

**highlights**

Retail turnover up 6,1% to R7,7 billion

Profit after tax up 1,2% to R1,2 billion

Operating margin at 24,8%

Headline earnings per share up 2,4% to 547,0 cents per share

Diluted headline earnings per share up 4,5% to 538,0 cents per share

Final dividend maintained at 170,0 cents per share

Total dividend for the year increased by 6,7% to 288,0 cents per share

Good performance from our retail debtors' book

Sustained strong balance sheet

**comment**

**group overview**

In our latest annual report we indicated that this year would be one of the most difficult that the group would experience for many years. The introduction of the National Credit Act (NCA) last June, together with interest rates which have increased nine times since June 2006, as well as petrol price hikes and above-average food inflation have considerably dampened the economy and have made life extremely difficult for the average South African consumer.

This year has been a tale of two halves. While trading conditions for the first half were challenging, our group nevertheless achieved acceptable performance for this period with retail turnover growth up 8,8% and headline earnings per share up 12,2%. Trading in the second half of the year became extremely difficult with turnover growth of 3,7% and a reduction in headline earnings per share of 4,0%.

For the year as a whole, retail turnover increased by 6,1% to R7,7 billion. Gross margins for the period were marginally down by 0,4% on the previous year due to the additional markdowns which had to be taken after Christmas trading. Headline earnings per share increased by 2,4% to 547,0 cents per share, whilst the group's operating margin reduced to 24,8% from 26,1%.

Prior to the introduction of the NCA our group adopted a conservative approach to the opening of new pre-approved accounts, having opened far fewer new accounts than other credit providers in the country. Whilst this negatively affected the level of our retail turnover, it has resulted in our group entering these more challenging times with a healthy retail debtors' book, in contrast to what appears to be happening in the wider economy.

The final dividend has been maintained at 170,0 cents per share. Accordingly dividends declared in respect of the full year of 288,0 cents per share have increased by 6,7%.

During the year under review the group opened 76 new stores across all divisions, whilst 15 stores were closed. At the year-end the group was trading out of 1 393 stores with a trading area of 403 601 square metres, an increase of 6,0% compared to the previous year.

**trading divisions**

Trading in the first half was satisfactory, but since mid-June trading conditions for all our trading divisions have become difficult. Product inflation averaged approximately 4% for the year. Retail turnover and growths in the various trading divisions were as follows:

	Number of stores	Retail turnover Rm	% change
@home	61	458,0	11,1
Exact!	182	707,2	3,6
Foschini	400	3 070,5	5,5
Jewellery division	328	1 090,7	6,7
Markham	201	1 190,9	6,6*
Sports division	221	1 151,4	8,4
<b>Total</b>	<b>1 393</b>	<b>7 668,7</b>	<b>6,1</b>

\* Growth excludes the discontinued RJL brand

Total same store turnover for the year grew by 2,2%, with apparel growing 2,2%, cosmetics 6,6%, cellphones (0,7%), jewellery 3,5% and homewares (0,3%).

Cash sales as a percentage of total sales increased from 33,3% to 36,4%.

Our **@home division** continues to expand and increased its store base to 61 during the year, growing its turnover by 11,1% to R458,0 million. The @homelivingspace stores are trading encouragingly and the current three stores will be expanded to ten over the next two years. This division achieved virtually flat same store growth in this extremely competitive market sector.

**Exact!** with its lower LSM customer base traded marginally worse than expectation with growth in turnover of 3,6% and same store growth of 1,7%. Customers with less disposable income bought less than expected in the summer season and it was necessary to take more markdowns than planned. Whilst 44% of turnover is generated in shopping malls as opposed to high streets and rural areas, this percentage will continue to increase with planned store expansion.

The **Foschini division** achieved turnover growth of 5,5% and unsatisfactory same store growth of 1,2%. Particular emphasis is being placed on the Foschini stores business, the benefits of which should be evident in the forthcoming summer season. The Donna-claire and Fashionexpress stores continued to trade satisfactorily and are now well established in the marketplace. Both these brands are under-represented and will be actively expanded in the next year.

The **jewellery division** comprising American Swiss Jewellers, Sterns and Matrix performed better than expected with turnover growth of 6,7% and same store growth of 3,3% and remains the dominant player in the mass middle-market jewellery sector. This division has been severely impacted by the increase in the gold price and the current rand/dollar rate of exchange, both of which have resulted in the input gold price increasing in excess of 30% during the year. This required pro-active planning to ensure that the product mix was adjusted to soften the impact on price points.

The **Markham division** which had a disappointing first half performance, traded better in the second half achieving turnover growth of 6,6% for the full year. Same store growth was 3,4%. The repositioning exercise undertaken in the past few years towards a younger and more fashionable customer is now beginning to bear fruit and its new "Markham Relay" casual range format has been well received in the marketplace.

The **sports division**, trading as Totalsports, Sportscene and DueSouth traded satisfactorily with turnover growth of 8,4% and same store growth of 3,7%. Ongoing focus remains on leveraging World Cup 2010 where we are the partner of choice for some of the major brands.

**FG Financial Services** – our retail debtors' book, which amounts to R2,4 billion, increased by 8,0% during the year. Because of our conservative approach to new account openings prior to the NCA, the performance of our debtors' book continues to be satisfactory with net bad debts as a percentage of credit transactions increasing marginally from 3,0% to 3,5% and net bad debt as a percentage of closing debtors' book increased from 7,4% to 8,3%. During the next financial year, in line with current market practice, we will provide customers with a 12-month account as an alternative to the current 6-month option. This should positively impact our interest revenue as well as retail turnover.

**rsc group**

RCS Group provides a range of broader financial services to both customers of the group, as well as to customers of retailers outside the group. This group consists of two separate business units namely transactional finance and fixed term finance. At present the transactional finance business comprises the RCS general-purpose card and other private label card programmes. The fixed term finance business comprises RCS Personal loans and RCS Home Loans. This division experienced a challenging year having been affected by the introduction of the NCA, which resulted in a reduction in the number of new loans advanced and accordingly a reduction in the loan receivables book. Net bad debt costs and provisions increased significantly in line with current market trends. Profit before tax reduced from R322,7 million to R269,6 million for the year. Loan advances to customers will remain tightly controlled, though an increase in advances and profitability in this division is anticipated. RCS is in the process of acquiring the consumer credit division of Mass Discounters, which is awaiting final Competition Commission approval. Our group's shareholding since 1 April 2007 is 55%, with the balance being held by the Standard Bank of South Africa Limited.

**prospects**

In the last number of years we have been cautious in the opening of new stores. Whilst this remains our approach, there are certain of our formats which are ready for further roll-out and accordingly we anticipate opening in excess of 100 new stores in the year ahead.

Our group has embarked on a group supply chain initiative which should result over a period of time in reduced product lead times, increased stock turns and stronger supplier relationships, ensuring our ability to be first to market with key products.

Retail turnover for the first eight weeks of the new financial year remains difficult. Budgeted costs for the new year have been curtailed to levels appropriate to the expected turnover. Notwithstanding the downturn in the economy, all our trading divisions remain in good shape which places our group in good stead to weather the current consumer downturn, although we are mindful of the uncertain and challenging macro-economic environment.

**preference dividend announcement**

Dividend no. 143 of 3,25% (6,5 cents per share) in respect of the six months ending 30 September 2008 has been declared, payable on Monday 29 September 2008 to holders of 6,5% preference shares recorded in the books of the company at the close of business on Friday, 26 September 2008.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Thursday, 18 September 2008. Foschini Limited preference shares will commence trading "ex" the dividend from the commencement of business on Friday, 19 September 2008 and the record date, as indicated, will be Friday, 26 September 2008.

Preference shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Friday, 19 September 2008 to Friday, 26 September 2008, both dates inclusive.

**final ordinary dividend announcement**

The directors have declared a final ordinary dividend of 170,0 cents per ordinary share payable on Monday, 14 July 2008 to ordinary shareholders recorded in the books of the company at the close of business on Friday, 11 July 2008.

The last day to trade ("cum" the dividend) in order to participate in the dividend will be Friday, 4 July 2008. Foschini Limited ordinary shares will commence trading "ex" the dividend from the commencement of business on Monday, 7 July 2008 and the record date, as indicated, will be Friday, 11 July 2008.

Ordinary shareholders should take note that share certificates may not be dematerialised or rematerialised during the period Monday, 7 July 2008 to Friday, 11 July 2008, both dates inclusive.

Certificated ordinary shareholders are reminded that all entitlements to dividends with a value less than R5,00 per certificated shareholder will be aggregated and the proceeds donated to a registered charity of the directors' choice, in terms of the articles of association of the company.

Signed on behalf of the Board.

**E Osrin**  
Chairman

**A D Murray**  
CEO

Cape Town  
29 May 2008



consolidated income statement

	2008 Rm	2007 Rm	% change
Revenue (note 4)	9 253,6	8 527,8	8,5
Retail turnover	7 668,7	7 230,0	6,1
Cost of turnover	(4 479,2)	(4 195,1)	
Gross profit	3 189,5	3 034,9	
Interest received (note 5)	1 056,4	877,4	
Dividends received	17,2	22,8	
Net trading expenses (note 6)	(2 357,6)	(2 048,1)	
Operating profit before finance charges	1 905,5	1 887,0	1,0
Interest paid	(120,1)	(104,7)	
Income from associate	0,9	-	
Profit before tax	1 786,3	1 782,3	
Income tax expense	(580,2)	(590,3)	
Profit for the year	1 206,1	1 192,0	1,2
Attributable to:			
Equity holders of Foschini Limited	1 128,4	1 119,2	
Minority interest	77,7	72,8	
Profit for the year	1 206,1	1 192,0	1,2
<b>Reconciliation of attributable profit to headline earnings</b>			
Profit attributable to equity holders of Foschini Limited	1 128,4	1 119,2	
Headline earnings	1 128,4	1 119,2	0,8
<b>Earnings per ordinary share (cents)</b>			
Basic	547,0	534,2	2,4
Headline	547,0	534,2	2,4
Diluted (basic)	538,0	514,8	4,5
Diluted (headline)	538,0	514,8	4,5
<b>Dividend per ordinary share (cents)</b>			
Interim	118,0	100,0	
Final	170,0	170,0	
Total	288,0	270,0	6,7
Dividend cover	1,9	2,0	

consolidated balance sheet

	2008 Rm	2007 Rm
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	847,4	782,1
Goodwill and intangible assets	34,2	30,9
Preference share investment	200,0	200,0
Investment in associate	1,6	-
Staff housing loans	1,3	2,9
Private label card receivables	253,0	155,0
Loan receivables	567,3	706,3
Participation in export partnerships	92,5	103,5
Deferred taxation	174,5	179,7
	2 171,8	2 160,4
<b>Current assets</b>		
Inventory (note 7)	1 290,0	1 292,9
Trade receivables – retail	2 414,9	2 235,2
Private label card receivables	815,3	671,7
Other receivables and prepayments	162,1	186,6
Loan receivables	148,9	160,2
Participation in export partnerships	8,0	7,6
Cash	63,4	69,1
	4 902,6	4 623,3
<b>Total assets</b>	<b>7 074,4</b>	<b>6 783,7</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of Foschini Limited</b>	<b>3 845,2</b>	<b>3 823,6</b>
<b>Minority interest</b>	<b>290,9</b>	<b>181,3</b>
<b>Total equity</b>	<b>4 136,1</b>	<b>4 004,9</b>
<b>Non-current liabilities</b>		
Interest-bearing debt	561,3	1 014,6
Operating lease liability	128,7	121,0
Deferred taxation	156,5	146,8
	846,5	1 282,4
<b>Current liabilities</b>		
Interest-bearing debt	1 201,0	5,9
Trade and other payables (note 8)	741,8	1 171,7
Taxation payable	64,9	234,7
Post-retirement defined benefit plan	84,1	84,1
	2 091,8	1 496,4
<b>Total liabilities</b>	<b>2 938,3</b>	<b>2 778,8</b>
<b>Total equity and liabilities</b>	<b>7 074,4</b>	<b>6 783,7</b>

consolidated cash flow statement

	2008 Rm	2007 Rm
<b>Cash flows from operating activities</b>		
Operating profit before working capital changes (note 9)	1 074,2	1 187,9
Increase in working capital	(568,3)	(218,1)
Cash generated by operations	505,9	969,8
Increase in private label card receivables	(241,6)	(346,6)
Decrease (increase) in loan receivables	150,3	(49,0)
Interest received	1 056,4	877,4
Interest paid	(120,1)	(104,7)
Taxation paid	(735,1)	(718,2)
Dividends received	17,2	22,8
Dividends paid	(677,4)	(552,2)
Net cash (outflows) inflows from operating activities	(44,4)	99,3
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(274,4)	(304,4)
Proceeds from sale of property, plant and equipment	6,4	4,0
Acquisition of client list	(1,8)	(2,8)
Investment in associate	(6,1)	-
Decrease in participation in export partnerships	10,6	6,0
Decrease in staff housing loans	1,6	1,2
Proceeds on dilution of interest in subsidiary	211,5	183,3
Net cash outflows from investing activities	(52,2)	(112,7)
<b>Cash flows from financing activities</b>		
Shares purchased by share trust and subsidiary	(760,4)	(288,4)
Proceeds on delivery of shares by share trust	109,5	92,9
Increase in interest-bearing debt	741,8	215,5
Net cash inflows from financing activities	90,9	20,0
<b>Net (decrease) increase in cash and cash equivalents during the year</b>	<b>(5,7)</b>	<b>6,6</b>
Cash and cash equivalents at the beginning of the year	69,1	62,5
<b>Cash and cash equivalents at the end of the year</b>	<b>63,4</b>	<b>69,1</b>

notes

The consolidated results of Foschini Limited for the year ended 31 March 2008 have been reviewed by the company's auditors, KPMG Inc. Their unqualified review report is available for inspection at the company's registered office.

- The reviewed provisional results for the year ended 31 March 2008 have been prepared in accordance with the group's accounting policies, which comply with International Financial Reporting Standards (IFRS) and have been consistently applied to prior periods. Certain comparative figures have been reclassified in order to improve disclosure.
- These financial statements incorporate the financial statements of the company, all its subsidiaries and all entities over which it has operational and financial control.
- Included in share capital are 24,0 (2007: 16,9) million shares which are owned by a subsidiary of the company, and 11,9 (2007: 11,6) million shares which are owned by the share incentive trust. These have been eliminated on consolidation.

	2008 Rm	2007 Rm
<b>4 Revenue</b>		
Retail turnover	7 668,7	7 230,0
Interest received (refer note 5)	1 056,4	877,4
Dividends received – retail	17,2	22,8
Merchant's commission – RCS Group	39,7	36,2
Club income – retail	175,6	159,9
Club income – RCS Group	5,5	4,3
Customer charges income – retail	16,5	16,0
Customer charges income – RCS Group	99,1	39,7
Insurance income – retail	80,0	35,5
Insurance income – RCS Group	66,0	66,9
Cellular income – one2one airtime product	22,6	8,8
Sundry income	6,3	30,3
	9 253,6	8 527,8
<b>5 Interest received</b>		
Trade receivables – retail	385,5	299,3
Loan receivables	314,7	336,5
Private label card receivables	347,9	237,0
Sundry – RCS Group	1,1	1,0
Sundry – retail	7,2	3,6
	1 056,4	877,4

	2008 Rm	2007 Rm
<b>6 Net trading expenses</b>		
Depreciation and amortisation	(204,7)	(174,1)
Employee costs: normal	(1 053,9)	(920,9)
Employee costs: bonuses	-	(4,4)
Employee costs: restraint payments	(35,4)	(20,0)
Employee costs: share-based payments	(30,7)	(19,2)
Store occupancy costs: normal	(575,8)	(512,7)
Store occupancy costs: operating lease liability adjustment	(7,7)	(7,7)
Net bad debts and provision movement – retail	(217,2)	(187,8)
Net bad debts and provision movement – RCS Group	(253,7)	(132,4)
Other income	511,3	397,6
Other operating costs	(489,8)	(466,5)
	(2 357,6)	(2 048,1)
<b>7 Inventory</b>		
Merchandise	1 227,5	1 194,8
Raw materials	32,8	44,4
Goods in transit	10,0	34,3
Shopfitting stock	15,1	18,1
Consumables	4,6	1,3
	1 290,0	1 292,9
<b>8 Trade and other payables</b>		
In the 2007 financial year, March month-end trade creditors amounting to R286,9 million were paid on 2 April 2007, after the year-end whilst those in respect of the current year amounting to R289,7 million were paid prior to the year-end.		
<b>9 Operating profit before working capital changes</b>		
Operating profit before finance charges	1 905,5	1 887,0
Interest received	(1 056,4)	(877,4)
Dividends received	(17,2)	(22,8)
Non-cash items	242,3	201,1
	1 074,2	1 187,9

consolidated statement of changes in equity

	Equity holders of Foschini Limited Rm	Minority interest Rm	Total Rm
<b>Equity at 31 March 2006</b>	3 267,9	88,9	3 356,8
Profit for the year	1 119,2	72,8	1 192,0
Change in degree of control	-	71,2	71,2
Profit on dilution of interest in subsidiary	112,1	-	112,1
Share-based payments reserve movements	19,2	-	19,2
Dividends paid	(500,6)	(51,6)	(552,2)
Proceeds on delivery of shares by share trust	92,9	-	92,9
Shares purchased by share trust	(288,4)	-	(288,4)
Unrealised gain on hedging instruments	1,3	-	1,3
<b>Equity at 31 March 2007</b>	3 823,6	181,3	4 004,9
Profit for the year	1 128,4	77,7	1 206,1
Change in degree of control	-	119,4	119,4
Investment in associate	-	(2,7)	(2,7)
Profit on dilution of interest in subsidiary	92,1	-	92,1
Share-based payments reserve movements	30,7	-	30,7
Insurance cell reserve movements	1,5	-	1,5
Dividends paid	(592,6)	(84,8)	(677,4)
Proceeds on delivery of shares by share trust	109,5	-	109,5
Shares purchased by share trust and subsidiary	(760,4)	-	(760,4)
Unrealised gain on hedging instruments	12,4	-	12,4
<b>Equity at 31 March 2008</b>	<b>3 845,2</b>	<b>290,9</b>	<b>4 136,1</b>

supplementary information

	2008	2007
Net ordinary shares in issue (millions)	204,6	212,0
Weighted average ordinary shares in issue (millions)	206,3	209,5
Tangible net asset value per ordinary share (cents)	1 862,7	1 789,4

group segmental analysis

	RCS Group		Retail		Consolidated	
	2008 Rm	2007 Rm	2008 Rm	2007 Rm	2008 Rm	2007 Rm
<b>REVENUE*</b>						
External	874,2	721,6	8 379,4	7 806,2	9 253,6	8 527,8
Inter-segment	-	-	-	-	-	-
Total revenue	874,2	721,6	8 379,4	7 806,2	9 253,6	8 527,8
<b>SEGMENT RESULT</b>						
Operating profit before finance charges	386,7	408,5	1 518,8	1 478,5	1 905,5	1 887,0
External interest	(51,8)	(31,0)	(68,3)	(73,7)	(120,1)	(104,7)
Inter-segment interest	(65,3)	(54,8)	65,3	54,8	-	-
Interest paid	(117,1)	(85,8)	(3,0)	(18,9)	(120,1)	(104,7)
Profit before tax and income from associate	269,6	322,7	1 515,8	1 459,6	1 785,4	1 782,3
* Includes retail turnover, interest received and other income						
<b>SEGMENT ASSETS</b>						
Non-current assets	871,0	888,9	1 126,3	1 091,8	1 997,3	1 980,7
Current assets	1 004,6	839,5	3 898,0	3 783,8	4 902,6	4 623,3
Inter-segment assets (liabilities)	12,9	12,9	(12,9)	(12,9)	-	-
Total assets	1 888,5	1 741,3	5 011,4	4 862,7	6 899,9	6 604,0
<b>SEGMENT LIABILITIES</b>						
Non-current liabilities	495,7	391,6	194,3	744,0	690,0	1 135,6
Current liabilities	120,9	119,6	1 906,0	1 142,1	2 026,9	1 261,7
Inter-segment liabilities (assets)	665,9	725,4	(665,9)	(725,4)	-	-
Total liabilities	1 282,5	1 236,6	1 434,4	1 160,7	2 716,9	2 397,3
<b>SEGMENT INFORMATION</b>						
Capital expenditure	27,1	13,2	247,3	291,2	274,4	304,4
Depreciation and amortisation	13,1	5,5	191,6	168,6	204,7	174,1

All retail divisions within the group operate in an established retail market and are therefore considered to be subject to similar risks and rewards.

Executive directors: A D Murray, R Stein

Non-executive directors: E Osrin (Chairman), D M Nurek (Deputy Chairman), Prof F Abrahams, S E Abrahams, W V Cuba, N H Goodwin, M Lewis, D M Polak

Company Secretary: D Sheard

Registered office: Stanley Lewis Centre, 340 Voortrekker Road, Parow East 7500

Registration number: 1937/009504/06  
Share codes: FOS – FOSP  
ISIN: ZAE00031019 – ZAE000031027

Transfer secretaries: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001

Sponsor: UBS South Africa (Proprietary) Limited

