6 August 2015

This notice is important and requires your immediate attention.

EDCON HOLDINGS LIMITED ("EDCON")

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AND QUARTERLY REPORT

FOR THE THREE-MONTH PERIOD ENDED 27 JUNE 2015

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.

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 three-month period ended 28 June 2014 and the three-month period ended 27 June 2015. Unless the context requires otherwise, references in this notice to (i) "first quarter 2015" and "first quarter 2016" shall mean the 13-week period ended 28 June 2014 and the 13-week period ended 27 June 2015, respectively and (ii) "fiscal 2015" and "fiscal 2016" shall mean the 52-week period ended 28 March 2015 and the 53-week period ending 2 April 2016, 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 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, some of which are described in more detail in our annual report for fiscal 2015, which we recommend you review in connection with this quarterly report. Our actual results may differ materially from those contained in or implied by any forward looking statements.

Management discussion and analysis of financial performance

Highlights

Pertaining to the first quarter 2016 compared to first quarter 2015:

- Retail cash sales up 7.4%
- Gross profit margin up 0.5% to 38.0%
- Pro forma adjusted EBITDA improved 2.5% to R696 million
- Successful closing of the exchange offer set to improve liquidity and stabilise the balance sheet
- Appointment of new CEO

Introduction

Edcon again improved its profitability at both a gross profit and EBITDA level. This is the fourth consecutive quarter of positive EBITDA growth, which increased by 2.5% to R696 million for the first quarter 2016, while gross profit increased by 0.5%, and gross margin improved by 50 bps to 38.0%.

We are pleased with our continued sound cash sales growth of 7.4%. Total retail sales declined 0.9% for the first quarter 2016 when compared to the first quarter 2015 as a result of credit sales declining a further 10.5%. Declining credit sales have been impacting Edcon's results since the sale of its trade receivables book and notwithstanding a healthy pickup of own, relatively small, trade receivables book. Credit sales contribute 42.0% of total sales, down from 46.5% in the first quarter 2015. The overall trading environment remains soft as lower economic growth combined with higher inflation, power outages and currency weakness continue to weigh on the consumer and the overall macro environment.

Margin improvements at the gross profit level are due to improved product mix and reduced clearance activity across the chains. EBITDA growth is mainly due to sustained improvements in head office costs, as a result of renegotiated contracts.

On 29 July 2015 Edcon announced the successful closing of an exchange offer relating to its €425 million senior notes due 2019, which was launched on 30 June 2015. Noteholders of 97.34% of the principal outstanding amount of senior notes participated in the exchange. This not only significantly improves liquidity but also helps to stabilise the balance sheet and creates the platform needed for Edcon's various stakeholders to take the positive operational improvements, effected already, forward. The option of selling certain non-core assets, excluding stores, remains available to the group.

On 30 July 2015, Edcon announced the appointment of Bernard (Bernie) Brookes as the new CEO, effective 30 September 2015. The change in leadership happens at an important time for the Group galvanising further operational efforts following the successful exchange offer. Edcon's board has appointed Urin Ferndale and Roanne Daniels as joint interim chief executive officers, from 16 August 2015 until 29 September 2015, the day before Bernie formally joins the company. Ms Daniels will oversee the finance and strategy related elements of the business and Dr Ferndale will oversee the rest of the business.

Trading review

Key operational data

		(unaudited) Retail sales growth (%)			(unaudited) Gross profit margin (%)		
	Q1:FY15 Actual	*Q1:FY16 Actual*	*Q1:FY15 LFL(1)*	*Q1:FY16 LFL(1)*	*Q1:FY15 Actual*	*Q1:FY16 Actual*	*pts change(2)*
Edgars	6.3	1.8	2.8	(2.2)	40.3	40.3	0.0
Discount	5.8	(3.1)	2.2	(4.9)	34.8	35.9	1.1
CNA	0.9	(12.9)	2.3	(12.8)	29.0	28.4	(0.6)
Edgars Zimbabwe(3)	7.9	17.1	6.5	20.2	49.6	49.3	(0.3)
Total	5.7	(0.9)	2.6	(3.6)	37.5	38.0	0.5

	Q1:FY15 Actual	*Q1:FY16 Actual*	*% change*
Total number of stores	1 430	1 527	6.8
Average retail space (‘000 sqm)	1 534	1 599	4.2
Customer credit accounts (‘000s)(4)	3 598	3 371	(6.3)

(1) Like-for-like sales (same store sales).
(2) Q1:FY16 % change on Q1:FY15.
(3) On a constant currency basis retail sales growth is 0.0% and LFL growth is 9.1% in Q1:FY16.
(4) Excludes Edgars Zimbabwe customer credit accounts Q1:FY16 of 168 107 and Q1:FY15 of 138 977.

Edgars

Retail sales in the Edgars division increased by 1.8% for the first quarter 2016 when compared to the first quarter 2015. Total cash sales growth remained strong, increasing 10.9%, however credit sales growth declined by 6.4%. Same-store sales were 2.2% lower compared to the first quarter 2015.

Average space increased 6.8% when compared to the first quarter 2015. Six Edgars stores, five Edgars Active stores, two Boardmans stores, one Red Square store and seven mono-branded stores were opened over the period. There were also five closures (one Edgars Active, one Edgars store, two Boardmans stores and one mono-branded store), bringing the total number of stores in the Edgars division to 549. Towards the end of the quarter the Group, in conjunction with Blue Label Telecoms, opened Edgars Connect cellular stand alone stores. These are equity accounted by the Group but immaterial for this quarter.

Gross margin was 40.3% for the first quarter 2016, consistent with the first quarter 2015 and remains a priority to maintain or grow.

Discount

The Discount division has been most impacted by Edcon’s declining credit sales. Total sales declined by 3.1% and same store sales declined by 4.9% for the first quarter 2016 compared to the first quarter 2015. Total cash sales growth of 7.1% remains sound, while credit sales declined by 17.8%.

Average space increased by 2.2% when compared to the first quarter 2015. During the period 12 Jet stores, five Legit stores and two Jet Mart stores were opened while 10 stores were closed (seven Jet stores, two Legit stores and one Jet Mart) bringing the total number of stores in the Discount division to 728.

In the first quarter of 2016, gross profit margin sustained its positive trajectory, increasing from 34.8% in the first quarter of 2015 to 35.9% in the first quarter of 2016.

CNA

CNA sales decreased 12.9% and same store sales were 12.8% lower for the first quarter 2016 compared to the first quarter 2015 primarily due to the performance of certain categories and the decrease in average space. The total number of stores at the end of the period was 197 compared to 192 at the end of the prior comparative period while average space decreased by 4.7% due to the continued right-sizing of stores. Gross margin declined marginally to 28.4% for the first quarter 2016 from 29.0% in the first quarter 2015.

African expansion

Sales from countries other than South Africa grew 3.3% over the first quarter 2016, and contributed 11.4% (9.4% excluding Zimbabwe) of retail sales for the first quarter 2016, up from 11.0% (9.3% excluding Zimbabwe) in the prior comparative period. Edcon now has 207 stores outside of South Africa (including 53 in Zimbabwe), which is an increase of seven stores over the quarter.

Credit and financial services

A total of R356 million of the net trade receivables book, excluding deferred tax, is classified as held-for-sale. The held-for-sale receivables relate only to non-South African jurisdictions still to be sold or collected. Management remains committed to a plan to sell the remaining book. The separately classified R458 million in trade accounts receivable relates primarily to the Zimbabwean book. On a twelve month rolling basis, credit sales (excluding Zimbabwe) decreased from 46.7% in the prior comparative period to 41.3% of total retail sales. Edcon continues rolling out an in-house, National Credit Act compliant credit solution to customers and following the successful conclusion of the exchange offer, securing a more competitive credit proposition remains a priority for management. The in-house trade receivables book grew by approximately R14 million over the quarter to R90 million, which though still relatively small, is proving the case for a second look credit provider.

Edcon’s share of the profits from the insurance business decreased by 9.0% from the prior comparative period to R161 million for the first quarter 2016, largely due to the decline in credit customers and weaker consumer sentiment. A store credit facility is a prerequisite for a policy.

Financial review

Summary financial information

Rm	First quarter (unaudited) 2015	2016	% change
Total revenues[1]	7 003	6 966	(0.5)
Retail sales	6 561	6 500	(0.9)
Gross profit	2 458	2 470	0.5
Gross profit margin (%)	37.5	38.0	0.5pnt
Pro forma adjusted EBITDA[2]	679	696	2.5
Capital expenditure	267	117	(56.2)
Net debt including cash and derivatives	22 666	24 193	6.7
LTM pro forma adjusted EBITDA (reported)	2 639	2 742	3.9
Permanent adjustments[3]	248	283	14.1
LTM pro forma adjusted EBITDA (inc. cost savings)	2 887	3 025	4.8
Net debt[4]/LTM pro forma adjusted EBITDA (inc. cost savings)	7.6x	7.9x	0.3x

(1) Excludes discontinued operations.
(2) See notes on pro forma adjusted EBITDA below.
(3) Full year impact of remaining permanent cost savings not included in Q1:FY16 LTM pro forma adjusted EBITDA: Corporate and operational overhead reductions of R240 million (R151 million in Q1:FY15) and renegotiation of contracts of R43 million (R97 million in Q1:FY15).
(4) Net debt has been adjusted by trade receivables still to be sold of R356 million in Q1:FY16 and R665 million in Q1:FY15.

Revenues

Total revenues declined by 0.5%, affected mainly by the weaker retail sales and share of profits from the insurance business. Same store sales decreased 3.6%. Cash sales for the Group continued to grow strongly, increasing 7.4%, while credit sales decreased 10.5%.

Retail gross profit

Gross profit growth increased by 0.5% to R2,470 million as margin management remained a key imperative and the Group was less affected by product mix variances. Gross profit margin improved by 50 bps to 38.0%.

Pro forma adjusted EBITDA

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

Rm	First quarter (unaudited) 2015	2016	% change
Trading profit	363	401	10.5
Depreciation and amortisation	263	249	
Net asset write off[1]	3	5	
Profit/(loss) from discontinued operations[2]	(2)	19	
Non-recurring costs[3]	33	22	
Adjusted EBITDA	660	696	5.5
Net (loss)/income from previous card programme[4]	11	(9)	
Net income from new card programme[5]	8	9	
Pro forma adjusted EBITDA	679	696	2.5

(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 costs associated with the sale of the trade receivables book of R15 million in Q1:FY15, costs associated with corporate and operational overhead reductions of R5 million in Q1:FY16 (R18 million in Q1:FY15), onerous lease reversals of R11 million in Q1:FY16, as well as costs of R28 million relating to various strategic initiatives in Q1:FY16.
(4) Net loss/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

	First quarter (unaudited)		
Rm	*2015*	*2016*	*% change*
Store costs	1 467	1 575	7.4
Other operating costs(1)	898	844	(6.0)
Store card credit administration costs(2)	135	83	(38.5)
Non-recurring costs(3)	33	22	(33.3)

(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 costs associated with the sale of the trade receivables book of R15 million in Q1:FY15, costs associated with corporate and operational overhead reductions of R5 million in Q1:FY16 (R18 million in Q1:FY15), onerous lease reversals of R11 million in Q1:FY16, as well as costs of R28 million relating to various strategic initiatives in Q1:FY16.

Total store costs increased by R108 million, or 7.4%, from R1,467 million in the first quarter 2015 to R1,575 million in the first quarter 2016, mainly due to higher rental costs that increased by 12.3%. Rental costs are a function of space and contractual lease agreements, however efforts to manage these costs are ongoing. Manpower costs were well managed in stores increasing by 4.1%. Rental and manpower constituted 61.8% of total costs for the first quarter of 2016.

Other operating costs, excluding non-recurring and store card credit administration costs, decreased by R54 million, or 6.0%, from R898 million in the first quarter 2015 to R844 million in the first quarter 2016. Income of R69 million from Absa for administering the trade receivables book sold is included in other income.

Depreciation and amortisation

The depreciation and amortisation charge for the first quarter 2016 decreased by 5.3% to R249 million due to certain intangible assets, which were raised following the acquisition by Bain in 2007, now being fully amortised as well as reduced capital expenditure in the quarter thereby reducing the depreciation charge when compared to the prior comparative period.

Net financing costs

	First quarter (unaudited)		
Rm	*2015*	*2016*	*% change*
Interest received	4	11	
Financing costs	(842)	(864)	
Net financing costs	(838)	(853)	1.8

The increase in net financing costs was relatively small, increasing by R15 million, or 1.8%, from R838 million in the first quarter 2015 to R853 million in the first quarter 2016. This increase is primarily as a result of higher debt levels and higher effective interest rates.

Foreign exchange management

Edcon applies a strategy of hedging all committed foreign denominated orders, the impact of which appears below the trading profit line. These forward contracts and some inflation in selling prices have absorbed the impact of a weaker Rand when compared to the same period in the prior year.

	First quarter (unaudited)		
Rm	*2015*	*2016*	% change
Derivative losses	(198)	(53)	
Foreign exchange (losses)/gains	48	(583)	
Fair value adjustment for put option	(6)	31	
Net movement	(156)	(605)	287.8

Edcon manages its foreign exchange risk on liabilities on an ongoing basis. At the end of the first quarter 2016, 75% of the Group's total gross debt is hedged by virtue of it being denominated in local currency or through hedging with foreign currency call options, whilst 25%, relating to the fixed rate senior notes maturing in 2019 and 10% of the fixed rate senior secured notes maturing in 2018, is unhedged. During the quarter, the ZAR depreciated against the EUR from EUR:R13.12 to EUR:R13.64 and against the USD from USD:R10.59 to USD:R12.20.

Cash flow

Operating cash inflow before changes in working capital increased by R54 million from R615 million in the first quarter 2015 to R669 million in the first quarter 2016 mainly due to improved trading performance.

Cash inflow from working capital amounted to R162 million in the first quarter 2016, compared to an inflow of R293 million in the first quarter 2015, attributable to:

(i) A net decrease in trade receivables of R40 million in the first quarter 2016 compared to a decrease of R15 million in the first quarter 2015;

(ii) An increase in other receivables and prepayments of R148 million in the first quarter 2016 compared to a decrease of R2 million in the first quarter 2015;

(iii) An increase in inventory of R39 million in the first quarter 2016 compared to a decrease of R65 million in the first quarter 2015; and

(iv) An increase in trade and other payables of R309 million in the first quarter 2016 compared to an increase of R211 million in the first quarter 2015 due to increased purchases in the first quarter 2016 compared to the first quarter 2015, as well as working capital initiatives.

Net cash inflow from operating activities of R595 million increased by R63 million compared to R532 million in the prior comparative period mainly as a result of a reduction of R132 million in finance costs paid as the fixed rate senior notes maturing in 2019 were not cash settled.

Capital expenditure

Rm	First quarter (unaudited) 2015	2016	% change
Edgars	147	24	
Expansion	*94*	*8*	
Refurbishment	*53*	*16*	
Discount	60	31	
Expansion	*41*	*31*	
Refurbishment	*19*	*-*	
CNA	1	2	
Edgars Zimbabwe	3	-	
IT	49	57	
Other corporate capex	7	3	
	267	117	(56.2)

Capital expenditure decreased by R150 million to R117 million in the first quarter 2016, from R267 million in the first quarter 2015 and on course for guided full year spend. In the first quarter 2016, 42 new stores were opened which, combined with store refurbishments, resulted in investments in stores of R57 million, compared to the first quarter 2015 where 43 new stores were opened resulting in an investment in stores of R211 million. Edcon invested R57 million in information systems infrastructure in the first quarter 2016 compared to R49 million in the first quarter 2015.

The Group has planned to normalise capital expenditure to around R600 million for fiscal year 2016 of which approximately half is expected to be in expansion.

Net debt, liquidity and capital resources

The primary source of short-term liquidity is cash on hand, the revolving credit facility and the recently raised super senior liquidity 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 and debt service payment terms, timing of payments 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 its working capital cycle, which is typically in October and March, with cash flows from operations, drawings under its various facilities and other initiatives.

Rm[1]		First quarter (unaudited) 2015	2016	Pro forma[2]
Super senior secured				
ZAR Revolving credit facility[3]		888	2 864	2 864
ZAR Floating rate notes due 4 April 2016	*J+625bps*	1 010	1 006	1 006
New EUR Super senior PIK notes due 30 June 2019	*8.0%*			1 580
Senior secured				
ZAR term loan due 16 May 2017	*J+700bps*	4 016	4 112	4 112
EUR fixed rate note due 1 March 2018	*9.5%*	8 654	8 217	8 217
USD fixed rate note due 1 March 2018	*9.5%*	2 612	3 023	3 023
New EUR Senior secured PIK notes due 30 June 2019[4]	*9.75%*			494
Deferred option premium		1 127	1 102	1 102
Lease liabilities		390	362	362
Senior				
EUR fixed rate notes due 30 June 2019[5]	*13.375%*	5 920	5 604	45
Other loans[6]		200	292	292
Gross debt		**24 817**	**26 582**	**23 097**
Derivatives		(1 655)	(656)	(656)
Cash and cash equivalents		(496)	(1 733)	(1 733)
Net debt		**22 666**	**24 193**	**20 708**

(1) FX rates at end Q1:FY15 were R10.59:$ and R14.45:€ and at end Q1:FY16 were R12.20:$ and R13.64:€.
(2) Pro forma for implementation of the exchange offer including conversion of the new Option A and B notes to new super senior PIK notes and new senior secured PIK notes (excluding fees estimated at EUR26 million). All EUR notes are converted at the FX rates at end Q1:FY16.
(3) The total limit under the super senior revolving credit facility is R3 717 million which matures on 31 December 2016. The maximum utilisation of the revolving credit facility during Q1:FY16 was R3 222 million. At the end of the period R433 million of the facilities were utilised for guarantees and LC's.
(4) The notes are 9.75% cash pay with a toggle option to 12.75% PIK.
(5) The maturity of the 2019 Notes not tendered has been extended to 30 June 2022 and the interest rate reduced to 5.0% as part of the amendments.
(6) The portion of this debt relating to Zimbabwe was R276 million in Q1:FY16 and R180 million in Q1:FY15.

The total net debt increased only 1%, or R231 million, from the end of the fourth quarter 2015 and mainly due to currency movements. At the end of the quarter cash and cash equivalents were R1 733 million and there was R388 million available for borrowing under the revolving credit facility, with a further R1 billion becoming available after the end of the reporting period through the signing of the super senior liquidity facility.

On 29 July 2015, Edcon successfully concluded the exchange offer relating to its €425 000 000 Senior Notes due 2019 (the "Notes"), which was launched on 30 June 2015. Details relating to the exchange offer results are contained below under "*Events after the reporting period – Exchange offer".* As a result of the exchange offer, Edcon's net cash interest payment obligations will decrease by approximately R1 billion[1] (€73 million), and the Group's gross cash-pay indebtedness (debt on which we cash settle interest) will decrease by approximately R5.6 billion[1] (€425 million), a decrease in cash-pay leverage of more than 20%. When the net debt at the end of the first quarter 2016 is adjusted for the implementation of the exchange offer there is a R3,485 million reduction in debt, as reflected in the pro forma column above. This excludes costs but includes the conversion of the new Option A and B notes to new super senior PIK notes (meaning interest is not cash settled but rather capitalised over time) and new senior secured PIK notes.

The successful closing of the exchange offer significantly improves liquidity and stabilises the balance sheet which helps facilitate an amendment, extension or refinancing of other Group indebtedness that will mature in the near term and other strategic initiatives. The option of selling certain non-core assets, excluding stores, remains available to the Group.

1) Translated at rate of ZAR:EUR13.64 on 27 June 2015.

Events after the reporting period

Super Senior Liquidity Facility

On 29 July 2015, Edcon concluded the final facility documents and all requirements necessary for the R1 billion, super senior liquidity facility.

Exchange offer

The Group has successfully concluded an exchange offer relating to its €425 000 000 Senior Notes due 2019 (the "Notes"), launched on 30 June 2015, with holders of approximately 97.34% of the principal amount, or €413 699 000, having tendered their notes for settlement on 29 July 2015. Of those holders of Notes that participated in the exchange offer, approximately 45.3% of the noteholders selected Option A and 54.7% of the noteholders selected Option B, which will include an equity exposure.

Edcon Holdings Limited has issued €441 365 065 in aggregate principal amount of new Option A senior 13.375% PIK notes and of new Option B senior 13.375% PIK notes. Additionally Edcon Limited issued €21 663 779 in aggregate principal amount of new super senior 8.000% PIK notes as early consent consideration to Eligible Holders who had tendered their Notes on or prior to 5:00 p.m., New York City time, on 14 July 2015.

Additionally, in connection with the exchange offer, Edcon obtained the consents of holders of of more than 90% of the principal outstanding amount of the Notes to effectuate certain amendments to the Notes, including an amendment that (i) interest on the Notes will be paid in kind (and no longer in cash) at a rate of 5% per annum, starting on 30 June 2015, (ii) the maturity of the Notes not tendered in the exchange offer be extended to 30 June 2022 and (iii) the principal amount of Notes not tendered in the exchange offer be reduced by 72.5% (together, the "Amendments"). After giving effect to the results of the exchange offer and the Amendments, Edcon Holdings Limited has approximately €3 315 608 in aggregate principal amount of Notes outstanding.

Outsourcing arrangement with Accenture

Effective 16 July 2015, the Group entered an arrangement with Accenture whereby the Group will outsource existing consumer credit services excluding those carried out by Edgars Stores Limited in Zimbabwe, which is separately managed. The arrangement will increase the operational efficiencies of the Group and result in an approximate R200 million service cost reduction in the initial two year period of the arrangement.

Consolidated Financial Statements

Edcon Holdings Limited (“Edcon”)

Consolidated Statement of Financial Position (unaudited)

	2015 27 June Rm	2015 28 March Rm	2014 28 June Rm
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**3 253**	3 337	3 228
Intangible assets	**16 086**	16 146	16 322
Derivative financial instruments			580
Deferred taxation	**553**	330	541
Employee benefit asset	**110**	110	178
Total non-current assets	**20 002**	19 923	20 849
Current assets			
Inventories	**4 420**	4 373	4 373
Trade receivables	**458**	473	263
Sundry receivables and prepayments	**919**	824	688
Derivative financial instruments	**763**	816	1 171
Cash and cash equivalents	**1 733**	1 288	496
	8 293	7 774	6 991
Assets classified as held-for-sale	**379**	393	703
Total current assets	**8 672**	8 167	7 694
Total assets	**28 674**	28 090	28 543
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital and premium	**2 155**	2 155	2 155
Other reserves	**(9)**	(48)	72
Retained loss	**(17 143)**	(16 318)	(14 811)
Shareholder’s loan – equity	**8 311**	8 311	8 290
	(6 686)	(5 900)	(4 294)
Non-controlling interests	**149**	146	91
Total equity	**(6 537)**	(5 754)	(4 203)
Non-current liabilities – shareholder’s loan			
Shareholder’s loan	**864**	841	818
Total equity and shareholder’s loan	**(5 673)**	(4 913)	(3 385)
Non-current liabilities – third parties			
Interest-bearing debt	**21 111**	21 486	22 399
Deferred option premium			830
Finance lease liability	**329**	331	352
Lease equalisation	**591**	578	476
Onerous lease liability	**107**	129	
Employee benefit liability	**157**	155	178
Option liability		73	73
Deferred taxation	**89**	90	45
Deferred revenue	**45**	52	69
	22 429	22 894	24 422
Total non-current liabilities	**23 293**	23 735	25 240
Current liabilities			
Interest-bearing debt	**4 007**	2 964	901
Deferred option premium	**1 102**	1 076	297
Finance lease liability	**33**	33	38
Current taxation	**26**	19	69
Deferred revenue	**78**	77	104
Option liability	**42**		
Derivative financial instruments	**65**	103	23
Trade and other payables	**6 565**	5 837	6 074
Total current liabilities	**11 918**	10 109	7 506
Total equity and liabilities	**28 674**	28 090	28 543
Total managed capital per IAS 1	**19 807**	19 901	20 305

Consolidated Statement of Comprehensive Income (unaudited)

	Note	**2015 13 weeks to 27 June Rm**	2014 13 weeks to 28 June Rm
Continuing operations			
Total revenues	3	**6 966**	7 003
Revenue - retail sales		**6 500**	6 561
Cost of sales		**(4 030)**	(4 103)
Gross profit		**2 470**	2 458
Other income		**294**	261
Store costs		**(1 575)**	(1 467)
Other operating costs		**(949)**	(1 066)
Share of profits from insurance business		**161**	177
Trading profit		**401**	363
Derivative losses		**(53)**	(198)
Foreign exchange (losses)/gains		**(583)**	48
Fair value adjustment for put option		**31**	(6)
(Loss)/profit before net financing costs		**(204)**	207
Finance income		**11**	4
(Loss)/profit before financing costs		**(193)**	211
Financing costs		**(864)**	(842)
Loss before taxation from continuing operations		**(1 057)**	(631)
Taxation		**215**	133
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS		**(842)**	(498)
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations	4	**14**	(1)
LOSS FOR THE PERIOD		**(828)**	(499)
Other comprehensive income after tax:			
Exchange differences on translating foreign operations		**11**	2
Gain/(loss) on cash flow hedges		**34**	(47)
Other comprehensive income for the period after tax		**45**	(45)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(783)**	(544)
Loss for the period attributable to:			
Owners of the parent		**(825)**	(497)
Non-controlling interests		**(3)**	(2)
		(828)	(499)
Total comprehensive income for the period attributable to:			
Owners of the parent		**(786)**	(542)
Non-controlling interests		**3**	(2)
		(783)	(544)

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
Balance at 29 March 2014	2 155	10	99	8	(14 314)	8 290	93	(3 659)
Loss for the period					(497)		(2)	(499)
Other comprehensive income for the period		2	(47)					(45)
Total comprehensive income		2	(47)		(497)		(2)	(544)
Balance at 28 June 2014	2 155	12	52	8	(14 811)	8 290	91	(4 203)
Balance at 28 March 2015	**2 155**	**20**	**(76)**	**8**	**(16 318)**	**8 311**	**146**	**(5 754)**
Loss for the period					**(825)**		**(3)**	**(828)**
Other comprehensive income for the period		**5**	**34**				**6**	**45**
Total comprehensive income		**5**	**34**		**(825)**		**3**	**(783)**
Balance at 27 June 2015	**2 155**	**25**	**(42)**	**8**	**(17 143)**	**8 311**	**149**	**(6 537)**

Consolidated Statement of Cash Flows (unaudited)

	2015 13 weeks to 27 June Rm	2014 13 weeks to 28 June Rm
Cash retained from operating activities		
Loss before taxation from continuing operations	**(1 057)**	(631)
Profit/(loss) before taxation from discontinued operations	**19**	(2)
Finance income	**(11)**	(4)
Finance costs	**864**	842
Derivative losses	**53**	198
Deferred revenue – loyalty programme	**(1)**	(23)
Foreign exchange losses/(gains)[1]	**580**	(61)
Fair value adjustment for put option	**(31)**	6
Amortisation of intangible assets	**60**	67
Depreciation	**189**	196
Net loss on disposal of properties, fixtures, equipment and vehicles	**5**	3
Onerous leases	**(11)**	
Other non-cash items	**10**	24
Operating cash inflow before changes in working capital	**669**	615
Working capital movement	**162**	293
Inventories	**(39)**	65
Trade accounts receivable	**40**	15
Sundry receivables and prepayments	**(148)**	2
Trade and other payables	**309**	211
Cash inflow from operating activities	**831**	908
Finance income received	**10**	2
Financing costs paid	**(230)**	(362)
Taxation paid	**(16)**	(16)
Net cash inflow from operating activities	**595**	532
Cash utilised in investing activities		
Investment in property, plant and equipment	**(170)**	(245)
Proceeds on disposal of property, fixtures, equipment and vehicles		116
Net cash outflow from investing activities	**(170)**	(129)
Cash effects of financing activities		
Increase/(decrease) in interest-bearing debt	**32**	(299)
Decrease in finance lease liability	**(6)**	(3)
Net cash inflow/(outflow) from financing activities	**26**	(302)
Increase in cash and cash equivalents	**451**	101
Cash and cash equivalents at the beginning of the period	**1 288**	410
Currency adjustments	**(6)**	(15)
Cash and cash equivalents at the end of the period	**1 733**	496

[1] *Includes realised foreign exchange gains of R3 million for the period ended 27 June 2015 (28 June 2014: R14 million).*

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 28 March 2015 and for the period then ended except those relating to new and amended standards and interpretations where applicable.

These Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as at and for the period ended 28 March 2015 as included in the 2015 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 certain amendments to IFRS standards and interpretations effective as of 29 March 2015, as follows:

- Defined Benefit Plans: Employee Contributions - Amendments to IAS 19;
- Annual Improvements to IFRS.

These amendments have had no material impact on the Financial Statements.

Restatement
At 28 June 2014, a contract in terms of which the nature and arrangement thereof, relating to inventories, was assessed as being "off-balance sheet" for the first three quarters of the prior financial period. The contract was amended, concluded and finalised during the fourth quarter of the prior period at which time the arrangement was re-assessed and considered to be "on-balance sheet". To present the Consolidated Statement of Financial Position, as well as the Consolidated Statement of Cash Flows, at 28 June 2014 using the same accounting principles and methods of computation as applied in the Audited Group Consolidated Financial Statements of Edcon Holdings Limited at 28 March 2015, as well as the Unaudited Group Consolidated Financial Statements at 27 June 2015, inventories and trade and other payables have been restated by R203 million respectively. The working capital movements for inventories and trade and other payables in the Consolidated Statement of Cash Flows for the 13-weeks ended 28 June 2014 have likewise been restated by R203 million.

Significant movements in the Consolidated Statement of Financial Position

Interest-bearing debt
The current interest-bearing debt increased by R1 043 million from R2 964 million at 28 March 2015 to R4 007 million at 27 June 2015 mainly due to the reclassification of the super senior secured notes with a carrying value of R1 006 million, maturing 4 April 2016, from non-current interest-bearing debt to current interest-bearing debt.

Non-current interest-bearing debt reduced by the reclassification of the super senior secured notes; however this decrease was partially offset by unrealised foreign exchange losses recognised of R579 million.

1. Basis of preparation *(continued)*

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

Trade and other payables
Trade and other payables increased by R728 million from R5 837 million at 28 March 2015 to R6 565 million at 27 June 2015. The increase is primarily due to increased interest accruals at 27 June 2015 on the notes of R493 million when compared to 28 March 2015. Increased purchases in the first quarter of the 2016 financial period compared to the last quarter of the 2015 financial period additionally led to increased trade accounts payable at 27 June 2015.

Going concern

The Consolidated Statement of Financial Position at 27 June 2015 reports share capital and premium of R2 155 million (28 March 2015 and 28 June 2014: R2 155 million) in equity attributable to shareholders and a shareholder's loan recognised in equity of R8 311 million (28 March 2015: R8 311 million and 28 June 2014: R8 290 million) offset by an accumulated retained loss of R17 143 million (28 March 2015: R16 318 million and 28 June 2014: R14 811 million) and a net debit of R9 million (28 March 2015: net debit of R48 million and 28 June 2014: net credit of R72 million) in other reserves, resulting in negative equity attributable to shareholders at 27 June 2015 of R6 686 million (28 March 2015: R5 900 million and 28 June 2014: R4 294 million). After considering non-controlling interests of R149 million (28 March 2015: R146 million and 28 June 2014: R91 million), total equity of the Group is a deficit of R6 537 million (28 March 2015: R5 754 million and 28 June 2014: R4 203 million). The shareholder's loan of R9 175 million (28 March 2015: R9 152 million and 28 June 2014: R9 108 million) has been subordinated to the claims of all the creditors of the Group and the total negative equity and shareholder's loan is R5 673 million (28 March 2015: R4 913 million and 28 June 2014: R3 385 million).

These financial statements have been prepared on the going concern basis.

In assessing refinancing and repayment of obligations, management has considered future sales growth, margin growth, expected operating costs, refinancing of debt, the tax settlement of the Group, the terms of the shareholder's loan, all guarantors and cross guarantors, the fair values of the Group's assets and liabilities and all maturities relating to liabilities for the following 12 months in assessing its ability to trade against its operating budget. Management additionally monitors cash requirements on an ongoing basis for any uncertainties which may arise and takes appropriate action where necessary.

Management anticipate repayments of obligations falling due, will be met out of operating cash flows or from alternative forms of capital raising if necessary, such as further asset sales or borrowings. Management takes into consideration the facility available under the revolving credit facility; the super senior liquidity facility; the available funding capacity under the super senior borrowing basket, the securitisation basket and general debt basket; the ability to sell non-core assets of the Group and various working capital initiatives.

Management acknowledges that uncertainty remains over the ability of the Group to meet its funding requirements and to refinance or repay its obligations as they fall due. However, as described above, management has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. If for any reason the Group is unable to continue as a going concern, it would have an impact on the Groups ability to realise assets at their recognised values, in particular goodwill and other intangible assets and to extinguish liabilities in the normal course of business at the amount stated in these Interim Consolidated Financial Statements.

		2015 27 June Rm	2014 28 June Rm
2.	**SEGMENTAL RESULTS**		
2.1	**Revenues**		
	Edgars	**3 462**	3 399
	CNA	**391**	449
	Discount	**2 647**	2 729
	Edgars Zimbabwe	**175**	132
	Manufacturing	**38**	31
	Credit and Financial Services	**242**	259
	Group Services	**11**	4
		6 966	7 003
2.2	**Retail sales**		
	Edgars	**3 375**	3 316
	CNA	**391**	449
	Discount	**2 590**	2 673
	Edgars Zimbabwe	**144**	123
		6 500	6 561
2.3	**Number of stores**		
	Edgars	**549**	492
	CNA	**197**	192
	Discount	**728**	696
	Edgars Zimbabwe	**53**	50
		1 527	1 430
2.4	**Operating (loss)/profit from continuing operations**		
	Edgars	**317**	381
	CNA	**(8)**	(9)
	Discount	**285**	318
	Edgars Zimbabwe	**5**	3
	Manufacturing	**7**	(20)
	Credit and Financial Services	**264**	238
	Group Services[1]	**(1 074)**	(704)
		(204)	207

[1] 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 any projects related expenditure.

	2015 27 June Rm	2014 28 June Rm
3. REVENUES		
Retail sales	**6 500**	6 561
Club fees	**146**	139
Finance charges on trade receivables	**41**	18
Share of profits from insurance business	**161**	177
Finance income	**11**	4
Administration fee	**69**	73
Manufacturing sales to third parties	**38**	31
	6 966	7 003

4. DISCONTINUED OPERATIONS

On 6 June 2012, the Group announced the intended sale of its private label store card portfolio to Absa as well as the proposed implementation of a long-term strategic agreement. On 1 November 2012, all conditions required for the first closing of the South African trade accounts receivable were satisfied and R8 667 million of the South African private label store card portfolio was sold to Absa. 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, was sold to Absa. On 1 July 2014, R314 million of the Namibian private label store card portfolio was sold to Absa. In terms of the strategic agreement Absa will provide retail credit to the Group’s customers which were sold to Absa, while the Group continues to be responsible for all customer-facing activities for these trade receivables which were sold to Absa, including sales, marketing, customer services and collections.

The card portfolio in Lesotho, Botswana, Swaziland and the remaining portfolio in Namibia, classified as held-for-sale, is still expected to be sold and management remains committed to a plan and programme to sell. Accordingly, the provision of credit relating to the portion of the trade accounts receivables classified as held-for-sale has been disclosed as a discontinued operation.

The results of the discontinued operation are as follows:

	2015 27 June Rm	2014 28 June Rm
Total revenues	**28**	42
Income from credit	**28**	42
Expenses from credit	**(9)**	(44)
Trading profit/(loss) before taxation	**19**	(2)
Taxation	**(5)**	1
Profit/(loss) for the period	**14**	(1)

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, 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 Rm
27 June 2015	
Financial assets	
Foreign currency call options	**763**
Total financial assets	**763**
Financial liabilities	
Option liability	**42**
Foreign currency forward contracts	**21**
Cross currency swaps	**44**
Total financial liabilities	**107**
28 March 2015	
Financial assets	
Foreign currency call options	816
Total financial assets	816
Financial liabilities	
Option liability	73
Foreign currency forward contracts	24
Cross currency swaps	79
Total financial liabilities	176
28 June 2014	
Financial assets	
Cross currency swaps	698
Foreign currency call options	1 053
Total financial assets	1 751
Financial liabilities	
Option liability	73
Cross currency swaps	23
Total financial liabilities	96

The above instruments, excluding the option liability, are classified as level 2 inputs. 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.

The option liability is classified as level 3 inputs. The fair value under level 3 is based on unobservable inputs that are supported by little or no market activity and are financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgement or estimation.

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 (excluding notes issued): 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 27 June 2015 was R10 769 million (28 March 2015: R9 833 million and 28 June 2014: R17 427 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 27 June 2015. Foreign currency forward contracts, foreign currency call options and cross currency 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 27 June 2015.

6. EVENTS AFTER THE REPORTING DATE

Super Senior Liquidity Facility
On 29 July 2015, Edcon concluded the final facility documents and all requirements necessary for the R1 billion, super senior liquidity facility.

Exchange offer
The Group has successfully concluded an exchange offer relating to its €425 000 000 Senior Notes due 2019 (the "Notes"), launched on 30 June 2015, with holders of approximately 97.34% of the principal amount, or €413 699 000, having tendered their notes for settlement on 29 July 2015. Of those holders of Notes that participated in the exchange offer, approximately 45.3% of the noteholders selected Option A and 54.7% of the noteholders selected Option B, which will include an equity exposure.

Edcon Holdings Limited has issued €441 365 065 in aggregate principal amount of new Option A senior 13.375% PIK notes and of new Option B senior 13.375% PIK notes. Additionally Edcon Limited issued €21 663 779 in aggregate principal amount of new super senior 8.000% PIK notes as early consent consideration to Eligible Holders who had tendered their Notes on or prior to 5:00 p.m., New York City time, on 14 July 2015.

Additionally, in connection with the exchange offer, Edcon obtained the consents of holders of of more than 90% of the principal outstanding amount of the Notes to effectuate certain amendments to the Notes, including an amendment that (i) interest on the Notes will be paid in kind (and no longer in cash) at a rate of 5% per annum, starting on 30 June 2015, (ii) the maturity of the Notes not tendered in the exchange offer be extended to 30 June 2022 and (iii) the principal amount of Notes not tendered in the exchange offer be reduced by 72.5% (together, the "Amendments"). After giving effect to the results of the exchange offer and the Amendments, Edcon Holdings Limited has approximately €3 315 608 in aggregate principal amount of Notes outstanding.

6. EVENTS AFTER THE REPORTING DATE *(continued)*

Outsourcing arrangement with Accenture

Effective 16 July 2015, the Group entered an arrangement with Accenture whereby the Group will outsource existing consumer credit services excluding those carried out by Edgars Stores Limited in Zimbabwe, which is separately managed. The arrangement will increase the operational efficiencies of the Group and result in an approximate R200 million service cost reduction in the initial two year period of the arrangement.

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* (resigned 31 March 2015), ZB Ebrahim₸, RB Daniels*, M Osthoff*** (appointed 1 April 2015), DH Brown₸, TF Mosololi₸, LL von Zeuner₸.

Executive directors
J Schreiber *** (Managing Director and Chief Executive Officer), T Clerckx** (Chief Financial Officer), Dr U Ferndale (Chief Operations Officer).

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₸ Independent Non – Executive Director

Group Secretary
CM Vikisi

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