Trading results for the first quarter ended 27 June 2009

(excluding consolidation of OtC)

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Trading results for the 1st Quarter FY 2010

- Retail sales up 2.2% to R5.3bn
- Divisional retail sales growth:

	Total
Edgars	1.2%
CNA	2.3%
Discount division	3.4%

- Group Like for Like sales growth was down 1.5% on last year
- Average trading space grew 6.3% to 1.299 million sqm
- 1242 stores versus 1154 last year

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Trading results for the 1st Quarter FY 2010 (cont.)

- Credit sales were 53% of total in line with last year
- Gross Profit margin of 36.2% from 38.6%
- Profit from credit and financial services down R13m to R98m
- Adjusted EBITDA down 6.6% to R737m
- Clothing and footwear market share of 31.0% (last year 31.6%)

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Gross Profit Margins

	FY10	FY09
Edgars	40.1%	42.7%
CNA	33.0%	33.0%
Discount division	31.8%	34.4%
Group	36.2%	38.6%

Cash Flow for 1st Quarter for FY 2010 (excl. OtC)

- Reduction in working capital of R341m compared with R151m decrease last year
- Cash generated from operating activities up 14.0% to R1,064m
- Cash net interest expense of R503m (R580m incl. OtC)
- Capex was R109m compared with R136m last year
  - R63m store fixtures
  - R42m in IT infrastructure

Credit Highlights for 1st Quarter for FY 2010

- Loss from credit of R4m, down from R47m profit in FY09
- Bad debts to average debtors of 11.8%, same as the full FY 09
- After tax earnings of financial services JV up 59% to R102m
- Active account base of 4.3 million, no increase since year end
- Provision for doubtful debts of 11.0% on combined debtors' book, compared to 9.5% last year

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Liquidity and Capital Resources

- Notes (net of derivatives) of R18.3bn
- Borrowing base facility – R3.4bn utilised
  - R0.8bn utilised by Edcon
  - R2.6bn utilised by OtC
- Revolving credit facility–R1.7bn utilised
- Maximum drawdown during FY 2010:
  - Borrowing Base (including OtC) R3.4bn
  - Revolving Credit R2.9bn

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Liquidity and Capital Resources (cont.)

- Total Facilities:
  - Borrowing Base R6.5bn
  - Revolving Credit R3.5bn
- Current hedging position :
  - Interest rates on notes are still fixed and currency hedged until June 2011
  - Currency hedged on principal until June 2012
  - We continue to monitor appropriateness of hedging strategy

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Securitisation and Receivables Financing

- Borrowing base facility matures in June 2010
- In August 2009, R1 billion was raised in a publicly listed securitisation
- Issued a combination of three year (R555 million) and one-year (R455 million) notes
- Issue was oversubscribed
- Funds raised will be used to pay down commitments under the existing receivables facilities
- Still in discussion with bank syndicate to extend the remaining receivable backed facilities

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Commentary on Results

- South Africa economic environment remained challenging
  - Negative economic growth
  - Job losses
  - High levels of consumer debt
  - Volatile Rand
  - Interest rates have come down by 500bps but impact will only be felt in the future

- Lower GP margins due to
  - Weak economic environment
  - Extensive competitor markdown activity
  - Unseasonably late winter
  - Higher cost prices due to weaker Rand when placing orders for winter

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Actions taken to Mitigate Risks

- Winter stocks have been cleared and markdowns taken
- Labour productivity improvement in stores
- Cost containment initiatives resulted in lower corporate overheads
- Tightened credit granting for higher risk customers
- Conservative provisioning for bad debts
- Strong focus on cash flow generation
- Reduced capex spend – R450m in FY10, from R569m in FY09
- Store expansion will slow – an additional 4% will be added in FY10

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Outlook

- Retail conditions challenging due primarily to:
  - High food inflation and high increases in utility prices
  - Negative economic growth
  - Further job losses in South Africa
  - High levels of consumer debt
  - Falling consumer confidence

- Medium/long term prospects still look good
  - Government infrastructure spend program, approximately R700bn over next three years
  - Continued rollout of social grants
  - Impact of lower inflation and interest rates
  - Medium term GDP growth projections are strong
  - Impact of 2010 World Cup
  - The current macroeconomic environment may create opportunities to gain market share at the expense of smaller competitors
  - Fiscal policy is stimulatory and government has capacity to spend more