20 February 2014

This notice is important and requires your immediate attention.

EDCON HOLDINGS LIMITED (“EDCON”)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AND QUARTERLY REPORT

FOR THE NINE-MONTH PERIOD ENDED 28 DECEMBER 2013

SUMMARY OF FINANCIAL AND OTHER DATA

The following Summary of Financial and Other Data should be read in conjunction with the Condensed 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 Condensed Consolidated Financial Statements of Edcon Holdings Limited and its subsidiaries (the "Group") attached hereto, relates to the nine-month period ended 29 December 2012 and the nine-month period ended 28 December 2013. Unless the context requires otherwise, references in this notice to "third quarter 2013" and "third quarter 2014" shall mean the 13-week period ended 29 December 2012 and the 13-week period ended 28 December 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 division 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

Key features

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

- Retail sales up 3.3% to R8.8 billion
- Retail cash sales growth of 14.2%
- Retail credit sales decline 6.8%
- Sound performance from Discount division
- Retail sales from operations outside South Africa up 24.8%
- Pro forma adjusted EBITDA down 6.5% to R1.2 billion
- Increase in average space of 4.7%
- In advanced discussions on second look credit provider

Introduction

Edcon continued to improve its performance in eight out of its nine key formats which include Boardmans, CNA, Edgars Active, Edgars Shoe Gallery, Jet, Jet Mart, Legit and Red Square as well as its various mono-branded standalone stores. However, in a tougher retail environment also being materially impacted by declining credit sales, it is taking longer than anticipated to reap the benefits of the strategic changes within the Edgars chain of stores.

During the third quarter 2014 retail sales increased 3.3% to R8,787 million. Weak credit sales across the group remain a concern reducing by 6.8% (7.4% excluding Zimbabwe) when compared to quarter three 2013 as the number of customer credit accounts dropped 133,000 or 3.4% year on year. Although credit sales growth is expected to remain lower than cash sales, it is important for the group that the growth differential between the two, now approximately 20%, is reduced. To this end Edcon is in advanced discussions on potential solutions for a second look credit provider to improve net approval rates. When implemented, this should give customers improved access to credit facilities. The strong cash sales which increased 14.2% (14.9% excluding Zimbabwe) are evidence that in spite of the credit challenges the potential opportunity for the group remains compelling. In addition, the refurbishment element of the transformation project in Edgars is now almost complete and customer compliment metrics are meaningfully improving.

We are therefore confident that the strategy in the Edgars division is appropriate. Improvements to product flow, stock and space allocations will be made as part of the constant improvement initiatives within the larger project. Moreover, the ongoing implementation of the store optimisation and people support elements of the transformation programme, which include productivity and efficiency improvements, should better align the cost base and further enhance the performance of these stores. As this process may involve job losses, Edcon is committed to treating employees fairly and responsibly and will therefore ensure that the consultation process is conducted in a transparent and considerate manner. Additional information will be provided as the process advances further.

The Discount division, which continues to improve its margins, again delivered a solid financial performance as positive momentum continued across all elements of the business.

Sales from operations outside of South Africa remain strong increasing 24.8%. This continues to be an important part of the future of the group.

For the first time in fiscal year 2014, quarterly pro forma adjusted EBITDA was lower than the prior period, reducing 6.5% to R1,200 million. The decrease in pro forma adjusted EBITDA for the quarter is mainly due to lower gross margins and higher store costs in the Edgars division while the Discount division margins continue to improve. Overhead costs, included in other operating costs, remain tightly controlled decreasing 3.5% on a comparable basis.

Information from Statistics South Africa still supports a positive view on apparel sales growth when compared to total retail sales growth even as inflationary pressures increase, unsecured lending remains slower than in previous periods and consumer confidence remains muted. Further initiatives, particularly within the Edgars chain of stores focused on operating cost reductions and gross profit improvements should also deliver benefits over the coming months.

Trading review

Key operational data

	(unaudited) Retail sales growth (%)				(unaudited) Gross profit margin (%)		
	Q3:FY13 Actual	*Q3:FY14 Actual*	*Q3:FY13 LFL(1)*	*Q3:FY14 LFL(1)*	*Q3:FY13 Actual*	*Q3:FY14 Actual*	*pts change(2)*
Edgars	4.1	0.6	(2.1)	(4.8)	41.0	37.8	(3.2)
Discount	(5.9)	7.8	(5.8)	2.8	34.3	35.0	0.7
CNA	(1.5)	0.3	(0.6)	0.8	31.8	29.7	(2.1)
Edgars Zimbabwe	14.4	2.0	11.7	(0.7)	47.0	49.4	2.4
Total	(0.1)	3.3	(3.2)	(1.5)	37.9	36.3	(1.6)

	Q3:FY13A Actual	*Q3:FY14 Actual*	*% change*
Total number of stores	1 257	1 402	11.5
Average retail space (‘000 sqm)	1 427	1 494	4.7
Customer credit accounts (‘000s)(3)	3 868	3 735	(3.4)

(1) Like-for-like sales (same store sales).
(2) Q3:FY14 % change on Q3:FY13.
(3) Excludes Edgars Zimbabwe customer credit accounts 3Q:FY14 of 193 000 and 3Q:FY13 of 175 000

Edgars

The Edgars division grew retail sales 0.6%. Cash sales increased 13.5% and credit sales decreased 8.3% over the same period. There was a sound performance in the specialty and mono-branded stores. Average space increased 4.5% to 756 thousand square meters when compared to the third quarter 2013. During the quarter seven new Edgars Active stores, five new Edgars stores, two Boardmans and one more Edgars Shoe Gallery were opened. During the same period there were five closures (two Edgars, one Boardmans, one Temptations and one Red Square store), bringing the total number of stores in the Edgars division to 476.

Same-store sales were 4.8% lower when compared to the third quarter 2013. All specialty chain stores achieved positive same-store sales growth, albeit off a low base. The Edgars transformation programme is an important part of repositioning the chain for the future. It consists of three key elements; the refurbishment of the stores as well as optimisation and people support initiatives. The refurbishment element of the transformation project in Edgars has substantially progressed to schedule. To become better positioned and structured for future growth and ensure sustainable profitability, it has become imperative to work more efficiently and to improve productivity within the Edgars store chain which may unfortunately result in job losses.

As at the end of the third quarter 2014, the refurbishments of all but two expansion stores were completed. Trading in the refurbished stores was mixed with central business district and rural stores showing the weakest uplift due to their dependence on credit. At 28 December 2013, the cumulative capital expenditure cost for the project was R517 million.

Gross margin was 37.8% for the third quarter 2014 down from 41.0% for the third quarter 2013 due to a higher level of promotional activity required to offset negative credit sales. Higher input costs could also not be adequately passed on to customers.

Discount

The Discount division's sales increased 7.8%. Cash sales increased 18.2% and credit sales decreased 4.8% over the same period. Same-store sales were 2.8% higher. The sound sales performance was due in part to a strong performance in ladieswear, although all merchandise group's performed well.

Average space increased 5.7% to 615 thousand square meters when compared to the third quarter 2013. During the quarter 17 Jet stores, four new Jet Marts and seven new Legit stores were opened while nine stores were closed or converted (six Jet and three Legit stores) bringing the total number of stores in the Discount division to 685.

The gross profit margin increased from 34.3% in the third quarter of 2013 to 35.0% in the third quarter of 2014, as the ongoing implementation of the planned margin enhancement strategies through improved buying and consistent merchandise flow continue to improve gross margins. Higher input costs were passed on to customers.

CNA

CNA sales increased 0.3% and same store sales were 0.8% higher primarily due to the continued growth in digital merchandise sales. In line with the strategy of right-sizing and revising the merchandise mix, average space decreased by 2.0% from the prior comparative period. During the quarter five new stores were opened and three were closed, bringing the total number of CNA stores to 196. Gross margin decreased from 31.8% for the third quarter 2013 to 29.7% in the third quarter 2014 as digital sales and increased promotions impacted margin.

African expansion

The total number of Edcon group stores outside of South Africa increased by 34 from 129 at the end of the third quarter 2013 to 163 at the end of the third quarter 2014. The sales from these stores increased 24.8% due to the increased number of stores, currency benefits as well as improved merchandise selection and availability. These sales contributed 9.9% (8.3% excluding Zimbabwe) of retail sales for the third quarter 2014, up from 8.2% (6.5% excluding Zimbabwe) in the prior comparative period. Growth from stores outside of South Africa remains important to the group.

Credit and financial services

Edcon, excluding Edgars Zimbabwe, ended the third quarter 2014 with 133,000 fewer credit customers than the third quarter 2013. On a twelve month rolling basis, credit sales decreased from 51.4% in the prior comparative period to 47.2% of total retail sales. To improve this position, Edcon is in advanced discussions on potential solutions for a second look credit provider to improve net approval rates. When implemented, this should give customers improved access to credit facilities.

Currently R747 million of the net trade receivables book is classified as held-for-sale as it is still in the process of being sold to Absa. These trade receivables accounts relate only to non-South African jurisdictions and we have a high level of confidence that they will be sold subject only to outstanding regulatory approval in the various jurisdictions, or collected. It is currently anticipated that these sales will only be concluded after the end of the financial year 2014 despite significant effort to finalise these sales sooner. The R205 million held in trade accounts receivable, separate from those classified as held-for-sale, relates primarily to the Zimbabwean book, which was never part of the sale to Absa and is separately managed and funded.

Income from the insurance joint operation increased 5.4% over the prior comparative quarter to R176 million for the third quarter 2014. Most of the increase was due to the improved contractual arrangements as the pace of insurance growth was again impacted by the lower number of credit customers. A store credit facility is a prerequisite for a policy.

Financial review

Summary financial information

Rm	2013 (re-presented & restated)[3]	2014	% change
	Third quarter (unaudited)		
Total revenues[1]	8 868	9 209	3.8
Retail sales	8 506	8 787	3.3
Gross profit	3 226	3 193	(1.0)
Gross profit margin (%)	37.9	36.3	(1.6)pnt
Pro forma adjusted EBITDA[2]	1 284	1 200	(6.5)
Capital expenditure	216	372	72.2
Net debt including cash and derivatives	16 607	19 773	19.1
LTM pro forma adjusted EBITDA (reported)	2 870	2 775	(3.3)
Permanent adjustments[4]		79	
LTM pro forma adjusted EBITDA (inc. cost savings)	2 870	2 854	(0.6)
Net debt/LTM pro forma adjusted EBITDA (inc. cost savings) [5]	5.3	6.7	(1.4)

(1) Excludes discontinued operations.
(2) Pro forma adjusted EBITDA excludes clearly identified non-recurring costs, further adjusted to give effect to the transaction with Absa as if 100% of all debtors had been sold from the beginning of each of the periods.
(3) Re-presented to take into account the discontinued operation actually sold to Absa and restated for the retrospective consolidation of Edgars Zimbabwe.
(4) Full year impact of remaining permanent cost savings not included in Q3: FY14 LTM pro forma adjusted EBITDA: Corporate and operational overhead reductions of R45m and renegotiation of contracts of R34m.
(5) Pro forma net debt is R15,240m at Q3:FY13 and R19,026m at Q3:FY14.

Revenues

Total revenues increased 3.8% which is commensurate with the growth in retail sales and marginally boosted by the administration fee paid by Absa for the full period in the third quarter 2014 not earned for the full prior comparative period.

Retail gross profit

Gross profit was 1.0% lower as the gross profit margin decreased 160 basis points. Margin improvements in the Discount division were more than offset by declining margins in both the Edgars and CNA divisions.

Pro forma adjusted EBITDA

The following table reconciles trading profit to adjusted EBITDA and Pro forma adjusted EBITDA:

	Third quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Trading profit	503	906	
Depreciation and amortisation	260	294	
Net asset write off[(1)]	5	2	
Profit from discontinued operations[(2)]	28	(22)	
Non-recurring costs[(3)]	566	15	
Adjusted EBITDA	1 362	1 195	(12.3)
Net income from previous card programme[(4)]	(93)	2	
Net income from new card programme[(5)]	15	3	
Pro forma adjusted EBITDA	1 284	1 200	(6.5)

(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 Q3:FY13 of R9m, costs associated with the sale of the trade receivables book in Q3:FY13 of R557m and Q3:FY14 of R1m and costs associated with corporate and operational overhead reductions in Q3:FY14 of R14m.
(4) Net income derived from 100% of the trade receivables including finance charges revenue, bad debts and provisions.
(5) Pro forma fee earned by Edcon under the new arrangement with Absa, based on 100% of the trade receivables book.

Costs

	Third quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Store costs	1 399	1 578	12.8
Other operating costs[(1)]	1 009	974	(3.5)
Store card credit administration costs[(2)]	101	137	35.6
Non-recurring costs[(3)]	566	15	(97.3)

(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 Q3:FY13 of R9m, costs associated with the sale of the trade receivables book in Q3:FY13 of R557m and Q3:FY14 of R1m and costs associated with corporate and operational overhead reductions in Q3:FY14 of R14m.

Total store costs increased by R179 million, or 12.8%, from R1,399 million in the third quarter 2013 to R1,578 million in the third quarter 2014, mainly due to new space resulting in rental and manpower costs that increased by 17.9% and 13.0% respectively and constituted 62.7% of total store costs. These increases were more pronounced in the Edgars division. Initiatives are under way to bring these back in line as part of the ongoing implementation of the store optimisation and people support elements of the transformation programme, which include productivity and efficiency improvements.

Other operating costs, excluding non-recurring and non-comparable costs associated with administrating the trade accounts receivable book, decreased by R35 million, or 3.5%, from R1,009 million in the third quarter 2013 to R974 million in the third quarter 2014. Income from Absa for administering the book in the third quarter of 2014 of R39 million is included in other income.

Depreciation and amortisation

The depreciation and amortisation charge for the third quarter 2014 increased by 13.1% to R294 million mainly due to the increased investment in new and refurbished stores.

Net financing costs

	Third quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Interest received	51	5	
Financing costs	(830)	(715)	
Net financing costs	(779)	(710)	(8.9)

Net financing costs decreased by R69 million, or 8.9%, from R779 million in the third quarter 2013 to R710 million in the third quarter 2014. This decrease is primarily as a result of a lower gross debt position in the third quarter 2014 when compared to the third quarter 2013. In the prior comparative quarter a large portion of the proceeds from the sale of the book to Absa had not been applied against debt and the interest received on the cash held from the proceeds was meaningfully lower than the debt.

Foreign exchange management

Edcon applies a strategy of hedging all committed foreign denominated orders, the impact of which appears above the trading profit line. These forward contracts and inflation in selling prices, mainly in the Discount division, absorbed some of the impact of the weaker rand.

	Third quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Derivative (losses)/gains	(173)	160	
Foreign exchange losses	(357)	(765)	
Net movement	(530)	(605)	(14.2)

Edcon manages its foreign exchange risk on liabilities on an ongoing basis. At the end of the third quarter 2014, 75% 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. The 25% unhedged portion relates only to the €425 million of fixed rate senior notes maturing in 2019. These unhedged notes resulted in a foreign exchange loss in the third quarter 2014 of approximately R322 million based on a 6.2% depreciation of the ZAR against the EUR (from EUR:R13.60 to EUR: R14.44). The remaining portion of the net movement of R605 million is substantially due to R255 million of net loss attributable to the increase in deferred option premiums during the quarter. The increase in deferred option premiums arose following an early termination and extension of a portion of the near maturity foreign currency call options relating to the 2018 fixed rate notes.

Cash flow

Operating cash inflow before changes in working capital increased by R420 million from R801 million in the third quarter 2013 to R1,221 million in the third quarter 2014 mainly due to a reduction in non-recurring cash costs.

Working capital generated R1,468 million in the third quarter 2014, compared to R10,366 million in the third quarter 2013 due to:

(i) The proceeds from the sales of the trade account receivable book to Absa of R8,833 million in the third quarter 2013;

(ii) A net increase in trade receivables of R37 million in the third quarter 2014 compared to a increase of R300 million in the third quarter 2013;

(iii) An increase in other receivables and prepayments of R73 million in the third quarter 2014 compared to an increase of R75 million in the third quarter 2013;

(iv) An increase in inventory of R234 million in the third quarter 2014 compared to an increase of R404 million in the third quarter 2013 mainly due to earlier inventory receipting of December stocks; and

(v) An increase in trade and other payables of R1,812 million in the third quarter 2014 compared to an increase of R2,312 million in the third quarter 2013 due to earlier receipting.

Consequently, operating activities generated cash of R2,689 million, R8,478 million lower than the R11,167 million in the prior comparative period mainly due to the R8,833 million proceeds from the sale of the trade accounts receivable book in the third quarter 2013.

Capital expenditure

	Third quarter (unaudited)		
Rm	*2013*	*2014*	*% change*
Edgars	65	254	
Expansion	*24*	*155*	
Refurbishment	*41*	*99*	
Discount	91	58	
Expansion	*8*	*41*	
Refurbishment	*83*	*17*	
CNA	11	6	
Edgars Zimbabwe	5	-	
IT	28	47	
Other corporate capex	16	7	
	216	372	72.2

Capital expenditure increased by R156 million to R372 million in the third quarter 2014, from R216 million in the third quarter 2013, although R113 million remains in sundry accounts payable. In the third quarter 2014, 29 new stores were opened (excluding 26 conversion) which, combined with store refurbishments, resulted in investments in stores of R318 million, compared to the third quarter 2013 where we opened 24 new stores (excluding 32 conversions) resulting in an investment in stores of R167 million. Edcon invested R47 million in information systems infrastructure in the third quarter 2014 compared to R28 million in the third quarter 2013.

The company expects to spend between R100 million and R150 million more than the previous estimate of R1,175 million on capital expenditure in fiscal year 2014 effectively bringing forward some projects previously scheduled for fiscal year 2015.

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.

		Third quarter (unaudited)	
Rm		*2013*[3]	*2014*[3]
Super senior secured			
ZAR Revolving credit facility[1]		199	86
ZAR Floating rate notes due 4 April 2016	J+625bps	1 010	1 010
Senior secured			
ZAR term loan due 16 May 2017	J+700bps		4 001
EUR floating rate notes due 15 March 2014	E+325bps	12 705	
EUR fixed rate note due 1 March 2018	9.5%	3 419	8 619
USD fixed rate note due 1 March 2018	9.5%	2 118	2 585
Deferred option premium		352	1 034
Lease liabilities		322	284
Senior			
EUR fixed rate notes due 30 June 2019	13.375%		5 903
EUR floating rate notes due 30 June 2015	E+550bps	4 182	
Other loans[2]		137	163
Gross debt		**24 444**	**23 685**
Derivatives		(1 131)	(2 020)
Cash on hand		(6 706)	(1 892)
Net debt		**16 607**	**19 773**

(1) The total limit under the super senior revolving credit facility was R3,967 million, R250 million of which matures on 31 March 2014 with the balance of R3,717 million maturing on 31 December 2016. The maximum utilisation of the revolving credit facility during the third quarter 2014 was R2,768 million.
(2) R137 million at Q3:FY13 and R160 million at Q3:FY14 of this debt relates to Edgars Zimbabwe.
(3) FX rates at Q3:FY13 were R8.47:$ and R11.20:€ and at Q3:FY14 were R10.50:$ and R14.44:€.

Edcon believes that operating cash flows, amounts available under the super senior revolving credit facility and the remaining 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, for the foreseeable future.

Events after the reporting period

In January 2014, Edcon Limited restructured a foreign currency call option with a notional value of US$50 million by early terminating this last derivative contract that was due to mature in March 2014 and entering into a new foreign currency call option to extend the tenor of hedge cover to 15 December 2015, to match the approach executed in December 2013. All March 2014 call option maturities have now been extended to December 2015. A deferred option premium with a face value of R38 million was also settled in this process. Edcon Limited received net proceeds of R45 million on settlement. A new deferred option premium with a face value of R106 million arose on the re-strike and extension of the new US$50 million call option.

Leadership changes

Edcon welcomed Toon Clerckx as Chief financial officer and a member of the Edcon Holdings Limited and Edcon Limited boards, effective 17 February 2014. This follows the retirement of Mark Bower after 24 years of valuable service with the group, most recently as Deputy CEO and Chief financial officer. Edcon also welcomed Garth Napier as Chief executive: Discount division, effective 10 February 2014. Bondholders were advised of these changes on 10 February 2014 and full details are included in this announcement.

Consolidated Financial Statements

Edcon Holdings Limited (“Edcon”)

Consolidated Statement of Financial Position (unaudited)

	2013 28 December Rm	Restated 2013 30 March Rm	Restated 2012 29 December Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**3 210**	2 606	2 540
Intangible assets	**16 492**	16 697	17 161
Employee benefit asset	**66**	172	154
Derivative financial instruments	**1 973**	292	2 279
Deferred tax	**30**	33	
Total non-current assets	**21 771**	19 800	22 134
Current assets			
Inventories	**4 348**	3 738	3 737
Trade receivables	**205**	373	146
Other receivables and prepayments	**630**	468	469
Derivative financial instruments	**128**	815	29
Cash and cash equivalents	**1 892**	710	6 706
	7 203	6 104	11 087
Assets classified as held-for-sale	**747**	1 160	1 367
Total current assets	**7 950**	7 264	12 454
Total assets	**29 721**	27 064	34 588
EQUITY AND LIABILITIES			
Share capital and premium	**2 153**	2 153	2 153
Other reserves	**134**	(61)	(577)
Retained loss	**(13 723)**	(11 870)	(10 569)
Shareholder’s loan – equity	**8 290**	8 290	8 290
Equity attributable to shareholders	**(3 146)**	(1 488)	(703)
Non-controlling interests	**98**	72	64
Total equity	**(3 048)**	(1 416)	(639)
Non-current liabilities – shareholder’s loan			
Shareholder’s loan	**863**	801	782
Total equity and shareholder’s loan	**(2 185)**	(615)	143
Non-current liabilities – third parties			
Interest-bearing debt	**22 252**	19 259	23 533
Deferred option premium	**997**	269	301
Finance lease liability	**264**	273	284
Lease equalisation	**467**	432	425
Derivative financial instruments	**-**	-	19
Employee benefit liability	**191**	184	188
Deferred taxation	**83**	617	949
Deferred revenue	**67**	86	
	24 321	21 120	25 699
Total non-current liabilities	**25 184**	21 921	26 481
Current liabilities			
Interest-bearing debt	**115**	1 516	237
Deferred option premium	**37**	36	51
Finance lease liability	**20**	40	38
Current taxation	**82**	10	16
Deferred revenue	**97**	106	184
Derivative financial instruments	**81**	79	1 158
Trade and other payables	**7 153**	4 772	7 062
Total current liabilities	**7 585**	6 559	8 746
Total equity and liabilities	**29 721**	27 064	34 588
Total managed capital per IAS 1	**22 651**	20 473	24 235

Consolidated Quarterly Statement of Comprehensive Income (unaudited)

	Note	2013 13 weeks to 28 December Rm	Re-presented & restated 2012 13 weeks to 29 December Rm
Continuing operations			
Total revenues		**9 209**	8 868
Revenue - retail sales		**8 787**	8 506
Cost of sales		**(5 594)**	(5 280)
Gross profit		**3 193**	3 226
Other income		**241**	185
Store costs		**(1 578)**	(1 399)
Other operating costs		**(1 126)**	(1 676)
Income from joint operations		**176**	167
Trading profit		**906**	503
Write-off of intangible asset			(79)
Derivative gains/(losses)		**160**	(173)
Foreign exchange losses		**(765)**	(357)
Gain/(loss) before net financing costs		**301**	(106)
Finance income		**5**	51
Gain/(loss) before financing costs		**306**	(55)
Financing costs		**(715)**	(830)
Loss before taxation from continuing operations		**(409)**	(885)
Taxation		**19**	46
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(390)**	(839)
Discontinued operations			
(Loss)/profit after tax for the period from discontinued operations	4	**(16)**	20
LOSS FOR THE PERIOD		**(406)**	(819)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**6**	5
Gain on cash flow hedges		**31**	138
Other comprehensive income for the period after tax		**37**	143
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(369)**	(676)
(Loss)/profit attributable to:			
Owners of the parent		**(415)**	(829)
Non-controlling interests		**9**	10
		(406)	(819)
Total comprehensive income attributable to:			
Owners of the parent		**375**	(686)
Non-controlling interests		**6**	10
		(369)	(676)

Consolidated Year-to-date Statement of Comprehensive Income (unaudited)

	Note	2013 39 weeks to 28 December Rm	Re-presented & restated 2012 39 weeks to 29 December Rm
Continuing operations			
Total revenues	3	**22 300**	21 226
Revenue - retail sales		**21 009**	20 202
Cost of sales		**(13 250)**	(12 669)
Gross profit		**7 759**	7 533
Other income		**743**	507
Store costs		**(4 193)**	(3 811)
Other operating costs		**(3 380)**	(3 481)
Income from joint operations		**534**	482
Trading profit		**1 463**	1 230
Write-off of intangible asset			(79)
Derivative gains/(losses)		**624**	(174)
Foreign exchange losses		**(2 352)**	(805)
Loss before net financing costs		**(265)**	172
Finance income		**14**	76
(Loss)/profit before financing costs		**(251)**	248
Financing costs		**(1 991)**	(2 519)
Loss before taxation from continuing operations		**(2 242)**	(2 271)
Taxation		**432**	(1 658)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(1 810)**	(3 929)
Discontinued operations			
(Loss)/profit after tax for the period from discontinued operations	4	**(26)**	240
LOSS FOR THE PERIOD		**(1 836)**	(3 689)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**37**	4
Gain on cash flow hedges		**158**	114
Other comprehensive income for the period after tax		**195**	118
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1 641)**	(3 571)
(Loss)/profit attributable to:			
Owners of the parent		**(1 853)**	(3 705)
Non-controlling interests		**17**	16
		(1 836)	(3 689)
Total comprehensive income attributable to:			
Owners of the parent		**(1 658)**	(3 587)
Non-controlling interests		**17**	16
		(1 641)	(3 571)

Consolidated Statement of Changes in Equity (unaudited)

	Share capital and premium Rm	Foreign currency translation reserve Rm	Cash flow hedging reserve Rm	Revaluation surplus Rm	Retained loss Rm	Shareholder's loan Rm	Non-controlling interests Rm	Total equity Rm
39 weeks to 29 December 2012								
Restated balance at 31 March 2012	2 153	(40)	(661)	6	(6 864)	8 290	48	2 932
(Loss)/profit for the period					(3 705)		16	(3 689)
Other comprehensive income for the period		4	114					118
Total comprehensive income		4	114		(3 705)		16	(3 571)
Restated balance at 29 December 2012	2 153	(36)	(547)	6	(10 569)	8 290	64	(639)
39 weeks to 28 December 2013								
Restated balance at 30 March 2013	2 153	(30)	(37)	6	(11 870)	8 290	72	(1 416)
(Loss)/profit for the period					(1 853)		17	(1 836)
Other comprehensive income for the period		37	158					195
Total comprehensive income		37	158		(1 853)		17	(1 641)
Acquisition of subsidiaries							9	9
Balance at 28 December 2013	**2 153**	**7**	**121**	**6**	**(13 723)**	**8 290**	**98**	**(3 048)**

Consolidated Quarterly Statement of Cash Flows (unaudited)

	2013 13 weeks to 28 December Rm	Re-presented & restated 2012 13 weeks to 29 December Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(409)**	(885)
(Loss)/profit before taxation from discontinued operations	**(22)**	28
Finance income	**(5)**	(51)
Finance costs	**715**	830
Derivative (gains)/losses	**(160)**	173
Deferred revenue	**(2)**	(17)
Foreign exchange losses	**765**	357
Amortisation of intangible assets	**94**	77
Depreciation	**200**	183
Write-off of intangible asset		79
Net (loss)/gain on disposal of properties, fixtures, equipment and vehicles	**2**	5
Other non-cash items	**43**	22
Operating cash inflow before changes in working capital	**1 221**	801
Working capital movement	**1 468**	10 366
Inventories	**(234)**	(404)
Trade accounts receivable	**(37)**	(300)
Proceeds from sale of trade accounts receivable		8 833
Other receivables and prepayments	**(73)**	(75)
Trade and other payables	**1 812**	2 312
Cash inflow from operating activities	**2 689**	11 167
Finance income received	**5**	26
Financing costs paid	**(421)**	(726)
Taxation paid	**(42)**	(14)
Net cash inflow from operating activities	**2 231**	10 453
Cash utilised in investing activities		
Investment in fixtures, equipment and vehicles	**(431)**	(216)
Other investing activities	**(2)**	
Net cash outflow from investing activities	**(433)**	(216)
Cash effects of financing activities		
Settlement of derivatives	**635**	
Decrease in interest-bearing debt	**(916)**	(5 088)
Decrease in finance lease liability	**(10)**	(14)
Net cash outflow from financing activities	**(291)**	(5 102)
Increase in cash and cash equivalents	**1 507**	5 135
Cash and cash equivalents at the beginning of the period	**386**	1 571
Currency adjustments	**(1)**	-
Cash and cash equivalents at the end of the period	**1 892**	6 706

Consolidated Year-to-date Statement of Cash Flows (unaudited)

	2013 39 weeks to 28 December Rm	Re-presented & restated 2012 39 weeks to 29 December Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(2 242)**	(2 271)
(Loss)/profit before taxation from discontinued operations	**(36)**	334
Finance income	**(14)**	(76)
Finance costs	**1 991**	2 519
Derivative (gains)/losses	**(624)**	174
Deferred revenue	**(28)**	104
Foreign exchange losses	**2 352**	805
Amortisation of intangible assets	**261**	241
Depreciation	**587**	552
Write-off of intangible asset		79
Net loss on disposal of properties, fixtures, equipment and vehicles	**4**	21
Other non-cash items	**94**	64
Operating cash inflow before changes in working capital	**2 345**	2 546
Working capital movement	**1 900**	10 855
Inventories	**(546)**	(496)
Trade accounts receivable	**16**	(187)
Proceeds from sale of trade accounts receivable	**575**	8 833
Other receivables and prepayments	**(126)**	8
Trade and other payables	**1 981**	2 697
Cash inflow from operating activities	**4 245**	13 401
Finance income received	**14**	51
Financing costs paid	**(1 460)**	(2 311)
Taxation paid	**(52)**	(59)
Net cash inflow from operating activities	**2 747**	11 082
Cash utilised in investing activities		
Investment in fixtures, equipment and vehicles	**(1 106)**	(588)
Proceeds on disposal of fixtures, equipment and vehicles	**2**	-
Acquisition of subsidiaries	**(25)**	
Other investing activities	**(40)**	
Net cash outflow from investing activities	**(1 169)**	(588)
Cash effects of financing activities		
Settlement of derivatives	**1 286**	
Decrease in interest-bearing debt	**(1 657)**	(4 848)
Decrease in finance lease liability	**(29)**	(27)
Net cash outflow from financing activities	**(400)**	(4 875)
Increase in cash and cash equivalents	**1 178**	5 619
Cash and cash equivalents at the beginning of the period	**710**	1 086
Currency adjustments	**4**	1
Cash and cash equivalents at the end of the period	**1 892**	6 706

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 was re-assessed in the consolidated financial statements, and the results of Edgars Zimbabwe have been consolidated. In the previous years, Edgars Zimbabwe was not material to the Group.

Condensed notes to the Consolidated Financial Statements (unaudited) *continued*

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 28 December 2013 comprise mainly of trade receivables from Edgars Zimbabwe Limited of R192 million (30 March 2013: R192 million and 29 December 2012: R146 million) which are not classified as held-for-sale. Non-controlling interests of R84 million at 28 December 2013 (30 March 2013: R72 million and 29 December 2012: R64 million) have been included in total equity. Refer to the segment results (note 2) for additional details on Edgars Zimbabwe.

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 the Consolidated Statement of Comprehensive Income 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 and the additional sales in the current financial period on 30 April 2013 and 30 June 2013 (note 4). Trade accounts receivables not yet sold at each reporting date are classified as held-for-sale on the Consolidated Statement of Financial Position.

Reclassification
On the Consolidated Statement of Comprehensive income for the 39-week period to 29 December 2012, a reclassification of R141 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.

Significant movements on the Consolidated Statement of Financial Position

Assets classified as held-for-sale
Trade accounts receivable classified as held-for sale have decreased from R1 160 million at 30 March 2013 to R747 million at 28 December 2013 mainly as a result of the further sale of trade accounts receivable to Absa of R461 million and R114 million on 30 April 2013 and 30 June 2013 respectively (note 4).

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

Significant movements on the Consolidated Statement of Financial Position *(continued)*

Interest-bearing debt *(continued)*
Non-current interest-bearing debt (continued)

By December 2013, the senior floating rate notes of €378 million were fully redeemed and €425 million of euro-denominated fixed rate senior notes issued.

The increase in non-current interest-bearing debt from R19 259 million at 30 March 2013 to R22 252 million at 28 December 2013 was also affected by the weaker Rand against the Euro and US dollar on conversion of the fixed rate notes.

Derivative financial instruments and deferred option premium
The Group's net derivative financial instruments at 28 December 2013 were an asset of R2 020 million compared to an asset of R1 028 million at 30 March 2013. To increase the level of hedge cover on the Euro denominated senior secured fixed rate notes from €150 million to €617 million, 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 was €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.

In October 2013, a series of derivative contracts were entered into to extend, by a further twelve months, the maturity of hedge cover on the coupon payments relating to the senior secured fixed rate notes. Cross currency swaps were entered into, which protects against variability in future interest cash flows that are subject to fluctuations based on foreign exchange rates. The notional values for the hedges are €317 million and US$250 million, and provide cover on the coupons of these notes up to 15 March 2015. The hedges created an effective annual average fixed interest rate of 10.2% over the period of cover. The cross currency swaps were designated as cash flow hedges.

In December 2013, Edcon Limited restructured foreign currency call options with notional values of €150 million and US$200 million by early terminating these derivative contracts that were due to mature in March 2014 and entered new foreign currency call options to extend the tenor of hedge cover to 15 December 2015 on the principal debt of the senior secured fixed rate notes. A deferred option premium with a face value of R283 million was also settled. Edcon Limited received net proceeds of R332 million on settlement. New deferred option premiums with a face value of R844 million arose on the restrike and extension of foreign currency call options.

During November and December 2013, Edcon Holdings Limited terminated cross currency swaps, interest rate swaps and currency forwards as a consequence of the redemption of the senior floating rate notes to which they were related, and received net proceeds of R277 million.

1. Basis of preparation *(continued)*

Going concern

The Consolidated Statement of Financial Position at 28 December 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 R13 723 million and a net credit of R134 million in other reserves, resulting in negative equity attributable to shareholders at 28 December 2013 of R3 146 million. After considering non-controlling interests of R98 million, total equity of the Group is a deficit of R3 048 million. The shareholder's loan of R9 153 million has been subordinated to the claims of all the creditors of the Group and the total negative equity and shareholder's loan is R2 185 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 (including unrecognised fair value of intangible assets) 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 39 weeks 28 December Rm	Re-presented & restated 2012 39 weeks 29 December Rm
2.	**SEGMENTAL RESULTS**		
2.1	**Revenues**		
	Edgars	**11 007**	10 820
	CNA	**1 547**	1 510
	Discount	**8 446**	7 867
	Edgars Zimbabwe[1]	**438**	410
	Manufacturing	**99**	72
	Credit and Financial Services	**750**	499
	Group Services	**13**	48
		22 300	21 226
2.2	**Retail sales**		
	Edgars	**10 765**	10 599
	CNA	**1 547**	1 510
	Discount	**8 279**	7 699
	Edgars Zimbabwe[1]	**418**	394
		21 009	20 202
2.3	**Number of stores**		
	Edgars	**476**	383
	CNA	**196**	196
	Discount	**685**	641
	Edgars Zimbabwe[1]	**45**	37
		1 402	1 257
2.4	**Operating (loss)/profit from continuing operations**		
	Edgars	**1 467**	2 142
	CNA	**32**	61
	Discount	**1 044**	834
	Edgars Zimbabwe[1]	**40**	45
	Manufacturing	**8**	(1)
	Credit and Financial Services	**723**	530
	Group Services[2]	**(3 579)**	(3 439)
		(265)	172

[1] Edgars Zimbabwe has been disclosed as a separate segment as the business activities are monitored separately.
[2] Included in the allocation to the Group Services segment is corporate overheads, derivative gains or losses, foreign exchange gains or losses and amortisation of intangible assets and additional depreciation as a result of the private equity transaction in 2007 and transitional projects related expenditure.

	2013 39 weeks 28 December Rm	Re-presented & restated 2012 39 weeks 29 December Rm
3. REVENUES		
Retail sales	**21 009**	20 202
Club fees	**408**	389
Finance charges on trade receivables	**53**	46
Revenue from joint operations	**534**	441
Finance income	**14**	76
Administration fee	**183**	-
Manufacturing sales to third parties	**99**	72
	22 300	21 226

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 and 30 June 2013, all conditions required for the second and third closing of the South African trade accounts receivable were satisfied and a further R461 million and R114 million respectively, of the South African private label store card portfolio was sold to Absa.

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 13 weeks 28 December Rm	Re-presented 2012 13 weeks 29 December Rm	2013 39 weeks 28 December Rm	Re-presented 2012 39 weeks 29 December Rm
Total revenues	**37**	196	**116**	1 262
Income from credit	**37**	196	**116**	1 262
Expenses from credit	**(59)**	(168)	**(152)**	(928)
Trading (loss)/profit before taxation	**(22)**	28	**(36)**	334
Taxation	**6**	(8)	**10**	(94)
(Loss)/profit for the period	**(16)**	20	**(26)**	240

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 28 December 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
28 December 2013	
Financial assets	
Cross currency swaps	**834**
Foreign currency call options	**1 263**
Foreign currency forward contracts	**4**
Total financial assets	**2 101**
Financial liabilities	
Cross currency swaps	**81**
Total financial liabilities	**81**
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
29 December 2012	
Financial assets	
Foreign currency call options	228
Cross currency swaps	2 080
Total financial assets	2 308
Financial liabilities	
Cross currency swaps	1 027
Interest rate swaps	84
Foreign currency forward contracts	66
Total financial liabilities	1 177

The above are classified as level 2 inputs. No financial instruments at 28 December 2013, 30 March 2013 and 29 December 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 28 December 2013 was R18 034 million (30 March 2012 R18 066 million and 29 December 2012 R19 861 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 28 December 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 28 December 2013.

6. EVENTS AFTER THE REPORTING DATE

In January 2014, Edcon Limited restructured a foreign currency call option with a notional value of US$50 million by early terminating this last derivative contract that was due to mature in March 2014 and entered into a new foreign currency call option to extend the tenor of hedge cover to 15 December 2015, to match the approach executed in December 2013. All March 2014 call option maturities have now been extended to December 2015. A deferred option premium with a face value of R38 million was also settled in this process. Edcon Limited received net proceeds of R45 million on settlement. A new deferred option premium with a face value of R106 million arose on the re-strike and extension of the new US$50 million call option.

Corporate Information

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

Non-executive directors
DM Poler* (Chairman), EB Berk*, MS Levin*, ZB Ebrahim₸, MMV Valentiny**, DH Brown₸, TF Mosololi₸, LL von Zeuner₸

Executive directors
J Schreiber *** (Managing Director and Chief Executive Officer), MR Bower, Dr U Ferndale
T Clerckx** (appointed with effect 17 February 2014)

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