March 2018.

This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operations, financial position, changes in equity or cash flows. There are no events subsequent to the reporting date which require adjustment to the pro forma information.

COMMENTARY (CONTINUED)

The pro forma management account turnover numbers used were as follows:

	6 months ended Sept 2019 £m	6 months ended Sept 2018 £m	% change
TFG London turnover for the period 1 April to 30 September	**200,7**	200,4	0,1%
Less turnover through House of Fraser (1 April to 30 September)[#]	**10,7**	16,9	(37,1%)^
Comparable TFG London turnover	**190,0**	183,5	3,6%^

	6 months ended Sept 2019 £m	6 months ended Sept 2018 £m	% change
TFG London online turnover for the period 1 April to 30 September	**64,5**	68,3	(5,5%)^
Less online turnover through House of Fraser (1 April to 30 September)[#]	**0,9**	4,9	(81,8%)^
Comparable TFG London online turnover	**63,6**	63,4	0,3%

	6 months ended Sept 2019 A$m	6 months ended Sept 2018 A$m	% change
TFG Australia turnover for the period 1 April to 30 September	**265,4**	239,0	11,1%^
Less turnover from G-Star RAW franchise stores (1 April to 30 September)[#]	**–**	10,0	–
Comparable TFG Australia turnover	**265,4**	229,0	15,9%

^ *Difference due to rounding.*

[#] *The adjustment is based on management accounts which are unaudited. The Group is satisfied with the quality of these management accounts.*

The directors are responsible for compiling the pro forma financial information in accordance with the JSE Limited Listings Requirements and in compliance with the SAICA Guide on Pro Forma Financial Information. The underlying information used in the preparation of the pro forma financial information has been prepared using the accounting policies in place for the year ending 31 March 2020.

Interim ordinary dividend announcement

The directors have declared a gross interim ordinary dividend of 335,0 cents per ordinary share from income reserves, for the period ended 30 September 2019, payable on Monday, 6 January 2020 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 3 January 2020. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Monday, 30 December 2019. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Tuesday, 31 December 2019 and the record date, as indicated, will be Friday, 3 January 2020.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Tuesday, 31 December 2019 to Friday, 3 January 2020, both dates inclusive.

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

1) Local dividend tax rate is 20%;
2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 268,00000 cents;
3) The issued ordinary share capital of The Foschini Group Limited is 236 756 814 shares at 7 November 2019; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

Preference dividend announcement

Dividend no. 166 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2020 has been declared from income reserves, payable on Monday, 16 March 2020 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 13 March 2020. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 10 March 2020. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 11 March 2020 and the record date, as indicated, will be Friday, 13 March 2020.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 11 March 2020 to Friday, 13 March 2020, both dates inclusive.

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

1) Local dividend tax rate is 20%;
2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 5,20000 cents;
3) The issued preference share capital of The Foschini Group Limited is 200 000 shares at 7 November 2019; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

Signed on behalf of the Board.

M Lewis
Chairman

A E Thunström
Chief Executive Officer

Cape Town
7 November 2019

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Sept 2019 Unaudited Rm	Restated* Sept 2018 Unaudited Rm	Restated* March 2019 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**2 842,8**	2 931,6	2 820,0
Goodwill and intangible assets	**8 551,3**	8 484,4	8 590,1
Right-of-use assets	**7 545,8**	7 357,4	7 499,5
Deferred taxation assets	**1 134,6**	1 019,2	1 177,9
	20 074,5	19 792,6	20 087,5
Current assets			
Inventory (note 4)	**8 011,6**	7 609,5	7 680,9
Trade receivables - retail	**7 510,4**	7 083,2	7 439,8
Other receivables and prepayments	**1 376,3**	1 082,2	1 147,6
Concession receivables	**153,1**	184,7	174,3
Cash and cash equivalents	**1 159,8**	1 002,5	1 111,0
	18 211,2	16 962,1	17 553,6
Total assets	**38 285,7**	36 754,7	37 641,1
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**14 153,5**	13 288,4	14 049,1
Non-controlling interest	**–**	–	–
Total equity	**14 153,5**	13 288,4	14 049,1
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**6 051,3**	4 929,7	6 017,4
Put option liability	**71,6**	80,8	81,0
Lease liabilities	**5 603,3**	5 482,9	5 611,4
Deferred taxation liabilities	**928,9**	923,0	933,7
Post-retirement defined benefit plan	**243,1**	224,8	233,8
	12 898,2	11 641,2	12 877,3
Current liabilities			
Interest-bearing debt	**3 605,5**	4 728,0	3 196,0
Trade and other payables	**4 704,6**	4 226,8	4 363,1
Lease liabilities	**2 891,9**	2 798,2	2 836,4
Taxation payable	**32,0**	72,1	319,2
	11 234,0	11 825,1	10 714,7
Total liabilities	**24 132,2**	23 466,3	23 592,0
Total equity and liabilities	**38 285,7**	36 754,7	37 641,1

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

CONDENSED CONSOLIDATED INCOME STATEMENT

	6 months ended 30 Sept 2019 Unaudited Rm	Restated* 6 months ended 30 Sept 2018 Unaudited Rm	% change	Restated* Year ended 31 March 2019 Audited Rm
Revenue (note 5)	**18 567,7**	17 466,7		37 128,2
Retail turnover	**16 955,2**	15 913,1	6,5	34 101,4
Cost of turnover	**(7 928,2)**	(7 386,5)		(15 820,8)
Gross profit	**9 027,0**	8 526,6		18 280,6
Interest income (note 6)	**930,8**	878,4		1 764,0
Other income (note 7)	**681,7**	675,2		1 262,8
Net bad debt	**(617,0)**	(514,8)		(992,8)
Trading expenses (note 8)	**(7 695,7)**	(7 361,1)		(15 432,0)
Operating profit before finance costs	**2 326,8**	2 204,3	5,6	4 882,6
Finance costs (note 9)	**(650,5)**	(648,6)		(1 304,5)
Profit before tax	**1 676,3**	1 555,7		3 578,1
Income tax expense	**(443,4)**	(386,3)		(937,8)
Profit for the period	**1 232,9**	1 169,4		2 640,3
Attributable to:				
Equity holders of The Foschini Group Limited	**1 232,9**	1 169,2		2 640,1
Non-controlling interest	**–**	0,2		0,2
Profit for the period	**1 232,9**	1 169,4		2 640,3
Earnings per ordinary share (cents)				
Basic	**533,4**	506,2	5,4	1 142,5
Diluted (basic)	**530,6**	502,2	5,7	1 132,1

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 months ended 30 Sept 2019 Unaudited Rm	Restated* 6 months ended 30 Sept 2018 Unaudited Rm	Restated* Year ended 31 March 2019 Audited Rm
Profit for the period	**1 232,9**	1 169,4	2 640,3
Other comprehensive (loss) income:			
Items that are or may be reclassified to profit or loss			
Movement in effective portion of changes in fair value of cash flow hedges	**38,0**	111,8	32,7
Foreign currency translation reserve movements	**(99,9)**	799,3	923,5
Deferred tax on items that are or may be reclassified to profit or loss	**(11,2)**	(32,7)	(8,9)
Other comprehensive (loss) income for the period, net of tax	**(73,1)**	878,4	947,3
Total comprehensive income for the period	**1 159,8**	2 047,8	3 587,6
Attributable to:			
Equity holders of The Foschini Group Limited	**1 159,8**	2 047,6	3 587,4
Non-controlling interest	**–**	0,2	0,2
Total comprehensive income for the period	**1 159,8**	2 047,8	3 587,6

SUPPLEMENTARY INFORMATION

	Sept 2019 Unaudited	Restated* Sept 2018 Unaudited	Restated* March 2019 Audited
Net number of ordinary shares in issue (millions)	**231,6**	230,9	231,3
Weighted average number of ordinary shares in issue (millions)	**231,1**	231,0	231,1
Tangible net asset value per ordinary share (cents)	**2 418,9**	2 080,6	2 360,1

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2018 - audited	13 121,5	4,5	13 126,0
IFRS 16 transition*	(247,6)	–	(247,6)
Equity at 31 March 2018 - audited - restated*	12 873,9	4,5	12 878,4
IFRS 9 transition	(517,4)	–	(517,4)
Total comprehensive income for the period – restated*	2 047,6	0,2	2 047,8
Profit for the period – restated*	1 169,2	0,2	1 169,4
*Other comprehensive income – restated**			
Movement in effective portion of changes in fair value of cash flow hedges	111,8	–	111,8
Foreign currency translation reserve movements – restated*	799,3	–	799,3
Deferred tax on movement in other comprehensive income	(32,7)	–	(32,7)
Contributions by and distributions to owners			
Share-based payments reserve movements	82,5	–	82,5
Dividends paid	(983,3)	–	(983,3)
Proceeds from sale of shares in terms of share incentive schemes	13,8	–	13,8
Shares purchased in terms of share incentive schemes	(228,7)	–	(228,7)
Realisation on disposal of non-controlling interest	–	(4,7)	(4,7)
Equity at 30 September 2018 - unaudited – restated*	13 288,4	–	13 288,4
Total comprehensive income for the period – restated*	1 539,8	–	1 539,8
Profit for the period – restated*	1 470,9	–	1 470,9
*Other comprehensive income – restated**			
Movement in effective portion of changes in fair value of cash flow hedges	(79,1)	–	(79,1)
Foreign currency translation reserve movements – restated*	124,2	–	124,2
Deferred tax on movement in other comprehensive income	23,8	–	23,8
Contributions by and distributions to owners			
Share-based payments reserve movements	4,8	–	4,8
Dividends paid	(772,8)	–	(772,8)
Proceeds from sale of shares in terms of share incentive schemes	32,9	–	32,9
Shares purchased in terms of share incentive schemes	(45,6)	–	(45,6)
Decrease in the fair value of the put option liability	1,6	–	1,6
Equity at 31 March 2019 – audited – restated*	**14 049,1**	**–**	**14 049,1**

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2019 – audited – restated*	**14 049,1**	**–**	**14 049,1**
Total comprehensive income for the period	**1 159,8**	**–**	**1 159,8**
Profit for the period	**1 232,9**	**–**	**1 232,9**
Other comprehensive loss			
Movement in effective portion of changes in fair value of cash flow hedges	**38,0**	**–**	**38,0**
Foreign currency translation reserve movements	**(99,9)**	**–**	**(99,9)**
Deferred tax on movement in other comprehensive income	**(11,2)**	**–**	**(11,2)**
Contributions by and distributions to owners			
Share-based payments reserve movements	**47,7**	**–**	**47,7**
Dividends paid	**(1 053,8)**	**–**	**(1 053,8)**
Proceeds from sale of shares in terms of share incentive schemes	**170,8**	**–**	**170,8**
Shares purchased in terms of share incentive schemes	**(228,2)**	**–**	**(228,2)**
Decrease in the fair value of the put option liability	**8,1**	**–**	**8,1**
Equity at 30 September 2019 - unaudited	**14 153,5**	**–**	**14 153,5**

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

	6 months ended 30 Sept 2019 Unaudited	6 months ended 30 Sept 2018 Unaudited	Year ended 31 March 2019 Audited
Dividend per ordinary share (cents)			
Interim	**335,0**	330,0	330,0
Final	**–**	–	450,0
Total	**335,0**	330,0	780,0

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 Sept 2019 Unaudited Rm	Restated* 6 months ended 30 Sept 2018 Unaudited Rm	Restated* Year ended 31 March 2019 Audited Rm
Cash flows from operating activities			
Operating profit before working capital changes (note 10)	**4 268,9**	4 105,9	8 767,3
Increase in working capital	**(259,0)**	(398,7)	(788,0)
Cash generated from operations	**4 009,9**	3 707,2	7 979,3
Interest income	**9,4**	18,4	15,7
Finance costs (note 9)	**(650,5)**	(648,6)	(1 304,5)
Taxation paid	**(696,2)**	(487,9)	(947,1)
Dividends paid	**(1 053,8)**	(983,3)	(1 756,1)
Net cash inflows from operating activities	**1 618,8**	1 605,8	3 987,3
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(514,3)**	(462,2)	(942,4)
Proceeds from sale of property, plant and equipment and intangible assets	**28,7**	5,2	32,3
Proceeds from disposal of businesses	**–**	3,5	41,7
Net cash outflows from investing activities	**(485,6)**	(453,5)	(868,4)
Cash flows from financing activities			
Shares purchased in terms of share incentive schemes	**(228,2)**	(228,7)	(274,3)
Proceeds from sale of shares in terms of share incentive schemes	**170,8**	13,8	46,7
Increase (decrease) in interest-bearing debt	**465,5**	151,4	(319,2)
Lease liability payments	**(1 483,5)**	(1 348,0)	(2 747,0)
Net cash outflows from financing activities	**(1 075,4)**	(1 411,5)	(3 293,8)
Net increase (decrease) in cash and cash equivalents during the period	**57,8**	(259,2)	(174,9)
Cash and cash equivalents at the beginning of the period	**1 111,0**	1 206,1	1 206,1
Cash held in non-controlling interest	**–**	(6,4)	(6,4)
Effect of exchange rate fluctuations on cash held	**(9,0)**	62,0	86,2
Cash and cash equivalents at the end of the period	**1 159,8**	1 002,5	1 111,0

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS

6 months ended 30 September 2019	TFG Africa retail Unaudited Rm	Credit Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	Total Unaudited Rm
External revenue	**10 995,4**	**305,9**	**3 666,3**	**2 669,3**	**17 636,9**
External interest income	**9,4**	**921,4**	**–**	**–**	**930,8**
Total revenue**	**11 004,8**	**1 227,3**	**3 666,3**	**2 669,3**	**18 567,7**
External finance costs	**(343,3)**	**–**	**(15,5)**	**(5,6)**	**(364,4)**
External finance costs on lease liabilities	**(206,3)**	**–**	**(38,6)**	**(41,2)**	**(286,1)**
Depreciation and amortisation	**(280,8)**	**–**	**(82,7)**	**(48,3)**	**(411,8)**
Depreciation on right-of-use assets	**(931,2)**	**–**	**(210,3)**	**(363,4)**	**(1 504,9)**
Group profit before tax					**1 676,3**
Segmental profit before tax	**970,7**	**354,7**	**172,2**	**226,4**	**1 724,0**
Reconciling items to Group profit before tax					
Share-based payments					**(47,7)**

6 months ended 30 September 2018	Restated* TFG Africa retail Unaudited Rm	Credit Unaudited Rm	Restated* TFG London Unaudited Rm	Restated* TFG Australia Unaudited Rm	Restated* Total Unaudited Rm
External revenue	10 437,3	219,9	3 558,9	2 372,2	16 588,3
External interest income	18,4	860,0	–	–	878,4
Total revenue**	10 455,7	1 079,9	3 558,9	2 372,2	17 466,7
External finance costs	(334,8)	–	(31,1)	(7,8)	(373,7)
External finance costs on lease liabilities	(194,1)	–	(44,5)	(36,3)	(274,9)
Depreciation and amortisation	(272,3)	–	(85,7)	(79,0)	(437,0)
Depreciation on right-of-use assets	(890,1)	–	(198,4)	(290,8)	(1 379,3)
Group profit before tax					1 555,7
Segmental profit before tax	993,1	323,8	141,8	175,5	1 634,2
Reconciling items to Group profit before tax					
Foreign exchange transactions					4,0
Share-based payments					(82,5)

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*
** *Includes retail turnover, interest income and other income.*

CONDENSED CONSOLIDATED SEGMENTAL ANALYSIS (CONTINUED)

Year ended 31 March 2019	Restated* TFG Africa retail Audited Rm	Credit Audited Rm	Restated* TFG London Audited Rm	Restated* TFG Australia Audited Rm	Restated* Total Audited Rm
External revenue	22 588,6	487,6	7 345,8	4 942,2	35 364,2
External interest income	15,7	1 748,3	–	–	1 764,0
Total revenue**	22 604,3	2 235,9	7 345,8	4 942,2	37 128,2
External finance costs	(678,6)	–	(55,1)	(16,2)	(749,9)
External finance costs on lease liabilities	(392,4)	–	(88,3)	(73,9)	(554,6)
Depreciation and amortisation	(557,9)	–	(185,0)	(101,2)	(844,1)
Depreciation on right-of-use assets	(1 802,5)	–	(412,9)	(589,7)	(2 805,1)
Impairment	(66,8)	–	(12,5)	–	(79,3)
Group profit before tax					3 578,1
Segmental profit before tax	2 291,1	713,7	236,0	415,5	3 656,3
Reconciling items to Group profit before tax					
Foreign exchange transactions					9,1
Share-based payments					(87,3)

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*
** *Includes retail turnover, interest income and other income.*

NOTES

1. Basis of preparation

The unaudited interim condensed consolidated results for the half-year ended 30 September 2019 are prepared in accordance with and containing information required by IAS 34 *Interim Financial Reporting*, as well as the SAICA Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and in accordance with the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended. The accounting policies applied in the preparation of these unaudited interim condensed consolidated results are in terms of International Financial Reporting Standards ("IFRS") and are consistent with those applied in the previous consolidated annual financial statements except as disclosed in note 2. These results were prepared by the TFG Finance and Advisory department acting under supervision of Bongiwe Ntuli, CFO of The Foschini Group Limited.

2. During the period, the Group adopted the following revised accounting standard:

- IFRS 16 *Leases* (IFRS 16)

Refer to note 15 for the impact of the IFRS 16 change in accounting policy.

3. These unaudited interim condensed consolidated results incorporate the results of the company, all its subsidiaries and all entities over which it has operational and financial control.

	6 months ended 30 Sept 2019 Unaudited Rm	6 months ended 30 Sept 2018 Unaudited Rm	Year ended 31 March 2019 Audited Rm
4. Inventory			
Inventory at period end	**8 011,6**	7 609,5	7 680,9
Inventory write-downs included above	**146,4**	138,2	316,7
5. Revenue			
Retail turnover	**16 955,2**	15 913,1	34 101,4
Interest income (note 6)	**930,8**	878,4	1 764,0
Other income (note 7)	**681,7**	675,2	1 262,8
	18 567,7	17 466,7	37 128,2
6. Interest income			
Trade receivables – retail	**921,4**	860,0	1 748,3
Sundry	**9,4**	18,4	15,7
	930,8	878,4	1 764,0
7. Other income			
Value-added services	**368,9**	446,5	754,6
Collection cost recovery and service fees	**305,9**	219,9	487,6
Sundry income	**6,9**	8,8	20,6
	681,7	675,2	1 262,8

NOTES (CONTINUED)

	6 months ended 30 Sept 2019 Unaudited Rm	Restated* 6 months ended 30 Sept 2018 Unaudited Rm	Restated* Year ended 31 March 2019 Audited Rm
8. Trading expenses			
Occupancy costs	**(2 091,4)**	(2 025,0)	(4 129,0)
Occupancy costs lease reversal	**1 769,6**	1 645,3	3 346,5
Depreciation on right-of-use assets	**(1 504,9)**	(1 379,3)	(2 805,1)
Depreciation and amortisation	**(411,8)**	(436,9)	(844,1)
Employee costs	**(3 096,3)**	(2 876,1)	(6 181,0)
Other operating costs	**(2 360,9)**	(2 289,1)	(4 819,3)
	(7 695,7)	(7 361,1)	(15 432,0)
9. Finance costs			
Finance costs on lease liabilities	**(286,1)**	(274,9)	(554,6)
Interest-bearing debt	**(364,4)**	(373,7)	(749,9)
	(650,5)	(648,6)	(1 304,5)
10. Operating profit before working capital changes			
Profit before tax	**1 676,3**	1 555,7	3 578,1
Finance costs (note 9)	**650,5**	648,6	1 304,5
Operating profit before finance costs	**2 326,8**	2 204,3	4 882,6
Interest income – sundry	**(9,4)**	(18,4)	(15,7)
Non-cash items	**1 951,5**	1 920,0	3 900,4
Depreciation and amortisation	**411,8**	436,9	844,1
Depreciation on right-of-use assets	**1 504,9**	1 379,3	2 805,1
Share-based payments	**47,7**	82,5	87,3
Post-retirement defined benefit medical aid movement	**9,3**	9,0	18,0
Employee related provisions	**–**	–	21,0
Foreign currency translation reserve movements	**–**	(4,0)	(9,1)
Profit on disposal of non-controlling interest	**–**	(1,4)	(1,4)
Loss on disposal of business	**–**	–	23,8
Loss on disposal and impairment of property, plant and equipment and intangible assets	**8,2**	18,0	123,4
Profit on disposal of property, plant and equipment and intangible assets	**(15,8)**	(0,3)	(10,1)
Profit and loss on termination of leases	**(14,6)**	–	(1,7)
	4 268,9	4 105,9	8 767,3

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

NOTES (CONTINUED)

	6 months ended 30 Sept 2019 Unaudited Rm	Restated* 6 months ended 30 Sept 2018 Unaudited Rm	Restated* Year ended 31 March 2019 Audited Rm
11. Reconciliation of profit for the period to headline earnings			
Profit for the period attributable to equity holders of The Foschini Group Limited	**1 232,9**	1 169,2	2 640,1
Adjusted for:			
Profit on disposal of non-controlling interest	**–**	(1,4)	(1,4)
Loss on disposal of business	**–**	–	23,8
Loss on disposal and impairment of property, plant and equipment and intangible assets	**8,2**	18,0	123,4
Profit on disposal of property, plant and equipment and intangible assets	**(15,8)**	(0,3)	(10,1)
Profit and loss on termination of leases	**(14,6)**	–	(1,7)
Headline earnings before tax	**1 210,7**	1 185,5	2 774,1
Tax on headline earnings adjustments	**6,7**	(4,3)	(30,2)
Headline earnings	**1 217,4**	1 181,2	2 743,9

	6 months ended 30 Sept 2019 Unaudited	Restated* 6 months ended 30 Sept 2018 Unaudited	% change	Restated* Year ended 31 March 2019 Audited
Earnings per ordinary share (cents)				
Basic	**533,4**	506,2	5,4	1 142,5
Headline	**526,7**	511,4	3,0	1 187,4
Diluted (basic)	**530,6**	502,2	5,7	1 132,1
Diluted (headline)	**523,9**	507,3	3,3	1 176,6

* *Refer to note 15 for the impact of the IFRS 16 change in accounting policy.*

12. Related parties

During the period, the Group entered into related party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the Group's annual financial statements for the year ended 31 March 2019.

13. Subsequent events

No significant events took place between the period ending 30 September 2019 and date of issue of this report.

14. Changes to directors

During the current period, the following change took place:

- Doug Murray was appointed as a non-executive director with effect from 1 October 2019.

15. Change in accounting policy

IFRS 16 *Leases*

IFRS 16 *Leases* has been adopted by the Group retrospectively from 31 March 2018. Accordingly, the comparative information in these unaudited interim results have been restated.

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, and presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). IFRS 16 replaces the previous leases standard, IAS 17 *Leases* (IAS 17), and related interpretations. IFRS 16 has one model for lessees which will result in the majority of leases being included on the statement of financial position. The only exceptions are short-term and low-value leases.

The scope of IFRS 16 includes leases of all assets, with certain exceptions, and requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions), in a similar way to finance leases under IAS 17. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. IFRS 16 removes the straight-line rent cost previously recognised in respect of operating leases under IAS 17, and replaces the cost with depreciation on right-of-use assets and interest charged on outstanding lease liabilities.

The Group has adopted the standard fully retrospectively as at the start of the earliest period presented, as permitted by the transitional provisions. At the date of initial application, the Group elected to use the practical expedient provided by IFRS 16, which allows the Group to apply IFRS 16 to only those contracts that were previously identified as leases under IAS 17 and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The Group recognises a right-of-use asset and a lease liability at the lease commencement date at a value equal to the present value of future lease payments over the lease term, discounted at an applicable discount rate. The right-of-use asset and lease liability reduce over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group determines the lease term as the non-cancellable period of a lease, together with assessing if the lessee is reasonably certain to exercise an option to extend or terminate the lease. In addition, the right-of-use asset is tested for impairment when there are indicators of impairment and periodically reduced by impairment losses, if required.

15. Change in accounting policy (continued)

IFRS 16 *Leases* (continued)

The lease liability is initially measured at the present value of the lease payments, discounted using the Group's incremental borrowing rate taking into account duration, country, currency and inception of the lease. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Lease payments included in the measurement of the lease liability comprise:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease if the Group is reasonably certain to terminate early.

The lease liability is subsequently measured at amortised cost using the effective interest method.

The lease liability is remeasured whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The remeasurement results in a corresponding adjustment that is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Variable lease payments based agreements that do not depend on an index or rate are not included in the measurement of the right-of-use asset and lease liability. These related payments are recognised as an expense in the period in which the event or condition that triggers those payments occur. Other variable lease payments that depend on an index or rate are included in the measurement of the right-of-use assets and lease liabilities.

15. Change in accounting policy (continued)

IFRS 16 *Leases* (continued)

For leases of short-term and low-value assets, the Group has opted to recognise a lease expense on a systematic basis over the lease term. The expense is presented within trading expenses on the face of the consolidated income statement.

Finance costs comprise interest on lease liabilities calculated using the effective interest rate method and are recognised in profit or loss.

The change in accounting policy has therefore resulted in a restatement of the consolidated statement of financial position, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement.

Refer to the details below for a summary of the effect of the IFRS 16 change in accounting policy.

	31 March 2018 Audited Rm	IFRS 16 Rm	Restated 31 March 2018 Audited Rm
Consolidated statement of financial position			
Non-current assets			
Right-of-use assets	–	6 937,2	6 937,2
Deferred taxation assets	663,6	124,7	788,3
Equity			
Total equity	13 126,0	(247,6)	12 878,4
Non-current liabilities			
Operating lease liability	335,1	(335,1)	–
Lease liabilities	–	5 207,8	5 207,8
Current liabilities			
Trade and other payables	3 724,3	(127,0)	3 597,3
Operating lease liability	30,7	(30,7)	–
Lease liabilities	–	2 594,5	2 594,5

15. Change in accounting policy (continued)

IFRS 16 *Leases* (continued)

	30 Sept 2018 Unaudited Rm	IFRS 16 Rm	Restated 30 Sept 2018 Unaudited Rm
Consolidated statement of financial position			
Non-current assets			
Right-of-use assets	–	7 357,4	7 357,4
Deferred taxation assets	891,4	127,8	1 019,2
Equity			
Total equity	13 538,6	(250,2)	13 288,4
Non-current liabilities			
Operating lease liability	373,8	(373,8)	–
Lease liabilities	–	5 482,9	5 482,9
Current liabilities			
Trade and other payables	4 376,2	(149,4)	4 226,8
Operating lease liability	22,5	(22,5)	–
Lease liabilities	–	2 798,2	2 798,2
Consolidated income statement and related notes			
Trading expenses*	(7 650,7)	289,6	(7 361,1)
Occupancy costs	(2 048,6)	23,6	(2 025,0)
Occupancy costs lease reversal	–	1 645,3	1 645,3
Depreciation on right-of-use assets	–	(1 379,3)	(1 379,3)
Depreciation and amortisation	(436,9)	–	(436,9)
Employee costs	(2 876,1)	–	(2 876 ,1)
Other operating costs	(2 289,1)	–	(2 289,1)
Finance costs	(373,7)	(274,9)	(648,6)
Income tax expense	(384,0)	(2,3)	(386,3)

* *Net bad debt has been removed from the trading expenses caption as it is now presented on the face of the consolidated income statement.*

Consolidated statement of comprehensive income			
Foreign currency translation reserve movements	814,3	(15,0)	799,3
Consolidated cash flow statement			
Operating profit before working capital changes	2 460,6	1 645,3	4 105,9
Increase in working capital	(376,3)	(22,4)	(398,7)
Finance costs	(373,7)	(274,9)	(648,6)
Lease liability payments	–	(1 348,0)	(1 348,0)

15. Change in accounting policy (continued)

IFRS 16 *Leases* (continued)

	30 Sept 2018 Unaudited	IFRS 16	Restated 30 Sept 2018 Unaudited
Earnings per ordinary share (cents)			
Basic	500,8	5,4	506,2
Headline	506,0	5,4	511,4
Diluted (basic)	496,8	5,4	502,2
Diluted (headline)	502,0	5,3	507,3

	31 March 2019 Audited Rm	IFRS 16 Rm	Restated 31 March 2019 Audited Rm
Consolidated statement of financial position			
Non-current assets			
Right-of-use assets	–	7 499,5	7 499,5
Deferred taxation assets	1 045,7	132,2	1 177,9
Equity			
Total equity	14 307,3	(258,2)	14 049,1
Non-current liabilities			
Operating lease liability	363,5	(363,5)	–
Lease liabilities	–	5 611,4	5 611,4
Current liabilities			
Trade and other payables	4 535,0	(171,9)	4 363,1
Operating lease liability	22,5	(22,5)	–
Lease liabilities	–	2 836,4	2 836,4

15. Change in accounting policy (continued)

IFRS 16 *Leases* (continued)

	31 March 2019 Audited Rm	IFRS 16 Rm	Restated 31 March 2019 Audited Rm
Consolidated income statement and related notes			
Trading expenses	(15 986,8)	554,8	(15 432,0)
Occupancy costs	(4 141,6)	12,6	(4 129,0)
Occupancy costs lease reversal	–	3 346,5	3 346,5
Depreciation on right-of-use assets	–	(2 805,1)	(2 805,1)
Depreciation and amortisation	(844,1)	–	(844,1)
Employee costs	(6 181,0)	–	(6 181,0)
Other operating costs	(4 820,1)	0,8	(4 819,3)
Finance costs	(749,9)	(554,6)	(1 304,5)
Income tax expense	(939,3)	1,5	(937,8)
Consolidated statement of comprehensive income			
Foreign currency translation reserve movements	935,8	(12,3)	923,5
Consolidated cash flow statement			
Operating profit before working capital changes	5 420,8	3 346,5	8 767,3
Increase in working capital	(743,1)	(44,9)	(788,0)
Finance costs	(749,9)	(554,6)	(1 304,5)
Lease liability payments	–	(2 747,0)	(2 747,0)

	31 March 2019 Audited	IFRS 16	Restated 31 March 2019 Audited
Earnings per ordinary share (cents)			
Basic	1 141,7	0,8	1 142,5
Headline	1 187,1	0,3	1 187,4
Diluted (basic)	1 131,3	0,8	1 132,1
Diluted (headline)	1 176,3	0,3	1 176,6

COMPANY INFORMATION

Executive directors:	A E Thunström, B Ntuli
Non-executive directors:	M Lewis (Chairman), Prof. F Abrahams, S E Abrahams, G H Davin, D Friedland, B L M Makgabo-Fiskerstrand, A D Murray, E Oblowitz, N V Simamane, R Stein
Company Secretary:	D van Rooyen
Registered office:	Stanley Lewis Centre, 340 Voortrekker Road, Parow East, 7500, South Africa
Registration number:	1937/009504/06
Share codes:	TFG – TFGP
ISIN:	ZAE000148466 – ZAE000148516
Transfer secretaries:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196, South Africa Telephone: +27(0) 11 370 5000
Sponsor:	UBS South Africa Proprietary Limited
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Relay Jeans Rockwear Soda Bloc Sportscene Sterns Tarocash Totalsports Whistles yd.