

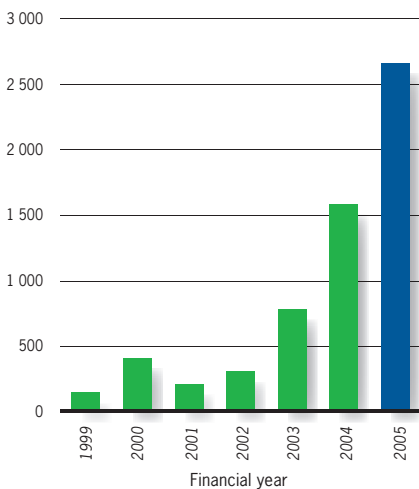


## Audited Financial Report:

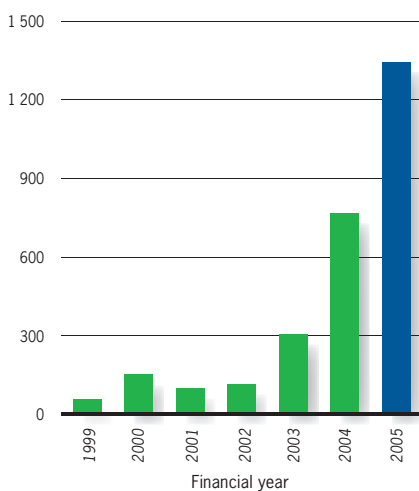
*For the year ended 2 April 2005*



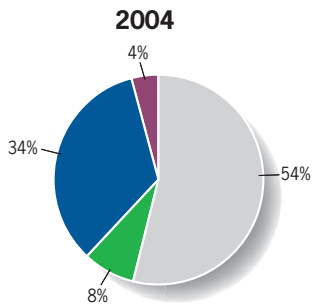
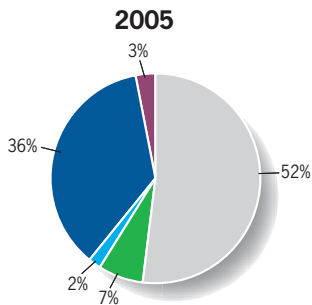
Headline earnings per share (cents)



Dividends per share (cents)



Retail sales by chain



Edgars
  CNA
  Boardmans
  Jet
  Jet Mart

Retail sales growth of

29%

Headline earnings per share up

68%

Attributable earnings up 83% to over

R1 billion

Total dividends of 1 345 cents

(75% increase)

Cash “EBITDA” growth of

57%

Cash wealth created up 64% to over

R4 billion



**The retail environment** During the past year, consumer spending in South Africa remained especially buoyant. Continued low interest rates, real wage growth and cumulative cuts in personal taxation have enhanced the financial position of customers. Furthermore, the disposable income of black consumers is increasing through the continuing normalisation of society and retailers have benefited from this. Sharp increases in property and share prices have also boosted consumers' confidence levels. These positive factors have been partly offset by spiralling fuel prices and the slow pace of job creation, as the effects of the stronger Rand reduced margins in the export sector of the economy.

Against this background, clothing, footwear and textile (CFT) sales remained robust. Statistics provided by the Retailers' Liaison Committee (RLC) indicate that nominal CFT sales rose by 19% in the year to March 2005, while deflation in the sector is estimated to have been 4%.

**Group results** It has been another sensational year for Edcon. The Group has produced substantial improvements in its key measurement criteria and has exceeded all internal targets to deliver over R4 billion of new wealth into the South African economy. This compares to R2,5 billion generated in the previous year, and represents a truly remarkable performance.

The Group achieved headline earnings per share of 2 661 cents, up 68%. This follows the exceptional growth of 102% and 154% attained in the two previous financial years, and exceeds the anticipated increase of approximately 60% disclosed in a trading statement issued during January 2005, demonstrating the sustainable momentum of the Group's business model. Profit before tax rose by R824 million following growth of R462 million last year. Attributable earnings grew by 83%, including R52 million of earnings relating to the inclusion of a non-comparable additional trading week, which accounted for 7% of the increase in headline earnings per share. The return on shareowners' equity for the year reached 40,3% – well ahead of the over-time goal of 25%.

Edcon continues to gain market share as sales climbed by an outstanding 29%, three percentage points of which related to the extra trading week and two percentage points to Boardmans. It is pleasing to note that the remaining increase was realised with only 7% additional average retail space.

Efficient supply chain management and focused merchandise procurement, as the Group took advantage of its bulk purchasing power, triggered an 80 basis point rise in the gross profit margin to 39,8% – in line with the Group's long-term objective of 40%. Operating margin reached 13,6%, exceeding the over-time target of 12%. A Group stockturn of 5,8 times, up from 5,2 times, ensured customers could select from new product on a regular basis. This is substantially in line with Edcon's long-term stockturn goal of 6 times.

In the Department Stores Division – incorporating Edgars, CNA and Boardmans – productivity enhancements in merchandise, space and staff management, facilitated an impressive 68% increase in trading profit. This enabled the Division to produce a trading profit to sales ratio of 12%; in line with its long-term objective. At the individual chain level, Edgars grew its turnover by an exceptional 26%. This was accomplished with no price inflation and a rise of only 6% in average retail space. A focus on appropriate and core product, combined with well-balanced pricing strategies, ensured that all merchandise categories achieved growth over last year, with ladieswear, menswear and infantswear delivering especially good results. The gross profit margin increased by 120 basis points to 42,3%, which can be attributed to lower input costs, resulting from increased volumes purchased, and the securing of additional sourcing options. In addition, stockturn rose to 5,5 times from 5,2 times last year.



CNA increased its sales by 16%, with price deflation of 3%. The chain added 10% to the average trading space, eight percentage points of which relate to the purchase of ThisDay stores which occurred during November 2003. It is encouraging to note that comparable sales growths accelerated in the last quarter of the financial year. Newsstand and books registered strong progress as a result of a focused merchandise strategy and more efficient inventory management, improving overall stockturn to 3,4 times. Aggressive markdowns to clear slow moving stock, the mix of product sold and more competitive pricing constrained the gross profit margin to 32,5%.

Boardmans has concentrated on rebalancing and improving product assortments. Their integration onto Edcon's systems, distribution and support infrastructures was completed successfully in June 2004. The chain has performed in line with Edcon's targets and achieved sales of R241 million and a gross profit margin of 38,6% in its first year as part of the Edcon Group.

Once again, the Discount Division – incorporating Jet and Jet Mart (previously Super Mart) – reported outstanding results with a 78% increase in trading profit and a trading profit to sales ratio of 12,4%, surpassing its goal of 11%. The Jet chain continued to grow aggressively and its sales rose by an impressive 34%. This is all the more remarkable considering that the chain's deflation in prices was 18% and only 5% additional average retail space was commissioned. Jet's strategy of offering customers affordable quality ranges, coupled with ever-improving productivity measures, played a large part in its success and all major product categories gained market share. Efficient replenishment processes and better input margins ensured that the gross profit margin improved from 38,0% to 39,3%. Confirmation of Jet's ability to improve the return on its merchandise investment is reflected in the increase in stockturn from 7,2 times last year to 8,6 times.

Although total sales in Jet Mart were flat, with deflation running at 3%, the chain is starting to realise the benefits of the strategy implemented by management and the turnover growth for the second half of the financial year reached 7%. Gross profit margin of 24,1%, while consistent with last year, was unavoidably impacted by aggressive markdowns to clear old stock and inappropriate merchandise. Encouragingly, stockturn has already improved from 4,6 to 4,9 times.

The cellular business, which is managed centrally by the Group, recorded an impressive 45% rise in sales to R1 164 million.

Following the turnaround in the second half of last year, Edcon's Manufacturing Division continued to produce satisfactory results in a difficult operating climate. This is reflected in the marginal loss of R4 million, compared with the R17 million loss incurred last year. The reliance on export business has diminished and costs have been streamlined.

The strength of the Group's Credit and Financial Services Division is evidenced by the excellent 55% advance in net profit from financing to R209 million from R135 million in the previous year. This was attained in spite of the significantly lower interest rates chargeable throughout the year. The financial services business itself, with its innovative customer insurance offerings, continued to record substantial growth.

During June 2004, Edcon sold a further tranche of debtors to OntheCards Investments Limited (OtC). The net proceeds of R939 million were utilised to repay debt and to fund new operational opportunities. As a consequence, Edcon reduced the cost of funding its debtors, as reflected in the lowering of net financing costs to R4 million from R51 million last year.



**Cash flows and financial position** The quality of Edcon's earnings is confirmed by the significant increase in cash "EBITDA" to R2 117 million – a rise of 57%. The growth in trade accounts receivable is a reflection of the growth of 19% in the account base over the past year and 88% of the book is current. Credit sales account for 63% of total sales, similar to last year's 62%. Edcon has maintained its conservative policy relating to doubtful debts and has adequately provided for any potential deterioration in the book. Inventory levels have increased within the parameters of projected sales and reflect significant stockturn improvements in all chains.

Cash inflow from operations, with the R939 million securitisation proceeds, rocketed to R1 399 million from R201 million last year, comfortably absorbing the extensive store expansion plan as well as R79 million relating to the Boardmans acquisition.

Edcon's closing financial position remains exceptionally strong with a positive cash and cash equivalent balance, net of interest bearing debt, of R291 million at year end. Further flexibility is provided by the total absence of gearing at the year end and the existence of R1 335 million in unutilised borrowing facilities.

**Post balance sheet events** In terms of the Group's ongoing securitisation programme introduced in 2002, OtC will refinance notes of R1,9 billion arising from the first tranche on their maturity in June 2005. Furthermore, the Board has also resolved to securitise a further approximately R800 million of new receivables during August 2005. The programme continues to lower the Group's funding costs and also provides liquidity to fund future internal and external expansion opportunities.

**Accounting policies and comparatives** The Financial Statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and the Listings Requirements of the JSE Securities Exchange South Africa. The accounting policies are consistent with those of the previous year except that the Group has adopted IFRS 2 'Share-based Payment' and IFRS 3 'Business Combinations'. The impact of these changes is detailed in note 2 to the Income Statement and the prior year results have been restated in compliance with IAS 8. The headline earnings per share and the diluted headline earnings per share for last year, as a consequence, have reduced from 1 597 cents to 1 588 cents per share and from 1 367 to 1 359 cents per share respectively.

**Dividend** In terms of the Group's policy of covering dividends twice by attributable earnings, the Board has declared a final dividend of 851 cents per share, reflecting a 63% growth on last year's final dividend. Total dividends of 1 345 cents per share are 75% higher than the previous year.



**Prospects** Profound structural changes have occurred in the South African economy. The benefits of rising GDP, stable and relatively low interest and inflation rates and improved disposable incomes, should fuel the country's economic development on a more sustainable basis. These benefits will continue to support retail sales and moderate their cyclical volatility in the years ahead.

The Edcon Board remains confident, based on the current momentum in the industry, that CFT sales will continue to grow in real terms in the forthcoming year, albeit at a slower pace than in the past year. Edcon sales will also be boosted by the opening of an estimated additional 10% average retail space. It should, however, be noted that the new financial year contains one less trading week, which contributed 2% of sales and 4% of earnings last year.

Productivity will be enhanced further through economies of scale from the inclusion of new stores and a continued focus on operational efficiencies. Consequently, shareowners should expect another meaningful rise in earnings, above that of the sales growth.

For and on behalf of the Board



WS MacFarlane  
Chairman



SM Ross  
Chief Executive Officer

**Final dividend** Notice is hereby given that the final ordinary dividend (No.117) of 851 cents per share, in respect of the 53 weeks ended 2 April 2005, has been declared payable to the holders of ordinary shares appearing in the records of the company at the close of business on Friday, 1 July 2005.

The dividend is declared payable in the currency of the Republic of South Africa and, in compliance with the requirements of STRATE, the following dates are applicable:

Last day to trade cum dividend	Friday, 24 June 2005
Date trading commences ex dividend	Monday, 27 June 2005
Record date	Friday, 1 July 2005
Date of payment	Monday, 4 July 2005

Shareholders may not dematerialise or rematerialise their share certificates between Monday, 27 June 2005 and Friday, 1 July 2005, both dates inclusive.

On behalf of the Board



EA Bagley  
Group Secretary

Johannesburg  
17 May 2005



## Income Statements

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	2005 53 weeks to 2 April (audited) Rm	2004 52 weeks to 27 March (restated and audited) Rm	Change %
Revenue – retail sales	13 590	10 530	29
Cost of sales	8 180	6 423	
<b>Gross profit</b>	<b>5 410</b>	<b>4 107</b>	<b>32</b>
Store costs	2 329	1 914	
Other operating costs	1 439	1 301	
<b>Trading profit</b>	<b>1 642</b>	<b>892</b>	<b>84</b>
Credit and financial services profit (note 3)	213	186	
<b>Operating profit before financing costs</b>	<b>1 855</b>	<b>1 078</b>	
Net financing costs (note 3)	4	51	
<b>Profit before taxation</b>	<b>1 851</b>	<b>1 027</b>	<b>80</b>
Taxation	618	355	
<b>Earnings attributable to ordinary shareowners</b>	<b>1 233</b>	<b>672</b>	<b>83</b>
<b>Number of ordinary shares (000)</b>			
in issue	46 918	44 934	
weighted average	46 188	44 026	
<b>Earnings per ordinary share (cents)</b>			
attributable earnings basis	2 670	1 527	75
headline earnings basis	2 661	1 588	68
cash equivalent basis	3 131	2 246	39
<b>Diluted earnings per ordinary share (cents)</b>			
attributable earnings basis	2 413	1 307	85
headline earnings basis	2 405	1 359	77
<b>Dividends per ordinary share (cents)</b>			
interim paid	494	247	100
final proposed	851	521	63
Total	1 345	768	75
Cover (times)	2,0	2,0	
<b>Return on shareowners' equity (%)</b>	<b>40,3</b>	<b>28,1</b>	

### Note 1

These statements have been audited by Ernst & Young and the audit certificate is available for inspection at the company's registered office.

### Note 2

#### IFRS 2 'Share-based Payment'

The Group has adopted the transitional provisions of IFRS 2 in respect of share options, and has applied IFRS 2 only to share options granted to staff after 7 November 2002. The effect of this policy is to decrease profit before taxation by R11 million (2004: R4 million). All comparatives have been restated appropriately.

#### IFRS 3 'Business Combinations', IAS 36 'Impairment of Assets'

The adoption of IFRS 3 has resulted in the Group ceasing annual goodwill amortisation. Goodwill amortised in 2004 was R29 million. From 1 April 2004, the remaining balance is required to be tested annually for impairment in terms of IAS 36 and no adjustment was necessary in the current year.



	2005 53 weeks to 2 April (audited) Rm	2004 52 weeks to 27 March (restated and audited) Rm	Change %
<b>Note 3</b>			
Cost of credit	(50)	(6)	
Financial services profit <sup>1</sup>	263	192	
<b>Credit and financial services profit</b>	<b>213</b>	<b>186</b>	
Notional financing costs allocated on own debtors <sup>2</sup>	(238)	(239)	
<b>Total cost of credit</b>	<b>(25)</b>	<b>(53)</b>	
Net financing costs	(4)	(51)	
Notional financing receipts allocated <sup>2</sup>	238	239	
<b>Group net financing receipts</b>	<b>234</b>	<b>188</b>	
<b>Net profit from financing</b>	<b>209</b>	<b>135</b>	<b>55</b>
<sup>1</sup> Comparatives have been restated to include cellphone insurance revenue previously allocated to retail Divisions.			
<sup>2</sup> Being a market related charge on the balance sheet assets within the credit area.			
<b>Reconciliation of headline earnings</b>			
Group attributable earnings	1 233	672	
<i>Less:</i> Profit on disposal of fixtures, equipment and vehicles	(2)	1	
<i>Less:</i> Recognition of discount on acquisition of RAG receivables and assets	(4)	(22)	
<i>Plus:</i> CNA and Super Mart acquisitions and write-offs (incl. amortisation)	—	46	
Taxation effect	2	2	
<b>Headline earnings</b>	<b>1 229</b>	<b>699</b>	
<b>Segmental analysis</b>			
<b>Retail sales</b>			
<b>Department Stores Division</b>			
Edgars	7 055	5 596	26
CNA	1 012	874	16
Boardmans	241		
	<b>8 308</b>	<b>6 470</b>	<b>28</b>
<b>Discount Division</b>			
Jet	4 825	3 600	34
Jet Mart	457	460	—
	<b>5 282</b>	<b>4 060</b>	<b>30</b>
	<b>13 590</b>	<b>10 530</b>	<b>29</b>



## Income Statements (continued)

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	2005 53 weeks to 2 April (audited)  Rm	2004 52 weeks to 27 March (restated and audited)  Rm	Change %
<b>Segmental analysis (continued)</b>			
<b>Average retail space (000 m<sup>2</sup>)</b>			
<b>Department Stores Division</b>			
Edgars	401	379	6
CNA	90	82	10
Boardmans	29		
	520	461	13
<b>Discount Division</b>			
Jet	297	283	5
Jet Mart	63	50	26
	360	333	8
	880	794	11
<b>Number of stores</b>			
<b>Department Stores Division</b>			
Edgars	171	155	
CNA	191	186	
Boardmans	28		
	390	341	
<b>Discount Division</b>			
Jet	320	283	
Jet Mart	24	17	
	344	300	
	734	641	
<b>Gross profit</b>			
<b>Department Stores Division</b>			
Edgars	2 982	2 299	30
CNA	329	328	—
Boardmans	93		
	3 404	2 627	30
<b>Discount Division</b>			
Jet	1 896	1 369	38
Jet Mart	110	111	—
	2 006	1 480	36
	5 410	4 107	32
<b>Trading profit</b>			
Department Stores Division	994	590	68
Discount Division	653	366	78
Manufacturing	(4)	(17)	76
Amortisation of goodwill and intangibles	(1)	(47)	
	1 642	892	84



## Cash Flow Statements

	2005 53 weeks to 2 April (audited)  Rm	2004 52 weeks to 27 March (restated and audited)  Rm
<b>Cash retained from operating activities</b>		
Operating profit	1 855	1 078
Depreciation, amortisation and impairment	251	269
Other non-cash items	11	4
<b>Cash "EBITDA"</b>	<b>2 117</b>	<b>1 351</b>
Increase in working capital	(201)	(677)
Inventories	(458)	(31)
Trade accounts receivable	(1 673)	(870)
Net proceeds of securitisation	939	
Other debtors	110	(68)
Accounts payable	881	292
<b>Cash generated from operating activities</b>	<b>1 916</b>	<b>674</b>
Net financing costs paid	(4)	(51)
Taxation paid	(513)	(422)
<b>Cash inflow from operations</b>	<b>1 399</b>	<b>201</b>
Dividends paid	(470)	(191)
<b>Net cash retained</b>	<b>929</b>	<b>10</b>
<b>Cash utilised in investment activities</b>		
Investment in fixtures, equipment and vehicles	(380)	(271)
Acquisitions	(79)	(66)
<b>Net cash utilised</b>	<b>(459)</b>	<b>(337)</b>
<b>Cash effects of financing activities</b>		
Decrease in shareowner funding	(7)	44
Decrease in interest bearing debt	(247)	183
<b>Net cash outflow from financing activities</b>	<b>(254)</b>	<b>227</b>
<b>Increase in cash and cash equivalents</b>	<b>216</b>	<b>(100)</b>
Cash and cash equivalents at the beginning of the period	195	298
Currency adjustments	—	(3)
<b>Cash and cash equivalents at the end of the period</b>	<b>411</b>	<b>195</b>
<b>Attributable cash inflow from operations (cents per ordinary share)</b>	<b>3 029</b>	<b>457</b>
<b>Cash realisation rate (%)</b>	<b>97</b>	<b>20</b>



## Balance Sheets

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	2005 2 April (audited) Rm	2004 27 March (restated and audited) Rm
<b>ASSETS</b>		
<b>Non-current assets</b>		
Properties, fixtures, equipment and vehicles	920	738
Goodwill and trademarks	79	54
Investments	570	400
<b>Total non-current assets</b>	<b>1 569</b>	<b>1 192</b>
<b>Current assets</b>		
Inventories	1 734	1 231
Accounts receivable and prepayments	2 935	2 478
Cash and cash equivalents	411	195
<b>Total current assets</b>	<b>5 080</b>	<b>3 904</b>
<b>Total assets</b>	<b>6 649</b>	<b>5 096</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Capital and reserves</b>		
Total shareowners' funds	3 466	2 650
Interest bearing debt	120	367
<b>Total capital employed</b>	<b>3 586</b>	<b>3 017</b>
<b>Interest free liabilities</b>		
Current payables	3 031	1 993
Deferred taxation	32	86
<b>Total interest free liabilities</b>	<b>3 063</b>	<b>2 079</b>
<b>Total equity and liabilities</b>	<b>6 649</b>	<b>5 096</b>
<b>Gearing ratios</b>		
Net interest bearing debt/total shareowners' funds	(0,08)	0,06
Total liabilities/total shareowners' funds	0,92	0,92
<b>Future capital expenditure</b>		
Contracted	163	36
Authorised but not contracted	468	575
<b>Unutilised borrowing facilities</b>	<b>1 335</b>	<b>662</b>
<b>Net equity per ordinary share (cents)</b>	<b>7 387</b>	<b>5 897</b>



## Statements of Changes in Ordinary Shareowners' Equity

	2005 to 2 April (audited)  Rm	2004 to 27 March (restated and audited)  Rm
Ordinary shareowners' equity at the beginning of the period	2 650	2 132
Compulsorily convertible debentures converted on 31 March 2004	38	
Ordinary share capital issued on 1 December 2004	16	
Net movement in treasury shares	(61)	44
Revaluation of land and buildings	50	
Earnings attributable to ordinary shareowners	1 233	672
Ordinary dividends paid	(470)	(191)
Other – including cost of share-based payment	10	(7)
<b>Balance at the end of the period</b>	<b>3 466</b>	<b>2 650</b>



## Cash Value Added Statements

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	2005 53 weeks to 2 April (audited) Rm	2004 52 weeks to 27 March (restated and audited) Rm	Change %
<b>Cash generated</b>			
Cash derived from customers	12 976	9 665	
Cash payments outside the Group to suppliers of materials, merchandise, facilities and services	(8 848)	(7 151)	
<b>Wealth created through cash value added</b>	<b>4 128</b>	<b>2 514</b>	<b>64</b>
<b>Cash utilised to:</b>			
Remunerate employees for their services	1 527	1 279	
Pay direct taxes to the state	513	422	
Provide lenders with a return on monies borrowed	27	66	
Provide lessors with a return for the use of their premises	662	546	
Provide shareowners with cash dividends	470	191	
<b>Cash disbursed among stakeholders</b>	<b>3 199</b>	<b>2 504</b>	<b>28</b>
<b>Net cash retained</b>	<b>929</b>	<b>10</b>	

## Key Indicators in US Dollar Terms

	2005 53 weeks to 2 April (unaudited)	2004 52 weeks to 27 March (restated and unaudited)	Change %
Revenue – retail sales (US\$m)	2 167	1 467	48
Headline earnings attributable to ordinary shareowners (US\$m)	196	97	102
Net equity per ordinary share (US cents)	1 171	898	30
Headline earnings per share (US cents)	424	221	92
<b>Dividends per ordinary share (US cents)</b>			
interim (paid)	84	37	127
final (proposed)	135	85	59
Closing rate	6,31	6,57	
Average rate	6,27	7,18	

Note: Dividends paid are at actual rates on the date of payment. The final dividend proposed is at the closing rate.



## Corporate Information

### Non-Executive Directors

*WS MacFarlane (Chairman), AJ Aaron, ZB Ebrahim, JDMG Koolen#, KD Moroka,  
PL Wilmot, SDM Zungu  
#Netherlands*

### Executive Directors

*SM Ross\*\* (Chief Executive), SR Binnie\*, AvA Boshoff, MR Bower, Dr U Ferndale, JL Spotts\*\*  
\*\*USA \*UK*

### Group Secretary

*EA Bagley*

### Transfer Secretaries

*Ultra Registrars (Proprietary) Limited. 5th Floor, 11 Diagonal Street, Johannesburg, 2001.  
P O Box 4844, Johannesburg, 2000.  
Telephone: +27 11 834-2266 Fax: +27 11 834-4398*

### Registered Office

*Edgars Consolidated Stores Limited.  
Registration number: 1946/022751/06.  
Incorporated in the Republic of South Africa.  
Edgardale, Press Avenue, Crown Mines, Johannesburg, 2092.  
P O Box 100, Crown Mines, 2025.  
Telephone: +27 11 495-6000 Fax: +27 11 837-5019*

### Auditors

*Ernst & Young. Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
P O Box 2322, Johannesburg, 2000.  
Telephone: +27 11 772-3000*

### Sponsors

*JP Morgan Equities Limited. 1 Fricker Road, cnr Hurlingham Road, Illovo, 2196.  
Private Bag x9936, Sandton, 2146.  
Telephone: +27 11 507-0300 Fax: +27 11 507-0502/0503*

*Irwin, Jacobs, Greene (Proprietary) Limited. 11th Floor, Sanlam Centre,  
Independence Avenue, Windhoek, Namibia.  
P O Box 186, Windhoek, Namibia.  
Telephone: +26 461 238-899 Fax: +26 461 238-936*

### ISIN Number

*ZAE 000018388*

### Share code

*ECO*



Edgars Consolidated Stores Limited  
Registration number: 1946/022751/06  
Incorporated in the Republic of South Africa  
ISIN number: ZAE000018388  
Share code: ECO

*These results can be viewed on the internet at:*

<http://www.edcon.co.za>