UNAUDITED INTERIM CONDENSED CONSOLIDATED RESULTS

FOR THE HALF-YEAR ENDED 30 SEPTEMBER 2018

SALIENT FEATURES

+28,6%
GROUP RETAIL TURNOVER
up 28,6% to R15,9 billion

53,6%
GROSS MARGIN
expansion from 51,0% (Sept 2017) to 53,6%

+14,3%
HEADLINE EARNINGS GROWTH
of 14,3% to a record R1,2 billion (excluding acquisition costs +9,1%)

+8,3%
HEADLINE EARNINGS PER SHARE
up 8,3% to 506,0 cents

85%
FREE CASH FLOW GENERATED
equal to 85% of net profit for the period

330,0 cents
INTERIM DIVIDEND DECLARED
of 330,0 cents per share

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

INTRODUCTION OF NEW ACCOUNTING STANDARDS - IFRS 9 AND IFRS 15

During the period, the Group adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'. The Group adopted IFRS 9 retrospectively and elected to reflect it as an opening adjustment on 1 April 2018 and not to restate its comparative financial statements. IFRS 15 was adopted fully retrospectively by the Group as at the start of the earliest period presented in these unaudited interim condensed consolidated results ('financial results').

Further information with regard to the impact of these changes in accounting policies is provided in note 14 of these financial results.

COMMENTARY

PERFORMANCE OVERVIEW

In all three of our major territories, South Africa, the United Kingdom and Australia, trading conditions remained difficult and constrained during the first half of our financial year. Notwithstanding, the Group delivered a strong result for the period with good performance in each of the territories relative to our respective peer groups.

Group retail turnover for the six-month period grew by 28,6% with turnover growth of 8,4% (ZAR) for TFG Africa, 50,7% (GBP) for TFG London and 170,7% (AUD) for TFG Australia. Including comparable^ numbers for Hobbs (TFG London) and RAG (TFG Australia) acquired during the previous financial year, turnover grew by 2,3% and 14,9% respectively for TFG London and TFG Australia. Pleasing comparable store turnover growth of 4,8% was achieved for TFG Africa.

TFG London's comprehensive omni-channel offering enabled online turnover growth of 15% for this channel, in a market where trading has shifted rapidly from high street to online retail. With the launch of online selling for two additional TFG Africa brands, Donna and The FIX, online turnover through 22 of the Group's 28 brands now contributes 7,9% of Group turnover.

Group cash turnover growth of 39,9% was achieved for the period with good growth of 9,8% (ZAR) for TFG Africa. In line with the Group's strategy, the cash versus credit turnover split is well diversified at 72:28 with a split of 55:45 for TFG Africa. The adoption of the IFRS 15 revenue accounting standard referred to above, resulted in a c.4% shift in contribution from credit to cash turnover at a TFG Africa level. Group credit turnover growth of 6,8% was driven by growth in the active account base following the setting aside of the Affordability Regulations with regard to the submission of proof of income.

The Group's gross margin expanded to 53,6% compared to 51,0% at September 2017. An encouraging increase from 46,6% to 47,6% was achieved for TFG Africa, with improved gross margins across most merchandise categories. TFG London's gross margin was 63,0% (Sept 2017: 63,6%) and TFG Australia's gross margin was 64,4% (Sept 2017: 63,9%).

Total headline earnings grew by 14,3% to R1,2 billion. Excluding the acquisition costs* incurred in the prior period relating to the Hobbs and RAG acquisitions, headline earnings grew by 9,1%. With the additional 17,2 million shares issued in the prior year, total headline earnings per share grew by 8,3% to 506,0 cents per share. Excluding the acquisition costs*, headline earnings per share grew by 3,4%.

An interim dividend of 330,0 cents per share has been declared, an increase of 1,5% on the previous comparable period.

In line with the continued focus on working capital management, the Group achieved free cash flow of R988 million for the period, equivalent to 85% of net profit after tax. The debt-to-equity ratio at September 2018 was stable at 63,9% (March 2018: 62,0%).

* *Headline earnings excluding acquisition costs is defined in note 10 of the unaudited interim condensed consolidated results.*
^ *Unaudited pro forma numbers included in the prior period base to calculate an indicative turnover growth.*

The Group's outlets increased to 4 041 outlets in 32 countries as at the end of September 2018. During the past six months, the following movements occurred in the estate portfolio:

	TFG Africa Number of outlets	TFG London Number of outlets	TFG Australia Number of outlets	TFG Consolidated Number of outlets
New outlets	22	68	22	112
Closed outlets	26	73	6	105
Net movement	(4)	(5)	16	7

TFG Africa had gross new/enlarged space growth of 5,0% and, in line with our focus on capital optimisation, closures/reductions in space of 2,2%, resulting in a net trading space increase for TFG Africa of 2,8% compared to September 2017.

MERCHANDISE CATEGORIES

Turnover growth in the various merchandise categories was as follows:

	% turnover growth (Group) ZAR*	% turnover growth (TFG Africa) ZAR	% same store turnover growth (TFG Africa) ZAR	% turnover growth (TFG London) GBP*	% turnover growth (TFG Australia) AUD*
Clothing	36,1	11,2	7,2	50,7	170,7
Jewellery	2,7	2,7	1,0		
Cellphones	(2,6)	(2,6)	(4,2)		
Homeware & furniture	7,8	7,8	2,8		
Cosmetics	1,0	1,0	–		
Total turnover	28,6	8,4	4,8	50,7	170,7

* Non-comparable due to inclusion of Hobbs (TFG London) and RAG (TFG Australia)

Product price deflation in TFG Africa averaged approximately 5,5%.

CREDIT

The retail net debtors' book of R7,1 billion grew by 2,7% year-on-year (Sept 2017: 6,3%). Net bad debt increased by 10,8% (Sept 2017: -4,3%). Bad debt write off growth at 10,4% (Sept 2017: +0,7%) was in line with the gross debtors' book growth of 9,1% (Sept 2017: +8,2%). Net bad debt as a percentage of the debtors' book at September 2017 was 9,8%, down from 10,6% at September 2017.

IFRS 9 was adopted retrospectively on 1 April 2018 with an adjustment to the Group's opening retained earnings. Comparative financial statements were not restated as permitted by IFRS 9. The initial adjustment to the allowance for impairment of R542,5 million on adoption of IFRS 9, resulted in a 39,1% increase in the provision, to R1,9 billion. The adoption of IFRS 9 increased the allowance for impairment as a % of the debtors' book to 21,5% (Sept 2017: 16,7% per IAS 39). A significant component of the increase in the allowance for impairment on implementation is due to the consideration of macro-economic and forward-looking information which was neither required nor allowed under the previous accounting standard.

MANAGEMENT AND BOARD UPDATES

As previously announced on SENS (dated 12 March 2018, 24 May 2018, 1 August 2018 and 3 September 2018) the following Supervisory Board changes occurred during the past six months:

- Doug Murray stepped down as the Group's CEO on 3 September 2018 and retired from the Group at the end of September 2018. Doug has been appointed by the Supervisory Board as a consultant to the end of September 2019 and as a non-executive director from 1 October 2019.
- Anthony Thunström, previously the Group's CFO, assumed the position of CEO on 3 September 2018.
- Bongiwe Ntuli has been appointed as the Group's CFO and as an executive director with effect from 14 January 2019.

It is with great sadness that the Board notes the passing of Martin Mendelsohn, an Operating Board member of our Group. Martin was with the Group since 1982 and had a long and proud association with TFG. He led major strategic initiatives and was integral in building many of TFG's retail brands as well as the development of the Group's local supply chain. Martin will be greatly missed and all at TFG extend their condolences to Martin's family.

OUTLOOK

We expect trading conditions to remain challenging in all three of our major territories as consumer spending and business confidence remain under pressure.

The Group's diversification strategy has proven its success in supporting the resilience of the Group in difficult trading conditions. This, together with the Group's continued focus on cost control and working capital optimisation, its strategic longer-term investment in digital transformation and its continued commitment to the Group's strategic pillars of Customer, Leadership, Profit and Growth, will underpin the Group's performance in the second half.

The second half of the Group's financial year, as always, remains heavily dependent on Black Friday, Cyber Monday and Christmas trade. The TFG London results will remain sensitive to the impact of the ongoing department store reorganisation currently playing out in the United Kingdom.

Retail trade performance for the first four weeks of our second half is at similar levels to the first half across TFG Africa, TFG London and TFG Australia.

PRO FORMA INFORMATION

Unaudited pro forma management account information for Hobbs and RAG were used in this announcement for illustrative purposes only to provide an indicative turnover growth for the TFG London and TFG Australia business segments. This pro forma information, because of its nature, may not be a fair reflection of the Group's results of operation, 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.

The pro forma management account numbers used were:

	Sept-17 £m	Sept-18 £m	% change
TFG London as previously disclosed	133,0	**200,4**	50,7%
Hobbs (April 2017 – Sept 2017)	63,0		
TFG London including Hobbs	196,0	**200,4**	2,3%

	Sept-17 A$m	Sept-18 A$m	% change
TFG Australia as previously disclosed	88,3	**239,0**	170,7%
RAG (April 2017 – July 2017)	119,7		
TFG Australia including RAG	208,0	**239,0**	14,9%

The directors are responsible for compiling the unaudited 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 period ended 30 September 2018.

PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 164 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 31 March 2019 has been declared from income reserves, payable on Monday, 18 March 2019 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 15 March 2019. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 12 March 2019. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 13 March 2019 and the record date, as indicated, will be Friday, 15 March 2019.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 13 March 2019 to Friday, 15 March 2019, both dates inclusive.

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

1) Local dividend tax rate is 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 8 November 2018; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

INTERIM ORDINARY DIVIDEND ANNOUNCEMENT

The directors have declared a gross interim ordinary dividend of 330,0 cents per ordinary share from income reserves, for the period ended 30 September 2018, payable on Monday, 7 January 2019 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 4 January 2019. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Monday, 31 December 2018. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 2 January 2019 and the record date, as indicated, will be Friday, 4 January 2019.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 2 January 2019 to Friday, 4 January 2019, both dates inclusive.

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

1) Local dividend tax rate is 20%;
2) The withholding tax, if applicable at the rate of 20%, will result in a net cash dividend per share of 264,00000 cents;
3) The issued ordinary share capital of The Foschini Group Limited is 236 756 814 shares at 8 November 2018; 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
CEO

Cape Town
8 November 2018

Condensed consolidated statement of financial position

	Sept 2018 Unaudited Rm	Restated* Sept 2017 Unaudited Rm	Restated* March 2018 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**2 931,6**	2 792,3	2 861,9
Goodwill and intangible assets	**8 484,4**	8 236,9	7 667,2
Deferred taxation asset	**891,4**	729,3	663,6
	12 307,4	11 758,5	11 192,7
Current assets			
Inventory (note 4)	**7 609,5**	6 412,5	6 900,6
Trade receivables – retail	**7 083,2**	6 895,0	7 373,6
Other receivables and prepayments	**1 082,2**	838,8	821,8
Concession receivables	**184,7**	267,9	296,8
Cash and cash equivalents	**1 002,5**	744,8	1 206,1
	16 962,1	15 159,0	16 598,9
Total assets	**29 269,5**	26 917,5	27 791,6
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**13 538,6**	13 190,0	13 121,5
Non-controlling interest	**–**	4,1	4,5
Total equity	**13 538,6**	13 194,1	13 126,0
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**4 929,7**	5 724,9	4 825,7
Put option liability	**80,8**	113,2	72,7
Cash-settled share incentive scheme	**–**	7,3	–
Operating lease liability	**373,8**	323,8	335,1
Deferred taxation liability	**923,0**	915,5	829,4
Post-retirement defined benefit plan	**224,8**	241,6	215,8
	6 532,1	7 326,3	6 278,7
Current liabilities			
Interest-bearing debt	**4 728,0**	2 821,6	4 524,9
Trade and other payables	**4 376,2**	3 497,3	3 724,3
Operating lease liability	**22,5**	18,9	30,7
Taxation payable	**72,1**	59,3	107,0
	9 198,8	6 397,1	8 386,9
Total liabilities	**15 730,9**	13 723,4	14 665,6
Total equity and liabilities	**29 269,5**	26 917,5	27 791,6

* Refer to note 14 for the impact of the changes in accounting policies.

Condensed consolidated income statement

	6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	% change	Restated* Year ended 31 March 2018 Audited Rm
Revenue (note 5)	**17 466,7**	13 880,6		31 463,0
Retail turnover	**15 913,1**	12 377,5	28,6	28 519,5
Cost of turnover	**(7 386,5)**	(6 065,4)		(13 557,5)
Gross profit	**8 526,6**	6 312,1		14 962,0
Interest income (note 6)	**878,4**	883,2		1 755,8
Other income (note 7)	**675,2**	619,9		1 187,7
Trading expenses (note 8)	**(8 165,5)**	(6 029,7)		(13 779,0)
Operating profit before acquisition costs and finance costs	**1 914,7**	1 785,5	7,2	4 126,5
Acquisition costs	**–**	(48,6)		(79,4)
Finance costs	**(373,7)**	(339,4)		(696,6)
Profit before tax	**1 541,0**	1 397,5		3 350,5
Income tax expense	**(384,0)**	(390,6)		(942,3)
Profit for the period	**1 157,0**	1 006,9		2 408,2
Attributable to:				
Equity holders of The Foschini Group Limited	**1 156,8**	1 006,1		2 406,9
Non-controlling interest	**0,2**	0,8		1,3
Profit for the period	**1 157,0**	1 006,9		2 408,2
Earnings per ordinary share (cents)				
Total				
Basic	**500,8**	459,5	9,0	1 070,2
Diluted (basic)	**496,8**	456,9	8,7	1 060,0

* Refer to note 14 for the impact of the changes in accounting policies.

Condensed consolidated statement of comprehensive income

	6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	Restated* Year ended 31 March 2018 Audited Rm
Profit for the period	**1 157,0**	1 006,9	2 408,2
Other comprehensive income (loss):			
Items that will never be reclassified to profit or loss			
Actuarial gain on post-retirement defined benefit plan	**–**	–	34,2
Deferred tax on items that will never be reclassified to profit or loss	**–**	–	(9,6)
Items that are or may be reclassified to profit or loss			
Movement in effective portion of changes in fair value of cash flow hedges	**111,8**	32,8	27,2
Foreign currency translation reserve movements	**814,3**	331,6	(555,7)
Deferred tax on items that are or may be reclassified to profit or loss	**(32,7)**	(9,2)	(8,6)
Other comprehensive income (loss) for the period, net of tax	**893,4**	355,2	(512,5)
Total comprehensive income for the period	**2 050,4**	1 362,1	1 895,7
Attributable to:			
Equity holders of The Foschini Group Limited	**2 050,2**	1 361,3	1 894,4
Non-controlling interest	**0,2**	0,8	1,3
Total comprehensive income for the period	**2 050,4**	1 362,1	1 895,7

Supplementary information

	Sept 2018 Unaudited	Restated* Sept 2017 Unaudited	Restated* March 2018 Audited
Net number of ordinary shares in issue (millions)	**230,9**	230,6	231,3
Weighted average number of ordinary shares in issue (millions)	**231,0**	219,0	224,9
Tangible net asset value per ordinary share (cents)	**2 188,9**	2 147,9	2 358,1

* Refer to note 14 for the impact of the changes in accounting policies.

Condensed consolidated statement of changes in equity

	Equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2017 – audited	10 515,3	4,2	10 519,5
IFRS 15 transition*	(118,4)	–	(118,4)
Equity at 31 March 2017 – audited – restated*	10 396,9	4,2	10 401,1
Total comprehensive income for the period	1 361,3	0,8	1 362,1
Profit for the period – restated*	1 006,1	0,8	1 006,9
Other comprehensive income			
Movement in effective portion of changes in fair value of cash flow hedges	32,8	–	32,8
Foreign currency translation reserve movements	331,6	–	331,6
Deferred tax on movement in other comprehensive income	(9,2)	–	(9,2)
Contributions by and distributions to owners			
Share-based payments reserve movements	71,9	–	71,9
Dividends paid	(865,8)	(0,9)	(866,7)
Share capital issued and share premium raised	2 474,5	–	2 474,5
Proceeds from sale of shares in terms of share incentive schemes	6,8	–	6,8
Shares purchased in terms of share incentive schemes	(225,6)	–	(225,6)
Increase in the fair value of the put option liability	(30,0)	–	(30,0)
Equity at 30 September 2017 – unaudited – restated*	13 190,0	4,1	13 194,1
Total comprehensive income for the period	533,1	0,5	533,6
Profit for the period – restated*	1 400,8	0,5	1 401,3
Other comprehensive income			
Actuarial gain on post-retirement defined benefit plan	34,2	–	34,2
Movement in effective portion of changes in fair value of cash flow hedges	(5,6)	–	(5,6)
Foreign currency translation reserve movements	(887,3)	–	(887,3)
Deferred tax on movement in other comprehensive income	(9,0)	–	(9,0)
Contributions by and distributions to owners			
Share-based payments reserve movements	83,1	–	83,1
Dividends paid	(760,4)	(0,1)	(760,5)
Share capital issued and share premium raised	(1,5)	–	(1,5)
Proceeds from sale of shares in terms of share incentive schemes	84,9	–	84,9
Shares purchased in terms of share incentive schemes	(6,0)	–	(6,0)
Increase in the fair value of the put option liability	(1,7)	–	(1,7)
Equity at 31 March 2018 – audited – restated*	**13 121,5**	**4,5**	**13 126,0**

* Refer to note 14 for the impact of the changes in accounting policies.

Condensed consolidated statement of changes in equity (continued)

	Equity holders of The Foschini Group Limited Rm	Non-controlling interest Rm	Total equity Rm
Equity at 31 March 2018 – audited – restated*	**13 121,5**	**4,5**	**13 126,0**
IFRS 9 transition*	**(517,4)**	**–**	**(517,4)**
Equity at 1 April 2018 - unaudited	**12 604,1**	**4,5**	**12 608,6**
Total comprehensive income for the period	**2 050,2**	**0,2**	**2 050,4**
Profit for the period	**1 156,8**	**0,2**	**1 157,0**
Other comprehensive income			
Movement in effective portion of changes in fair value of cash flow hedges	**111,8**	**–**	**111,8**
Foreign currency translation reserve movements	**814,3**	**–**	**814,3**
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	**13 538,6**	**–**	**13 538,6**

* Refer to note 14 for the impact of the changes in accounting policies.

	6 months ended 30 Sept 2018 Unaudited	6 months ended 30 Sept 2017 Unaudited	Year ended 31 March 2018 Audited
Dividend per ordinary share (cents)			
Interim	**330,0**	325,0	325,0
Final	**–**	–	420,0
Total	**330,0**	325,0	745,0

Condensed consolidated cash flow statement

	6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	Restated* Year ended 31 March 2018 Audited Rm
Cash flows from operating activities			
Operating profit before working capital changes (note 9)	**2 460,6**	2 159,6	5 029,7
Increase in working capital	**(376,3)**	(26,1)	(937,2)
Cash generated from operations	**2 084,3**	2 133,5	4 092,5
Interest income	**18,4**	25,8	48,0
Finance costs	**(373,7)**	(339,4)	(696,6)
Taxation paid	**(487,9)**	(492,4)	(960,2)
Dividends paid	**(983,3)**	(866,7)	(1 627,2)
Net cash inflows from operating activities	**257,8**	460,8	856,5
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets	**(462,2)**	(372,3)	(896,6)
Acquisition of assets through business combinations	**–**	(2 712,3)	(2 898,9)
Acquisition of management buy-out	**–**	–	(41,3)
Proceeds from sale of property, plant and equipment	**5,2**	5,8	40,4
Proceeds from disposal of non-controlling interest	**3,5**	–	–
Net cash outflows from investing activities	**(453,5)**	(3 078,8)	(3 796,4)
Cash flows from financing activities			
Shares purchased in terms of share incentive schemes	**(228,7)**	(225,6)	(231,6)
Proceeds on issue of share capital	**–**	2 474,5	2 473,0
Proceeds from sale of shares in terms of share incentive schemes	**13,8**	6,8	91,7
Increase in interest-bearing debt	**151,4**	238,2	1 067,9
Net cash (outflows) inflows from financing activities	**(63,5)**	2 493,9	3 401,0
Net (decrease) increase in cash during the period	**(259,2)**	(124,1)	461,1
Cash at the beginning of the period	**1 206,1**	878,5	878,5
Cash held in non-controlling interest	**(6,4)**	–	–
Effect of exchange rate fluctuations on cash held	**62,0**	(9,6)	(133,5)
Cash at the end of the period	**1 002,5**	744,8	1 206,1

* Refer to note 14 for the impact of the changes in accounting policies.

Condensed consolidated segmental analysis

6 months ended 30 September 2018	TFG Africa*** retail Unaudited Rm	Credit*** Unaudited Rm	TFG London Unaudited Rm	TFG Australia Unaudited Rm	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)**
Depreciation and amortisation	**(272,3)**	**–**	**(85,7)**	**(79,0)**	**(437,0)**
Group profit before tax					**1 541,0**
Segmental profit before tax	**1 012,8**	**323,8**	**127,3**	**179,2**	**1 643,1**
Reconciling items to Group profit before tax					
Foreign exchange transactions					**4,0**
Share-based payments					**(82,5)**
Operating lease liability adjustment					**(23,6)**
Capital expenditure					**462,2**

6 months ended 30 September 2017	Restated* Unaudited Rm	Restated Unaudited Rm	Unaudited Rm	Unaudited Rm	Restated* Unaudited Rm
External revenue	9 657,3	171,0	2 272,8	896,3	12 997,4
External interest income	25,4	857,4	–	0,4	883,2
Total revenue**	9 682,7	1 028,4	2 272,8	896,7	13 880,6
External finance costs	(296,7)	–	(38,7)	(4,0)	(339,4)
Depreciation and amortisation	(245,5)	–	(57,5)	(28,3)	(331,3)
Group profit before tax					1 397,5
Segmental profit before tax	972,0	323,6	156,1	33,5	1 485,2
Reconciling items to Group profit before tax					
Foreign exchange transactions					(1,5)
Share-based payments					(71,9)
Operating lease liability adjustment					(14,3)
Capital expenditure					372,3

* Refer to note 14 for the impact of the changes in accounting policies.

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

*** The chief operating decision-maker assessed the Group's current operating segments and concluded that the value-added services and central and shared services segments would be allocated to TFG Africa as this better reflects the current operating segments within the Group. In addition, certain costs were reallocated between credit and TFG Africa. The comparable prior periods information has been restated accordingly.

Condensed consolidated segmental analysis (continued)

Year ended 31 March 2018	Restated* TFG Africa retail*** Audited Rm	Restated Credit*** Audited Rm	TFG London Audited Rm	TFG Australia Audited Rm	Restated* Total Audited Rm
External revenue	20 861,5	364,2	5 348,9	3 132,6	29 707,2
External interest income	47,3	1 707,8	–	0,7	1 755,8
Total revenue**	20 908,8	2 072,0	5 348,9	3 133,3	31 463,0
External finance costs	(617,1)	–	(66,5)	(13,0)	(696,6)
Depreciation and amortisation	(510,2)	–	(132,2)	(103,1)	(745,5)
Group profit before tax					3 350,5
Segmental profit before tax	2 367,7	742,8	202,1	253,1	3 565,7
Reconciling items to Group profit before tax					
Foreign exchange transactions					(13,2)
Share-based payments					(155,0)
Operating lease liability adjustment					(47,0)
Capital expenditure					896,6

* Refer to note 14 for the impact of the changes in accounting policies.

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

*** The chief operating decision-maker assessed the Group's current operating segments and concluded that the value-added services and central and shared services segments would be allocated to TFG Africa as this better reflects the current operating segments within the Group. In addition, certain costs were reallocated between credit and TFG Africa. The comparable prior periods information has been restated accordingly.

Notes

1. The unaudited interim condensed consolidated results for the half-year ended 30 September 2018 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. The accounting policies 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 Anthony Thunström CA(SA), CEO of The Foschini Group Limited.

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

- IFRS 15: Revenue from Contracts with Customers
- IFRS 9: Financial Instruments

Refer to note 14 for the impact of the changes in accounting policies.

3. These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.

		6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	Restated* Year ended 31 March 2018 Audited Rm
4.	**Inventory**			
	Inventory at period end	**7 609,5**	6 412,5	6 900,6
	Inventory write-downs included above	**138,2**	113,9	260,2
5.	**Revenue**			
	Retail turnover	**15 913,1**	12 377,5	28 519,5
	Interest income (note 6)	**878,4**	883,2	1 755,8
	Other income (note 7)	**675,2**	619,9	1 187,7
		17 466,7	13 880,6	31 463,0
6.	**Interest income**			
	Trade receivables – retail	**860,0**	857,4	1 707,8
	Sundry	**18,4**	25,8	48,0
		878,4	883,2	1 755,8

* Refer to note 14 for the impact of the changes in accounting policies.

		6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	Restated* Year ended 31 March 2018 Audited Rm
7.	**Other income**			
	Value-added services	**446,5**	429,9	806,6
	Collection cost recovery	**219,9**	171,0	364,2
	Sundry income	**8,8**	19,0	16,9
		675,2	619,9	1 187,7
8.	**Trading expenses**			
	Depreciation and amortisation	**(436,9)**	(331,3)	(745,5)
	Employee costs	**(2 876,1)**	(2 062,4)	(4 948,0)
	Occupancy costs	**(2 048,6)**	(1 461,1)	(3 411,5)
	Net bad debt	**(514,8)**	(464,6)	(837,5)
	Other operating costs	**(2 289,1)**	(1 710,3)	(3 836,5)
		(8 165,5)	(6 029,7)	(13 779,0)
9.	**Operating profit before working capital changes**			
	Profit before tax	**1 541,0**	1 397,5	3 350,5
	Finance costs	**373,7**	339,4	696,6
	Operating profit before finance costs	**1 914,7**	1 736,9	4 047,1
	Interest income – sundry	**(18,4)**	(25,8)	(48,0)
	Non-cash items	**564,3**	448,5	1 030,6
	Depreciation and amortisation	**436,9**	331,3	745,5
	Operating lease liability adjustment	**23,6**	14,3	47,0
	Share-based payments	**82,5**	71,9	155,0
	Post-retirement defined benefit medical aid movement	**9,0**	8,5	16,9
	Foreign currency translation reserve movements	**(4,0)**	1,5	13,2
	Cash-settled share incentive scheme	**–**	–	0,1
	Profit on disposal of non-controlling interest	**(1,4)**	–	–
	Loss on disposal of property, plant and equipment	**18,0**	21,4	54,4
	Profit on disposal of property, plant and equipment	**(0,3)**	(0,4)	(1,5)
		2 460,6	2 159,6	5 029,7

* Refer to note 14 for the impact of the changes in accounting policies.

		6 months ended 30 Sept 2018 Unaudited Rm	Restated* 6 months ended 30 Sept 2017 Unaudited Rm	Restated* Year ended 31 March 2018 Audited Rm
10.	**Reconciliation of profit for the period to headline earnings**			
	Profit for the period attributable to equity holders of The Foschini Group Limited	**1 156,8**	1 006,1	2 406,9
	Adjusted for:			
	Profit on disposal of property, plant and equipment	**(0,3)**	(0,4)	(1,5)
	Loss on disposal of property, plant and equipment	**18,0**	21,4	54,4
	Profit on disposal of non-controlling interest	**(1,4)**	–	–
	Headline earnings before tax	**1 173,1**	1 027,1	2 459,8
	Tax on headline earnings adjustments	**(4,3)**	(4,3)	(11,0)
	Headline earnings	**1 168,8**	1 022,8	2 448,8
	Acquisition costs	**–**	48,6	79,4
	Headline earnings excluding acquisition costs**	**1 168,8**	1 071,4	2 528,2

Earnings per ordinary share (cents)	6 months ended 30 Sept 2018 Unaudited	Restated* 6 months ended 30 Sept 2017 Unaudited	% change	Restated* Year ended 31 March 2018 Audited
Total				
Basic	**500,8**	459,5	9,0	1 070,2
Headline	**506,0**	467,1	8,3	1 088,8
Diluted (basic)	**496,8**	456,9	8,7	1 060,0
Diluted (headline)	**502,0**	464,5	8,1	1 078,4
Total (excluding acquisition costs)**				
Basic	**500,8**	481,7	4,0	1 105,5
Headline	**506,0**	489,3	3,4	1 124,1
Diluted (basic)	**496,8**	479,0	3,7	1 094,9
Diluted (headline)	**502,0**	486,6	3,2	1 113,4

* Refer to note 14 for the impact of the changes in accounting policies.

** Headline earnings excluding acquisition costs is calculated to remove the impact of the prior period acquisition costs of the RAG, G-star Raw and Hobbs acquisitions as well as the TFG London management buy-out.

This pro forma financial information has been prepared for illustrative purposes only to provide information on the headline earnings excluding acquisition costs per share. Because of its nature, the pro forma financial information may not be a fair reflection of the Group's results of operation, 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. 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 period ended 30 September 2018.

11. 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 2018.

12. Subsequent events

No significant events took place between the period ending 30 September 2018 and date of issue of this report.

13. Changes to directors

During the current period the following changes took place:

- Doug Murray stepped down as CEO on 3 September 2018 and retired from the Group at the end of September 2018.
- Anthony Thunström, previously the CFO of the Group, assumed the position of CEO on 3 September 2018.

14. Change in accounting policies

14.1 IFRS 15: Revenue from Contracts with Customers

During the current year, the Group has adopted IFRS 15. This standard applies specific rules whereby the timing of cash payments specified in a contract are different to the transfer of control of the related goods to the customer, thus changing when the related revenue is recognised.

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue and IAS 11 Construction Contracts. It is a single, comprehensive revenue recognition model for all contracts with customers and has the objective of achieving greater consistency in the recognition and presentation of revenue.

In terms of the new standard, revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods transfers to a customer.

14. Change in accounting policies (continued)

14.1 IFRS 15: Revenue from Contracts with Customers (continued)

The Group previously accounted for lay-by revenue on the initiation of the contract. With the adoption of IFRS 15, the Group now accounts for the revenue once the contract is concluded and risks and rewards have been transferred to the customer. Upon receipt of final payment from the customer, control of the goods will transfer to the customer and the sale will be concluded. On conclusion, the full revenue will be recognised by the Group at this point in time.

The Group has adopted this standard fully retrospectively as at the start of the earliest period presented, as is permitted in the transitional arrangements. The change in accounting policy has therefore resulted in a restatement of the comparative figures on the statement of financial position, income statement, statement of changes in equity and statement of cash flows.

Refer to the details below for a summary of the effect of this change in the IFRS 15 accounting policy.

	Audited 31 March 2017 Rm	IFRS 15 Rm	Restated 31 March 2017 Rm
Consolidated statement of financial position			
Non-current assets			
Deferred taxation asset	483,6	31,8	515,4
Current assets			
Inventory	5 511,2	92,6	5 603,8
Trade receivables – retail	7 000,7	(157,4)	6 843,3
Equity			
Total equity	10 519,5	(118,4)	10 401,1
Current liabilities			
Trade and other payables	2 751,3	85,4	2 836,7

14. Change in accounting policies (continued)

14.1 IFRS 15: Revenue from Contracts with Customers (continued)

	Unaudited 30 Sept 2017 Rm	IFRS 15 Rm	Restated 30 Sept 2017 Rm
Consolidated statement of financial position			
Non-current assets			
Deferred taxation asset	683,9	45,4	729,3
Current assets			
Inventory	6 276,0	136,5	6 412,5
Trade receivables – retail	7 121,0	(226,0)	6 895,0
Equity			
Total equity	13 346,6	(152,5)	13 194,1
Current liabilities			
Trade and other payables	3 388,9	108,4	3 497,3
Consolidated income statement			
Retail turnover	12 469,1	(91,6)	12 377,5
Cost of turnover	(6 109,3)	43,9	(6 065,4)
Income tax expense	(404,2)	13,6	(390,6)
Consolidated cash flow statement			
Operating cash flows before working capital changes	2 207,3	(47,7)	2 159,6
Increase in working capital	(73,8)	47,7	(26,1)

14. Change in accounting policies (continued)

14.1 IFRS 15: Revenue from Contracts with Customers (continued)

	Audited 31 March 2018 Rm	IFRS 15 Rm	Restated 31 March 2018 Rm
Consolidated statement of financial position			
Non-current assets			
Deferred taxation asset	620,6	43,0	663,6
Current assets			
Inventory	6 773,6	127,0	6 900,6
Trade receivables – retail	7 573,8	(200,2)	7 373,6
Equity			
Total equity	13 272,3	(146,3)	13 126,0
Current liabilities			
Trade and other payables	3 608,2	116,1	3 724,3
Consolidated income statement			
Retail turnover	28 593,0	(73,5)	28 519,5
Cost of turnover	(13 591,9)	34,4	(13 557,5)
Income tax expense	(953,5)	11,2	(942,3)
Consolidated cash flow statement			
Operating cash flows before working capital changes	5 068,8	(39,1)	5 029,7
Increase in working capital	(976,3)	39,1	(937,2)

14. Change in accounting policies (continued)

14.2 IFRS 9: Financial Instruments

IFRS 9: Financial Instruments (IFRS 9) was issued in July 2014 and has replaced IAS 39: Financial Instruments: Recognition and Measurement (IAS 39). The standard is effective from 1 January 2018 and was implemented by the Group from 1 April 2018. This standard incorporates amendments to the classification and measurement of financial instruments, hedge accounting guidance and the accounting requirements for the impairment of financial assets measured at amortised cost and fair value through other comprehensive income (OCI).

Adoption of IFRS 9

As permitted by IFRS 9, the Group has elected not to restate its comparative financial statements. IFRS 9 has been retrospectively adopted on 1 April 2018 with an adjustment to the Group's opening 1 April 2018 retained earnings. Comparability will therefore not be achieved due to the fact that the comparative financial information has been prepared in accordance with IAS 39: Financial Instruments: Recognition and Measurement (IAS 39).

Certain disclosures and classifications within these results were aligned to provide comparable data. These did not result in a restatement to the Group's statement of financial position as at 31 March 2018.

Classification and measurement

IFRS 9 requires all financial assets to be classified and measured on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Management have assessed the business models which apply to the financial assets held by the Group and the financial instruments have been classified into the appropriate IFRS 9 categories.

Trade receivables – retail, other receivables and prepayments and concession receivables satisfy the conditions for classification at amortised cost and hence there is no change to the classification and measurement of these assets. There has been no change to the classification of the Group's financial liabilities which are classified and measured at amortised cost.

Measurement of ECLs

Impairments in terms of IFRS 9 are determined based on an expected credit loss (ECL) model, as opposed to an incurred loss model applied in terms of IAS 39. The ECL model applies to all financial assets measured at amortised cost. The measurement of ECLs reflects a probability-weighted outcome, the time value of money and the best forward-looking information available to the Group. The Group measures ECL using probability of write-off, exposure at write-off, timing of when write-off is likely to occur and loss given write-off. These components are multiplied together and adjusted for the likelihood of write-off. The calculated ECL is discounted using the original effective interest rate applicable to the financial asset.

The Group has adopted the simplified approach which recognises lifetime expected credit losses regardless of stage classification. Store account customer balances can move in both directions through the stages of the impairment model.

14. Change in accounting policies (continued)

14.2 IFRS 9: Financial Instruments (continued)

At each reporting date the Group assesses whether financial assets carried at amortised cost are credit-impaired and therefore classified as stage 3. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group's definition of credit-impaired is aligned to our internal definition of default. IFRS 9 does not define default. The Group has adopted the rebuttable presumption that default is evident where a store account customer is in arrears for more than 90 days based on contractual payment requirements.

When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less impairment allowance) based on the original effective interest rate. The contractual interest income on the gross carrying amount of the financial asset is suspended and is only recognised in interest income when the financial asset is reclassified out of stage 3.

No provision is made and held against unutilised facilities based on the fact that the facility does not meet the definition of a loan commitment, given that the Group can refuse or limit future purchases at any point.

Forward-looking information

The calculation of the ECL incorporates forward-looking information that can be sourced without undue cost or effort and which is deemed to be reasonable and supportable. This forward-looking view includes:

- Information based on expected future macro-economic conditions;
- Potential impacts based on industry specific challenges, including but not limited to potential legislative changes; and
- Expert management judgement.

Significant judgement and estimates are applied in the process of incorporating forward-looking information into the ECL calculation.

The following approach will be followed to assess forward-looking information via a formerly mandated governance committee. This would entail:

- Use of third party economic reports and forecasts;
- Upside and downside scenarios based on alternative macro-economic conditions which will be compared to our base scenario and will be probability-weighted based on our best estimate of their relative likelihood; and
- A governance process to approve the probability-weighting and scenarios used.

14. Change in accounting policies (continued)

14.2 IFRS 9: Financial Instruments (continued)

Write-off policy

The Group writes off its trade receivables when it has no reasonable expectations of recovering the trade receivable in its entirety, or a portion thereof. The Group utilises both an in-house collection department and external collection specialists in an effort to recover outstanding amounts. Trade receivables are written off where the store account customer has not made a qualifying payment for 6 months.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets, and the amortised cost is presented on the face of the statement of financial position.

Impact on the financial statements

The following table sets out the impact of the changes in accounting policies and retrospective adjustments made for each individual line item affected on the financial statements for IFRS 15 and the retrospective impact of IFRS 9 recognised in the opening statement of financial position on 1 April 2018. IFRS 9 was adopted without restating comparative information and the impact is not reflected in the restated comparatives.

	Audited 31 March 2018 Rm	IFRS 15* Rm	Restated 31 March 2018 Rm	IFRS 9 Rm	1 April 2018 Rm
Consolidated statement of financial position					
Non-current assets					
Deferred taxation asset	620,6	43,0	663,6	176,0	839,6
Current assets					
Trade receivables – retail	7 573,8	(200,2)	7 373,6	(542,5)	6 831,1
Concession receivables	296,8	–	296,8	(150,9)	145,9
Equity					
Total equity	13 272,3	(146,3)	13 126,0	(517,4)	12 608,6

* Refer to note 14.1 for the impact of the IFRS 15 change in accounting policy.

Company information

Executive directors:	A E Thunström
Non-executive directors:	M Lewis (Chairman), F Abrahams, S E Abrahams, G H Davin, D Friedland, B L M Makgabo-Fiskerstrand, E Oblowitz, N V Simamane, R Stein
Company Secretary:	D van Rooyen
Registered office:	Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500
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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