REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH

2019

SALIENT FEATURES

+19,6%

GROUP RETAIL TURNOVER

Group retail turnover up 19,6% to R34,1 billion

+9,0%

HEADLINE EARNINGS PER SHARE

Headline earnings per share up 9,0% to 1 187,1 cents (excluding acquisition costs +5,6%)

+57,2%

GROUP ONLINE TURNOVER

Group online turnover growth of 57,2% (8,8% of Group retail turnover)

86,8%

FREE CASH FLOW

Free cash flow generated equal to 86,8% of net profit for the year

53,6%

GROSS MARGIN EXPANSION

Gross margin expansion to 53,6% (March 2018: 52,5%)

+7,1%

FINAL DIVIDEND

Final dividend declared of 450,0 cents per share, an increase of 7,1%

+12,0%

HEADLINE EARNINGS GROWTH

Headline earnings of R2,7 billion with growth of 12,0% (excluding acquisition costs +8,5%)

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

INTRODUCTION OF NEW ACCOUNTING STANDARDS – IFRS 9 AND IFRS 15

During the year, 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 adjustment to the Group's opening retained earnings 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 reviewed preliminary condensed consolidated results ('financial results').

Further information with regard to the impact of these changes in accounting policies is provided in note 15 of these financial results.

COMMENTARY

PERFORMANCE OVERVIEW

The difficult trading conditions that were experienced during the first half of our financial year across all three of our major territories, South Africa, United Kingdom and Australia, continued into the second half of the year. Against this backdrop, and in an environment where the retail sector as a whole is facing significant disruption, all three business segments produced strong turnover growth in relation to their respective markets.

Retail turnover for the Group increased by 19,6% compared to March 2018 with turnover growth of 8,9% (ZAR) for TFG Africa, 31,3% (GBP) for TFG London and 58,3% (AUD) for TFG Australia. Including comparable^ numbers for Hobbs (TFG London) and RAG (TFG Australia) acquired during the previous financial year, turnover grew by 3,5% and 14,5% respectively for TFG London and TFG Australia. Strong comparable store turnover growth of 5,6% was achieved for TFG Africa and 7,8% for TFG Australia.

Group cash turnover, now contributing 72% of the Group's turnover, grew by 25,2% while Group credit turnover grew by 7,1%, up from 6,8% at interim. TFG Africa's cash turnover, contributing 56,7% to the segment's turnover, grew strongly at 10,3% (ZAR).

The Group continued to invest significantly in its online offering to customers which enabled pleasing growth in online turnover across all three business segments. Online turnover, now contributing 8,8% of the Group's turnover, grew by 57,2% with 23 of the Group's 29 brands now available online.

Group gross margin expanded to 53,6% from 52,5% at March 2018. The encouraging improvement in gross margin for TFG Africa continued into the second half, with gross margin of 48,2% achieved for the year compared to 47,8% at March 2018. This improvement is the result of specific focus placed on key initiatives to improve input margin and decrease markdowns. TFG London reported gross margin of 61,4% (March 2018: 61,9%) and TFG Australia reported gross margin of 66,0% (March 2018: 65,5%).

Headline earnings for the year grew by 12,0% to R2,7 billion. Excluding the acquisition costs* incurred in the prior year relating to the Hobbs and RAG acquisitions, headline earnings grew by 8,5%. With the additional 17,2 million shares issued in the prior year, total headline earnings per share grew by 9,0% to 1 187,1 cents per share. Excluding the acquisition costs*, headline earnings per share grew by 5,6%.

A final dividend of 450,0 cents per share has been declared, an increase of 7,1%.

The Group achieved free cash flow of R2,3 billion for the year, equivalent to 86,8% of net profit after tax. Due to the strong cash generation of the underlying businesses, the Group further improved its debt-to-equity ratio to 56,6%. The high levels of free cash flow conversion and reduction in the Group's debt-to-equity ratio are all the more pleasing, given the extent of the Group's ongoing investment in both digital and physical infrastructure to ensure that it continues to meet the expectations and needs of its customers. During the year the Group invested R942,4 million in capital expenditure.

* *Headline earnings excluding acquisition costs is defined in note 10 of the reviewed preliminary condensed consolidated results.*

^ *Pro forma numbers included in the prior period base to calculate an indicative turnover growth.*

At March 2019, the Group's footprint consisted of 4 085 outlets across 32 countries. The following movements occurred in the estate portfolio during the past year:

	TFG Africa Number of outlets	TFG London Number of outlets	TFG Australia Number of outlets	Group Number of outlets
New outlets	56	116	58	230
Closed outlets	77	80	22	179
Net movement	(21)	36	36	51

TFG Africa secured new and enlarged space growth of 3,7% and, in line with our focus on capital optimisation, closures and reductions in space of 1,8%, resulting in a net trading space increase of 1,9% compared to March 2018. Further, TFG Africa achieved rental reversions of -12,7% (2018: -2,5%) and average increases of 5,8% (2018: 7,1%).

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	23,7	11,1	7,5	31,3	58,0
Jewellery	5,0	4,2	3,3		n/a^
Cellphones	0,9	0,9	–		
Homeware & furniture	8,4	8,4	2,7		
Cosmetics	1,0	1,0	0,2		
Total turnover	19,6	8,9	5,6	31,3	58,3

* *Non-comparable due to inclusion of Hobbs (TFG London) and RAG (TFG Australia)*
^ *American Swiss Australia first year of trade*

Product price deflation in TFG Africa averaged approximately -2,3%.

CREDIT

The retail net debtors' book of R7,4 billion grew by 0,9% year-on-year (March 2018: 7,8%) while the gross debtors' book grew by 9,6% to R9,3 billion (March 2018: R8,5 billion). The muted growth in the net debtors' book is as a result of the impact of IFRS 9.

Net bad debt as a % of the debtors' book at March 2019 was 10,7%, up from 9,9% at March 2018.

BOARD UPDATES

As previously announced on SENS (dated 12 March 2018, 24 May 2018, 1 August 2018 and 8 November 2018) the following Supervisory Board changes occurred during the past financial year:

- 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 as a consultant to the end of September 2019 and will be appointed 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 was appointed as the Group's CFO and as an executive director with effect from 14 January 2019.

OUTLOOK

Our outlook for trading conditions remains subdued across all three of the Group's business segments with macro factors creating uncertainty both in South Africa and the United Kingdom.

The Group is however confident that its commitment to successful strategy execution, underpinned by the strategic focus on digital transformation, together with the range of desirable products and differentiated brands, will continue to grow the businesses and market positioning in each of our countries of operation.

The Group continues to invest throughout the cycle and has authorised capital expenditure in respect of digital transformation initiatives of approximately R500 million over the short to medium term to support the Group's focus on an enhanced customer experience.

Retail trade performance for the first six weeks of the new financial year is in line with management's expectation.

PRO FORMA INFORMATION

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 as if the acquisitions took place effective 1 April 2017. 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.

The pro forma management account turnover numbers used were:

	Year ended March 2018 £m	Year ended March 2019 £m	% change
TFG London as previously disclosed – audited	310,9	**408,3**	31,3
Hobbs (April 2017 – Nov 2017)#	83,6		
Comparable TFG London	394,5	**408,3**	3,5

	Year ended March 2018 A$m	Year ended March 2019 A$m	% change
TFG Australia as previously disclosed – audited	312,1	**494,2**	58,3
RAG (April 2017 – July 2017)#	119,7		
Comparable TFG Australia	431,8	**494,2**	14,5

The adjustment is once-off and based on management accounts. The Group is satisfied with the quality of these management accounts which are unaudited.

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 ended 31 March 2019. The pro forma information should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' report thereon, which is available for inspection at the company's registered offices, at no charge, during normal business hours.

PREFERENCE DIVIDEND ANNOUNCEMENT

Dividend no. 165 of 3,25% (6,5 cents per share) (gross) in respect of the six months ending 30 September 2019 has been declared from income reserves, payable on Monday, 23 September 2019 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 20 September 2019. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 17 September 2019. The Foschini Group Limited preference shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 18 September 2019 and the record date, as indicated, will be Friday, 20 September 2019.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 18 September 2019 to Friday, 20 September 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 23 May 2019; and
4) The Foschini Group Limited's tax reference number is 9925/133/71/3P.

FINAL ORDINARY DIVIDEND ANNOUNCEMENT

The directors have declared a gross final ordinary dividend of 450,0 cents per ordinary share from income reserves, for the period ended 31 March 2019, payable on Monday, 22 July 2019 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 19 July 2019. The last day to trade ("cum" the dividend) in order to participate in the dividend will be Tuesday, 16 July 2019. The Foschini Group Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Wednesday, 17 July 2019 and the record date, as indicated, will be Friday, 19 July 2019.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Wednesday, 17 July 2019 to Friday, 19 July 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 360,00000 cents;
3) The issued ordinary share capital of The Foschini Group Limited is 236 756 814 shares at 23 May 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
CEO

Cape Town
23 May 2019

Condensed consolidated statement of financial position

	March 2019 Reviewed Rm	Restated* March 2018 Audited Rm	Restated* March 2017 Audited Rm
ASSETS			
Non-current assets			
Property, plant and equipment	**2 820,0**	2 861,9	2 469,0
Goodwill and intangible assets	**8 590,1**	7 667,2	4 675,9
Deferred taxation asset	**1 045,7**	663,6	515,4
	12 455,8	11 192,7	7 660,3
Current assets			
Inventory (note 4)	**7 680,9**	6 900,6	5 603,8
Trade receivables – retail	**7 439,8**	7 373,6	6 843,3
Other receivables and prepayments	**1 147,6**	821,8	771,0
Concession receivables	**174,3**	296,8	246,1
Cash and cash equivalents	**1 111,0**	1 206,1	878,5
	17 553,6	16 598,9	14 342,7
Total assets	**30 009,4**	27 791,6	22 003,0
EQUITY AND LIABILITIES			
Equity attributable to equity holders of The Foschini Group Limited	**14 307,3**	13 121,5	10 396,9
Non-controlling interest	**–**	4,5	4,2
Total equity	**14 307,3**	13 126,0	10 401,1
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	**6 017,4**	4 825,7	4 442,2
Put option liability	**81,0**	72,7	74,7
Cash-settled share incentive scheme	**–**	–	6,8
Operating lease liability	**363,5**	335,1	255,7
Deferred taxation liability	**933,7**	829,4	337,9
Post-retirement defined benefit plan	**233,8**	215,8	233,1
	7 629,4	6 278,7	5 350,4
Current liabilities			
Interest-bearing debt	**3 196,0**	4 524,9	3 307,0
Trade and other payables	**4 535,0**	3 724,3	2 836,7
Operating lease liability	**22,5**	30,7	15,2
Taxation payable	**319,2**	107,0	92,6
	8 072,7	8 386,9	6 251,5
Total liabilities	**15 702,1**	14 665,6	11 601,9
Total equity and liabilities	**30 009,4**	27 791,6	22 003,0

* *Refer to note 15 for the impact of the changes in accounting policies.*

Condensed consolidated income statement

	Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm	% change
Revenue (note 5)	**37 128,2**	31 463,0	
Retail turnover	**34 101,4**	28 519,5	19,6
Cost of turnover	**(15 820,8)**	(13 557,5)	
Gross profit	**18 280,6**	14 962,0	
Interest income (note 6)	**1 764,0**	1 755,8	
Other income (note 7)	**1 262,8**	1 187,7	
Net bad debt	**(992,8)**	(837,5)	
Trading expenses (note 8)	**(15 986,8)**	(12 941,5)	
Operating profit before acquisition costs and finance costs	**4 327,8**	4 126,5	4,9
Acquisition costs	**–**	(79,4)	
Finance costs	**(749,9)**	(696,6)	
Profit before tax	**3 577,9**	3 350,5	
Income tax expense	**(939,3)**	(942,3)	
Profit for the year	**2 638,6**	2 408,2	
Attributable to:			
Equity holders of The Foschini Group Limited	**2 638,4**	2 406,9	
Non-controlling interest	**0,2**	1,3	
Profit for the year	**2 638,6**	2 408,2	
Earnings per ordinary share (cents)			
Total			
Basic	**1 141,7**	1 070,2	6,7
Diluted (basic)	**1 131,3**	1 060,0	6,7
Earnings per ordinary share (excluding acquisition costs) (cents) – (note 10)			
Headline	**1 187,1**	1 124,1	5,6
Diluted (headline)	**1 176,3**	1 113,4	5,6

* *Refer to note 15 for the impact of the changes in accounting policies.*

Condensed consolidated statement of comprehensive income

	Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm
Profit for the year	**2 638,6**	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	**32,7**	27,2
Foreign currency translation reserve movements	**935,8**	(555,7)
Deferred tax on items that are or may be reclassified to profit or loss	**(8,9)**	(8,6)
Other comprehensive income (loss) for the year, net of tax	**959,6**	(512,5)
Total comprehensive income for the year	**3 598,2**	1 895,7
Attributable to:		
Equity holders of The Foschini Group Limited	**3 598,0**	1 894,4
Non-controlling interest	**0,2**	1,3
Total comprehensive income for the year	**3 598,2**	1 895,7

Supplementary information

	March 2019 Reviewed	Restated* March 2018 Audited
Net number of ordinary shares in issue (millions)	**231,3**	231,3
Weighted average number of ordinary shares in issue (millions)	**231,1**	224,9
Tangible net asset value per ordinary share (cents)	**2 471,8**	2 358,1

* *Refer to note 15 for the impact of the changes in accounting policies.*

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 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 year	1 894,4	1,3	1 895,7
Profit for the year – restated*	2 406,9	1,3	2 408,2
Other comprehensive loss			
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	27,2	–	27,2
Foreign currency translation reserve movements	(555,7)	–	(555,7)
Deferred tax on movement in other comprehensive income	(18,2)	–	(18,2)
Contributions by and distributions to owners			
Share-based payments reserve movements	155,0	–	155,0
Dividends paid	(1 626,2)	(1,0)	(1 627,2)
Share capital issued and share premium raised	2 473,0	–	2 473,0
Proceeds from sale of shares in terms of share incentive schemes	91,7	–	91,7
Shares purchased in terms of share incentive schemes	(231,6)	–	(231,6)
Increase in the fair value of the put option liability	(31,7)	–	(31,7)
Equity at 31 March 2018 – audited – restated*	**13 121,5**	**4,5**	**13 126,0**

* *Refer to note 15 for the impact of the changes in accounting policies.*

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 2018 – audited – restated*	**13 121,5**	**4,5**	**13 126,0**
IFRS 9 transition*	**(517,4)**	**–**	**(517,4)**
Equity at 1 April 2018 – reviewed	**12 604,1**	**4,5**	**12 608,6**
Total comprehensive income for the year	**3 598,0**	**0,2**	**3 598,2**
Profit for the year	**2 638,4**	**0,2**	**2 638,6**
Other comprehensive income			
Movement in effective portion of changes in fair value of cash flow hedges	**32,7**	**–**	**32,7**
Foreign currency translation reserve movements	**935,8**	**–**	**935,8**
Deferred tax on movement in other comprehensive income	**(8,9)**	**–**	**(8,9)**
Contributions by and distributions to owners			
Share-based payments reserve movements	**87,3**	**–**	**87,3**
Dividends paid	**(1 756,1)**	**–**	**(1 756,1)**
Proceeds from sale of shares in terms of share incentive schemes	**46,7**	**–**	**46,7**
Shares purchased in terms of share incentive schemes	**(274,3)**	**–**	**(274,3)**
Decrease in the fair value of the put option liability	**1,6**	**–**	**1,6**
Realisation on disposal of non-controlling interest	**–**	**(4,7)**	**(4,7)**
Equity at 31 March 2019 – reviewed	**14 307,3**	**–**	**14 307,3**

* *Refer to note 15 for the impact of the changes in accounting policies.*

	Year ended 31 March 2019 Reviewed	Year ended 31 March 2018 Audited
Dividend per ordinary share (cents)		
Interim	**330,0**	325,0
Final	**450,0**	420,0
Total	**780,0**	745,0

Condensed consolidated cash flow statement

	Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm
Cash flows from operating activities		
Operating profit before working capital changes (note 9)	**5 420,8**	5 029,7
Increase in working capital	**(743,1)**	(937,2)
Cash generated from operations	**4 677,7**	4 092,5
Interest income	**15,7**	48,0
Finance costs	**(749,9)**	(696,6)
Taxation paid	**(947,1)**	(960,2)
Dividends paid	**(1 756,1)**	(1 627,2)
Net cash inflows from operating activities	**1 240,3**	856,5
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	**(942,4)**	(896,6)
Acquisition of assets through business combinations	**–**	(2 898,9)
Acquisition of management buy-out	**–**	(41,3)
Proceeds from sale of property, plant and equipment and intangible assets	**32,3**	40,4
Proceeds from disposal of business	**41,7**	–
Net cash outflows from investing activities	**(868,4)**	(3 796,4)
Cash flows from financing activities		
Shares purchased in terms of share incentive schemes	**(274,3)**	(231,6)
Proceeds on issue of share capital	**–**	2 473,0
Proceeds from sale of shares in terms of share incentive schemes	**46,7**	91,7
(Decrease) increase in interest-bearing debt	**(319,2)**	1 067,9
Net cash (outflows) inflows from financing activities	**(546,8)**	3 401,0
Net (decrease) increase in cash and cash equivalents during the year	**(174,9)**	461,1
Cash and cash equivalents at the beginning of the year	**1 206,1**	878,5
Cash held in non-controlling interest	**(6,4)**	–
Effect of exchange rate fluctuations on cash held	**86,2**	(133,5)
Cash and cash equivalents at the end of the year	**1 111,0**	1 206,1

* *Refer to note 15 for the impact of the changes in accounting policies.*

Condensed consolidated segmental analysis

Year ended 31 March 2019	TFG Africa retail*** Reviewed Rm	Credit*** Reviewed Rm	TFG London Reviewed Rm	TFG Australia Reviewed Rm	Total Reviewed 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)**
Depreciation and amortisation	**(557,9)**	**–**	**(185,0)**	**(101,2)**	**(844,1)**
Group profit before tax					**3 577,9**
Segmental profit before tax	**2 326,5**	**713,7**	**205,9**	**421,7**	**3 667,8**
Reconciling items to Group profit before tax					
Foreign exchange transactions					**10,0**
Share-based payments					**(87,3)**
Operating lease liability adjustments					**(12,6)**

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	2 378,9	731,6	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 adjustments					(47,0)

* *Refer to note 15 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 years' information has been restated accordingly.*

1. Basis of preparation

The preliminary condensed consolidated financial statements for the year ended 31 March 2019 are prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, IAS 34: *Interim Financial Reporting* and the requirements of the Companies Act of South Africa, No. 71 of 2008, as amended. The accounting policies and methods of computation applied in the preparation of these preliminary condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements except as noted otherwise. These results were prepared by the TFG Finance and Advisory department acting under supervision of Bongiwe Ntuli CA(SA), CFO of The Foschini Group Limited.

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

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

Refer to note 15 for the impact of the changes in accounting policies.

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

		Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm
4.	**Inventory**		
	Inventory at year-end	**7 680,9**	6 900,6
	Inventory write-downs included above	**316,7**	260,2
5.	**Revenue**		
	Retail turnover	**34 101,4**	28 519,5
	Interest income (note 6)	**1 764,0**	1 755,8
	Other income (note 7)	**1 262,8**	1 187,7
		37 128,2	31 463,0
6.	**Interest income**		
	Trade receivables – retail	**1 748,3**	1 707,8
	Sundry	**15,7**	48,0
		1 764,0	1 755,8

* *Refer to note 15 for the impact of the changes in accounting policies.*

		Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm
7.	**Other income**		
	Value-added services	**754,6**	806,6
	Collection cost recovery	**487,6**	364,2
	Sundry income	**20,6**	16,9
		1 262,8	1 187,7
8.	**Trading expenses**		
	Depreciation and amortisation	**(844,1)**	(745,5)
	Employee costs	**(6 181,0)**	(4 948,0)
	Occupancy costs	**(4 141,6)**	(3 411,5)
	Other operating costs	**(4 820,1)**	(3 836,5)
		(15 986,8)	(12 941,5)
9.	**Operating profit before working capital changes**		
	Profit before tax	**3 577,9**	3 350,5
	Finance costs	**749,9**	696,6
	Operating profit before finance costs	**4 327,8**	4 047,1
	Interest income – sundry	**(15,7)**	(48,0)
	Non-cash items	**1 108,7**	1 030,6
	Depreciation and amortisation	**844,1**	745,5
	Operating lease liability adjustments	**12,6**	47,0
	Share-based payments	**87,3**	155,0
	Post-retirement defined benefit medical aid movement	**18,0**	16,9
	Employee related provisions	**21,0**	–
	Foreign currency translation reserve movements	**(10,0)**	13,2
	Cash-settled share incentive scheme	**–**	0,1
	Profit on disposal of non-controlling interest	**(1,4)**	–
	Loss on disposal of business	**23,8**	–
	Loss on disposal of property, plant and equipment and intangible assets	**123,4**	54,4
	Profit on disposal of property, plant and equipment and intangible assets	**(10,1)**	(1,5)
		5 420,8	5 029,7

* *Refer to note 15 for the impact of the changes in accounting policies.*

	Year ended 31 March 2019 Reviewed Rm	Restated* Year ended 31 March 2018 Audited Rm
10. Reconciliation of profit for the year to headline earnings		
Profit for the year attributable to equity holders of The Foschini Group Limited	**2 638,4**	2 406,9
Adjusted for:		
Profit on disposal of non-controlling interest	**(1,4)**	–
Loss on disposal of business	**23,8**	–
Loss on disposal of property, plant and equipment and intangible assets	**123,4**	54,4
Profit on disposal of property, plant and equipment and intangible assets	**(10,1)**	(1,5)
Headline earnings before tax	**2 774,1**	2 459,8
Tax on headline earnings adjustments	**(30,7)**	(11,0)
Headline earnings	**2 743,4**	2 448,8
Acquisition costs	**–**	79,4
Headline earnings excluding acquisition costs**	**2 743,4**	2 528,2

Earnings per ordinary share (cents)	Year ended 31 March 2019 Reviewed	Restated* Year ended 31 March 2018 Audited	% change
Total			
Basic	**1 141,7**	1 070,2	6,7%
Headline	**1 187,1**	1 088,8	9,0%
Diluted (basic)	**1 131,3**	1 060,0	6,7%
Diluted (headline)	**1 176,3**	1 078,4	9,1%
Total (excluding acquisition costs)**			
Basic	**1 141,7**	1 105,5	3,3%
Headline	**1 187,1**	1 124,1	5,6%
Diluted (basic)	**1 131,3**	1 094,9	3,3%
Diluted (headline)	**1 176,3**	1 113,4	5,6%

* *Refer to note 15 for the impact of the changes in accounting policies.*

** *Headline earnings excluding acquisition costs is calculated to remove the impact of the prior years' 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 year ended 31 March 2018. The pro forma information should be read in conjunction with the unmodified Deloitte & Touche independent reporting accountants' report thereon dated 23 May 2018, which is available for inspection at the company's registered offices, at no charge, during normal business hours.

11. Related parties

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

The directors have declared a gross final ordinary dividend of 450,0 cents per ordinary share from income reserves, for the period ended 31 March 2019. No further significant events took place between the year ended 31 March 2019 and date of issue of this report.

13. Changes to directors

During the year, 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.
- Bongiwe Ntuli was appointed as CFO and executive director of the Group with effect from 14 January 2019.

14. Disposal during the year

G-Star RAW franchise stores

The assets of the G-Star RAW franchise stores in Australia were disposed of effective 6 December 2018 for a purchase consideration of AUD11,1 million (R111,2 million). The purchase consideration will be repaid over a 3 year period. In the current year, AUD3,8 million (R38,2 million) of the purchase consideration was received. The impairment raised amounted to AUD2,4 million (R23,8 million).

15. Change in accounting policies

15.1 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.

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 cash flow statement.

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

	31 March 2017 Audited Rm	IFRS 15 Rm	Restated 31 March 2017 Audited 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

	31 March 2018 Audited Rm	IFRS 15 Rm	Restated 31 March 2018 Audited 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)

15. Change in accounting policies (continued)

15.2 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).

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. For variable rate financial instruments, the ECL is discounted using the current effective interest rate applicable to the financial asset. For fixed rate financial instruments, the 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. Trade receivables – retail account customer balances can move in both directions through the stages of the impairment model.

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 Trade receivables – retail 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 Trade receivables – retail 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 is followed to assess forward-looking information via a formally mandated governance committee. This entails:

- 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.

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 Trade receivables – retail 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.

15. Change in accounting policies (continued)

15.2 IFRS 9: Financial Instruments (continued)

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.

	31 March 2018 Audited Rm	IFRS 15* Rm	Restated 31 March 2018 Audited Rm	IFRS 9 Rm	1 April 2018 Reviewed 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 15.1 for the impact of the IFRS 15 change in accounting policy.*

16. Auditor's review report

The condensed consolidated financial statements have been reviewed by the company's auditors, Deloitte & Touche. They have issued an unmodified review conclusion on the condensed consolidated financial statements.

Any reference to future outlook or prospects included in this announcement has not been reviewed or reported on by the company's auditors.

Independent auditor's review report on condensed consolidated financial statements

TO THE SHAREHOLDERS OF THE FOSCHINI GROUP LIMITED

We have reviewed the condensed consolidated financial statements of The Foschini Group Limited, contained in the accompanying preliminary report, which comprise the condensed consolidated statement of financial position as at 31 March 2019 and the condensed consolidated income statement, statement of comprehensive income, changes in equity and cash flows for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The JSE Limited Listings Requirements require condensed consolidated financial statements contained in a preliminary report to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and other within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than and differ in nature from those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of The Foschini Group Limited for the year ended 31 March 2019 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor

Per: MA van Wyk
Partner

23 May 2019

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Company information

Executive directors:	A E Thunström, B Ntuli
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, South Africa
Registration number:	1937/009504/06
Share codes:	TFG – TFGP
ISIN:	ZAE000148466 – ZAE000148516
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