

28 August 2008

This notice is important and requires your immediate attention.

**EDCON HOLDINGS (PROPRIETARY) LIMITED (“EDCON”)
SUMMARY OF CONSOLIDATED TRADING RESULTS
FOR THE THREE-MONTH PERIOD ENDED 28 JUNE 2008**

SUMMARY OF FINANCIAL AND OTHER DATA

The following unaudited historical financial data relates to the three-month period ended 30 June 2007 and the three-month period ended 28 June 2008. Unless the context requires otherwise, references in this notice to (i) “first quarter 2008” and “first quarter 2009” shall mean the 13-week period ended 30 June 2007 and the 13-week period ended 28 June 2008, respectively, and (ii) “fiscal 2008” and “fiscal 2009” shall mean the 52-week period ended 29 March 2008 and the 52-week period ending 28 March 2009, respectively.

On 14 May 2007, Edcon Acquisition (Proprietary) Limited, a wholly owned subsidiary of Edcon, acquired the issued share capital of Edgars Consolidated Stores Limited (the “Acquired Business”). Financial information for the period prior to 5 May 2007 (the date on which the acquisition was accounted for) is derived from the historical financial statements of the Acquired Business, which appear in the five-week period ended 5 May 2007 in the “Predecessor” column of the financial statements attached hereto. References to “we” and “us” are to the Acquired Business on a consolidated basis in respect of periods prior to 14 May 2007, and are references to Edcon on a consolidated basis in respect of periods after 14 May 2007.

We also present below certain financial data to show the effect of certain aspects of the Transactions, as defined in the offering memorandum in relation to the €1,180 million senior secured floating rate notes due 2014 and the €630 million senior floating rate notes due 2015 (together the “Floating Rate Notes”) dated 14 June 2007 (the “Offering Memorandum”), the offering of the Floating Rate Notes and the application of the proceeds therefrom and certain other post-closing transactions, in each case as set forth in the notes to the summary financial statements.

	First Quarter (in millions) (unaudited)			
	2008 ^(1,2)		2009 ⁽¹⁾	
Income statement data				
Revenues ⁽³⁾	R	5 285	R	5 776
Retail sales		4 806		5 189
Cost of sales		(2 938)		(3 185)
Gross profit		1 868		2 004
Other income		109		110
Store costs		(781)		(891)
Other operating costs		(584)		(649)
Additional depreciation and amortisation ⁽⁴⁾		(82)		(125)
Retail trading profit		530		449
Net income/(expense) from credit ⁽³⁾		(25)		47
Equity accounted earnings of joint venture		69		64
Trading profit		574		560
Restructure and acquisition costs		(72)		-
Gain on buy-back of senior floating rate notes		-		1 377
Net fair value movement on notes and associated derivatives		(620)		171
Profit before financing costs		(118)		2 108
Net financing costs		(542)		(782)
Taxation		17		(192)
Net earnings/(loss)	R	(643)	R	1 134
Other financial data				
EBITDA	R	45	R	2 337
Adjusted EBITDA ⁽⁵⁾		737		789
Operating lease expense		272		308
Adjusted EBITDAR		1 009		1 097
Capital expenditure		115		136
Depreciation and amortisation		163		229
Select operating data				
Number of stores		959		1 154
Same store sales growth (%)		8		0
Average retail space (in '000 sqm)		1 093		1 222
Number of customer credit accounts (in '000s)		4 148		4 070

	First Quarter (in millions) (unaudited)			
	2008 ^(1,2)		2009 ⁽¹⁾	
Balance sheet data				
Cash and cash equivalents	R	611	R	401
Working capital		2 815		3 488
Total assets		32 015		35 973
Total debt at unhedged rates ⁽³⁾		18 268		20 933
Total net (cash)/debt including cash and derivatives ⁽³⁾		18 444		17 238
Total shareholders' funds including shareholder's loan		6 183		8 280
Cash flow data				
Operating cash inflow before changes in working capital ⁽³⁾	R	672	R	782
Working capital movement ⁽³⁾		138		151
Cash generated from operating activities		810		933
Net cash invested		(23 751)		(136)
Net cash (outflow)/inflow from financing activities		24 065		(89)
Increase in cash and cash equivalents		647		37

- 1) As of 6 May 2007 ("Consolidation Date"), we have consolidated the OntheCards securitisation programme ("OtC") in our financial statements. This change in accounting treatment of OtC does not impact the non-recourse status of the sale of receivables by Edcon to OtC, nor the security or rights of either the noteholders or of the creditors of OtC. For comparative purposes with periods prior to the Consolidation Date, all figures presented in the summary financial statements above exclude the impact of consolidating OtC. Refer to note 3 below for a reconciliation of key line items.
- 2) Figures presented for first quarter 2008 are the aggregate of the five weeks relating to the "Predecessor" column and 8 weeks relating to the "Successor" column as reflected in the financial statements attached hereto.
- 3) The following tables reconcile financial information which is presented in the Group Financial Statements which consolidate OtC, to the tables presented in the summary financial statements above. Refer to note 7 in the Group Financial Statements for the impact of consolidating OtC.

	First Quarter (in millions) (unaudited)					
	2009		Consolidation adjustments for OtC		Excluding OtC	
	Including OtC					
Income statement data						
Revenues	R	5 883	R	107	R	5 776
Net income/(expense) from credit		94		47		47
Other financial data						
Adjusted EBITDA	R	836	R	47	R	789
Balance sheet data						
Total debt at unhedged rates	R	23 507	R	2 574	R	20 933
Total net (cash)/debt including cash and derivatives		19 729		2 491		17 238
Cash flow data						
Operating cash inflow before changes in working capital	R	829	R	47	R	782
Working capital movement		174		23		151

	First Quarter (in millions) (unaudited)									
	2008									
	5 weeks to 5 May		8 weeks to 30 June including OtC		13 weeks to 30 June including OtC		8 weeks to 30 June consolidation adjustments for OtC		13 weeks to 30 June excluding OtC	
Income statement data										
Revenues	R	2 094	R	3 309	R	5 403	R	118	R	5 285
Net income/(expense) from credit		10		29		39		64		(25)

			13 weeks to 30 June including OtC		8 weeks to 30 June consolidation adjustments for OtC		13 weeks to 30 June excluding OtC	
Other financial data								
Adjusted EBITDA			R	801	R	64	R	737

			30 June including OtC		30 June consolidation adjustments for OtC		30 June excluding OtC	
Balance sheet data								
Total debt at unhedged rates			R	20 882	R	2 614	R	18 268
Total net (cash)/debt including cash and derivatives				20 995		2 551		18 444

	5 weeks to 5 May		8 weeks to 30 June including OtC		13 weeks to 30 June including OtC		8 weeks to 30 June consolidation adjustments for OtC		13 weeks to 30 June excluding OtC	
Cash flow data										
Operating cash inflow before changes in working capital	R	348	R	(402)	R	(54)	R	64	R	(118)
Working capital movement		(506)		593		87		(51)		138

4) This additional depreciation and amortisation relates to the amortisation of intangibles and the incremental depreciation arising from the fair value adjustments in relation to the Transactions. These are included in other operating costs in the financial statements attached hereto.

5) The following table reconciles net loss or earnings to EBITDA and adjusted EBITDA.

	First Quarter and Year-To-Date (in millions) (unaudited)			
	2008 ^(1,2)		2009 ⁽¹⁾	
Net earnings/(loss)	R	(643)	R	1 134
Taxation		(17)		192
Net financing costs		542		782
Depreciation & amortisation		163		229
EBITDA	R	45	R	2 337
Net fair value movement on notes and associated derivatives ^(a)		620		(171)
Costs of the Transactions ^(b)		72		-
Gain on buy-back of senior floating rate notes ^(c)		-		(1 377)
Adjusted EBITDA	R	737	R	789

- a) Prior to the issuance of the Floating Rate Notes we executed currency and interest rate derivatives to hedge the repayment of the interest and principal on the Floating Rate Notes to 2011 and 2012 respectively. This adjustment relates to the revaluation of the Floating Rate Notes to the spot exchange rate and change in the fair value of these derivatives.
- b) This adjustment reflects the one-time professional fees incurred by Edcon in relation to the Transactions.
- c) On 27 June 2008, Edcon Holdings (Proprietary) Limited completed a notes repurchase where Edcon purchased a nominal value of €252 million of the senior floating rate notes for €138,6 million, or 55% of the face value. As a result of the buy-back Edcon recognised a gain, net of associated fees, of R1,377 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Retail Sales

Retail sales increased by R383 million, or 8.0%, from R4,806 million in the first quarter 2008 to R5,189 million in the first quarter 2009, primarily as a result of the continued growth in clothing and footwear sales and the acquisition of Discom which was acquired in September 2007. Performance was adversely impacted by rising inflation and interest rates and the introduction of the National Credit Act in June 2007. Excluding Discom, sales growth was 3.2%, with same store sales (stores open for the full period in the current year and in the prior year) flat to last year, following an 8% rise in the first quarter 2008. Credit sales accounted for 53% of total retail sales in the first quarter 2009, down from 58% in the first quarter 2008. In the department store division (excluding CNA), retail sales in the first quarter 2009 increased by 4.5% from the first quarter 2008 primarily due to growth from product lines such as ladieswear, menswear and cosmetics. CNA's retail sales in the first quarter 2009 increased 6.4% from the first quarter 2008, driven by growth in sales of magazines, stationery and digital products. Retail sales in the discount division increased by 13.1% (0.9% excluding Discom) from the first quarter 2008 to the first quarter 2009 due mainly to the growth in ladieswear, footwear, cosmetics and other non-clothing products, offset by negative growth in childrenswear and cellular products.

Gross profit

Gross profit increased by R136 million, or 7.3%, from R1,868 million in the first quarter 2008 to R2,004 million in the first quarter 2009. Gross profit as a percentage of retail sales decreased from 38.9% in the first quarter 2008 to 38.6% in the first quarter 2009 as a result of the contribution from lower margin product sold by Discom (acquired in September 2007), including health and beauty products. In the department store division (excluding CNA) gross profit as a percentage of retail sales was 42.7% in the first quarter of 2009, the same as that achieved in the first quarter of 2008. Gross profit as a percentage of retail sales in CNA decreased from 34.0% in the first quarter 2008 to 33.0% in the first quarter 2009 primarily because of a change in product mix. In the discount division, gross profit margin (excluding the impact of the Discom acquisition) increased from 34.6% to 35.8% as a result of lower markdowns in ladieswear, footwear and menswear, including the impact of the lower margin Discom acquisition gross margin was 34.4%.

Store costs

Store costs increased by R110 million, or 14.1%, from R781 million in the first quarter 2008 to R891 million in the first quarter 2009. Excluding Discom, the rise was R64 million, or 8.2% and resulted primarily from wage and rent increases for our existing stores and the addition of 5.6% to average retail space from the first quarter 2008 to the first quarter 2009.

Other operating costs

Other operating costs, excluding depreciation and amortisation charges associated with the fair value adjustments from the Transactions, increased by R65 million, or 11.1%, from R584 million in the first quarter 2008 to R649 million in the first quarter 2009. This increase is primarily as a result of additional costs in the first quarter 2009 for information technology, rising fuel prices and salary increases.

Depreciation and amortisation

Depreciation and amortisation increased by R66 million from R163 million in the first quarter 2008 to R229 million in the first quarter 2009, primarily as a result of increased depreciation and amortisation of intangibles, property, fixtures, equipment and vehicles which arose as a result of the Transactions.

Credit and financial services net profit

Credit and financial services net profit increased by R67 million, from a net profit of R44 million in the first quarter 2008 to a net profit of R111 million in the first quarter 2009. This increase was primarily due to higher interest income associated with a rise in the maximum permissible chargeable interest rate. Consolidated annualised bad debts as a percentage of average debtors was 11.9% for the first quarter 2009 compared with the rate achieved in the full 2008 fiscal year of 11.6%. Equity accounted earnings of joint ventures after taxation decreased by R5 million, or 7.2%, from R69 million in the first quarter 2008 to R64 million in the first quarter 2009 due to higher claims in the insurance business. The number of active accounts remained at over 4.0 million, similar to fiscal 2008.

Trading profit

Trading profit decreased by R14 million from R574 million in the first quarter 2008 to R560 million in the first quarter 2009 after deducting R43 million additional depreciation and amortisation costs related to the amortisation of intangibles and the incremental depreciation arising from the fair value adjustments in relation to the Transactions. Excluding these costs trading profit in the first quarter 2009 increased by R29 million, or 5.1%, to R603 million from the first quarter 2008.

Net financing costs

Net financing costs increased to a net charge of R782 million in the first quarter 2009 from R542 million in the first quarter 2008. This increase is primarily a result of interest costs associated with the Floating Rate Notes and the shareholder's loan from our equity sponsors; the first quarter 2008 included 8 weeks of interest cost from the Transactions, whereas the first quarter 2009 included interest for the full quarter. Also, R71 million of accelerated fees from the Transactions were released in the first quarter 2009 as a result of the senior floating rate notes buy-back.

Cash flow

Operating cash inflow before changes in working capital increased by R110 million, or 16.4%, from R672 million in the first quarter 2008 to R782 million in the first quarter 2009. This increase was primarily due to (i) higher trading profit in the first quarter 2009 compared to first quarter 2008, and (ii) R72 million costs incurred in the first quarter 2008 in relation to the Transactions.

Working capital decreased by R151 million in the first quarter 2009 compared with a decrease of R138 million for the first quarter 2008. This was due to an increase in the investment in inventory and receivables of R51 million and R145 million respectively in the first quarter 2009, offset by an increase in accounts payable of R347 million.

Capital expenditure in the first quarter 2009 was R136 million compared with R115 million in the first quarter 2008. During the first quarter 2009 we added a net 13 stores which, combined with store refurbishments, resulted in investments in store fixtures of R60 million. In the first quarter 2008 we spent R71 million to add a net 11 stores and on store refurbishments. In addition, in the first quarter

fiscal 2009 we invested R73 million in information technology infrastructure compared with R41 million in the first quarter fiscal 2008.

Liquidity and capital resources

At 28 June 2008 our total net debt including cash and derivatives (excluding OtC) of R17,238 million consisted of (i) the fair value of the Floating Rate Notes of R19,131 million, (ii) borrowings under the revolving credit facility of R486 million, (iii) borrowings under the borrowing base facility of R1,316 million, less (iv) net derivatives of R3,294 million and (v) cash and cash equivalents of R401 million. In addition, OntheCards net debt of R2,491 million consisted of (i) borrowings under the receivable backed facility of R2,549 million, (ii) other borrowings of R25 million, less (iii) cash and cash equivalents of R83 million.

At 28 June 2008, the total facility available under the revolving credit facility was R3,500 million. The total facility available under the borrowing base facility was R3,900 million, although this may increase to R6,500 million if commitments under the OtC securitisation are transferred to our borrowing base facility.

During the first quarter 2009 the maximum utilisation of the revolving credit facility and the borrowing base facility was R1,570 million and R1,316 million (R3,903 million including OtC) respectively. We believe that operating cash flows and amounts available under the revolving credit facility and borrowing base facility will be sufficient to fund our debt service obligations and operations, including capital expenditure and contractual commitments, through to 31 March 2009.

Buy-back of senior floating rate notes

On 27 June 2008, Edcon Holdings (Proprietary) Limited completed a notes repurchase where Edcon purchased a nominal value of €252 million of the senior floating rate notes for €138,6 million, or 55% of the face value. As a result of the buy-back, Edcon recognised a gain, net of associated fees, of R1,377 million.

The buy-back was funded by realising R1,793 million from the following derivatives used to hedge the original senior floating rate notes exposure, (i) 100% of the currency swaps, (ii) 100% of the foreign currency forward contracts and, (iii) 40% of the interest rate swaps.

The effective date of the realisation of the hedges was 18 June 2008 and on that date a revised hedging structure was put in place, whereby Edcon purchased currency swaps and foreign currency forward contracts to hedge the obligations under the 60% senior floating rate notes outstanding. As a result, Edcon remains (i) hedged for the interest rate and currency risk on the interest payments of the Floating Rate Notes until June 2011 and (ii) economically hedged on the principal of the Floating Rate Notes until June 2012.

Management

Hugues Witvoet has been appointed as Chief Executive of Edgars, effective 25 August 2008, replacing Jon Spotts. Mr Witvoet is from Paris and has lived and worked in Asia, Central America and the UK. He has extensive retail experience with AS Watson, LVMH and Carrefour, in addition he has worked for McKinsey & Co. Mr. Witvoet is a graduate of Essec Business School.

Christo Claassen was appointed Chief Executive of the Discount Division effective 1 July 2008. In his previous portfolio he was responsible for group strategy as well as group property development. Mr Claassen joined Edcon in 2004 as the Business Development Executive in the Discount Division. He is a qualified chartered accountant and holds an M.B.A in Retailing from Stirling University in Scotland. Mr Claassen was the CEO of Dunns prior to joining Edcon.

CRITICAL ACCOUNTING POLICIES AND USE OF ESTIMATES

In preparing our group financial statements, our management has historically been required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Actual results in the future could differ from these estimates, and this may be material to our financial statements. Significant estimates and judgments made relate to an allowance for doubtful debts, allowances for slow-moving inventory, residual values, useful lives and depreciation methods, classification of leases, estimating the fair value of derivatives, pension fund and employee obligations and asset impairment tests.

Revenue recognition

Revenue comprises retail sales of merchandise, manufacturing sales, club fees, financial services income, equity accounted earnings of joint ventures, dividends, interest and finance charges accrued to Edcon. Revenue from all sales of merchandise, net of returns, is brought to account when delivery takes place to the customer. Revenue from manufacturing and other operations is recognised when the sale transactions giving rise to such revenue are concluded. Finance charges on arrear account balances are accrued on a time proportion basis, recognising the effective yield on the underlying assets. Dividends are recognised when the right to receive payment is established. Interest received is recognised using the effective interest rate method. Club fees are recognised as incurred.

Trade and other receivables

Trade and other receivables are initially recognised at fair value. Subsequent to initial measurement, receivables are recognised at amortised cost less an allowance for doubtful debts. A provision for impairment is made when there is objective evidence (such as default or delinquency of interest and the principal) that Edcon will not be able to collect all amounts due under the original terms of the trade receivable transactions. Bad debts incurred are recognised in profit or loss as incurred.

Delinquent accounts are impaired by applying Edcon's impairment policy recognising both contractual and ages of accounts. Age refers to the number of months since a qualifying payment was received. The process for estimating impairment considers all credit exposures, not only those of low credit quality and estimated on the basis of historical loss experience, adjusted on the basis of current observable data, to reflect the effects of current conditions. Edcon assesses whether objective evidence of impairment exists individually for receivables that are individually significant, and individually or collectively for receivables that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, the receivable is included in a group of receivables with similar credit risk characteristics and that group of receivables is collectively assessed for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised, are not included in a collective assessment of impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss; to the extent the carrying value of the receivable does not exceed its cost at the reversal date.

Leases

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to Edcon as lessee. The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at inception date and whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Assets subject to finance leases are capitalised at the lower of the fair value of the asset, and the present value of the minimum lease payments, with the related lease obligation recognised at the same value. Capitalised leased assets are depreciated over the shorter of the lease term and the estimated useful life if Edcon does not obtain ownership thereof. Finance lease payments are allocated, using the effective interest rate method, between the lease finance cost, which is included in financing costs, and the capital repayment, which reduces the liability to the lessor.

Operating leases are those leases which do not fall within the scope of the above definition. Operating lease rentals with fixed escalation clauses are charged against trading profit on a straight-line basis over the term of the lease.

In the event of a sub-lease, lease rentals received are included in profit or loss on a straight-line basis.

Inventory

Retail trading inventories are valued at the lower of cost, using the weighted average cost, and net realisable value, less an allowance for slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business less necessary costs to make the sale. In the case of own manufactured inventories, cost includes the total cost of manufacture, based on normal production facility capacity, and excludes financing costs. Work-in-progress is valued at actual cost, including direct material costs, labour costs and manufacturing overheads. Factory raw materials and consumable stores are valued at average cost, less an allowance for slow-moving items.

The allowance for slow-moving inventory is made with reference to an inventory age analysis. All inventory older than 18 months is provided for in full as it is not readily disposable.

All store inventories are physically verified at least twice a year through the performance of inventory counts and shortages identified are written off immediately. Stores, which have a history of high inventory losses, are subject to more frequent inventory counts. An allowance is made, based on historical trends of inventory losses, for losses incurred between the last physical count and the balance sheet date.

Financial instruments

Financial instruments recognised on the balance sheet include derivative instruments, held-to-maturity investments, trade and other receivables, cash and cash equivalents, trade and other payables and financial liabilities. Financial instruments are initially measured at fair value, including transaction costs, except those at fair value directly through profit or loss, when Edcon becomes a party to contractual arrangements.

Edcon uses derivative financial instruments such as foreign currency contracts and interest rate swaps to manage the financial risks associated with their underlying business activities and the financing of those activities. Edcon does not undertake any trading activity in derivative financial instruments.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges where they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

In relation to cash flow hedges which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in net profit or loss.

For cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged item affects the net profit or loss, for example when the future sale actually occurs.

For derivatives that do not qualify for special hedge accounting, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Goodwill

Goodwill is initially measured at cost and represents the excess of the purchase consideration over the fair value of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition. Following initial recognition, goodwill is measured at cost, less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

If on acquiring an entity, Edcon's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity exceeds the purchase consideration, this excess/(discount) is recognised in profit or loss immediately.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the acquisition. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of, is included in the carrying amount of the operation when determining the gain or loss on disposal of that operation. Goodwill disposed of in this

circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit which is retained.

Other intangible assets

Where payments are made for the acquisition of intangible assets with a finite useful life, the amounts are capitalised at cost and amortised on a straight-line basis over their anticipated useful lives. Intangible assets acquired through the acquisition of an entity are recognised at fair value. The useful life of intangible assets with a finite life is estimated to be between five and fifteen years. Amortisation is charged on those assets with finite lives and the expense is taken to the income statement and included in other operating costs. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial period-end. At each balance sheet date, intangible assets with an indefinite useful life are reviewed for indications of impairment or changes in estimated future benefits, either individually or at the cash-generating unit level. Such intangible assets are not amortised and the useful life is reviewed annually to determine whether indefinite life assessment continues to be appropriate. If not, the change from indefinite to finite will be made on a prospective basis. If such indications exist, an analysis is performed to assess whether the carrying amount of intangible assets is fully recoverable. An impairment is made if the carrying amount exceeds the recoverable amount. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Intangible assets are derecognised on disposal or when no future economic benefits are expected through use of the intangible assets. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in profit or loss when the intangible asset is derecognised. No valuation is made of internally developed and maintained intangible assets. Expenditure incurred to maintain brand names is charged in full to the income statement as incurred.

Consolidated Financial Statements
Edcon Holdings (Proprietary) Limited

Group Condensed Balance Sheets (unaudited)

	Successor		
	2008	2008	2007
	28 June	29 March	30 June
	Rm	Rm	Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	3 273	3 263	3 083
Intangible assets	20 007	20 112	20 265
Equity accounted investment in joint ventures	7	11	17
Derivative financial instruments	3 279	5 429	65
Total non-current assets	26 566	28 815	23 430
Current assets			
Inventories	2 198	2 148	1 946
Trade, other receivables and prepayments	8 884	8 742	8 538
Derivative financial instruments	338	421	-
Cash and cash equivalents	484	492	674
Total current assets	11 904	11 803	11 158
Total assets	38 470	40 618	34 588
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital and premium	2 143	2 143	1 968
Other reserves	831	836	46
Retained loss	(481)	(1 590)	(896)
	2 493	1 389	1 118
Minority interest	-	1	-
Total equity	2 493	1 390	1 118
Non-current liabilities – shareholder’s			
Shareholder’s loan	5 764	5 547	5 057
	8 257	6 937	6 175
Non-current liabilities – third parties			
Notes issued	19 131	22 761	16 826
Subordinated loan	25	25	25
Lease equalisation	399	399	441
Employee benefit liability	122	120	124
Derivative financial instruments	280	379	806
Deferred tax	1 810	1 851	2 141
	21 767	25 535	20 363
Total non-current liabilities	27 531	31 082	25 420
Current liabilities			
Interest-bearing debt	4 351	4 507	4 031
Current taxation	190	138	122
Derivative financial instruments	43	-	46
Trade and other payables	3 862	3 501	3 851
Total current liabilities	8 446	8 146	8 050
Total equity and liabilities	38 470	40 618	34 588
Total managed capital per IAS1	31 739	34 205	27 032

Group Condensed First Quarter Income Statements (unaudited)

		Successor	Predecessor	
		2008	2007	
		13 weeks to	8 weeks to	
		28 June	30 June	
	Note	Rm	Rm	
			5 weeks to	
			5 May	
			Rm	
Total revenues	3	5 883	3 309	2 094
Revenue - retail sales		5 189	2 867	1 939
Cost of sales		(3 185)	(1 760)	(1 178)
Gross profit		2 004	1 107	761
Other income	4	110	74	35
Store costs		(891)	(511)	(270)
Other operating costs	5	(774)	(460)	(206)
Retail trading profit		449	210	320
Income from credit	6.1	512	307	102
Expenses from credit	6.2	(418)	(278)	(92)
Equity accounted earnings of joint venture		64	46	23
Trading profit		607	285	353
Restructure costs		-	(67)	(5)
Gain on buy-back of senior floating rate notes		1 377		
Derivative expense		(405)	(576)	-
Foreign exchange gain		576	(44)	-
Profit before net financing costs		2 155	(402)	348
Interest received		9	15	-
Profit before financing costs		2 164	(387)	348
Financing costs		(873)	(624)	(8)
Profit before taxation		1 291	(1 011)	340
Taxation		(182)	115	(95)
Profit for the period		1 109	(896)	245
Attributable to:				
Equity holders of the parent		1 110	(896)	245
Minority interest		(1)	-	-

Group Condensed Statements of Changes in Ordinary Shareholders' Equity (unaudited)

	Share capital and premium Rm	Other reserves Rm	Retained surplus Rm	Minority Interest Rm	Total Rm
PREDECESSOR AT 5 MAY 2007					
Balance 31 March 2007	236	55	4 670	11	4 972
Foreign currency translation		(5)			(5)
Total income for the period recognised directly in equity		(5)			(5)
Profit for the period			245		245
Net income for the period		(5)	245		240
Ordinary share capital issued	726				726
Share-based payment credit			4		4
Balance at 5 May 2007	962	50	4 919	11	5 942
SUCCESSOR AT 30 JUNE 2007					
Opening balance at 5 May 2007	-	-	-	-	-
Foreign currency translation		-			-
Net gain on cash flow hedges		46			46
Total income and expense for the period recognised directly in equity		46			46
Loss for the period			(896)	-	(896)
Net loss for the period		46	(896)	-	(850)
Ordinary share capital issued	1 761				1 761
Preference share capital issued	207				207
Balance at 30 June 2007	1 968	46	(896)	-	1 118
SUCCESSOR AT 28 JUNE 2008					
Opening balance at 30 March 2008	2 143	836	(1 590)	1	1 390
Foreign currency translation		(10)			(10)
Realised equity on notes buy-back		(230)			(230)
Net gain on cash flow hedges		235			235
Total income and expense for the period recognised directly in equity		(5)			(5)
Profit for the period			1 110	(1)	1 109
Other			(1)		(1)
Balance at 28 June 2008	2 143	831	(481)	-	2 493

Group Condensed Cash Flow Statements (unaudited)

	Successor	Predecessor
	2007	2007
	8 weeks to	5 weeks to
	30 June	5 May
	Rm	Rm
	2008	
	13 weeks to	
	28 June	
	Rm	
Cash retained from operating activities		
Operating profit / (loss)	2 155	(402)
Depreciation	125	68
Amortisation	104	68
Gain on buy-back of senior floating rate notes	(1 377)	
Foreign exchange (gain)/loss	(576)	44
Derivative expense	405	576
Other non-cash items	(7)	23
Operating cash inflow before changes in working capital	829	377
Working capital movement	174	593
Inventories	(51)	(45)
Trade accounts receivable	(2)	(112)
Other debtors	(147)	(17)
Accounts payable	374	767
Cash generated/(utilised) from operating activities	1 003	970
Interest received	9	3
Financing costs paid	(589)	(496)
Taxation paid	(173)	(51)
Net cash retained/(utilised)	250	426
Cash utilised in investment activities		
Net investment in fixtures, equipment and vehicles	(136)	(68)
Acquisitions ¹	-	(23 636)
Net cash invested	(136)	(23 704)
Cash effects of financing activities		
Increase in shareowner funding	-	7 025
Notes issued	-	17 036
Buy-back of senior floating rate notes	(1 758)	-
Proceeds from derivatives	1 793	-
(Decrease)/increase in interest bearing debt	(156)	(370)
Net cash (outflow)/inflow from financing activities	(121)	23 691
(Decrease)/increase in cash and cash equivalents	(7)	413
Cash and cash equivalents at the beginning of the period	492	-
Currency adjustments	(1)	-
Consolidation of OntheCards	-	261
Cash and cash equivalents at the end of the period	484	507

¹ Refer to the Consolidated Condensed Interim Financial Statements for the six-month period ended 29 September 2007, note 7.1, less expenses relating to the Transaction not yet paid at 30 June 2007 of R244 million.

Notes to the Financial Statements (unaudited)

Basis of Accounting

Edcon Holdings (Proprietary) Limited's consolidated financial statements (Financial Statements) are prepared in accordance with International Financial Reporting Standards (IFRS) and stated in Rands (R).

These Financial Statements are presented in accordance with IAS 34 *Interim Financial Reporting*. Accordingly, certain information and note disclosures normally included in the annual financial statements have been condensed or omitted.

These Financial Statements have not been audited or reviewed by an auditor. In the opinion of management, all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods have been made.

With effect 14 May 2007, the issued ordinary shares and preference shares in Edgars Consolidated Stores Limited (the "Predecessor") were acquired by Edcon Acquisition (Proprietary) Limited whose sole shareholder is Edcon Holdings (Proprietary) Limited (the "Successor"). Edcon Acquisition (Proprietary) Limited is the legal successor to Edgars Consolidated Stores Limited and Edcon Holdings (Proprietary) Limited the parent of the Edcon Group.

As of 5 May 2007, all conditions precedent to the private equity transaction had been fulfilled and the new Group consisting of Edcon Holdings (Proprietary) Limited and all its subsidiaries has been consolidated as from that date.

In preparing these Financial Statements, the same accounting principles and methods of computation are applied as in the consolidated Financial Statements of Edcon Holdings (Proprietary) Limited on 29 March 2008 and for the period then ended.

Accordingly, information for the current and comparative periods has been provided on the following basis: For periods ending prior to 6 May 2007, the financial position and results of the Predecessor are included and presented. For periods ending after 6 May 2007, the financial position and results of the Successor are included and presented.

These Financial Statements should be read in conjunction with the audited Financial Statements as at and for the period ended 29 March 2008 as included in the 2008 audited Group Annual Financial Statements of Edcon Holdings (Proprietary) Limited.

Significant events

On 27 June 2008, Edcon Holdings (Proprietary) Limited completed a notes repurchase in terms of which Edcon purchased a nominal value of €252 million of the senior floating rate notes for €138,6 million, or 55% of the face value. As a result of the buy-back Edcon recognised a gain, net of associated fees, of R1,377 million.

Notes to the Financial Statements (unaudited) *continued*

	Successor	Predecessor	
	2008	2007	
	13 weeks to	8 weeks to	
	28 June	30 June	
	Rm	Rm	
		5 weeks to	
		5 May	
		Rm	
2. SEGMENTAL RESULTS			
2.1 Revenues			
Edgars	2 743	1 574	1 052
CNA	385	218	144
Department Stores Division	3 128	1 792	1 196
Discount Division	2 163	1 142	776
Manufacturing	8	7	2
Credit and Financial Services	576	353	120
Group Services	8	15	-
	5 883	3 309	2 094
2.2 Retail sales			
Edgars	2 695	1 543	1 036
CNA	385	218	144
Department Stores Division	3 080	1 761	1 180
Discount Division	2 109	1 106	759
	5 189	2 867	1 939
2.3 Number of stores			
Edgars	256	249	250
CNA	204	193	193
Department Stores Division	460	442	443
Discount Division	694	517	516
	1 154	959	959
2.4 Segment result - operating profit / (loss)			
Department Stores Division	349	161	216
Discount Division	116	61	103
Manufacturing	(2)	(2)	1
Credit and Financial Services	158	75	33
Group Services ¹	1 534	(697)	(5)
	2 155	(402)	348

¹ Included in the 13 weeks to 28 June 2008 are derivative expense, unrealised foreign exchange gain, gain on buy-back of senior floating rate notes and amortisation of R15 million (the 8 weeks to 30 June 2007 includes restructure costs, derivative expense, unrealised foreign exchange loss, and amortisation of R10 million) allocated to the Group Services segment.

Notes to the Financial Statements (unaudited) *continued*

	Successor	Predecessor
	2008	2007
	13 weeks to	8 weeks to
	28 June	30 June
	Rm	Rm
		2007
		5 weeks to
		5 May
		Rm
3. REVENUES		
Retail sales	5 189	2 867
Club fees	102	67
Preference dividend	-	4
Finance charges on trade receivables	512	303
Equity accounted earnings of joint ventures	64	46
Interest received	8	15
Manufacturing sales to third parties	8	7
	5 883	3 309
		2 094
4. OTHER INCOME		
This is stated after taking account of the following items:		
4.1 Club fees	102	67
		33
4.2 Manufacturing sales to third parties	8	7
		2
5. OTHER OPERATING COSTS		
This is stated after taking account of the following items:		
5.1 Amortisation of trademarks		
Charge for the year	104	68
		-
5.2 Depreciation of properties, fixtures, equipment and vehicles		
Buildings	1	1
Leasehold improvements	19	10
Fixtures and fittings	60	34
Computer equipment and software	39	19
Machinery and vehicles	6	4
	125	68
		27
5.3 Operating lease expenses		
Properties		
Minimum lease payments	252	145
Turnover clause payments	13	8
Operating lease adjustment	(11)	(4)
Sublease rental income	(4)	(4)
Equipment and vehicles	58	26
	308	171
		101

Notes to the Financial Statements (unaudited) *continued*

	2008	Successor	Predecessor
	13 weeks to	2007	2007
	28 June	8 weeks to	5 weeks to
	Rm	30 June	5 May
		Rm	Rm
5.4 Net (loss)/gain on disposal of properties, fixtures, equipment and vehicle	-	(1)	(4)
6. CREDIT INCOME AND EXPENSE			
6.1 Income from credit			
Preference dividend	-	4	4
Finance charges on trade receivables	512	303	93
Credit default swap	-	-	5
Income from credit	512	307	102
6.2 Expenses from credit			
Net bad debt	(238)	(139)	(56)
Net increase in doubtful debt provision	(63)	(39)	(4)
Administration costs	(117)	(100)	(32)
	(418)	(278)	(92)
6.3 Net credit income	94	29	10
7. Consolidation of OntheCards Investments Limited			
Included in the Group Condensed First Quarter Income Statements by line, are the following amounts relating to the consolidation of OntheCards:			
Total revenues	107	118	-
Income from credit	102	79	-
Expenses from credit	(55)	(15)	-
Trading profit and profit before financing costs	47	64	-
Interest received	5	3	-
Profit before financing costs	52	67	-
Financing costs	(87)	(78)	-
Loss before taxation	(35)	(11)	-
Taxation	10	3	-
Loss for the period	(25)	(8)	-

Notes to the Financial Statements (unaudited) *continued*

	Successor		
	2008	2008	2007
	28 June	29 March	30 June
	Rm	Rm	Rm
Included in the Group Condensed Balance Sheets by line, are the following balances relating to the consolidation of OntheCards:			
ASSETS			
Non-current assets			
Intangible assets	79	79	79
Held-to-maturity investments	(1 425)	(1 425)	(1 425)
Total non-current assets	(1 346)	(1 346)	(1 346)
Current assets			
Trade, other receivables and prepayments	3 760	3 756	3 856
Cash and cash equivalents	83	127	63
Total current assets	3 843	3 883	3 919
Total assets	2 497	2 537	2 573
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Retained (loss)/profit	(23)	3	(8)
Total equity	(23)	3	(8)
Non-current liabilities – third parties			
Subordinated loan	25	25	25
Deferred tax	(80)	(70)	(68)
	(55)	(45)	(43)
Total non-current liabilities	(55)	(45)	(43)
Current liabilities			
Interest-bearing debt	2 549	2 581	2 589
Current taxation	(2)	(4)	(3)
Trade and other payables	28	2	38
Total current liabilities	2 575	2 579	2 624
Total equity and liabilities	2 497	2 537	2 573
Total managed capital per IAS1	2 526	2 584	2 581

Notes to the Financial Statement (unaudited) *continued*

	2008	Successor	Predecessor
	13 weeks to	2007	2007
	28 June	8 weeks to	5 weeks to
	Rm	30 June	5 May
	Rm	Rm	Rm
Included in the Group Condensed Cash Flow Statements by line, are the following amounts relating to the consolidation of OntheCards:			
Operating profit/(loss)	47	64	-
Operating cash inflow before changes in working capital	47	64	-
Working capital movement	23	(51)	-
Trade accounts receivable	64	(77)	-
Other debtors	(68)	2	-
Accounts payable	27	24	-
Cash generated/(utilised) from operating activities	70	13	-
Interest received	5	3	-
Financing costs paid	(87)	(78)	-
Taxation paid	-	-	-
Net cash retained/(utilised)	(12)	(62)	-
Cash effects of financing activities			
Increase in held-to-maturity investments	-	725	-
(Decrease)/increase in interest bearing debt	(32)	(861)	-
Net cash (outflow)/inflow from financing activities	(32)	(136)	-
(Decrease)/increase in cash and cash equivalents	(44)	(198)	-
Cash and cash equivalents at the beginning of the period	127	-	-
Consolidation of OntheCards	-	261	-
Cash and cash equivalents at the end of the period	83	63	-

Corporate Information

Edcon Holdings (Proprietary) Limited

Incorporated in the Republic of South Africa
Registration number 2006/036903/07

Non-executive directors

DM Poler* (Chairman), EB Berk*, JM Tudor*, SM Zide*,
ZB Ebrahim.

Executive directors

SM Ross* (Managing Director and Chief Executive
Officer), U Ferndale

*USA

Group Secretary

E A Bagley

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