22 August 2013

This notice is important and requires your immediate attention.

EDCON HOLDINGS LIMITED ("EDCON")

SUMMARY OF GROUP TRADING RESULTS FOR THE THREE-MONTH PERIOD ENDED 29 JUNE 2013

SUMMARY OF FINANCIAL AND OTHER DATA

The following Summary of Financial and Other Data should be read in conjunction with the Consolidated Financial Statements and related notes thereto in the second half of this notice. Following the unwind of OntheCards Investments II Proprietary Limited ("OtC") on 31 October 2012 and the sale of the trade receivables under our private label store card programme to Absa Bank Limited ("Absa"), a subsidiary of Barclays Africa Limited, on 1 November 2012, we believe that the presentation of our financial information excluding the impact of consolidating OtC is no longer relevant to analyse our performance. The relevant sections relating to the impact of consolidating OtC in the prior year numbers are available on our website.

The unaudited historical financial data in the Summary of Financial and Other Data and the Consolidated Financial Statements of Edcon Holdings Limited and its subsidiaries (the "Group") attached hereto, relates to the three-month period ended 30 June 2012 and the three-month period ended 29 June 2013. Unless the context requires otherwise, references in this notice to "first quarter 2013" and "first quarter 2014" shall mean the 13-week period ended 30 June 2012 and the 13-week period ended 29 June 2013, respectively and (ii) "fiscal 2013" and "fiscal 2014" shall mean the 52-week period ended 30 March 2013 and the 52-week period ending 29 March 2014, respectively.

Throughout these reports Edgars refers to the Edgars division, which comprises Edgars, Red Square, Boardmans, Edgars Active, Edgars Shoe Gallery and our Mono-branded stores while Discount refers to the Discount division, which comprises Jet, Jet Mart and Legit as well as Discom prior to the conversion of the Discom stores into Edgars Active and Legit stores.

The statements in this section regarding industry outlook, our expectation regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward looking statements. These forward looking statements are subject to numerous risks and uncertainties. Our actual results may differ materially from these contained in or implied by any forward looking statements.

Management discussion and analysis of financial consolidated condition

Highlights

Pertaining to the first quarter 2014 compared to first quarter 2013:

- Improved profitability
  - Gross profit up 5.9% to R2.4 billion
  - Gross profit margin increased by 1.0 percentage point
  - Retail trading profit (1) increased 11.0% to R342 million
  - Pro forma adjusted EBITDA up 6.0% to R721 million
- Delivery against strategic plan
  - Increase in average space of 4.2%
  - Edgars refurbishment strategy progressing well
  - Further exclusive brands secured and starting to rollout
  - Over 10 million loyalty customers in 17 months
  - Benefits of sourcing changes starting to show
- Operational performance
  - Retail sales up 3.2% to R6.2 billion
  - Cash sales growth of 12.1%
  - Revenue from operations outside South Africa now contributes 9.9% to total retail sales

(1) Trading profit adjusted for all income and expenses relating to the credit and financial services business and non-recurring items

Introduction

Edcon has continued to execute its strategic change agenda to position the Group for future growth, while remaining attentive to the pressures the consumer is under. During the first quarter 2014 retail sales increased 3.2% to R6,205 million, while better merchandising and cost savings initiatives improved profitability increasing pro forma adjusted EBITDA by 6.0% to R721 million. Strong cash sales across the group, supported by the loyalty programme, indicate that our customers are responding well to our proposition.

In the Edgars division, the implementation of the second phase of the 72-store refurbishment programme is well under way. The heavy build element of this programme negatively affects results, but initial numbers from the first 16 stores completed during June are promising and the work is still on track to be substantially completed before the beginning of the Christmas trading period. The Discount division has continued its sound performance as the strategic initiatives introduced over the last year, such as better sourcing and improved product selection as well as the store optimisation initiative, assisted in substantially increasing operating profit.

Within a broader South African environment, unsecured lending growth has continued to slow and pressure on the consumer has increased, resulting in a lower growth in total retail sales. However, information from Statistics South Africa continues to support a more positive view on apparel sales growth as it has consistently exceeded total retail sales growth.

Trading review

Key operational data

	(unaudited) Retail sales growth (%)				(unaudited) Gross profit margin (%)		
	Q1:FY13 Actual	*Q1:FY14 Actual*	*Q1:FY13 LFL(1)*	*Q1:FY14 LFL(1)*	*Q1:FY13 Actual*	*Q1:FY14 Actual*	*pts change(2)*
Edgars	1.9	1.2	(2.5)	(3.0)	41.1	42.0	0.9
Discount	1.8	4.7	5.1	1.7	34.0	35.7	1.7
CNA	1.9	4.5	3.8	3.6	33.9	32.1	(1.8)
Edgars Zimbabwe	42.2	25.3	42.2	27.1	51.6	49.1	(2.5)
Total	1.8	3.2	0.9	(0.3)	37.9	38.9	1.0

	Q1:FY13 Actual	*Q1:FY14 Actual*	*% change*
Total number of stores	1 187	1 301	9.6
Average retail space ('000 sqm)	1 400	1 459	4.2
Customer credit accounts ('000s)(3)	3 854	3 765	(2.3)

(1) Like-for-like sales (same store sales)
(2) Q1:FY14 % change on Q1:FY13
(3) Excludes Edgars Zimbabwe customer credit accounts 1Q:FY14 of 136 374 and 1Q:FY13 of 130 031

Edgars

The Edgars division grew retail sales 1.2% for the first quarter 2014 when compared to the first quarter 2013. Same store sales decreased 3.0% for the quarter and decreased 1.5% over the 26-weeks ended 29 June 2013. The growth in retail sales was primarily due to an increase in average space and cash sales growth of 13.6%. The disruption caused by the refurbishment and a decline of 6.2% in credit sales continued to stifle growth. Cosmetics, footwear and brands performed well in the quarter, while the efforts of the new buying teams in private label are only expected to reflect later in the year. Net average space increased 5.9% when compared to the first quarter 2013 due largely to the opening of three new Edgars stores and thirteen Edgars Active stores. During the period two more Edgars Shoe Gallery stores opened, as well as one Topshop store. There were three closures (Edgars, Temptations and Boardmans) bringing the total number of stores in the Edgars division to 408. Gross margin improved to 42.0% for the first quarter 2014 from 41.1% for the first quarter 2013 due to improved buying margins and a reduction in the extent of mark down activity.

The objective of the Edgars transformation programme is to deliver a refreshed, consistent and compelling shopping experience. The programme consists of three key elements; a refurbishment phase, a store optimisation programme and a people support initiative. The refurbishment phase includes enhancements to visual marketing, standardized store layouts, improved space allocation and some remerchandising of the presentation of product. Following the refurbishment phase, processes from receiving to replenishment are to be optimised on similar principles to those implemented successfully in the Discount division to enhance daily store functionality and improve the customer experience. These changes are supported by a plan to ensure we have the right people, appropriately trained, managing the stores and serving customers. Average sales growth from the first 16-stores whose refurbishment was fully completed is up 250 – 500 bps when compared to the 19-weeks before the refurbishment started. The 72-store refurbishment programme consists of 63 stores that do not require expansion as part of the refurbishment and 9 stores that do. We expect the total cost of the refurbishment to be approximately R527 million, including R210 million for the 9 expansion stores. At 29 June 2013, 18 stores had been completed at a total cost of R115 million, including 1 expansion store. A further 12 stores were completed by 10 August 2013, with cumulative costs for the project of R177 million, giving confidence that all stores, excluding one expansion store, will be completed before the Christmas trading period.

As part of the change, new exclusive international brands are being rolled out to stores, mainly through the shop-in-shop concept but also through a limited number of mono-branded stores. In addition to its existing brand portfolio, Edcon has secured franchise rights to T.M. Lewin, Dune London, Tom Tailor, Lucky Brand, and Lipsy. On 7 August 2013 Edcon received Competition Commission approval, without any conditions, for the acquisition of a controlling stake in the companies retailing, under license, Accessorize, La Senza, and Inglot in South Africa, including 42 standalone stores and kiosks. No changes to the day to day management and staff of the acquired group are planned as a result of the acquisition.

Birgitt Gebauer has been appointed as Chief Executive: Edgars department stores, effective 1 September 2013. Birgitt has over 28 years of retail and textile experience bringing a wealth of merchandise and product expertise.

Discount

The Discount division’s sales increased 4.7% and same store sales were 1.7% higher for the first quarter 2014 compared to the first quarter 2013. The growth in retail sales was supported by stronger cash sales, up 13.0%, as credit sales were 4.1% lower. The Discount division strategic initiatives are more advanced in their implementation and the divisional performance remains robust on a six monthly basis, with same store sales 5.5% higher over the 26-weeks ended 29 June 2013. Ladieswear and menswear in Jet continued to grow strongly and Legit increased sales 12.2% in the first quarter 2014. Childrenswear remains an opportunity for improvement. During the quarter Discount division opened eight new Jet stores (three closures), two new Jet Marts (one closure) and six more Legit stores. Net average space increased 2.7% when compared to the first quarter 2013. The total number of stores in the Discount division is 658. The rate of expansion is expected to increase in the rest of the current financial year. Changes in product mix and improved results from sourcing initiatives resulted in an increase in the gross profit margin from 34.0% in the first quarter of 2013 to 35.7% in the first quarter of 2014.

CNA

CNA sales increased 4.5% and same store sales were 3.6% higher for the first quarter 2014 compared to the first quarter 2013. This is primarily due to the increase in higher value, but lower margin, electronic merchandise as the business continued to enhance its product mix. The total number of CNA stores remained at 195 with the average space decreasing marginally. Gross margin decreased by 1.8% points from 33.9% for the first quarter 2013 to 32.1% in the first quarter 2014 due to the merchandise mix change.

African expansion and inclusion of Zimbabwe

Edcon owns 39% of Edgars Zimbabwe Limited ("Edgars Zimbabwe"), a Zimbabwean listed public company which is independently managed. IFRS 10, Consolidated Financial Statements, was issued in May 2011 and became effective for financial periods beginning on or after 1 January 2013. In the implementation of IFRS 10 Edgars Zimbabwe was re-assessed, and the results of Edgars Zimbabwe have been consolidated as from 31 March 2012.

The expansion outside of South Africa, mainly through the Jet, Jet Mart and Edgars Active formats, continues to perform well. Edcon expects to expand its footprint at a measured rate and recently secured store space in Ghana. The sales from countries other than South Africa grew 20.7% in the first quarter 2014 compared to the first quarter 2013 due in part to new stores in Mozambique and increased focus on merchandise. These sales contributed 9.9% (8.2% excluding Zimbabwe) of retail sales for the first quarter 2014, up from 8.4% (7.0% excluding Zimbabwe) in the prior comparative period. This remains an exciting opportunity going forward.

Credit and financial services

Edcon continues to offer store card credit and to be responsible for all customer facing interfaces. Following the first closing of the sale of the trade receivables book on 1 November 2012, however, the ultimate credit decision for provision of credit rests with Absa, which now owns and funds the book. This has enabled Edcon to focus on its core retail business and unlocked additional cash flow while Absa provides significantly enhanced credit analysis tools and has access to a more efficient funding structure. Due to the weak credit environment, Edcon ended the first quarter 2014 with 89 thousand fewer customers able to access credit than the first quarter 2013. On a twelve month rolling basis, credit sales decreased from 51.3% in the prior comparative period to 50.1% of total retail sales.

Good progress was made in enabling more of the South African trade accounts receivables book to be sold than originally anticipated. Of the R803 million in assets classified as held-for-sale, R126 million was sold on 30 June 2013. This leaves only the foreign trade accounts receivables book, which is anticipated to be sold by the end of the 2014 financial year. Only R23 million of the South African trade accounts receivables book remains unsold and included in trade receivables

Income from the insurance joint operation continued to perform well increasing 16.0% over the prior comparative quarter to R174 million for the first quarter 2014. The pace of insurance growth was impacted by the lower number of credit customers as a store credit facility is a prerequisite for a policy.

Financial review

Summary financial information

	First quarter (unaudited)		
Rm	*2013 (re-presented & restated[4])*	*2014*	*% change*
Total revenues[1]	6 320	6 615	4.7
Retail sales	6 013	6 205	3.2
Gross profit	2 278	2 412	5.9
Gross profit margin (%)	37.9	38.9	1pnt
Retail trading profit[2]	308	342	11.0
Pro forma adjusted EBITDA[3]	680	721	6.0
Capital expenditure	197	371	88.3
Net debt including cash and derivatives	25 897	19 553	(24.5)
LTM pro forma adjusted EBITDA (reported)	3 065	2 939	(4.1)
Permanent adjustments[5]	-	226	-
LTM pro forma adjusted EBITDA (inc. cost savings)	3 065	3 165	3.3
Net debt/LTM pro forma adjusted EBITDA (inc. cost savings) [6]	5.5x	6.2x	(0.7x)

(1) Excludes discontinued operations
(2) Trading profit excluding any income and expenses related to credit and financial service and non-recurring items
(3) See notes on pro forma adjusted EBITDA below
(4) Re-presented to take into account the discontinued operation actually sold to Absa and restated for the retrospective consolidation of Edgars Zimbabwe
(5) Full year impact of permanent cost savings not included in Q1: FY14 LTM pro forma adjusted EBITDA: Corporate and operational overhead reductions of R85m and renegotiation of contracts of R141m
(6) Pro forma debt is R16,769 at Q1:FY13

Revenues

Total revenues increased 4.7% due to increased space and good growth in income from the insurance joint operation with Hollard. Same store sales were down 0.3% in the first quarter 2014 as a result of disruption caused by the refurbishment initiatives in the Edgars' division and credit sales reducing by 4.9%.

Retail gross profit

Gross profit was 5.9% higher due to a 100 basis point increase in the gross profit margin. Margins in both the Edgars and Discount divisions improved but were lower in the CNA division.

Retail trading profit

Retail trading profit increased 11.0% due mainly to slower growth in other operating costs consisting mainly of head office costs. Retail trading profit excludes all income and expenses relating to credit and financial services, including store card administration income and costs, and non-recurring income and costs.

Pro forma adjusted EBITDA

Pro forma adjusted EBITDA excludes clearly identified non-recurring costs, further adjusted to give effect to the transaction with Absa as if such transaction had occurred from the beginning of each of the periods. The following table reconciles trading profit to adjusted EBITDA and Pro forma adjusted EBITDA:

	First quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Trading profit	558	396	
Depreciation and amortisation	272	268	
Net asset write off(1)	14	-	
Profit/(loss) from discontinued operations(2)	95	(15)	
Non-recurring (income)/costs(3)	(87)	66	
Adjusted EBITDA	852	715	
Net income from previous card programme(4)	(229)	4	
Net income from new card programme(5)	57	2	
Pro forma adjusted EBITDA(5)	680	721	6.0

(1) Relates to assets written off in connection with store conversions, net of related proceeds.
(2) The results of discontinued operations are included before tax.
(3) Relates to one off strategic initiatives in Q1:FY13 of R56m, income on termination of the Mastercard agreement in Q1:FY13 of R143m, costs associated with the sale of the trade receivables book in Q1:FY14 of R41m and costs associated with corporate and operational overhead reductions in Q1:FY14 of R25m
(4) Pro forma income "lost" to Absa for the portion of the book sold including finance charges revenue, bad debts and provisions.
(5) Pro forma fee earned by Edcon under the new arrangement with Absa.

Costs

	First quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Store costs	1 207	1 295	7.3
Other operating costs(1)	908	935	3.0
Store card credit administration costs(2)		137	
Non-recurring (income)/costs(3)	(87)	66	

(1) Other operating costs as per consolidated financial statements, before costs in notes (2) and (3) below.
(2) Relates to costs associated with the administration of the store credit card funded by Absa or Edcon and not in discontinued operations.
(3) Relates to one off strategic initiatives in Q1:FY13 of R56m, income on termination of the Mastercard agreement in Q1:FY13 of R143m, costs associated with the sale of the trade receivables book in Q1:FY14 of R41m and costs associated with corporate and operational overhead reductions in Q1:FY14 of R25m.

Total store costs increased by R88 million, or 7.3%, from R1,207 million in the first quarter 2013 to R1,295 million in the first quarter 2014, mainly due to higher rental and manpower costs that increased 7.6% and 7.2% respectively and constituted 62% of total costs. Store costs were particularly well contained in the Discount division, increasing only 3.3% due to the success of the optimisation programme, while store costs in the Edgars division increased 9.6% as optimisation efforts are only anticipated to have an impact in the second half of fiscal year 2014, once the heavy-build refurbishment is behind us.

Other operating costs, excluding non-recurring and non-comparable costs associated with administrating the trade accounts receivable book, increased by R27 million, or 3.0%, from R908 million in the first quarter 2013 to R935 million in the first quarter 2014. Income from Absa for administering the book of R67 million is included in other income.

Depreciation and amortisation

The amortisation charge for the first quarter 2014 decreased by R9 million, or 10.3% to R78 million as a result of certain intangible assets now being fully amortised. The intangible assets were raised following the acquisition by Bain in 2007. The depreciation charge increased by 2.7% to R190 million when compared to the prior comparative period.

Net financing costs

	First quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Interest received	11	6	
Financing costs	(783)	(619)	
Net financing costs	(772)	(613)	(20.6)

Net financing costs decreased by R159 million, or 20.6%, from R772 million in the first quarter 2013 to R613 million in the first quarter 2014. This decrease is primarily as a result of an improved net debt position following the sale of the trade accounts receivable assets to Absa on 1 November 2012 and 30 April 2013.

Foreign exchange management

The impact of the weakening rand on buying margins over the quarter was mitigated by the season's purchases having been substantially hedged. Purchases for the second half of the year are hedged at higher rates, the impact of which will be managed, to the extent possible, through mix and pricing adjustments. Edcon applies a strategy of hedging all committed orders between 80% and 100% of the foreign denominated cost price, the impact of which appears above the trading profit line.

	First quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Derivative gains(1)	1	323	
Foreign exchange losses	(189)	(999)	
Net movement	(188)	(676)	260

(1) Includes R269 million of deferred option premium.

Edcon manages its foreign exchange risk on liabilities on an ongoing basis. At the end of the first quarter 2014, 82% of the total gross debt is hedged by virtue of it being denominated in ZAR or through a mix of cross currency swaps and options and 18%, or €302 million of the floating rate senior notes maturing in 2015, is unhedged. The unhedged notes resulted in a foreign exchange loss in the first quarter 2014 of approximately R327 million based on a 9.2% depreciation of the ZAR against the EUR (from EUR:R11.78 to EUR:R12.86). However, the net movement increases to R676 million, substantially due to the R269 million incurred on the new currency option contracts entered into in April 2013 and to a lesser extent due to the foreign exchange losses on the final settlement of the 2014 notes.

Cash flow

Operating cash inflow before changes in working capital decreased by R366 million from R1,064 million in the first quarter 2013 to R698 million in the first quarter 2014 as non-recurring costs and a weaker performance from credit and financial services negatively impacted cashflows.

Working capital increased by R497 million in the first quarter 2014, compared to an increase of R355 million in the first quarter 2013 attributable to:

(i) a decrease in total trade receivables of R518 million in the first quarter 2014 compared to an increase of R76 million in the first quarter 2013, R461 million of which related to the sale of the trade receivables on 30 April 2013;

(ii) an increase in other receivables and prepayments of R2 million in the first quarter 2014 compared to a decrease of R51 million in the first quarter 2013;

(iii) an increase in inventory of R94 million in the first quarter 2014 compared to a decrease of R61 million in the first quarter 2013 mainly due to new display fixtures requiring more stock of our products; and

(iv) an increase in trade and other payables of R75 million in the first quarter 2014 compared to an increase of R319 million in the first quarter 2013, as trade payables were used less effectively than we anticipated in the first quarter 2014.

Consequently, operating activities generated cash of R1,195 million, lower than the R1,419 million in the prior comparative period. Net cashflow from operating activities generated R991 million of cash compared to R783 million in the first quarter of 2013, mainly due to a R429 million reduction in net financing costs mainly as a result of the sale of the trade receivables book.

Capital expenditure

	First quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Edgars	68	172	152.9
Expansion	*23*	*54*	*134.8*
Refurbishment	*45*	*118*	*162.2*
Discount	43	77	79.1
Expansion	*7*	*36*	*414.3*
Refurbishment	*36*	*41*	*13.9*
CNA	13	6	(53.8)
Edgars Zimbabwe	1	-	(100.0)
IT	68	33	(51.5)
Other corporate capex	5	27	440.0
	198	315	59.1

Capital expenditure increased by R117 million, or 59.1%, to R315 million in the first quarter 2014, from R198 million in the first quarter 2013, although R125 million remains in sundry accounts payable. In the first quarter 2014 thirty-eight new stores were opened (excluding one conversion) which, combined with store refurbishments, resulted in investments in stores of R255 million, compared to the first quarter 2013 where we opened forty-three new stores (including twenty conversions) resulting in an investment in store fixtures of R124 million. Edcon invested R33 million in information systems infrastructure in the first quarter 2014 compared to R68 million in the first quarter 2013 as store capex remained a priority.

The company expects to spend R1,175 million on capital expenditure in fiscal year 2014.

Net debt, liquidity and capital resources

The primary source of short-term liquidity is cash on hand and the revolving credit facility. The amount of cash on hand and the outstanding balance on the revolving credit facility are influenced by a number of factors, including retail sales, working capital levels, supplier payment terms, timing of payment for capital expenditure projects, and tax payment requirements. Working capital requirements fluctuate during each month, depending on when suppliers are paid and when sales are generated, and throughout the year depending on the seasonal build-up of net working capital. Edcon funds peaks in the working capital cycle with cash flows from operations and drawings under our revolving credit facility.

On 20 May 2013, Edcon completed the repurchase of its senior secured floating rate notes at the face value of €387 million. The repurchase was funded from the proceeds drawn from the rand denominated senior secured term loan also finalised in the quarter, as well as net proceeds derived on termination of the derivative contracts that were hedging the exchange rate risk on the notes repurchased. Following the update to the hedging strategy that took place prior to the repurchase of the notes, 82% of gross debt (at closing rates) and 100% of the interest rate and currency risk of all future interest payments on the foreign notes are hedged to between 15 March 2014 and 15 March 2015.

At 29 June 2013 total net debt including cash and derivatives of R19,553 million consisted of (i) the carrying value of floating rate notes of R4,820 million, (ii) the carrying value of fixed rate notes of R10,038 million, (iii) super senior secured notes of R1,010 million, (iv) senior secured term loan of R3,986 million, (v) borrowings under the revolving credit facility of R510 million, (vi) finance lease liability of R304 million, (vii) deferred option premium of R583 million, (viii) Edgars Zimbabwe term loan of R136 million, (ix) Edgars Zimbabwe short-term loan R40 million less (x) net derivative assets of R1,394 million, and (xi) cash and cash equivalents of R480 million.

At 29 June 2013, the total limit under the super senior revolving credit facility was R3,967 million, R250 million of which matures on 31 December 2013 with the balance of R3,717 million maturing on 31 December 2016 having been extended during the quarter without any material changes to the other terms of the facility. The maximum utilisation of the revolving credit facility during the first quarter 2014 was R2,140 million.

Edcon believes that operating cash flows, amounts available under the super senior revolving credit facility and proceeds from the sale of our accounts and trade receivables to Absa will be sufficient to fund debt service obligations and operations, including capital expenditure and contractual commitments, through to 29 March 2014.

Events after the reporting period

On 30 June 2013, all conditions required for the third closing of the South African trade accounts receivable were satisfied and a further R126 million of the South African private label store card portfolio was sold to Absa.

Consolidated Financial Statements

Edcon Holdings Limited (“Edcon”)

Consolidated Statement of Financial Position (unaudited)

	2013 29 June Rm	Restated 2013 30 March Rm	Restated 2012 30 June Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**2 745**	2 606	2 530
Intangible assets	**16 622**	16 697	17 394
Employee benefit asset	**129**	172	154
Derivative financial instruments	**734**	292	819
Deferred tax	**11**	33	1 163
Total non-current assets	**20 241**	19 800	22 060
Current assets			
Inventories	**3 852**	3 738	3 180
Trade receivables	**215**	373	143
Other receivables and prepayments	**458**	468	396
Derivative financial instruments	**800**	815	2
Cash and cash equivalents	**480**	710	1 115
	5 805	6 104	4 836
Assets classified as held-for-sale	**803**	1 160	10 091
Total current assets	**6 608**	7 264	14 927
Total assets	**26 849**	27 064	36 987
EQUITY AND LIABILITIES			
Share capital and premium	**2 153**	2 153	2 153
Other reserves	**76**	(61)	(733)
Retained loss	**(12 584)**	(11 870)	(7 072)
Shareholder’s loan – equity	**8 290**	8 290	8 290
Equity attributable to shareholders	**(2 065)**	(1 488)	2 638
Non-controlling interests	**74**	72	59
Total equity	**(1 991)**	(1 416)	2 697
Non-current liabilities – shareholder’s loan			
Shareholder’s loan	**822**	801	665
Total equity and shareholder’s loan	**(1 169)**	(615)	3 362
Non-current liabilities – third parties			
Interest-bearing debt	**19 990**	19 259	23 985
Deferred option premium	**274**	269	
Finance lease liability	**270**	273	303
Lease equalisation	**446**	432	406
Derivative financial instruments	**-**	-	52
Employee benefit liability	**187**	184	184
Deferred taxation	**345**	617	
Deferred revenue	**86**	86	
	21 598	21 120	24 930
Total non-current liabilities	**22 420**	21 921	25 595
Current liabilities			
Interest-bearing debt	**550**	1 516	2 371
Deferred option premium	**309**	36	
Finance lease liability	**34**	40	37
Current taxation	**34**	10	266
Deferred revenue	**108**	106	152
Derivative financial instruments	**140**	79	1 085
Trade and other payables	**5 245**	4 772	4 784
Total current liabilities	**6 420**	6 559	8 695
Total equity and liabilities	**26 849**	27 064	36 987
Total managed capital per IAS 1	**19 675**	20 473	30 058

Consolidated Statement of Comprehensive Income (unaudited)

	Note	2013 13 weeks to 29 June Rm	Re-presented & restated 2012 13 weeks to 30 June Rm
Continuing operations			
Total revenues		**6 615**	6 320
Revenue - retail sales		**6 205**	6 013
Cost of sales		**(3 793)**	(3 735)
Gross profit		**2 412**	2 278
Other income		**243**	158
Store costs		**(1 295)**	(1 207)
Other operating costs		**(1 138)**	(821)
Income from joint operations		**174**	150
Trading profit		**396**	558
Derivative gains		**323**	1
Foreign exchange losses		**(999)**	(189)
(Loss)/profit before net financing costs		**(280)**	370
Finance income		**6**	11
(Loss)/profit before financing costs		**(274)**	381
Financing costs		**(619)**	(783)
Loss before taxation from continuing operations		**(893)**	(402)
Taxation		**192**	121
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(701)**	(281)
Discontinued operations			
(Loss)/profit after tax for the period from discontinued operations	4	**(11)**	68
LOSS FOR THE PERIOD		**(712)**	(213)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**24**	3
Gain/(loss) on cash flow hedges		**113**	(41)
Other comprehensive income for the period after tax		**137**	(38)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(575)**	(251)
(Loss)/profit attributable to:			
Owners of the parent		**(714)**	(214)
Non-controlling interests		**2**	1
		(712)	(213)
Total comprehensive income attributable to:			
Owners of the parent		**(577)**	(252)
Non-controlling interests		**2**	1
		(575)	(251)

Consolidated Statement of Changes in Equity (unaudited)

	Share capital and premium Rm	Foreign currency transla-tion reserve Rm	Cash flow hedging reserve Rm	Revalu-ation surplus Rm	Retained loss Rm	Shareho-lder's loan Rm	Non-controll-ing interests Rm	Total equity Rm
Balance at 31 March 2012	2 153	(40)	(661)	6	(6 858)	8 290	58	2 948
(Loss)/profit for the period					(214)		1	(213)
Other comprehensive income for the period		3	(41)					(38)
Total comprehensive income		3	(41)		(214)		1	(251)
Balance at 30 June 2012	2 153	(37)	(702)	6	(7 072)	8 290	59	2 697
Balance at 30 March 2013	2 153	(30)	(37)	6	(11 870)	8 290	72	(1 416)
(Loss)/profit for the period					(714)		2	(712)
Other comprehensive income for the period		24	113					137
Total comprehensive income		24	113		(714)		2	(575)
Balance at 29 June 2013	**2 153**	**(6)**	**76**	**6**	**(12 584)**	**8 290**	**74**	**(1 991)**

Consolidated Statement of Cash Flows (unaudited)

	2013 13 weeks to 29 June Rm	Re-presented & restated 2012 13 weeks to 30 June Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(893)**	(402)
(Loss)/profit before taxation from discontinued operations	**(15)**	95
Finance income	**(6)**	(11)
Finance costs	**619**	783
Derivative gains	**(323)**	(1)
Deferred revenue	**2**	72
Foreign exchange losses	**999**	189
Amortisation of intangible assets	**78**	87
Depreciation	**190**	185
Net loss on disposal of properties, fixtures, equipment and vehicles	**-**	14
Other non-cash items	**47**	53
Operating cash inflow before changes in working capital	**698**	1 064
Working capital movement	**497**	355
Inventories	**(94)**	61
Trade accounts receivable	**57**	(76)
Proceeds from sale of trade accounts receivable	**461**	
Other receivables and prepayments	**(2)**	51
Trade and other payables	**75**	319
Cash inflow from operating activities	**1 195**	1 419
Finance income received	**6**	11
Financing costs paid	**(209)**	(643)
Taxation paid	**(1)**	(4)
Net cash inflow from operating activities	**991**	783
Cash utilised in investing activities		
Investment in fixtures, equipment and vehicles	**(246)**	(198)
Other investing activities	**(2)**	
Net cash outflow from investing activities	**(248)**	(198)
Cash effects of financing activities		
Settlement of derivatives	**654**	
Decrease in interest-bearing debt	**(1 622)**	(534)
Decrease in finance lease liability	**(10)**	(12)
Net cash outflow from financing activities	**(978)**	(546)
(Decrease)/increase in cash and cash equivalents	**(235)**	39
Cash and cash equivalents at the beginning of the period	**710**	1 074
Currency adjustments	**5**	2
Cash and cash equivalents at the end of the period	**480**	1 115

Condensed notes to the Consolidated Financial Statements (unaudited)

1. Basis of preparation

Basis of accounting

Edcon Holdings 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, 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 Audited Group Consolidated Financial Statements of Edcon Holdings Limited on 30 March 2013 and for the period then ended except those relating to new and amended standards and interpretations.

These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at and for the period ended 30 March 2013 as included in the 2013 Audited Consolidated Annual Financial Statements of Edcon Holdings Limited.

Comparability

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial period, except for the following new and amended IFRS standards and IFRIC interpretations effective as of 31 March 2013.

- IFRS 10, Consolidated financial statements
- IFRS 10, Consolidated financial statements – amendment effective 1 January 2014
- IFRS 11, Joint arrangements
- IFRS 12, Disclosure of interests in other entities
- IFRS 10, 11 and 12, Transition guidance (Amendments to IFRS 10, 11 and 12)
- IFRS 13, Fair value measurement
- IAS 1, Presentation of items of other comprehensive income (amendment to IAS 1)
- IAS 27, Separate financial statements
- IAS 28, Investments in associates and joint ventures
- IFRS 7, Disclosures – offsetting financial assets and financial liabilities (amendments to IFRS 7).
- Improvements to IFRS's (May 2012)

The implementation of the May 2012 improvements and IFRS 13, Fair Value Measurement has resulted in additional disclosures in these Financial Statements. These are included under note 5 relating to the valuation techniques for financial instruments and disclosures of market values relating to non-current interest-bearing debt.

The implementation of IFRS 10, Consolidated Financial Statements and the related amendments listed above has resulted in a restatement of these Financial Statements as discussed below.

Restatements
IFRS 10, Consolidated Financial Statements

IFRS 10, Consolidated Financial Statements, was issued in May 2011 and became effective for financial periods beginning on or after 1 January 2013. In the implementation of IFRS 10, Edgars Zimbabwe Limited was re-assessed, and the results of Edgars Zimbabwe Limited have been consolidated as from 31 March 2012.

1. Basis of preparation *(continued)*

Comparability *(continued)*

Restatements *(continued)*

IFRS 10, Consolidated Financial Statements (continued)
As a result of this, on the Consolidated Statement of Financial Position, trade receivables at 29 June 2013 comprise mainly of trade receivables from Edgars Zimbabwe Limited of R192 million (30 March 2013: R192 million and 30 June 2012: R143 million) which are not classified as held-for-sale. Non-controlling interests of R74 million at 29 June 2013 (30 March 2013: R72 million and 30 June 2012: R59 million) have been included in total equity. There have been no other material affects for each financial statement line item.

IFRS 11, Joint Arrangements
This standard was issued in May 2011 and became effective for financial periods beginning on or after 1 January 2013. In accordance with this standard a joint arrangement is accounted for as either a:

- Joint operation – by showing the investor's interest/relative interest in the assets, liabilities, revenues and expenses of the joint arrangement; or
- Joint venture – by applying the equity accounting method. Proportionate consolidation is no longer permitted.

As a result of applying the principles of the standard, the Group no longer recognises income from joint ventures as previously reported but rather income from joint operations on the Consolidated Statement of Comprehensive Income. The Consolidated Statement of Financial Position no longer discloses a line item for equity accounted investment in joint venture. Rather, the Group has recognised its assets, revenue and expenses relating to the interest in the joint operation.

The transition provisions of IFRS 11 require that the standard is applied retrospectively in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. In line with these transitional provisions, the restatement on the Consolidated Statement of Financial Position has been applied retrospectively. There have been no other material affects for each financial statement line item.

Re-presentation
The comparative numbers in these Financial Statements have been re-presented to take into account the discontinued operation for the trade accounts receivable sold to Absa Limited ("Absa") on 1 November 2012 in the third quarter of the prior financial period, the additional sale in the first quarter of the current financial period and the trade accounts receivable classified as held-for-sale at 29 June 2013 on the Consolidated Statement of Financial Position.

Reclassification
On the Consolidated Statement of Comprehensive income for the 13-week period to 30 June 2012, a reclassification of R143 million was made from other income to other operating costs for comparative presentation to the Audited Annual Consolidated Financial Statements of Edcon Holdings Limited at 30 March 2013.

1. Basis of preparation *(continued)*

Significant movements on the Consolidated Statement of Financial Position

Assets classified as held-for-sale
Trade accounts receivable of R461 million were sold to Absa on 30 April 2013 and assets classified as held-for sale have as a result decreased from R1 160 million at 30 March 2013 to R803 million at 29 June 2013 (note 4).

Interest-bearing debt
Non-current interest-bearing debt
The senior secured floating rate notes €387 million were redeemed on 20 May 2013 with the proceeds of the R4 120 million senior secured term loan.

Current interest-bearing debt
The current interest-bearing debt decreased by R966 million from R1 516 million at 30 March 2013 to R550 million at 29 June 2013 mainly due to proceeds received from the sale of the South African trade accounts receivable on 30 April 2013.

Derivative financial instruments and deferred option premium
The Group's net derivative financial instruments at 29 June 2013 were an asset of R1 394 million compared to an asset of R1 028 million at 30 March 2013. To increase the extent of hedge cover on the Euro denominated senior secured fixed rate notes, a series of derivative contracts were entered into in April 2013:

- Cross currency swaps were entered into which, (i) protect against interest rate variability in future interest cash flows on liabilities, (ii) protect against variability in future interest cash flows that are subject to fluctuations based on foreign exchange rates, and (iii) hedge the repayment of €230 million in principal and interest on the notes to 15 March 2015. The hedges create an effective annual average fixed interest rate of 15.55% over the period of cover. The cross currency swaps have been designated as a cash flow hedge.
- A cross currency swap was entered into which protects against variability in future interest cash flows that are subject to fluctuations based on foreign exchange rates. The notional value of the hedge is €70 million and provides cover on the coupon of the notes up to 15 March 2015. The hedge creates an effective annual average fixed interest rate of 10.2% over the period of cover. The cross currency swap has been designated as a cash flow hedge.
- Foreign currency call options were entered into which hedge the repayment of €237 million in principal on the notes to 12 March 2015. The premiums payable on the foreign currency call options of R317 million have been deferred to 13 March 2015. These options have not been designated as cash flow hedges.

On 17 May 2013, Edcon Limited terminated cross currency swaps as a consequence of the repurchase of the senior secured floating rate notes with a nominal value of €387 million and received proceeds of R654 million which were applied to the redemption of the senior secured floating rate notes.

Going concern

The Consolidated Statement of Financial Position at 29 June 2013 reports share capital and premium of R2 153 million in equity attributable to shareholders and a shareholder's loan recognised in equity of R8 290 million offset by an accumulated retained loss of R12 584 million and a net credit of R76 million in other reserves, resulting in negative equity attributable to shareholders at 29 June 2013 of R2 065 million. After considering non-controlling interests of R74 million, total equity of the Group is a deficit of R1 991 million. The shareholder's loan of R9 112 million has been subordinated to the claims of all the creditors of the Group and the total negative equity and shareholder's loan is R1 169 million.

Notwithstanding the fact that the Group's liabilities exceed its assets in accordance with IFRS, the Consolidated Financial Statements have been prepared on the going-concern basis as the Group's assets at fair value exceed the liabilities. The directors have every reason to believe that the Group has adequate resources to continue in operation for the foreseeable future and is considered both solvent and liquid.

		2013 29 June Rm	Re-presented & restated 2012 30 June Rm
2.	**SEGMENTAL RESULTS**		
2.1	**Revenues**		
	Edgars	**3 198**	3 152
	CNA	**445**	426
	Discount	**2 584**	2 472
	Edgars Zimbabwe	**120**	94
	Manufacturing	**23**	16
	Credit and Financial Services	**239**	159
	Group Services	**6**	1
		6 615	6 320
2.2	**Retail sales**		
	Edgars	**3 119**	3 083
	CNA	**445**	426
	Discount	**2 527**	2 413
	Edgars Zimbabwe	**114**	91
		6 205	6 013
2.3	**Number of stores**		
	Edgars	**408**	341
	CNA	**195**	195
	Discount	**658**	615
	Edgars Zimbabwe	**40**	36
		1 301	1 187
2.4	**Operating (loss)/profit from continuing operations**		
	Edgars	**483**	595
	CNA	**-**	13
	Discount	**337**	304
	Edgars Zimbabwe	**7**	7
	Manufacturing	**(3)**	5
	Credit and Financial Services	**229**	162
	Group Services[1]	**(1 333)**	(716)
		(280)	370

[1] Included in the allocation to the Group Services segment is corporate overheads, derivative gain or loss, foreign exchange gain or loss and amortisation of intangible assets and additional depreciation as a result of the private equity transaction in 2007 and transitional projects related expenditure.

		2013 29 June Rm	Re-presented & restated 2012 30 June Rm
3.	**REVENUES**		
	Retail sales	**6 205**	6 013
	Club fees	**136**	128
	Finance charges on trade receivables	**17**	13
	Revenue from joint operations	**161**	139
	Finance income	**6**	11
	Administration fee	**67**	
	Manufacturing sales to third parties	**23**	16
		6 615	6 320

4. DISCONTINUED OPERATIONS

On 6 June 2012, the Group announced the intended sale of its private label store card to Absa as well as the implementation of a long-term strategic agreement. On 30 April 2013, all conditions required for the second closing of the South African trade accounts receivable were satisfied and a further R461 million of the South African private label store card portfolio was sold to Absa.

A portion of the remaining card portfolio in South Africa was sold on 30 June 2013 and disclosed in note 6. The card portfolio in Lesotho, Namibia, Botswana and Swaziland is still expected to be sold as soon as Absa has completed compliance screening processes in respect of these accounts and the relevant regulatory approvals are obtained. These trade receivables have been classified as held-for-sale on the Consolidated Statement of Financial Position.

The results of the discontinued operation are as follows:

	2013 29 June Rm	Re-presented 2012 30 June Rm
Total revenues	**38**	539
Income from credit	**38**	539
Expenses from credit	**(53)**	(444)
Trading (loss)/profit before taxation	**(15)**	95
Taxation	**4**	(27)
(Loss)/profit for the period	**(11)**	68

5. FINANCIAL INSTRUMENTS

The Group uses a three-level hierarchy to prioritise the inputs used in measuring fair value. Level 1 has the highest priority and level 3 has the lowest. Fair value is principally applied to financial assets and financial liabilities. These are measured at fair value on a recurring basis as of 29 June 2013, aggregated by the level in the fair value hierarchy within which these measurements fall.

The following table presents the Group's assets and liabilities that are measured at fair value at the period end:

	Total – level 2 Rm
29 June 2013	
Financial assets	
Cross currency swaps	**653**
Foreign currency call options	**858**
Foreign currency forward contracts	**23**
Total financial assets	**1 534**
Financial liabilities	
Interest rate swaps	**55**
Cross currency swaps	**85**
Total financial liabilities	**140**
30 March 2013	
Financial assets	
Cross currency swaps	813
Foreign currency call options	292
Foreign currency forward contracts	2
Total financial assets	1 107
Financial liabilities	
Interest rate swaps	68
Foreign currency forward contracts	11
Total financial liabilities	79
30 June 2012	
Financial assets	
Cross currency swaps	821
Total financial assets	821
Financial liabilities	
Cross currency swaps	1 011
Interest rate swaps	87
Foreign currency forward contracts	39
Total financial liabilities	1 137

The above are classified as level 2 inputs. No financial instruments at 29 June 2013, 30 March 2013 and 30 June 2012 have been classified as either level 1 or level 3 inputs in the hierarchy. The fair value under level 2 is based on observable inputs such as quoted prices for similar financial assets or financial liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the financial assets or financial liabilities.

5. FINANCIAL INSTRUMENTS *(continued)*

All financial instruments have been recognised in the Consolidated Statement of Financial Position and there is no material difference between their fair values and carrying values, except for the notes issued.

The following methods and assumptions were used by the Group in establishing fair values:

Liquid resources, trade accounts receivable and loans: the carrying amounts reported in the statement of financial position approximate fair values due to the short period to maturity of these instruments.

Short-term interest-bearing debt: the fair values of the Group's loans are estimated using discounted cash flow analyses applying the RSA yield curve. The carrying amount of short-term borrowings approximates their fair value, due to the short period to maturity of these instruments.

Notes issued: the notes issued are fair valued based on the exchange rate ruling at the reporting date. The market values at 29 June 2013 was R13 890 million (30 March 2012 R18 066 million and 30 June 2012 R18 400 million) and have been determined based on the closing prices of the relevant stock exchange.

Derivative financial instruments: foreign currency forward exchange contracts are entered into to cover import orders, and fair values are determined using foreign exchange market rates at 29 June 2013. Foreign currency forward contracts, foreign currency call options, cross currency swaps and interest rate swaps are entered into to hedge interest rate and foreign exchange rate exposure of interest-bearing debt and fair values are determined using market related rates at 29 June 2013.

6. EVENTS AFTER THE REPORTING DATE

On 30 June 2013, all conditions required for the third closing of the South African trade accounts receivable were satisfied and a further R126 million of the South African private label store card portfolio was sold to Absa.

Corporate Information

Edcon Holdings Limited
Incorporated in the Republic of South Africa
Registration number 2006/036903/06

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Executive directors
J Schreiber *** (Managing Director and Chief Executive Officer), MR Bower, Dr U Ferndale

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