20 August 2009

This notice is important and requires your immediate attention.

EDCON HOLDINGS (PROPRIETARY) LIMITED ("EDCON")

SUMMARY OF CONSOLIDATED TRADING RESULTS

FOR THE THREE-MONTH PERIOD ENDED 27 JUNE 2009

SUMMARY OF FINANCIAL AND OTHER DATA

The following unaudited historical financial data relates to the three-month period ended 28 June 2008 and the three-month period ended 27 June 2009. Unless the context requires otherwise, references in this notice to (i) “first quarter 2009” and “first quarter 2010” shall mean the 13-week period ended 28 June 2008 and the 13-week period ended 27 June 2009, respectively, and (ii) “fiscal 2009” and “fiscal 2010” shall mean the 52-week period ended 28 March 2009 and the 53-week period ending 3 April 2010, respectively.

We 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”).

		First Quarter (in millions) (unaudited)		
		2009 [1]		**2010**[1]
Comprehensive income data				
Revenues	R	5 776	R	**5 948**
Retail sales		5 189		**5 302**
Cost of sales		(3 185)		**(3 384)**
Gross profit		2 004		**1 918**
Other income		110		**122**
Store costs		(891)		**(958)**
Other operating costs		(649)		**(569)**
Additional depreciation and amortisation [3]		(125)		**(176)**
Retail trading profit		449		**337**
Net income/(expense) from credit		47		**(4)**
Equity accounted earnings of joint venture		64		**102**
Trading profit		560		**435**
Gain on buy-back of senior floating rate notes		1 377		
Net fair value movement on notes and associated derivatives		171		**443**
Profit before financing costs		2 108		**878**
Net financing costs		(782)		**(725)**
Taxation		(192)		**(29)**
Profit for the period	R	1 134	R	**124**
Other financial data				
EBITDA[4]	R	2 337	R	**1 180**
Adjusted EBITDA [4]		789		**737**
Operating lease expense		308		**342**
Adjusted EBITDAR		1 097		**1 079**
Capital expenditure		136		**109**
Depreciation and amortisation		229		**302**
Select operating data				
Number of stores		1 154		**1 242**
Same store sales growth (%)		0.2		**(1.5)**
Average retail space (in ‘000 sqm)		1 222		**1 299**
Number of customer credit accounts (in ‘000s)		4 070		**4 308**

		First Quarter (in millions) (unaudited)		
		2009[1]		**2010** [1]
Financial position data				
Working capital	R	3 488	R	**4 450**
Total assets		35 973		**32 657**
Total debt at unhedged rates		20 933		**19 499**
Total net (cash)/debt including cash and derivatives		17 238		**20 456**
Total shareholders' funds including shareholder's loan		8 280		**6 219**
Cash flow data				
Operating cash inflow before changes in working capital	R	782	R	**723**
Working capital movement		151		**341**
Cash generated from operating activities		933		**1 064**
Net cash invested		(136)		**(109)**
Net cash outflow from financing activities		(89)		**(120)**
Increase in cash and cash equivalents		37		**57**

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1) All figures presented in the summary financial statements above exclude the impact of consolidating OntheCards Investments Limited ("OtC"). Refer to note 2 below for a reconciliation of key line items.

2) 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.

		First Quarter (in millions) (unaudited)				
		2010				
		Including OtC		Consolidation adjustments for OtC		**Excluding OtC**
Comprehensive income data						
Revenues	R	6 089	R	141	**R**	**5 948**
Net income/(expense) from credit		55		59		**(4)**
Other financial data						
Adjusted EBITDA	R	796	R	59	**R**	**737**
Financial position data						
Total debt at unhedged rates	R	22 151	R	2 652	**R**	**19 499**
Total net debt including cash and derivatives		23 108		2 652		**20 456**
Cash flow data						
Operating cash inflow before changes in working capital	R	782	R	59	**R**	**723**
Working capital movement		367		26		**341**

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

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 in fiscal 2008. These are included in other operating costs in the Consolidated Financial Statements attached hereto.

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

	First Quarter (in millions) (unaudited)	
	2009	**2010**
Profit for the period	R 1 134	R **124**
Taxation	192	**29**
Net financing costs	782	**725**
Depreciation & amortisation	229	**302**
EBITDA	R 2 337	R **1 180**
Net fair value movement on notes and associated derivatives[(a)]	(171)	**(443)**
Gain on buy-back of senior floating rate notes [(b)]	(1 377)	
Adjusted EBITDA	R 789	R **737**

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

Retail Sales

Retail sales increased by R113 million, or 2.2%, from R5,189 million in the first quarter 2009 to R5,302 million in the first quarter 2010. Performance was adversely impacted by negative economic growth in South Africa and the resultant effect on consumer spending. Same store sales (stores open for the full period in the current year and in the prior year) were down 1.5% on the prior period. Credit sales accounted for 53% of total retail sales in the first quarter 2010, in line with the first quarter 2009. Retail sales in Edgars for the first quarter 2010 increased by 1.2% from the first quarter 2009 primarily due to good growth from product lines such as childrenswear and cosmetics. However, sales in cellular products dropped due to price deflation. CNA's retail sales in the first quarter 2010 increased 2.3% from the first quarter 2009, driven by growth in sales of books, stationery and digital products. Retail sales in the discount division increased by 3.4% from the first quarter 2009 to the first quarter 2010 due mainly to sales growth in childrenswear, footwear and other non-clothing products, offset by negative growth in ladieswear and cellular products.

Gross profit

Gross profit decreased by R86 million, or 4.3%, from R2,004 million in the first quarter 2009 to R1,918 million in the first quarter 2010 primarily as a result of higher markdowns in Edgars and the discount division. Winter stocks have been cleared and Edcon enters the approaching summer season with fresher stock than a year ago.

Gross profit as a percentage of retail sales decreased from 38.6% in the first quarter 2009 to 36.2% in the first quarter 2010. Gross profit for Edgars decreased as a percentage of retail sales from 42.7% in the first quarter of 2009, to 40.1% in the first quarter of 2010 due to increased markdown activity in ladieswear and home products to clear slow moving items. Gross profit as a percentage of retail sales in CNA was 33.0% in the first quarter 2010, the same as that achieved in the first quarter 2009. In the discount division, gross profit margin decreased from 34.4% to 31.8% as a result of a shift in product mix and higher markdowns in ladieswear and menswear.

Store costs

Store costs increased by R67 million, or 7.5%, from R891 million in the first quarter 2009 to R958 million in the first quarter 2010 and arose primarily as a result of the addition of 6.3% to average retail space from the first quarter 2009 to the first quarter 2010 and wage and rent increases for our existing stores. This inflation was largely offset by productivity improvements in the stores.

Other operating costs

Other operating costs, excluding depreciation and amortisation charges associated with the fair value adjustments from the Transactions, decreased by R80 million, or (12.3%), from R649 million in the first quarter 2009 to R569 million in the first quarter 2010. This decrease was primarily as a result of lower fuel costs in logistics and distribution and cost saving initiatives undertaken in corporate departments such as information technology and human resources.

Depreciation and amortisation

Depreciation and amortisation increased by R73 million from R229 million in the first quarter 2009 to R302 million in the first quarter 2010, primarily as a result of increased depreciation of property, fixtures, equipment and vehicles due to additional capital expenditure.

Credit and financial services net profit

Credit and financial services net profit decreased by R13 million, from a net profit of R111 million in the first quarter 2009 to a net profit of R98 million in the first quarter 2010. This decrease was primarily due to the conservative provisioning policy and the resultant charge for provision for bad debts of R91 million in the first quarter 2010 compared to R37 million in the first quarter 2009. Consolidated annualised bad debts as a percentage of average debtors was 11.8% for the first quarter 2010, the same percentage as the full 2009 fiscal year. Equity accounted earnings of joint ventures after taxation increased by R38 million, or 59.4%, from R64 million in the first quarter 2009 to R102 million in the first quarter 2010 due to higher premiums received and lower marketing costs in the insurance business. The number of active accounts at the end of the first quarter 2010 remained unchanged at 4.3 million accounts due to tightening of credit granting to higher risk customers.

Trading profit

Trading profit decreased by R125 million from R560 million in the first quarter 2009 to R435 million in the first quarter 2010 after deducting R176 million (R125 million in the prior year) additional depreciation and amortisation costs related to the Transactions. Excluding these costs, trading profit in the first quarter 2010 decreased by R74 million to R611 million from the first quarter 2009.

Adjusted EBITDA decreased by R52 million or 6.6%, from R789 million in the first quarter 2009 to R737 million in the first quarter 2010. Excluding the higher charge for provision for bad debts, adjusted EBITDA rose by R2 million.

Net financing costs

Net financing costs decreased to a net charge of R725 million in the first quarter 2010 from R782 million in the first quarter 2009. This decrease is primarily a result of the accelerated release of R71 million of accelerated fees from the Transactions released in the first quarter 2009 as a result of the senior floating rate notes buy-back, offset by higher financing costs incurred on higher levels of short-term interest bearing debt.

Cash flow

Operating cash inflow before changes in working capital decreased by R59 million, or 7.5%, from R782 million in the first quarter 2009 to R723 million in the first quarter 2010. This decrease was primarily due to lower trading profit in the first quarter 2010 compared to first quarter 2009.

Working capital decreased by R341 million in the first quarter 2010 compared with a decrease of R151 million for the first quarter 2009. This was primarily due to (i) an increase in accounts payable of R373 million in the first quarter 2010 compared to an increase of R347 million in the first quarter 2009, and (ii) a decrease in receivables of R23 million in the first quarter 2010 compared to an increase of R145 million in the first quarter 2009.

Cash inflow after working capital rose by R131 million, or 14.0%, from R933 million in the first quarter 2009 to R1,064 million in the first quarter 2010.

Capital expenditure in the first quarter 2010 was R109 million compared with R136 million in the first quarter 2009. During the first quarter 2010 we added a net 9 stores which, combined with store refurbishments, resulted in investments in store fixtures of R63 million. In the first quarter 2009 we spent R60 million to add a net 13 stores and on store refurbishments. In addition, in the first quarter fiscal 2010 we invested R42 million in information technology infrastructure compared with R73 million in the first quarter fiscal 2009.

Liquidity and capital resources

At 27 June 2009 our total net debt including cash and derivatives (excluding OtC) of R20,456 million consisted of (i) the fair value of the Floating Rate Notes of R16,978 million, (ii) borrowings under the revolving credit facility of R1,705 million, (iii) borrowings under the borrowing base facility of R816 million, (iv) net derivatives of R1,371 million, less (v) cash and cash equivalents of R414 million. In addition, OtC net debt of R2,652 million consisted of (i) borrowings under the receivable backed facility of R2,599 million, and (ii) other borrowings of R53 million.

At 27 June 2009, the total facility available under the revolving credit facility was R3,500 million. The total facility available under the borrowing base facility was R3,900 million, although this may increase to R6,500 million if commitments under the OtC securitisation are transferred to our borrowing base facility.

During the first quarter 2010 the maximum utilisation of the revolving credit facility and the borrowing base facility was R2,875 million and R816 million (R3,415 million including OtC) respectively. We believe that operating cash flows and amounts available under the revolving credit facility and borrowing base facility will be sufficient to fund our debt service obligations and operations, including capital expenditure and contractual commitments, in the year ahead.

Events after the reporting period

In August 2009, OntheCards Investments II (Proprietary) Limited ("OtC II") raised R1 billion through the issuance of a combination of one-year (R455 million) and three year (R555 million) receivable-backed notes listed on the Bond Exchange of South Africa. The deal was oversubscribed.

The funds raised by OtC II were used to purchase receivables on a non-recourse basis of R496 million and R1,003 million from Edcon and OtC respectively.

Edcon and OtC used the proceeds to pay down commitments under the borrowing base facility and the OtC receivables backed facility respectively.

Edcon will be required to consolidate OtC II. This accounting treatment does not impact on the non-recourse status of the sale of receivables by Edcon to OtC II.

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 including credit valuation adjustments to reflect non-performance risk, 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.

We incorporate credit risk valuation adjustments to appropriately reflect both our own non-performance risk and the respective counterparty's non-performance risk in the fair value measurements.

The significant inputs to the overall valuations are based on market observable data or information derived from or corroborated by market observable data, including transactions, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Where models are used the selection of a particular model to value a derivative depends upon the contractual terms of, end specific risks inherent in the instrument as well as the availability of pricing information in the market. Edcon uses similar models to value similar instruments. Valuation models require a variety of inputs including contractual terms, market prices, yield curves and credit curves.

The credit risk valuation adjustments are calculated by determining the current net exposure of each derivative (excluding potential future exposure) and then discounting the estimated cash flows at a rate, adjusted with each counterparty's credit spread to the applicable exposure.

The inputs utilised by Edcon for its own credit spread are based on estimated fair market spreads for entities with similar credit ratings. For counterparties with publicly available credit information, the credit spreads over the benchmark rate used in the calculations represent implied credit default swap spreads obtained from a third party credit data provider.

In adjusting the fair value of derivative contracts for the effect of non-performance risk, Edcon has not considered the impact of netting and any applicable credit enhancements such as, collateral postings, thresholds, mutual puts and guarantees. Edcon additionally actively monitors counterparty credit ratings for any significant changes.

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 profit or loss 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 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 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 and assessed for indicators of impairment. Annually, intangible assets with an indefinite useful life are reviewed for 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 profit or loss as incurred.

Consolidated Financial Statements

Edcon Holdings (Proprietary) Limited

Group Condensed Statement of Financial Position (unaudited)

	2009 27 June Rm	2009 28 March Rm	2008 28 June Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**3 036**	3 128	3 273
Intangible assets	**18 894**	18 997	20 007
Equity accounted investment in joint ventures	**11**	1	7
Derivative financial instruments	**534**	2 393	3 279
Total non-current assets	**22 475**	24 519	26 566
Current assets			
Inventories	**2 551**	2 544	2 198
Trade, other receivables and prepayments	**9 685**	9 710	8 884
Derivative financial instruments	**28**	188	338
Cash and cash equivalents	**414**	379	484
Total current assets	**12 678**	12 821	11 904
Total assets	**35 153**	37 340	38 470
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital and premium	**2 143**	2 143	2 143
Other reserves	**(505)**	(280)	831
Retained loss	**(2 178)**	(2 289)	(481)
	(540)	(426)	2 493
Minority interest	**-**	-	-
Total equity	**(540)**	(426)	2 493
Non-current liabilities – shareholder			
Shareholder’s loan	**6 696**	6 492	5 764
Total equity and shareholder’s loan	**6 156**	6 066	8 257
Non-current liabilities – third parties			
Notes issued	**16 978**	19 600	19 131
Subordinated loan			25
Derivative financial instruments	**1 354**	1 002	280
Lease equalisation	**370**	369	399
Employee benefit liability	**114**	112	122
Deferred tax	**252**	374	1 810
	19 068	21 457	21 767
Total non-current liabilities	**25 764**	27 949	27 531
Current liabilities			
Interest-bearing debt	**5 173**	5 300	4 351
Current taxation	**256**	470	190
Derivative financial instruments	**579**	514	43
Trade and other payables	**3 921**	3 533	3 862
Total current liabilities	**9 929**	9 817	8 446
Total equity and liabilities	**35 153**	37 340	38 470
Total managed capital per IAS1	**28 307**	30 966	31 739

Group Condensed Statement of Comprehensive Income (unaudited)

	Note	**2009 13 weeks to 27 June Rm**	2008 13 weeks to 28 June Rm
Total revenues	3	**6 089**	5 883
Revenue - retail sales		**5 302**	5 189
Cost of sales		**(3 384)**	(3 185)
Gross profit		**1 918**	2 004
Other income		**122**	110
Store costs		**(958)**	(891)
Other operating costs		**(745)**	(774)
Retail trading profit		**337**	449
Income from credit	4.1	**559**	512
Expenses from credit	4.2	**(504)**	(418)
Equity accounted earnings of joint venture		**102**	64
Trading profit		**494**	607
Gain on buy-back of senior floating rate notes			1 377
Derivative expense		**(2 188)**	(405)
Foreign exchange gain		**2 631**	576
Profit before net financing costs		**937**	2 155
Interest received		**4**	9
Profit before financing costs		**941**	2 164
Financing costs		**(803)**	(873)
Profit before taxation		**138**	1 291
Taxation		**(25)**	(182)
PROFIT FOR THE PERIOD		**113**	1 109
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**(21)**	(10)
Cash flow hedges		**(204)**	5
Other		**(2)**	(1)
Other comprehensive income for the year, net of tax		**(227)**	(6)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(114)**	1 103
Profit attributable to:			
Owners of the parent		**113**	1 110
Minority interest		**-**	(1)
Total comprehensive income attributable to:			
Owners of the parent		**(114)**	1 104
Minority interest		**-**	(1)

Group Condensed Statement of Changes in Equity (unaudited)

	Share capital and premium Rm	Translation of foreign operations Rm	Cash flow hedges Rm	Revaluation surplus Rm	Retained loss Rm	**Total Rm**	Minority Interest Rm	**Total equity Rm**
AT 28 JUNE 2008								
Opening balance at 30 March 2008	2 143	31	782	23	(1 590)	**1 389**	1	**1 390**
Total comprehensive income for the period		(10)	5		1 109	**1 104**	(1)	**1 103**
Balance at 28 June 2008	2 143	21	787	23	(481)	**2 493**	-	**2 493**
AT 27 JUNE 2009								
Opening balance at 29 March 2009	2 143	28	(331)	23	(2 289)	**(426)**	-	**(426)**
Total comprehensive income for the period		(21)	(204)		111	**(114)**	-	**(114)**
Balance at 27 June 2009	**2 143**	**7**	**(535)**	**23**	**(2 178)**	**(540)**	**-**	**(540)**

Group Condensed Statement of Cash Flows (unaudited)

	2009 **13 weeks to** **27 June** **Rm**	2008 13 weeks to 28 June Rm
Cash retained from operating activities		
Profit before net financing costs	**937**	2 155
Depreciation	**199**	125
Amortisation	**103**	104
Gain on buy-back of senior floating rate notes		(1 377)
Foreign exchange gain	**(2 631)**	(576)
Derivative expense	**2 188**	405
Other non-cash items	**(14)**	(7)
Operating cash inflow before changes in working capital	**782**	829
Working capital movement	**367**	174
Inventories	**(9)**	(51)
Trade accounts receivable	**26**	(2)
Other debtors	**(27)**	(147)
Accounts payable	**377**	374
Cash generated from operating activities	**1 149**	1 003
Interest received	**4**	9
Financing costs paid	**(585)**	(589)
Taxation paid	**(275)**	(173)
Net cash retained	**293**	250
Cash utilised in investment activities		
Net investment in fixtures, equipment and vehicles	**(109)**	(136)
Net cash invested	**(109)**	(136)
Cash effects of financing activities		
Buy-back of senior floating rate notes		(1 758)
Proceeds from derivatives		1 793
Decrease in interest bearing debt	**(127)**	(156)
Net cash outflow from financing activities	**(127)**	(121)
Increase/(decrease) in cash and cash equivalents	**57**	(7)
Cash and cash equivalents at the beginning of the period	**379**	492
Currency adjustments	**(22)**	(1)
Cash and cash equivalents at the end of the period	**414**	484

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.

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 28 March 2009 and for the period then ended except as noted below.

These Financial Statements should be read in conjunction with the audited Financial Statements as at and for the period ended 28 March 2009 as included in the 2009 audited Group Annual Financial Statements of Edcon Holdings (Proprietary) Limited.

Operating Segments

IFRS 8, Operating Segments was issued in November 2006 and became effective for financial years on or after 1 January 2009. The standard specifies how an entity should report information about its operating segments in interim reports.

The effect of implementing this Standard has impacted the identification of operating segments. Edgars and CNA are now considered to be two distinct operating segments, whereas previously they were combined and reported under the Department Stores Division. Additionally, information presented in note 2 introduces a management reporting approach to measuring the results of reportable operating segments and the amounts reported for each segment are consistent with internal management reports. Total assets by segment have not been disclosed as there has been no material change since the last annual financial statements.

The comparative results in note 2 have been restated in accordance with IFRS 8.

Presentation of Financial Statements

IAS 1 was revised and became effective for financial periods beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity, introduces a Statement of Comprehensive Income to replace the Income Statement and what was previously termed the Balance Sheet is now known as the Statement of Financial Position.

Presentation of Financial Statements *continued*

As a result of implementing this Standard, this interim financial report presents a Statement of Financial Position, a single Statement of Comprehensive Income which, presents all items of income and expense recognised in profit or loss together with all other items of recognised income and expense and, a Statement of Changes in Equity which only includes details of transactions with owners.

The comparative period has been appropriately restated and presented on the same basis.

Other new accounting standards adopted

The Group has adopted the following new and amended accounting standards and interpretations which have not had a material effect on the financial position, financial results or cash flows of the Group.

- IFRIC 13, Customer Loyalty Programmes
- IFRS 2, Share-based Payments – Vesting Conditions and Cancellations
- IFRS 3, Business Combinations and IAS 27, Consolidated and Separate Financial Statements
- IAS 23, Borrowing Costs
- Amendment to IAS 32 and IAS 1, Puttable Financial Instruments
- IFRIC 16, Hedges of Net Investment and a Foreign Operation
- Improvements to IFRS's (annual improvements Project 2007)

Events after the reporting period

In August 2009, OntheCards Investments II (Proprietary) Limited (OtC II) raised R1 billion through the issuance of a combination of one-year (R455 million) and three year (R555 million) receivable-backed notes listed on the Bond Exchange of South Africa. The deal was oversubscribed.

The funds raised by OtC II were used to purchase receivables on a non-recourse basis of R496 million and R1,003 million from Edcon and OntheCards (OtC) respectively.

Edcon and OtC used the proceeds to pay down commitments under the borrowing base facility and the OtC receivables backed facility respectively.

Edcon will be required to consolidate OtC II. This accounting treatment does not impact on the non-recourse status of the sale of receivables by Edcon to OtC II.

Going concern

The going concern assumption has been considered after including the Shareholder's loan in the assessment. To the extent required to maintain the solvency of the Group, the Shareholder's loan agreement is subordinated to the claims of all of the creditors of the Group.

		2009 13 weeks to 27 June Rm	2008 13 weeks to 28 June Rm
2.	**SEGMENTAL RESULTS**		
2.1	**Revenues**		
	Edgars	**2 782**	2 743
	CNA	**394**	385
	Discount Division	**2 240**	2 163
	Manufacturing	**8**	8
	Credit and Financial Services	**661**	576
	Group Services	**4**	8
		6 089	5 883
2.2	**Retail sales**		
	Edgars	**2 728**	2 695
	CNA	**394**	385
	Discount Division	**2 180**	2 109
		5 302	5 189
2.3	**Number of stores**		
	Edgars	**269**	256
	CNA	**210**	204
	Discount Division	**763**	694
		1 242	1 154
2.4	**Segment result - profit before net financing costs**		
	Edgars	**597**	684
	CNA	**22**	26
	Discount Division	**270**	338
	Manufacturing	**(2)**	(2)
	Credit and Financial Services	**157**	158
	Group Services[1]	**(107)**	951
		937	2 155

[1] included in the allocation to the Group Services segment is corporate overheads, derivative expense, unrealised foreign exchange gain, gain on buy-back of senior floating rate notes and amortisation of intangible assets and additional depreciation as a result of the Transactions.

Notes to the Financial Statements (unaudited) *continued*

		2009 13 weeks to 27 June Rm	2008 13 weeks to 28 June Rm
3.	**REVENUES**		
	Retail sales	**5 302**	5 189
	Club fees	**114**	102
	Finance charges on trade receivables	**559**	512
	Equity accounted earnings of joint ventures	**102**	64
	Interest received	**4**	8
	Manufacturing sales to third parties	**8**	8
		6 089	5 883
4.	**CREDIT INCOME AND EXPENSE**		
4.1	**Income from credit**		
	Finance charges on trade receivables	**559**	512
		559	512
4.2	**Expenses from credit**		
	Net bad debt	**(258)**	(238)
	Net increase in doubtful debt provision	**(120)**	(63)
	Administration costs	**(126)**	(117)
		(504)	(418)
4.3	**Net credit income**	**55**	94

5. Consolidation of OntheCards Investments Limited

Included in the Group Condensed First Quarter Statement of Comprehensive Income by line, are the following amounts relating to the consolidation of OntheCards:

	2009 Rm	2008 Rm
Total revenues	**141**	107
Income from credit	**139**	102
Expenses from credit	**(80)**	(55)
Trading profit and profit before financing costs	**59**	47
Interest received	**2**	5
Profit before financing costs	**61**	52
Financing costs	**(76)**	(87)
Loss before taxation	**(15)**	(35)
Taxation	**4**	10
Loss for the period	**(11)**	(25)

Notes to the Financial Statements (unaudited) *continued*

	2009 27 June Rm	2009 28 March Rm	2008 28 June Rm
Included in the Group Condensed Statement of Financial Position by line, are the following balances relating to the consolidation of OntheCards:			
ASSETS			
Non-current assets			
Intangible assets	**79**	79	79
Held-to-maturity investments	**(1 450)**	(1 450)	(1 425)
Total non-current assets	**(1 371)**	(1 371)	(1 346)
Current assets			
Trade, other receivables and prepayments	**3 867**	3 889	3 760
Cash and cash equivalents	**-**	-	83
Total current assets	**3 867**	3 889	3 843
Total assets	**2 496**	2 518	2 497
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Retained loss	**(63)**	(52)	(23)
Total equity	**(63)**	(52)	(23)
Non-current liabilities – third parties			
Subordinated loan			25
Deferred tax	**(93)**	(89)	(80)
	(93)	(89)	(55)
Total non-current liabilities	**(93)**	(89)	(55)
Current liabilities			
Interest-bearing debt	**2 652**	2 659	2 549
Current taxation	**(2)**	(2)	(2)
Trade and other payables	**2**	2	28
Total current liabilities	**2 652**	2 659	2 575
Total equity and liabilities	**2 496**	2 518	2 497
Total managed capital per IAS1	**2 589**	2 607	2 526

Notes to the Financial Statement (unaudited) *continued*

	2009 13 weeks to 27 June Rm	2008 13 weeks to 28 June Rm
Included in the Group Condensed Cash Flow Statements by line, are the following amounts relating to the consolidation of OntheCards:		
Operating profit	**59**	47
Operating cash inflow before changes in working capital	**59**	47
Working capital movement	**26**	23
Trade accounts receivable	**28**	64
Other debtors	**(6)**	(68)
Accounts payable	**4**	27
Cash generated from operating activities	**85**	70
Interest received	**2**	5
Financing costs paid	**(80)**	(87)
Net cash retained/(utilised)	**7**	(12)
Cash effects of financing activities		
Decrease in interest bearing debt	**(7)**	(32)
Net cash outflow from financing activities	**(7)**	(32)
Decrease in cash and cash equivalents	**-**	(44)
Cash and cash equivalents at the beginning of the period	**-**	127
Cash and cash equivalents at the end of the period	**-**	83

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

*USA

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