Edcon Holdings (Proprietary) Limited
("Edcon")

Consolidated Condensed Interim Financial Statements
for the six-month period ended 29 September 2007

The following unaudited historical financial data relates to the three-month period ended 30 September 2006 and the three-month period ended 29 September 2007. Unless the context requires otherwise, references in this notice to (i) "second quarter 2007" and "second quarter 2008" shall mean the 13-week period ended 30 September 2006 and the 13-week period ended 29 September 2007, respectively, (ii) "fiscal 2007" and "fiscal 2008" shall mean the 52-week period ended 31 March 2007 and the 52-week period ending 29 March 2008, respectively, and (iii) "year-to-date 2007" and "year-to-date 2008" shall mean the 26-week period ended 30 September 2006 and the 26-week period ended 29 September 2007, 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 periods prior to 5 May 2007 (the date on which the acquisition was accounted for) are derived from the historical financial statements of the Acquired Business, which appear (i) for the five-week period ending 5 May 2007 and the twenty-six week period ended 30 September 2006 in the "Predecessor" column of the financial statements attached hereto, and (ii) in the final offering memorandum in relation to the €1 180 million senior secured floating rate notes due 2014 and the €630 million floating rate notes due 2015 (together the "Floating Rate Notes") dated 14 June 2007 (the "Offering Memorandum"). 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 pro forma financial data to show the effect of certain aspects of the Transactions (as defined in the Offering Memorandum), the offering of the 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. The pro forma data are presented for illustrative purposes only and do not project our future results of operations for any future period or our financial condition on any date.

Income statement data	Second Quarter (in millions) (unaudited) 2007	2008[1]	Year-To-Date (in millions) (unaudited) 2007	2008[1, 2]
Revenues	R4 333	**R4 736**	R9 073	**R10 021**
Retail sales	3 952	**4 212**	8 302	**9 018**
Cost of sales	(2 457)	**(2 644)**	(5 094)	**(5 582)**
Gross profit	1 495	**1 568**	3 208	**3 436**
Other income	100	**109**	195	**218**
Store costs	(695)	**(776)**	(1 412)	**(1 557)**
Other operating costs	(544)	**(518)**	(1 079)	**(1 102)**
Additional depreciation and amortisation[3]	–	**(123)**	–	**(205)**
Retail trading profit	356	**260**	912	**790**
Income from credit	222	**341**	466	**673**
Expenses from credit	(203)	**(292)**	(541)	**(649)**
Equity accounted earnings of joint venture	58	**64**	117	**133**
Trading profit	433	**373**	954	**947**
Restructure costs	(1)	**4**	(1)	**(68)**
Derivative income/(expense)	–	**155**	–	**(421)**
Unrealised foreign exchange loss	–	**(405)**	–	**(449)**
Profit before financing costs	432	**127**	953	**9**
Net financing costs	9	**(648)**	4	**(1 190)**
Taxation	(135)	**193**	(279)	**210**
Net (loss)/earnings	R306	**R(328)**	R678	**R(971)**
Other financial data				
EBITDA	R505	**R335**	R1 094	**R380**
Adjusted EBITDA[4]	480	**581**	1 093	**1 318**
Operating lease expense	249	**276**	512	**548**
Adjusted EBITDAR	729	**857**	1 605	**1 866**
Capital expenditure	122	**137**	259	**252**
Depreciation and amortisation	73	**208**	141	**371**
Pro forma adjusted EBITDA[5]	R499	**R581**	R1 133	**R1 318**
Select operating data				
Number of stores	933	**1 130**	933	**1 130**
Same store sales growth (%)	4	**4**	4	**6**
Average retail space (in '000 sqm)	1 063	**1 116**	1 054	**1 105**
Trading density	R16 827	**R17 608**	R16 827	**R17 608**
Number of customer credit accounts (in '000s)	4 091	**4 104**	4 091	**4 104**

Balance sheet data	Year-To-Date (in millions) (unaudited) 2007	2008[1]
Cash and cash equivalents	447	**524**
Working capital	2 183	**2 340**
Total assets	8 818	**32 226**
Total debt	674	**19 239**
Total shareowners funds	4 318	**5 780**

Cash flow data	Second Quarter (in millions) (unaudited) 2007	2008[(1)]	Year-To-Date (in millions) (unaudited) 2007	2008[(1, 2)]
Operating cash inflow before changes in working capital	498	**579**	1 098	**1 251**
Working capital movement[(6)]	678	**(131)**	(304)	**(474)**
Cash generated from operating activities	1 176	**448**	794	**777**
Net cash invested	(116)	**(494)**	(254)	**(24 489)**
Net cash inflow from financing activities	5	**561**	555	**25 351**
Increase/(decrease) in cash and cash equivalents	69	**(87)**	96	**560**

(1) As of 6 May 2007 ("Consolidation Date"), we have consolidated the 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 bondholders 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. See "Changes in accounting policies and comparability" in the notes to the financial statements attached hereto.

(2) Year-to-date 2008 comprises 5 weeks relating to the "Predecessor" and 21 weeks relating to the "Successor" as reflected in the financial statements attached hereto.

(3) 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.

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

	Second Quarter (in millions) (unaudited) 2007	2008[(1)]	Year-to-date (in millions) (unaudited) 2007	2008[(1, 2)]
Net (loss)/earnings	R306	**R(328)**	R678	**R(971)**
Taxation	135	**(193)**	279	**(210)**
Net financing costs	(9)	**648**	(4)	**1 190**
Depreciation and amortisation	73	**208**	141	**371**
EBITDA	R505	**R335**	R1 094	**R380**
Net fair value movement on notes and associated derivatives[(a)]	–	**250**	–	**870**
Private equity transaction costs[(b)]	1	**(4)**	1	**68**
Usury rate lag[(c)]	19	**–**	21	**–**
Acquisition costs[(d)]	–	**–**	2	**–**
Movements in provisions[(e)]	(49)	**–**	(44)	**–**
Bonuses to staff and management[(f)]	–	**–**	8	**–**
RSC levy taxes[(g)]	4	**–**	11	**–**
Adjusted EBITDA	R480	**R581**	R1 093	**R1 318**

(a) Prior to the issuance of the Floating Rate Notes we executed currency derivatives to hedge the repayment of the principal and interest on the Floating Rate Notes to 2012. 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. The majority of this change relates to once-off cost for the execution of the derivatives.

(b) This adjustment reflects the one-time professional fees incurred by Edcon in relation to the Transactions.

(c) This adjustment reflects net interest that we would have earned had the Department of Trade and Industry's April 2007 decision to automatically adjust, on the basis of a formula, the maximum permissible chargeable interest rate, been implemented at the beginning of fiscal 2007.

(d) This adjustment reflects the costs of the aborted *Myer* acquisition.

(e) This adjustment reflects movements in general provisions and provisions for our AIDS intervention programme.

(f) This adjustment relates to discretionary bonuses accrued for and paid to employees during fiscal 2007, but pertaining to fiscal 2006.

(g) This adjustment reflects Regional Services Council ("RSC") levy taxes which were paid, as the RSC levy tax legislation was withdrawn in June 2006.

[5] The following table reconciles adjusted EBITDA to pro forma adjusted EBITDA.

	Second Quarter (in millions) (unaudited)		Year-To-Date (in millions) (unaudited)	
	2007	**2008[1]**	2007	**2008[1, 2]**
Adjusted EBITDA	R480	**R581**	R1 093	**R1 318**
Revised supplier commission costs (Li & Fung)[h]	3	**–**	6	**–**
Cost of being a listed company	2	**–**	5	**–**
Cost of share-based payments[i]	14	**–**	29	**–**
Pro forma adjusted EBITDA	499	**581**	1 133	**1 318**

[h] This adjustment reflects estimated cost savings resulting from the lower commission supply agreement with Li & Fung (signed in November 2006) as if such savings commenced at the beginning of fiscal 2007.

[i] This adjustment adds back the non-cash expense related to historical share options granted to employees. The historical share option programme was terminated upon the completion of the Transactions.

[6] Working capital increased by R131 million in the second quarter 2008 compared with a decrease of R678 million for the second quarter 2007. This was primarily due to a decrease in accounts payable of R219 million in the second quarter 2008 compared to an increase of R1 007 million in the second quarter 2007 as a result of a shift in the normal scheduled payment date of approximately R1 300 million for accounts payable from late June in fiscal 2007 to early July in fiscal 2008.

Retail sales

Retail sales increased by R260 million, or 6.6%, from R3 952 million in the second quarter 2007 to R4 212 million in the second quarter 2008, primarily as a result of the continued growth in clothing and footwear sales, dampened by the impact of rising interest rates and the implementation of the National Credit Act. This increase occurred with the addition of 5.0% average retail space for the second quarter 2008 compared with the second quarter 2007. Credit sales accounted for 57% of total retail sales in the second quarter 2008, down from 62% in the second quarter 2007. In the department stores division (excluding CNA), retail sales in the second quarter 2008 increased by 6.1% from the second quarter 2007 primarily due to growth from product lines such as childrenswear, ladieswear and homewares. CNA's retail sales in the second quarter 2008 increased 11.9% from the second quarter 2007, driven by growth in sales of books, stationery, cards, foreign newsstand, dvd's and digital products. Retail sales in the discount division increased by 4.3% from the second quarter 2007 to the second quarter 2008 due mainly to the growth in ladieswear, homeware and other non-clothing products.

Gross profit

Gross profit increased by R73 million, or 4.9%, from R1 495 million in the second quarter 2007 to R1 568 million in the second quarter 2008. Gross profit as a percentage of retail sales decreased from 37.8% in the second quarter 2007 to 37.2% in the second quarter 2008 as a result of higher markdowns in the discount division. The department store division (excluding CNA) increased its gross profit as a percentage of retail sales from 40.8% in the second quarter 2007 to 41.0% in the second quarter 2008, primarily as a result of reduced cost of sales resulting from higher volume purchases. Gross profit as a percentage of retail sales in CNA decreased from 33.5% in the second quarter 2007 to 32.4% in the second quarter 2008 primarily because of a change in product mix. In the discount division, gross profit as a percentage of retail sales decreased from 34.6% in the second quarter 2007 to 33.3% in the second quarter 2008 due to slower sales and higher markdowns on menswear and footwear as a result of stock imbalances and the higher relative sales growth of lower-margin non-clothing and footwear goods.

Store costs

Store costs increased by R81 million, or 11.6%, from R695 million in the second quarter 2007 to R776 million in the second quarter 2008. The rise was primarily as a result of wage and rent increases for our existing stores, and the addition of 5.0% to average retail space from the second quarter 2007 to the second quarter 2008.

Other operating costs

Other operating costs, excluding depreciation and amortisation charges associated with the fair value adjustments from the Transactions, decreased by R26 million, or 4.8%, from R544 million in the second quarter 2007 to R518 million in the second quarter 2008. This decrease is primarily as a result of non-recurring costs in the second quarter 2007 including the non-cash expense related to historical share options granted to employees, costs of being a publicly listed company and costs associated with the aborted Myer acquisition.

Depreciation and amortisation

Depreciation and amortisation increased by R135 million from R73 million in the second quarter 2007 to R208 million in the second quarter 2008, 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 R36 million, or 46.8%, from R77 million in the second quarter 2007 to R113 million in the second quarter 2008. 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 11.2% for the second quarter 2008 compared to the rate achieved in the full 2007 fiscal year of 11.4%. Equity accounted earnings of joint ventures after taxation increased by R6 million, or 10.3%, from R58 million in the second quarter 2007 to R64 million in the second quarter 2008. Following an aggressive account opening programme in previous years new account growth slowed and the number of active accounts rose by only 0.3% over the year.

Trading profit

Trading profit decreased by R60 million from R433 million in the second quarter 2007 to R373 million in the second quarter 2008 after deducting R123 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 second quarter 2008 increased by R63 million, or 14.5%, to R496 million from the second quarter 2007.

Net financing costs

Net financing costs increased to a charge of R648 million in the second quarter 2008 from income of R9 million in the second quarter 2007. This increase is primarily a result of interest costs associated with the Floating Rate Notes and the shareholder loan from our equity sponsors.

Taxation

Taxation was a credit of R193 million in the second quarter 2008 from a tax expense of R135 million in the second quarter 2007 primarily as a result of the deduction of the financing costs for Edcon's new capital structure.

Cash flow

Operating cash inflow before changes in working capital increased by R81 million, or 16.3%, from R498 million in the second quarter 2007 to R579 million in the second quarter 2008.

Working capital increased by R131 million in the second quarter 2008 compared with a decrease of R678 million for the second quarter 2007. This was primarily due to a decrease in accounts payable of R219 million in the second quarter 2008 compared to an increase of R1 007 million in the second quarter 2007 as a result of a shift in the normal scheduled payment date of approximately R1 300 million for accounts payable from late June in fiscal 2007 to early July in fiscal 2008. This increase in working capital was partially offset by a reduction in accounts receivable of R189 million in the second quarter 2008 compared to an increase of R103 million in the second quarter 2007 due to credit sales as a percentage of total sales reducing from 62% in the second quarter 2007 to 57% in the second quarter 2008.

Capital expenditure of R137 million in the second quarter 2008 consisted of expenditure of R67 million to maintain operations and R70 million to expand operations. During the second quarter 2008 we have added a net 12 stores (plus 159 acquired in the Discom transaction) which, combined with store refurbishments, resulted in investments in store fixtures of R41 million in the department store division and R25 million in the discount division.

Capital expenditure of R122 million in the second quarter 2007 consisted of expenditure of R43 million to maintain operations and R79 million to expand operations. During the second quarter 2007 we added a net five stores which, combined with store refurbishments, resulted in investments in store fixtures of R11 million in the department store division and R20 million in the discount division.

Liquidity and capital resources

At 29 September 2007 our total debt excluding OntheCards of R19 239 million consisted of (i) fair value of floating rate notes of R17 263 million, (ii) borrowings under the revolving credit facility of R660 million and (iii) borrowings under the borrowing base facility of R1 316 million. In addition, we had R524 million of cash and cash equivalents.

At 29 September 2007, 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 second quarter of 2008 the maximum utilisation of the revolving credit facility and the borrowing base facility was R899 million and R1 316 million (R3 905 million including OntheCards) 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 2008.

In preparing our 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 judgements made relate to an allowance for doubtful debts, allowances for slow-moving inventory, residual values, useful lives and depreciation methods, pension fund and employee obligations, estimating the fair value of share options granted and asset impairment tests.

Other judgements made relate to clarifying financial assets and liabilities into separate categories.

Our group owns 40% of the shares in Edgars Zimbabwe Limited. We did not account for Edgars Zimbabwe Limited in our equity in fiscal 2007 and 2008 year-to-date and we have fully written down our investment in this company.

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 over the period of the contract.

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.

Delinquent accounts are impaired by applying an impairment policy recognising both contractual and recency ages of accounts. Recency is the number of months since a qualifying payment being 75% of the total due was received. The process for estimating impairment considers all credit exposures, not only those of low credit quality, and is estimated on the basis of historical loss experience, adjusted on the basis of current data, to reflect the effects of current conditions. We assess 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 the profit and loss, to the extent the carrying value of the receivable does not exceed its cost at the reversal date.

Leases

Leases are classified as finances leases where substantially all the risks and rewards associated with ownership of an asset are transferred from the lessor to us as lessee.

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 we do not obtain ownership. 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.

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.

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 counted more frequently. 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, investments in debt securities, trade and other receivables, cash and cash equivalents, trade and other payables, and interest-bearing debt. Financial instruments are initially measured at fair value, including transaction costs, except those at fair value through profit and loss, when the group becomes a party to contractual arrangements.

Edcon Holdings (Proprietary) Limited

Consolidated Financial Statements

	Successor			Predecessor	
	Before OntheCards 2007 29 September Rm	Consolidation of OntheCards 2007 29 September Rm	**Total 2007 29 September Rm**	2006 30 September Rm	2007 31 March Rm
ASSETS					
Non-current assets					
Properties, fixtures, equipment and vehicles	3 158	–	**3 158**	1 437	1 560
Intangible assets	20 239	79	**20 318**	77	77
Other financial assets	1 425	(1 425)	**–**	700	700
Investment in joint ventures	17	–	**17**	24	14
Deferred tax	–	–	**–**	110	82
Total non-current assets	24 839	(1 346)	**23 493**	2 348	2 433
Current assets					
Inventories	2 256	–	**2 256**	1 860	1 962
Trade, other receivables and prepayments	4 447	3 571	**8 018**	4 149	4 651
Current taxation	160	(3)	**157**	14	–
Cash and cash equivalents	524	309	**833**	447	471
Total current assets	7 387	3 877	**11 264**	6 470	7 084
Total assets	32 226	2 531	**34 757**	8 818	9 517
EQUITY AND LIABILITIES					
Equity attributable to shareowners					
Share capital and premium	1 968	–	**1 968**	228	236
Other reserves	(30)	–	**(30)**	63	55
Retained (loss)/surplus	(1 216)	6	**(1 210)**	4 027	4 670
Total equity and reserves	722	6	**728**	4 318	4 961
Minority interest	1	–	**1**	–	11
Shareholders loan	5 057	–	**5 057**	–	–
Total shareowners funds	5 780	6	**5 786**	4 318	4 972
Non-current liabilities					
Notes issued	17 263	–	**17 263**	–	–
Deferred tax	2 149	(69)	**2 080**	–	–
Derivatives	695	–	**695**	–	–
Total non-current liabilities	20 107	(69)	**20 038**	–	–
Current liabilities					
Interest-bearing debt	1 976	2 533	**4 509**	674	713
Current taxation	–	–	**–**	–	64
Trade and other payables	4 363	61	**4 424**	3 826	3 768
Total current liabilities	6 339	2 594	**8 933**	4 500	4 545
Total equity and liabilities	32 226	2 531	**34 757**	8 818	9 517

Group Condensed Quarterly Income Statements (unaudited)

	Successor			Predecessor
	Before OntheCards 2007 13 weeks to 29 September Rm	Consolidation of OntheCards 2007 13 weeks to 29 September Rm	**Total 2007 13 weeks to 29 September Rm**	2006 13 weeks to 30 September Rm
Total revenues	4 736	128	**4 864**	4 333
Revenue – retail sales	4 212	–	**4 212**	3 952
Cost of sales	(2 644)	–	**(2 644)**	(2 457)
Gross profit	1 568	–	**1 568**	1 495
Other income	109	–	**109**	100
Store costs	(776)	–	**(776)**	(695)
Other operating costs	(641)	–	**(641)**	(544)
Retail trading profit	260	–	**260**	356
Income from credit	341	118	**459**	222
Expenses from credit	(292)	(27)	**(319)**	(203)
Equity accounted earnings of joint venture	64	–	**64**	58
Trading profit	373	91	**464**	433
Restructure costs	4	–	**4**	(1)
Derivative income	155	–	**155**	–
Unrealised foreign exchange loss	(405)	–	**(405)**	–
Profit before net financing costs	127	91	**218**	432
Interest received	15	4	**19**	12
Profit before financing costs	142	95	**237**	444
Financing costs	(663)	(76)	**(739)**	(3)
(Loss)/profit before taxation	(521)	19	**(502)**	441
Taxation	193	(5)	**188**	(135)
(Loss)/profit for the period	(328)	14	**(314)**	306
Attributable to:				
Equity holders of the parent	(327)	14	**(313)**	306
Minority interest	(1)	–	**(1)**	–

Group Condensed Half-year Income Statements (unaudited)

		Successor			Predecessor	
	Note	Before OntheCards 2007 21 weeks to 29 September Rm	Consolidation of OntheCards 2007 21 weeks to 29 September Rm	**Total 2007 21 weeks to 29 September Rm**	2007 5 weeks to 5 May Rm	2006 26 weeks to 30 September Rm
Total revenues	3	7 927	246	**8 173**	2 094	9 073
Revenue – retail sales		7 079	–	**7 079**	1 939	8 302
Cost of sales		(4 404)	–	**(4 404)**	(1 178)	(5 094)
Gross profit		2 675	–	**2 675**	761	3 208
Other income	4	183	–	**183**	35	195
Store costs		(1 287)	–	**(1 287)**	(270)	(1 412)
Other operating costs	5	(1 101)	–	**(1 101)**	(206)	(1 079)
Retail trading profit		470	–	**470**	320	912
Income from credit	6.1	571	196	**767**	102	466
Expenses from credit	6.2	(557)	(41)	**(598)**	(92)	(541)
Equity accounted earnings of joint venture		110	–	**110**	23	117
Trading profit		594	155	**749**	353	954
Restructure costs		(63)	–	**(63)**	(5)	(1)
Derivative expense		(421)	–	**(421)**	–	–
Unrealised foreign exchange loss		(449)	–	**(449)**	–	–
(Loss)/profit before net financing costs		(339)	155	**(184)**	348	953
Interest received		27	7	**34**	–	25
Profit before financing costs		(312)	162	**(150)**	348	978
Financing costs		(1 209)	(154)	**(1 363)**	(8)	(21)
(Loss)/profit before taxation		(1 521)	8	**(1 513)**	340	957
Taxation		305	(2)	**303**	(95)	(279)
(Loss)/profit for the period		(1 216)	6	**(1 210)**	245	678
Attributable to:						
Equity holders of the parent		(1 215)	6	**(1 209)**	245	678
Minority interest		(1)	–	**(1)**	–	–

Group Condensed Statements of Changes in Ordinary Shareowners Equity (unaudited)

	Share capital and premium Rm	Other reserves Rm	Retained surplus Rm	Minority interest Rm	Share-holders loan Rm	**Total Rm**
PREDECESSOR						
Balance at 1 April 2006	171	41	3 818			4 030
Foreign currency translation		22				22
Total income and expense for the period recognised directly in equity		22				22
Profit for the period			678			678
Net income for the period		22	678			700
Ordinary share capital issued on 24 May 2006	53					53
Net movement in treasury shares	4					4
Share-based payment credit			29			29
Ordinary dividends paid			(498)			(498)
Balance at 30 September 2006	228	63	4 027			4 318
Balance at 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						
Opening balance at 6 May 2007	–	–	–	–	–	–
Foreign currency translation		(2)				(2)
Net loss on cash flow hedges		(28)				(28)
Total income and expense for the period recognised directly in equity		(30)				(30)
Loss for the period			(1 210)	1		(1 209)
Net loss for the period		(30)	(1 210)	1		(1 239)
Ordinary share capital issued	1 761					1 761
Preference share capital issued	207					207
Shareholders loan	–				5 057	5 057
Balance at 29 September 2007	**1 968**	**(30)**	**(1 210)**	**1**	**5 057**	**5 786**

	Note	Successor: Before OntheCards 2007 21 weeks to 29 September Rm	Successor: Consolidation of OntheCards 2007 21 weeks to 29 September Rm	Successor: **Total 2007 21 weeks to 29 September Rm**	Predecessor: 2007 5 weeks to 5 May Rm	Predecessor: 2006 26 weeks to 30 September Rm
Cash retained from operating activities						
Operating (loss)/profit		(339)	155	**(184)**	348	953
Depreciation		173	–	**173**	27	140
Amortisation		171	–	**171**	–	1
Unrealised foreign exchange loss		449	–	**449**	–	–
Derivative expense		421	–	**421**	–	–
Other non-cash items		17	–	**17**	(16)	4
Operating cash inflow before changes in working capital		892	155	**1 047**	359	1 098
Working capital movement		32	982	**1 014**	(506)	(304)
Inventories		(187)	–	**(187)**	45	(192)
Trade accounts receivable		154	139	**293**	(59)	(334)
Other debtors		22	71	**93**	(12)	(13)
Accounts payable		768	47	**815**	(480)	235
OntheCards investment		(725)	725	**–**	–	–
Cash generated/(utilised) from operating activities		924	1 137	**2 061**	(147)	794
Interest received		16	7	**23**	–	25
Financing costs paid		(883)	(154)	**(1 037)**	(8)	(21)
Taxation paid/refunded		(204)	–	**(204)**	–	(505)
Cash inflow/(outflow) from operations		(147)	990	**843**	(155)	293
Dividends paid		–	–	**–**	–	(498)
Net cash retained/(utilised)		(147)	990	**843**	(155)	(205)
Cash utilised in investment activities						
Investment in fixtures, equipment and vehicles		(205)	–	**(205)**	(47)	(254)
Acquisitions	7	(24 237)	–	**(24 237)**	–	–
Net cash invested		(24 442)	–	**(24 442)**	(47)	(254)
Cash effects of financing activities						
Increase in shareowner funding		7 025	–	**7 025**	–	57
Notes issued		17 063	–	**17 063**	–	–
Increase in interest-bearing debt		1 025	(942)	**83**	238	498
Net cash inflow from financing activities		25 113	(942)	**24 171**	238	555
Increase in cash and cash equivalents		524	48	**572**	36	96
Cash and cash equivalents at the beginning of the period		–	–	**–**	471	349
Currency adjustments		–	–	**–**	–	2
Consolidation of OntheCards	8	–	261	**261**	–	–
Cash and cash equivalents at the end of the period		524	309	**833**	507	447

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.

The interim 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 have been consolidated as from that date.

In preparing the interim Financial Statements, the same accounting principles and methods of computation are applied as in the consolidated Financial Statements of the Predecessor, Edgars Consolidated Stores Limited on 31 March 2007 and for the period then ended except for the changes set out below.

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.

On 15 June 2007, Edcon Holdings (Proprietary) Limited and Edcon (Proprietary) Limited issued EUR630 million and EUR1 180 million of Floating Rate Senior Notes and Floating Rate Senior Secured Notes respectively due 15 June 2015 and 15 June 2014 respectively.

These interim Financial Statements should be read in conjunction with the audited Financial Statements as at and for the year ended 31 March 2007 as included in the 2007 audited Annual Financial Statements of the Predecessor.

Changes in accounting policies and comparability

OntheCards

A portion of trade receivables are securitised to OntheCards (OtC) on a non-recourse basis. As a result of the refinancing of the OtC securitisation structure through the issue of unlisted and unrated notes and subordinated loan borrowings, management has reassessed all judgements and assumptions and has concluded that Edcon (Proprietary) Limited, a subsidiary of Edcon Holdings (Proprietary) Limited, is required to consolidate OntheCards from 5 May 2007.

The Group's Financial Statements have been presented in three columns for the Successor to show the effects of consolidating OtC. The "Before OntheCards" column is comparable with the Financial Statements presented for the Predecessor in the prior period. "Consolidation of OntheCards" column demonstrates the effect of consolidating OtC, including consolidation adjustments. The "Total" column represents the Group's consolidated Financial Statements in accordance with IFRS, IAS 27 *Consolidated and Separate Financial Statements.*

	Successor			Predecessor	
	Before OntheCards 2007 21 weeks to 29 September Rm	Consolidation of OntheCards 2007 21 weeks to 29 September Rm	**Total 2007 21 weeks to 29 September Rm**	2007 5 weeks to 5 May Rm	2006 26 weeks to 30 September Rm
2. SEGMENTAL RESULTS					
2.1 Revenues					
Edgars	3 877	–	**3 877**	1 052	4 533
CNA	585	–	**585**	144	647
Department Stores Division	4 462	–	**4 462**	1 196	5 180
Discount Division	2 755	–	**2 755**	776	3 304
Discom	28	–	**28**	–	–
Manufacturing	17	–	**17**	2	13
Credit and Financial Services	638	239	**877**	120	551
Group Services	27	7	**34**	–	25
	7 927	246	**8 173**	2 094	9 073
2.2 Retail sales					
Edgars	3 799	–	**3 799**	1 036	4 449
CNA	585	–	**585**	144	647
Department Stores Division	4 384	–	**4 384**	1 180	5 096
Discount Division	2 667	–	**2 667**	759	3 206
Discom	28	–	**28**	–	–
	7 079	–	**7 079**	1 939	8 302
2.3 Average retail space (000m^2)					
Edgars	538	–	**538**	531	516
CNA	90	–	**90**	89	90
Department Stores Division	628	–	**628**	620	606
Discount Division	473	–	**473**	468	448
Discom	4	–	**4**	–	–
	1 105	–	**1 105**	1 088	1 054
2.4 Number of stores					
Edgars	250	–	**250**	250	246
CNA	197	–	**197**	193	195
Department Stores Division	447	–	**447**	443	441
Discount Division	524	–	**524**	516	492
Discom	159	–	**159**	–	–
	1 130	–	**1 130**	959	933
2.5 Gross profit					
Edgars	1 576	–	**1 576**	447	1 851
CNA	195	–	**195**	48	216
Department Stores Division	1 771	–	**1 771**	495	2 067
Discount Division	898	–	**898**	266	1 141
Discom	6	–	**6**	–	–
	2 675	–	**2 675**	761	3 208

	Successor			Predecessor	
	Before OntheCards 2007 21 weeks to 29 September Rm	Consolidation of OntheCards 2007 21 weeks to 29 September Rm	**Total 2007 21 weeks to 29 September Rm**	2007 5 weeks to 5 May Rm	2006 26 weeks to 30 September Rm
2. SEGMENTAL RESULTS *(continued)*					
2.6 Segment result – operating (loss)/profit					
Department Stores Division	384	–	**384**	216	627
Discount Division	116	–	**116**	103	292
Manufacturing	(4)	–	**(4)**	1	(7)
Credit and Financial Services	123	155	**278**	33	42
Group Services	(958)	–	**(958)**	(5)	(1)
	(339)	155	**(184)**	348	953
3. REVENUES					
Retail sales	7 079	–	**7 079**	1 939	8 302
Club fees	166	–	**166**	33	182
Preference dividend	4	–	**4**	4	27
Finance charges on trade receivables	464	299	**763**	93	407
Equity accounted earnings of joint ventures	110	–	**110**	23	117
Interest received	27	7	**34**	–	25
Interest received from OntheCards	60	(60)	–	–	–
Manufacturing sales to third parties	17	–	**17**	2	13
	7 927	246	**8 173**	2 094	9 073
4. OTHER INCOME This is stated after taking account of the following items:					
4.1 Club fees	166	–	**166**	33	182
4.2 Manufacturing sales to third parties	17	–	**17**	2	13
5. OTHER OPERATING COSTS This is stated after taking account of the following items:					
5.1 Amortisation of trademarks					
Charge for the year	171	–	**171**	–	1

	Successor			Predecessor	
	Before OntheCards 2007 21 weeks to 29 September Rm	Consolidation of OntheCards 2007 21 weeks to 29 September Rm	**Total 2007 21 weeks to 29 September Rm**	2007 5 weeks to 5 May Rm	2006 26 weeks to 30 September Rm
5. OTHER OPERATING COSTS *(continued)*					
5.2 Depreciation of properties, fixtures, equipment and vehicles					
Buildings	1	–	**1**	–	2
Leasehold improvements	27	–	**27**	3	18
Fixtures and fittings	102	–	**102**	13	66
Computer equipment and software	35	–	**35**	10	49
Machinery and vehicles	8	–	**8**	1	5
	173	–	**173**	27	140
5.3 Fees payable					
Managerial, technical, administrative and secretarial fees paid outside the Group – excluding restructure costs	82	–	**82**	10	56
Outsourcing of IT function	113	–	**113**	22	119
	195	–	**195**	32	175
5.4 Operating lease expenses					
Properties					
Minimum lease payments	364	–	**364**	71	396
Turnover clause payments	18	–	**18**	7	31
Operating lease adjustment	(10)	–	**(10)**	(2)	(11)
Sublease rental income	(6)	–	**(6)**	(1)	(6)
Equipment and vehicles	81	–	**81**	26	102
	447	–	**447**	101	512
5.5 Net (loss)/gain on disposal of properties, fixtures, equipment and vehicles	(2)	–	**(2)**	(4)	2
5.6 Cost of share-based payments					
Staff share incentive scheme	–	–	**–**	3	23
Staff empowerment transaction	–	–	**–**	1	6
	–	–	**–**	4	29

	Successor			Predecessor	
	Before OntheCards 2007 21 weeks to 29 September Rm	Consolidation of OntheCards 2007 21 weeks to 29 September Rm	**Total 2007 21 weeks to 29 September Rm**	2007 5 weeks to 5 May Rm	2006 26 weeks to 30 September Rm
6. CREDIT INCOME AND EXPENSE					
6.1 Income from credit					
Discount received	–	–	**–**	–	4
Preference dividend	4	–	**4**	4	27
Interest received	60	(60)	**–**	–	–
Finance charges on trade receivables	464	299	**763**	93	407
Credit default swap	43	(43)	**–**	5	28
Income from credit	571	196	**767**	102	466
6.2 Expenses from credit					
Net bad debt	(301)	(65)	**(366)**	(56)	(314)
Net increase in doubtful debt provision	(70)	16	**(54)**	(4)	(32)
Discount paid	(16)	16	**–**	–	–
Administration costs	(170)	(8)	**(178)**	(32)	(195)
	(557)	(41)	**(598)**	(92)	(541)
6.3 Net credit income/expense	14	155	**169**	10	(75)

	Successor 2007 5 May Rm Fair value	2007 5 May Rm Carrying value
7. ACQUISITIONS		
7.1 Acquisition of the Edcon Group		
The Group acquired 100% of the shares of Edgars Consolidated Stores Limited, a clothing retailer effective 5 May 2007. The fair value of the net assets acquired was as follows:		
Non-current assets		
Properties, fixtures, equipment and vehicles	**3 082**	1 575
Intangible assets	**11 906**	77
Deferred tax asset	**–**	77
Other financial assets	**742**	742
	15 730	2 471
Current assets		
Inventories	**1 901**	1 915
Trade, other receivables and prepayments	**5 356**	5 442
Cash and cash equivalents	**507**	507
	7 764	7 864
Non-current liabilities		
Deferred tax liability	**(2 335)**	–
Current liabilities		
Interest-bearing debt	**(951)**	(951)
Trade and other payables	**(3 442)**	(3 442)
	(4 393)	(4 393)
Net assets acquired	**16 766**	5 942
Goodwill arising on acquisition	**8 348**	
Consideration	**25 114**	
Settled by way of cash	**25 114**	
Less: Cash and cash equivalents acquired	**(507)**	
Less: Cash received from employees	**(727)**	
Net cash outflow on acquisition	**23 880**	
The consideration comprises of the following:		
Cash paid	**25 002**	
Directly attributable acquisition costs	**112**	
Total cost of acquisition	**25 114**	

	Successor 2007 29 September Rm
7. ACQUISITIONS *(continued)*	
7.2 Acquisition of Discom	
On 17 September 2007, the Group acquired certain Discom stores net assets from New Clicks. The fair value of the net assets acquired was as follows:	
Non-current assets	
Fixtures, equipment and vehicles	40
Current assets	
Inventories	169
Current liabilities	
Other payables	(8)
Net assets acquired at fair value	201
Goodwill arising on acquisition	156
Consideration	357
Settled by way of cash	357

The goodwill of R156 million is a provisional estimate and is attributable to the benefits expected to be derived from combining the assets and activities of the Discom stores with those of the Group. The initial accounting has only been provisionally determined at 29 September 2007. At the date of finalisation of these interim financial statements, the necessary market valuations and other necessary calculations had not been finalised.

8. CONSOLIDATION OF OntheCards INVESTMENTS LIMITED	
The fair value of net assets consolidated at 6 May 2007 was as follows:	
Non-current assets	
Deferred taxation	66
	66
Current assets	
Trade, other receivables and prepayments	3 783
Cash and cash equivalents	261
	4 044
Non-current liabilities	
Notes issued	3 475
	3 475
Current liabilities	
Trade and other payables	714
	714
Net liabilities at fair value consolidated	(79)
Goodwill arising on consolidation	79
Consideration	–

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