26 February 2009

This notice is important and requires your immediate attention.

EDCON HOLDINGS (PROPRIETARY) LIMITED (“EDCON”)

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE- MONTH PERIOD ENDED 27 DECEMBER 2008

SUMMARY OF FINANCIAL AND OTHER DATA

The following unaudited historical financial data relates to the three-month period ended 29 December 2007 and the three-month period ended 27 December 2008. Unless the context requires otherwise, references in this notice to (i) “third quarter 2008” and “third quarter 2009” shall mean the 13-week period ended 29 December 2007 and the 13-week period ended 27 December 2008, respectively, (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, and (iii) “year-to-date 2008” and “year-to-date 2009” shall mean the 39-week period ended 29 December 2007 and the 39-week period ended 27 December 2008, 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”).

		Third Quarter (in millions) (unaudited)				Year-To-Date (in millions) (unaudited)		
		2008[(1)]		**2009**[(1)]		2008[(1,2)]		**2009**[(1)]
Income statement data								
Revenues	R	7 409	R	**8 162**	R	17 430	R	**19 303**
Retail sales		6 862		**7 525**		15 880		**17 460**
Cost of sales		(4 262)		**(4 636)**		(9 844)		**(10 813)**
Gross profit		2 600		**2 889**		6 036		**6 647**
Other income		113		**120**		331		**346**
Store costs		(1 006)		**(1 081)**		(2 563)		**(2 855)**
Other operating costs		(605)		**(707)**		(1 707)		**(1 958)**
Additional depreciation and amortisation [(4)]		(124)		**(124)**		(329)		**(371)**
Retail trading profit		978		**1 097**		1 768		**1 809**
Net profit from credit and financial services		114		**156**		271		**406**
Trading profit		1 092		**1 253**		2 039		**2 215**
Restructure and acquisition costs		(62)				(130)		
Gain on buy-back of senior floating rate notes				**(11)**				**1 364**
Net fair value movement on notes and associated derivatives		(110)		**(905)**		(980)		**(1 616)**
Profit/(loss) before financing costs		920		**337**		929		**1 963**
Net financing costs		(672)		**(704)**		(1 862)		**(2 188)**
Taxation		(64)		**177**		146		**349**
Net earnings/(loss)	R	184	R	**(190)**	R	(787)	R	**124**
Other financial data								
EBITDA[(5)]	R	1 144	R	**571**	R	1 524	R	**2 662**
Adjusted EBITDA [(5)]		1 316		**1 487**		2 634		**2 914**
Operating lease expense		297		**330**		845		**949**
Adjusted EBITDAR		1 613		**1 817**		3 479		**3 863**
Capital expenditure		245		**180**		497		**478**
Depreciation and amortisation		224		**234**		595		**699**
Select operating data								
Number of stores		1 141		**1 221**		1 141		**1 221**
Same store sales growth (%)		3		**7**		4		**4**
Average retail space (in ‘000 sqm)		1 191		**1 265**		1 134		**1 241**
Number of customer credit accounts (in ‘000s)		4 145		**4 199**		4 145		**4 199**

		Year-To-Date (in millions) (unaudited)		
		2008[(1,2)]		**2009**[(1)]
Balance sheet data				
Working capital	R	2 447	R	**3 630**
Total assets		33 176		**37 461**
Total debt at unhedged rates		18 512		**22 167**
Total net (cash)/debt including cash and derivatives		18 223		**19 476**
Total shareholders’ funds including shareholder’s loan		6 526		**6 924**

	Third Quarter (in millions) (unaudited)				Year-To-Date (in millions) (unaudited)			
		2008[1]		**2009**[1]		2008[1,2]		**2009**[1]
Cash flow data								
Operating cash inflow before changes in working capital	R	1 163	R	**1 487**	R	2 414	R	**2 895**
Working capital movement		669		**183**		920		**36**
Cash generated from operating activities		1 832		**1 670**		3 334		**2 931**

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1) As of 6 May 2007 ("Consolidation Date"), we have consolidated the OntheCards securitisation programme ("OtC") in our financial statements attached hereto. 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 items.

2) Year-to-date 2008 comprises 5 weeks relating to the "Predecessor" and 34 weeks relating to the "Successor" as reflected in the Consolidated Financial Statements attached hereto.

3) The following tables reconcile financial information which is presented in the Consolidated Financial Statements attached hereto which consolidate OtC, to the tables presented in the summary financial statements above. Refer to note 5 in the Consolidated Financial Statements for the impact of consolidating OtC.

	Third Quarter (in millions) (unaudited)					
	2009					
		Including OtC		Consolidation adjustments for OtC		**Excluding OtC**
Income statement data						
Revenues	R	8 294	R	132	**R**	**8 162**
Net income from credit		110		39		**71**
Other financial data						
Adjusted EBITDA	R	1 526	R	39	**R**	**1 487**
Cash flow data						
Operating cash inflow before changes in working capital	R	1 526	R	39	**R**	**1 487**
Working capital movement		(27)		(210)		**183**

	Year-To-Date (in millions) (unaudited)					
	2009					
		Including OtC		Consolidation adjustments for OtC		**Excluding OtC**
Income statement data						
Revenues	R	19 689	R	386	**R**	**19 303**
Net income from credit		408		222		**186**
Other financial data						
Adjusted EBITDA	R	3 136	R	222	**R**	**2 914**
Balance sheet data						
Working capital	R	7 481	R	3 851	**R**	**3 630**
Total assets		40 009		2 548		**37 461**
Total debt at unhedged rates		24 787		2 620		**22 167**
Total net (cash)/debt including cash and derivatives		22 095		2 619		**19 476**
Cash flow data						
Operating cash inflow before changes in working capital	R	3 117	R	222	**R**	**2 895**
Working capital movement		(70)		(106)		**36**

	Third Quarter (in millions) (unaudited)					
	2008					
		Including OtC		Consolidation adjustments for OtC		Excluding OtC
Income statement data						
Revenues	R	7 535	R	126	R	7 409
Net income from credit		122		83		39
Other financial data						
Adjusted EBITDA	R	1 399	R	83	R	1 316
Cash flow data						
Operating cash inflow before changes in working capital	R	1 246	R	83	R	1 163
Working capital movement		357		(312)		669

	Year-To-Date (in millions) (unaudited)				
	2008				
	5 weeks to 5 May	34 weeks to 29 December including OtC	39 weeks to 29 December including OtC	39 weeks to 29 December consolidation adjustments for OtC	39 weeks to 29 December excluding OtC
Income statement data					
Revenues	R 2 094	R 15 708	R 17 802	R 372	R 17 430
Net income from credit	10	291	301	238	63

	39 weeks 29 December including OtC	39 weeks 29 December consolidation adjustments for OtC	39 weeks 29 December excluding OtC
Other financial data			
Adjusted EBITDA	R 2 872	R 238	R 2 634

	29 December including OtC	29 December consolidation adjustments for OtC	29 December excluding OtC
Balance sheet data			
Working capital	R 6 294	R 3 847	R 2 447
Total assets	35 695	2 519	33 176
Total debt at unhedged rates	21 083	2 571	18 512
Total net (cash)/debt including cash and derivatives	20 780	2 557	18 223

	5 weeks to 5 May	34 weeks to 29 December including OtC	39 weeks to 29 December including OtC	39 weeks to 29 December consolidation adjustments for OtC	39 weeks to 29 December excluding OtC
Cash flow data					
Operating cash inflow before changes in working capital	R 359	R 2 293	R 2 652	R 238	R 2 414
Working capital movement	(506)	1 371	865	(55)	920

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 in fiscal 2008. These figures are included in “Other operating costs” in the Consolidated Financial Statements attached hereto.

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

	Third Quarter (in millions) (unaudited)		Year-To-Date (in millions) (unaudited)	
	2008[1]	**2009[1]**	2008[1,2]	**2009[1]**
Net earnings/(loss)	R 184	R **(190)**	R (787)	R **124**
Taxation	64	**(177)**	(146)	**(349)**
Net financing costs	672	**704**	1 862	**2 188**
Depreciation & amortisation	224	**234**	595	**699**
EBITDA	R 1 144	R **571**	R 1 524	R **2 662**
Net fair value movement on notes and associated derivatives [a]	110	**905**	980	**1 616**
Costs of the private equity transaction [b]	31		99	
Acquisition costs [c]	31		31	
Gain on buy-back of senior floating rate notes [d]		**11**		**(1 364)**
Adjusted EBITDA	R 1 316	R **1 487**	R 2 634	R **2 914**

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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 in fiscal 2008.

c) This adjustment reflects the costs of the *Discom acquisition* in the prior year.

d) 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 R1,364 million.

Retail sales

Retail sales increased by R663 million, or 9.7%, from R6,862 million in the third quarter 2008 to R7,525 million in the third quarter 2009, primarily as a result of the continued growth in clothing and footwear sales and the higher relative growth of Discom's retail sales. Same store sales growth was 6.7% for the same period. Credit sales accounted for 53% of total retail sales in the third quarter 2009, down from 54% in the third quarter 2008. In the department stores division (excluding CNA), retail sales in the third quarter 2009 increased by 8.2% from the third quarter 2008 primarily due to strong growth from childrenswear, menswear and cosmetics. CNA's retail sales in the third quarter 2009 increased 6.1% from the third quarter 2008, driven by growth in interactive and digital products. Retail sales in the discount division increased by 12.3% (9.4% excluding Discom) from the third quarter 2008 to the third quarter 2009 due mainly to the growth in childrenswear, footwear and cosmetics.

Gross profit

Gross profit increased by R289 million, or 11.1%, from R2,600 million in the third quarter 2008 to R2,889 million in the third quarter 2009. Gross profit as a percentage of retail sales increased from 37.9% in the third quarter 2008 to 38.4% in the third quarter 2009 as a result of strong performance from higher-margin clothing and footwear products and reduced markdowns in both the department store and discount divisions. The department store division (excluding CNA) increased its gross profit as a percentage of retail sales from 42.3% in the third quarter 2008 to 42.9% in the third quarter 2009, primarily as a result of lower markdowns in ladieswear and menswear. Gross profit as a percentage of retail sales in CNA decreased from 33.3% in the third quarter 2008 to 31.9% in the third quarter 2009 primarily because of a change in product mix, with stronger growth being achieved by the lower margin digital products. In the discount division, gross profit as a percentage of retail sales (excluding the impact of the Discom acquisition) increased from 34.0% in the third quarter 2008 to 35.3% in the third quarter 2009 due to lower markdowns across all major product categories. The gross margin of Discom continued to improve and was 24.2% for the third quarter 2009, compared to 23.1% achieved in the third quarter 2008.

Store costs

Store costs increased by R75 million, or 7.5%, from R1,006 million in the third quarter 2008 to R1,081 million in the third quarter 2009. This increase resulted primarily from wage and rent increases for our existing stores, and the addition of 6.2% to average retail space from the third quarter 2008 to the third quarter 2009. Productivity improvements allowed us to grow store costs at a lower rate than sales growth.

Other operating costs

Other operating costs, excluding depreciation and amortisation charges associated with the fair value adjustments from the Transactions in fiscal 2008, increased by R102 million, or 16.9%, from R605 million in the third quarter 2008 to R707 million in the third quarter 2009. This increase is primarily a result of additional information technology costs, increased salary related costs and the establishment of our centralised sourcing department.

Depreciation and amortisation

Depreciation and amortisation increased by R10 million from R224 million in the third quarter 2008 to R234 million in the third quarter 2009, primarily as a result of increased depreciation of property, fixtures, equipment and vehicles due to increased capital expenditure.

Credit and financial services net profit

Credit and financial services net profit increased by R42 million, or 36.8%, from R114 million in the third quarter 2008 to R156 million in the third quarter 2009. This increase was primarily due to higher interest income associated with higher trade receivable balances and a rise in the maximum permissible chargeable interest rate. Consolidated annualised bad debts as a percentage of average debtors was 12.0% for the third quarter 2009 compared to the rate achieved in the full 2008 fiscal year of 11.6% due to bad debts being impacted by the slowdown in the macroeconomic environment. Equity accounted earnings of joint ventures after taxation increased by R10 million, or 13.3%, from R75 million in the third quarter 2008 to R85 million in the third quarter 2009. The number of active accounts remained at over 4.1 million.

Trading profit

Trading profit increased by R161 million, or 14.7%, from R1,092 million in the third quarter 2008 to R1,252 million in the third quarter 2009. Adjusted EBITDA increased by R171 million, or 13.0%, from R1,316 million in the third quarter 2008 to R1,487 million in the third quarter 2009.

Net financing costs

Net financing costs increased by R32 million, or 4.8%, from R672 million in the third quarter 2008 to R704 million in the third quarter 2009. This increase is primarily a result of higher interest rates and higher average drawings under the revolving credit facility during the third quarter 2009, partially offset by the reduction in interest expense in connection with the bond repurchase in June 2008.

Cash flow

Operating cash inflow before changes in working capital increased by R324 million, or 27.9%, from R1,163 million in the third quarter 2008 to R1,487 million in the third quarter 2009.

Working capital decreased by R183 million in the third quarter 2009 compared with a decrease of R669 million for the third quarter 2008. This was primarily due to (i) an increase in accounts payable of R1,480 million in the third quarter 2009 compared to an increase of R1,705 million in the third quarter 2008, less (ii) an increase in inventory of R256 million in the third quarter 2009 compared to an increase of R214 million in the third quarter 2008 as a result of increased trading activity in the stores, and (iii) an increase in trade receivables of R777 million in the third quarter 2009 compared to a increase in trade receivables of R548 million in the third quarter 2008 due to a drop in the proportion of credit sales in the third quarter 2008.

Capital expenditure was R180 million in the third quarter 2009 compared with R245 million in the third quarter 2008. During the third quarter 2009 we opened 74 new stores which, combined with store refurbishments, resulted in investments in store fixtures of R129 million. In addition, in the third quarter 2009 we invested R49 million in information technology infrastructure compared with R74 million in the third quarter 2008.

Liquidity and capital resources

At 27 December 2008, our total net debt including cash and derivatives (excluding OtC) of R19,476 million consisted of (i) the fair value of the Floating Rate Notes of R20,963 million, (ii) borrowings under the revolving credit facility of R388 million, (iii) borrowings under the borrowing base facility of R816 million, less (iv) net derivatives of R2,206 million and (v) cash and cash equivalents of R485 million. In addition, OntheCards net debt of R2,619 million consisted of (i) borrowing under the receivables backed facility of R2,595 million, (ii) other borrowings of R25 million, less (iii) cash and cash equivalents of R1 million.

At 27 December 2008, the total facility available under the revolving credit facility was R3,500 million. At 27 December 2008, 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 third quarter of 2009 the maximum utilisation of the revolving credit facility and the borrowing base facility was R1,735 million and R1,316 million (R3,916 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, in the foreseeable future.

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, and 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 Edcon'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
	27 December	29 March	29 December
	Rm	Rm	Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**3 353**	3 263	3 282
Intangible assets	**19 799**	20 112	20 216
Equity accounted investment in joint ventures	**10**	11	103
Derivative financial instruments	**3 374**	5 429	52
Total non-current assets	**26 536**	28 815	23 653
Current assets			
Inventories	**2 700**	2 148	2 448
Trade, other receivables and prepayments	**10 005**	8 742	9 114
Derivative financial instruments	**282**	421	34
Cash and cash equivalents	**486**	492	446
Total current assets	**13 473**	11 803	12 042
Total assets	**40 009**	40 618	35 695
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital and premium	**2 143**	2 143	1 968
Other reserves	**(8)**	836	80
Retained loss	**(1 497)**	(1 590)	(1 023)
	638	1 389	1 025
Minority interest	**-**	1	2
Total equity	**638**	1 390	1 027
Non-current liabilities – shareholders			
Shareholder's loan	**6 257**	5 547	5 508
	6 895	6 937	6 535
Non-current liabilities – third parties			
Notes issued	**20 963**	22 761	17 809
Subordinated loan	**25**	25	25
Lease equalisation	**413**	399	449
Employee benefit liability	**126**	120	130
Derivative financial instruments	**1 047**	379	229
Deferred tax	**1 083**	1 851	1 957
	23 657	25 535	20 599
Total non-current liabilities	**29 914**	31 082	26 107
Current liabilities			
Interest-bearing debt	**3 799**	4 507	3 249
Current taxation	**31**	138	44
Derivative financial instruments	**403**	-	-
Trade and other payables	**5 224**	3 501	5 268
Total current liabilities	**9 457**	8 146	8 561
Total equity and liabilities	**40 009**	40 618	35 695
Total managed capital per IAS1	**31 657**	34 205	27 593

Group Condensed Quarterly Income Statements (unaudited)

		Successor
	Total	
	2008	2007
	13 weeks to	13 weeks to
	27 December	29 December
	Rm	Rm
Total revenues	**8 294**	7 535
Revenue - retail sales	**7 525**	6 862
Cost of sales	**(4 636)**	(4 262)
Gross profit	**2 889**	2 600
Other income	**120**	113
Store costs	**(1 081)**	(1 006)
Other operating costs	**(831)**	(729)
Retail trading profit	**1 097**	978
Income from credit	**561**	463
Expenses from credit	**(451)**	(341)
Equity accounted earnings of joint venture	**85**	75
Trading profit	**1 292**	1 175
Restructure costs		(31)
Acquisition costs		(31)
Expense incurred on prior period buy-back of senior floating rate notes	**(11)**	
Derivative income	**2 058**	425
Foreign exchange loss	**(2 963)**	(535)
Profit before net financing costs	**376**	1 003
Interest received	**9**	22
Profit before financing costs	**385**	1 025
Financing costs	**(804)**	(773)
(Loss)/profit before taxation	**(419)**	252
Taxation	**191**	(65)
(Loss)/Profit for the period	**(228)**	187

Attributable to:		
Equity holders of the parent	**(228)**	188
Minority interest	**-**	(1)

Group Condensed Year-to-date Income Statements (unaudited)

	Note		Successor	Predecessor
		2008	2007	2007
		39 weeks to	34 weeks to	5 weeks to
		27 December	29 December	5 May
	Note	**Rm**	Rm	Rm
Total revenues	3	**19 689**	15 708	2 094
Revenue - retail sales		**17 460**	13 941	1 939
Cost of sales		**(10 813)**	(8 666)	(1 178)
Gross profit		**6 647**	5 275	761
Other income		**346**	296	35
Store costs		**(2 855)**	(2 293)	(270)
Other operating costs		**(2 329)**	(1 830)	(206)
Retail trading profit		**1 809**	1 448	320
Income from credit	4	**1 646**	1 230	102
Expenses from credit	4	**(1 238)**	(939)	(92)
Equity accounted earnings of joint venture		**220**	185	23
Trading profit		**2 437**	1 924	353
Restructure costs			(94)	(5)
Acquisition costs			(31)	
Gain on buy-back of senior floating rate notes		**1 364**		
Derivative (expense)/income		**(378)**	4	
Foreign exchange gain/(loss)		**(1 238)**	(984)	
Profit before net financing costs		**2 185**	819	348
Interest received		**23**	56	-
Profit before financing costs		**2 208**	875	348
Financing costs		**(2 475)**	(2 136)	(8)
(Loss)/profit before taxation		**(267)**	(1 216)	340
Taxation		**360**	238	(95)
Profit/(loss) for the period		**93**	(1 023)	245
Attributable to:				
Equity holders of the parent		**94**	(1 021)	245
Minority interest		**(1)**	(2)	-

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 29 DECEMBER 2007					
Opening balance at 5 May 2007	**-**	**-**	**-**	**-**	**-**
Foreign currency translation		(10)			(10)
Net loss on cash flow hedges		90			90
Total income and expense for the period recognised directly in equity		80			80
Loss for the period			(1 023)	2	(1 021)
Net loss for the period		80	(1 023)	2	(941)
Ordinary share capital issued	1 761				1 761
Preference share capital issued	207				207
Balance at 29 December 2007	1 968	80	(1 023)	2	1 027
SUCCESSOR AT 27 DECEMBER 2008					
Opening balance at 30 March 2008	**2 143**	**836**	**(1 590)**	**1**	**1 390**
Foreign currency translation		2			2
Realised equity on notes buy-back		(230)			(230)
Net loss on cash flow hedges		(616)			(616)
Total income and expense for the period recognised directly in equity		(844)			(844)
Profit for the period			94	(1)	93
Other			(1)		(1)
Balance at 27 December 2008	**2 143**	**(8)**	**(1 497)**	**-**	**638**

Group Condensed Quarterly Cash Flow Statements (unaudited)

		Successor
	2008	2007
	13 weeks to	13 weeks to
	27 December	29 December
	Rm	Rm
Cash retained from operating activities		
Profit before net financing costs	**376**	1 003
Depreciation	**130**	119
Amortisation	**104**	105
Gain on buy-back of senior floating rate notes	**11**	
Foreign exchange loss	**2 963**	535
Derivative income	**(2 058)**	(425)
Other non-cash items	**-**	(91)
Operating cash inflow before changes in working capital	**1 526**	1 246
Working capital movement	**(27)**	357
Inventories	**(256)**	(214)
Trade accounts receivable	**(1 244)**	(994)
Other debtors	**(1)**	(108)
Accounts payable	**1 474**	1 673
Cash generated from operating activities	**1 499**	1 603
Interest received	**7**	5
Financing costs paid	**(558)**	(522)
Taxation paid	**(19)**	(8)
Net cash retained	**929**	1 078
Cash utilised in investment activities		
Net investment in fixtures, equipment and vehicles	**(180)**	(245)
Acquisitions		39
Net cash invested	**(180)**	(206)
Cash effects of financing activities		
Notes issued		1
Expenses on prior period buy-back of senior floating rate notes	**(5)**	
Increase in interest bearing debt	**(748)**	(1 260)
Net cash outflow from financing activities	**(753)**	(1 259)
Decrease in cash and cash equivalents	**(4)**	(387)
Cash and cash equivalents at the beginning of the period	**504**	833
Currency adjustments	**(14)**	-
Cash and cash equivalents at the end of the period	**486**	446

Group Condensed Year-to-date Cash Flow Statements (unaudited)

	Successor		Predecessor
	2008	2007	2007
	39 weeks to 27 December	34 weeks to 29 December	5 weeks to 5 May
	Rm	Rm	Rm
Cash retained from operating activities			
Profit before net financing costs	**2 185**	819	348
Depreciation	**386**	292	27
Amortisation	**313**	276	-
Gain on buy-back of senior floating rate notes	**(1 364)**		
Foreign exchange loss	**1 238**	984	
Derivative expense/(income)	**378**	(4)	
Other non-cash items	**(19)**	(74)	(16)
Operating cash inflow before changes in working capital	**3 117**	2 293	359
Working capital movement	**(70)**	1 371	(506)
Inventories	**(552)**	(401)	45
Trade accounts receivable	**(1 206)**	(701)	(59)
Other debtors	**(75)**	(15)	(12)
Accounts payable	**1 763**	2 488	(480)
Cash generated/(utilised) from operating activities	**3 047**	3 664	(147)
Interest received	**21**	28	-
Financing costs paid	**(1 715)**	(1 559)	(8)
Taxation paid	**(186)**	(212)	-
Net cash retained/(utilised)	**1 167**	1 921	(155)
Cash utilised in investment activities			
Net investment in fixtures, equipment and vehicles	**(477)**	(450)	(47)
Acquisitions		(24 198)	-
Net cash invested	**(477)**	(24 648)	(47)
Cash effects of financing activities			
Increase in shareholder funding	**-**	7 025	-
Notes issued	**-**	17 064	
Buy-back of senior floating rate notes	**(1 766)**		
Proceeds from derivatives	**1 793**		
(Decrease)/increase in interest bearing debt	**(708)**	(1 177)	238
Net cash (outflow)/inflow from financing activities	**(681)**	22 912	238
Increase in cash and cash equivalents	**9**	185	36
Cash and cash equivalents at the beginning of the period	**492**	-	471
Currency adjustments	**(15)**	-	-
Consolidation of OntheCards		261	-
Cash and cash equivalents at the end of the period	**486**	446	507

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 R1,364 million.

Notes to the Financial Statements (unaudited) *continued*

			Successor	Predecessor
		2008	2007	2007
		39 weeks to	34 weeks to	5 weeks to
		27 December	29 December	5 May
		Rm	Rm	Rm
2.	**SEGMENTAL RESULTS**			
2.1	**Revenues**			
	Edgars	**9 147**	7 480	1 052
	CNA	**1 348**	1 129	144
	Department Stores Division	**10 495**	8 609	1 196
	Discount Division	**7 277**	5 600	776
	Manufacturing	**34**	28	2
	Credit and Financial Services	**1 866**	1 415	120
	Group Services	**17**	56	-
		19 689	15 708	2 094
2.2	**Retail sales**			
	Edgars	**8 997**	7 354	8 390
	CNA	**1 348**	1 129	1 273
	Department Stores Division	**10 345**	8 483	1 180
	Discount Division	**7 115**	5 458	6 217
		17 460	13 941	1 939
2.3	**Number of stores**			
	Edgars	**265**	251	250
	CNA	**212**	201	193
	Department Stores Division	**477**	452	443
	Discount Division	**744**	689	516
		1 221	1 141	959
2.4	**Segment result - operating profit / (loss)**			
	Department Stores Division	**1 406**	1 092	216
	Discount Division	**455**	369	103
	Manufacturing	**(7)**	(5)	1
	Credit and Financial Services	**627**	475	33
	Group Services[1]	**(296)**	(1 112)	(5)
		2 185	819	348

[1] Included in the 39 weeks to 27 December 2008 are derivative expense, unrealised foreign exchange gain, gain on buy-back of senior floating rate notes and amortisation of R47 million (the 34 weeks to 29 December 2007 includes restructure costs, derivative income, unrealised foreign exchange loss, and amortisation of R42 million) allocated to the Group Services segment.

Notes to the Financial Statements (unaudited) *continued*

		Successor		Predecessor
		2008	2007	2007
		39 weeks to	34 weeks to	5 weeks to
		27 December	29 December	5 May
		Rm	Rm	Rm
3.	**REVENUES**			
	Retail sales	**17 460**	13 941	1 939
	Club fees	**312**	268	33
	Preference dividend		4	4
	Finance charges on trade receivables	**1 646**	1 226	93
	Equity accounted earnings of joint ventures	**220**	185	23
	Interest received	**17**	56	-
	Manufacturing sales to third parties	**34**	28	2
		19 689	15 708	2 094
4.	**CREDIT INCOME AND EXPENSE**			
4.1	**Income from credit**			
	Preference dividend		4	4
	Finance charges on trade receivables	**1 646**	1 226	93
	Credit default swap	**-**	-	5
	Income from credit	**1 646**	1 230	102
4.2	**Expenses from credit**			
	Net bad debt	**(734)**	(607)	(56)
	Net increase in doubtful debt provision	**(125)**	(30)	(4)
	Administration costs	**(379)**	(302)	(32)
		(1 238)	(939)	(92)
4.3	**Net credit income**	**408**	291	10

	Successor	
	2008	2007
	13 weeks to	13 weeks to
	27 December	29 December
	Rm	Rm

5. Consolidation of OntheCards Investments Limited

Included in the Group Condensed Income Statements by line, are the following amounts relating to the consolidation of OntheCards effective 6 May 2007:

	2008 13 weeks to 27 December Rm	2007 13 weeks to 29 December Rm
Third Quarter Income Statement		
Total revenues	**132**	126
Income from credit	**127**	115
Expenses from credit	**(88)**	(32)
Trading profit and profit before financing costs	**39**	83
Interest received	**5**	4
Profit before financing costs	**44**	87
Financing costs	**(96)**	(83)
Loss before taxation	**(52)**	4
Taxation	**14**	(1)
Loss for the period	**(38)**	3

	2008	2007
	39 weeks to	34 weeks to
	27 December	29 December
	Rm	Rm
Year-to-date Income Statement		
Total revenues	**386**	372
Income from credit	**372**	311
Expenses from credit	**(150)**	(73)
Trading profit and profit before financing costs	**222**	238
Interest received	**14**	11
Profit before financing costs	**236**	249
Financing costs	**(278)**	(237)
Loss before taxation	**(42)**	12
Taxation	**11**	(3)
Loss for the period	**(31)**	9

	Successor		
	2008	2008	2007
	27 December	29 March	29 December
	Rm	Rm	Rm
5. Consolidation of OntheCards Investments Limited (continued)			
Included in the Group Condensed Balance Sheets by line, are the following balances relating to the consolidation of OntheCards effective 6 May 2007:			
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	**4 146**	3 756	4 082
Loan - OntheCards	**(253)**		(231)
Cash and cash equivalents	**1**	127	14
Total current assets	**3 894**	3 883	3 865
Total assets	**2 548**	2 537	2 519
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Retained profit	**(29)**	3	9
Total equity	**(29)**	3	9
Non-current liabilities – third parties			
Subordinated loan	**25**	25	25
Deferred tax	**(83)**	(70)	(66)
	(58)	(45)	(41)
Total non-current liabilities	**(58)**	(45)	(41)
Current liabilities			
Interest-bearing debt	**2 595**	2 581	2 546
Current taxation	**(2)**	(4)	1
Trade and other payables	**42**	2	4
Total current liabilities	**2 635**	2 579	2 551
Total equity and liabilities	**2 548**	2 537	2 519
Total managed capital per IAS1	**2 566**	2 584	2 555

		Successor
	2008	2007
	13 weeks to	13 weeks to
	27 December	29 December
	Rm	Rm

5. Consolidation of OntheCards Investments Limited (continued)

Included in the Group Condensed Cash Flow Statements by line, are the following amounts relating to the consolidation of OntheCards effective 6 May 2007:

Third Quarter Cash Flow Statement

Profit before net financing costs	**39**	83
Operating cash inflow before changes in working capital	**39**	83
Working capital movement	**(210)**	(312)
Trade accounts receivable	**(467)**	(446)
Other debtors	**10**	(65)
Accounts payable	**(6)**	(32)
Loan – OntheCards	**253**	231
Cash utilised from operating activities	**(171)**	(229)
Interest received	**5**	4
Financing costs paid	**(88)**	(83)
Taxation paid	**-**	-
Net cash utilised	**(254)**	(308)
Cash effects of financing activities		
Increase in interest bearing debt	**160**	13
Net cash inflow from financing activities	**160**	13
Decrease in cash and cash equivalents	**(94)**	(295)
Cash and cash equivalents at the beginning of the period	**95**	309
Cash and cash equivalents at the end of the period	**1**	14

	2008 39 weeks to 27 December Rm	Successor 2007 34 weeks to 29 December Rm

5. Consolidation of OntheCards Investments Limited (continued)

Year-to-date Cash Flow Statement		
Profit before net financing costs	**222**	238
Operating cash inflow before changes in working capital	**222**	238
Working capital movement	**(106)**	(55)
Trade accounts receivable	**(319)**	(307)
Other debtors	**(32)**	6
Accounts payable	**(8)**	15
Loan – OntheCards	**253**	231
Cash generated from operating activities	**116**	183
Interest received	**14**	11
Financing costs paid	**(270)**	(237)
Taxation paid	**-**	-
Net cash utilised	**(140)**	(43)
Cash effects of financing activities		
Increase in held-to-maturity investments	**-**	725
Increase in interest bearing debt	**14**	(929)
Net cash inflow/(outflow) from financing activities	**14**	(204)
Decrease in cash and cash equivalents	**(126)**	(247)
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	**1**	14

Corporate Information

Edcon Holdings (Proprietary) Limited
Incorporated in the Republic of South Africa
Registration number 2006/036903/07

Non-executive directors
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Executive directors
SM Ross* (Managing Director and Chief Executive Officer), U Ferndale

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