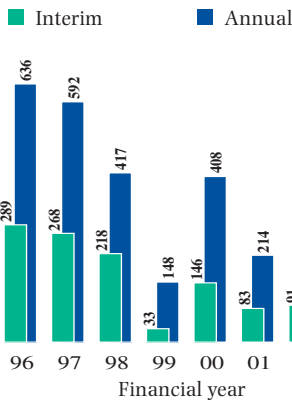
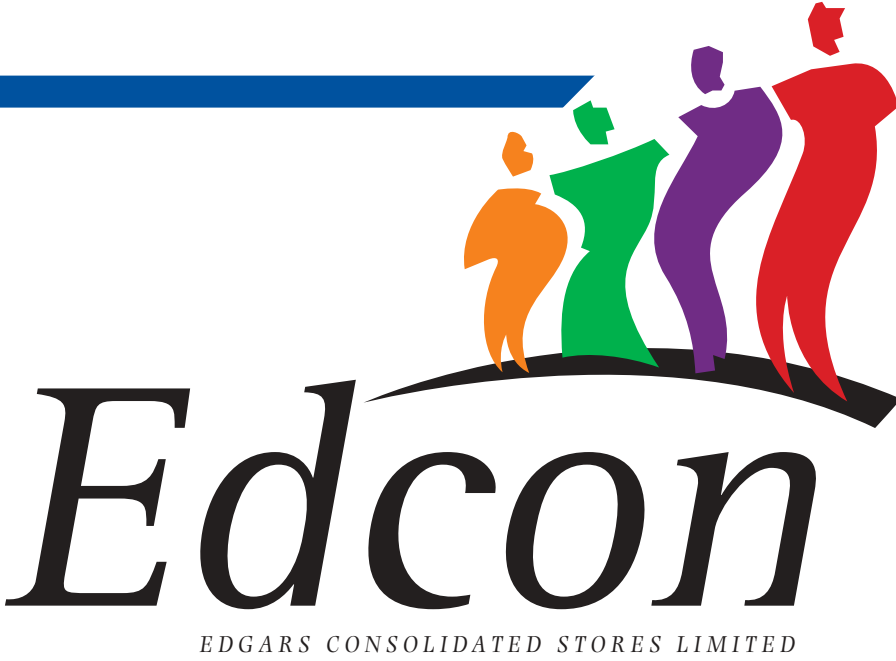
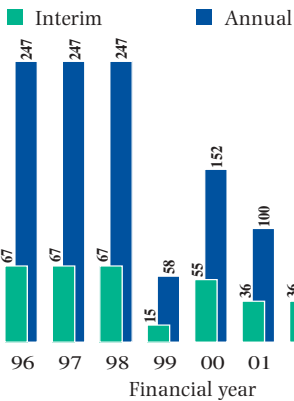


HEADLINE EARNINGS PER SHARE (cents)



DIVIDENDS PER SHARE (cents)



SALIENT FEATURES

- **COMPARABLE STORE SALES rise by 17%**
- **HEADLINE EARNINGS PER SHARE UP 219% at a record 290 cents**
- **RECORD INTERIM DIVIDEND 123 cents per share compares with 36 cents last year**
- **SUCCESSFUL SECURITISATION OF DEBTORS BOOK INCREASES CASH BALANCES TO R750 MILLION**
- **NEW BUSINESSES ACQUIRED (RAG, SUPER MART AND CNA)**

Comment

THE RETAIL ENVIRONMENT

Against the background of considerable uncertainty in global markets, the South African economy has displayed remarkable resilience during the six months under review. Personal taxation cuts announced by the Minister of Finance in the past three years and positive economic growth have boosted consumer spending. This has been achieved in spite of higher domestic inflation and local interest rates increasing beyond expectation, as the effects of the weaker Rand permeated the economy.

The upturn in the first quarter of calendar 2002 gained momentum, and based on statistics provided by the Retailers' Liaison Committee, national clothing, footwear and textile (CFT) sales have risen by 19% in the past six months, while space occupied by clothing retailers has also increased. The pace of sales growth has accelerated, particularly in footwear and childrenswear.

GROUP RESULTS

Further meaningful benefits from the turnaround strategies, implemented by management over the past three years, have been realised in these financial results.

The recovery, which commenced last year, continued into the current period and is highlighted by Edcon achieving its highest ever interim headline earnings per share of 290c – 219% up on earnings for the comparable six month period last year.

Encouraging retail sales growth of 13% was achieved with 4% less retail space. Comparable store sales rose by some 17%. Focused merchandising, efficient supply chain management and lower markdowns contributed towards a significant improvement in the gross profit margin from 35.9% to 38.3%.

The Edgars chain increased its CFT turnover by 16% and cellular sales by 32%, despite operating within 3% less space and with 31 fewer facias. Trading profits improved by 90%, demonstrating the effectiveness of Edgars' focus on appropriate and well priced merchandise, disciplined cost management and high levels of customer service. Particularly pleasing has been the double digit performance of softlines and active footwear and apparel. These businesses in Edgars contribute 39% of total revenue reported for Edcon. Most notable was that Starting Block, ladies and kids apparel achieved turnover growths in excess of 20% and gross profit growths of over 30%. Enhanced merchandise management and the benefits of Retek, the Group's new merchandise system, are evidenced in the marked improvement in Edgars' stock turn from 3.5 times last year to 4.4 times.

United Retail, incorporating Jet, Sales House, Cuthberts and Smiley's Wearhouse, is beginning to realise the benefits of restructuring. The business delivered a 7% increase in CFT sales with 5% less trading space, and this, combined with controlled store expenses and focused inventory management, has contributed to the 23% rise in trading profit. The chain's progressive improvement, particularly over the last three months, bodes well for a strong performance during the vital December trading period. Of significance has been its ability to achieve volume sales growth out of stock holdings some 25% below those of last year. In spite of United Retail's decision to sell airtime for cash only, the turnover in the cellular division matched that of the comparative period last year.

The Group's commitment to sustainable growth is reflected in substantially higher expenditure on systems and information technology, included in other operating costs. The negligible rise in store costs reflects the efficacy of continuing expense management disciplines within the stores. Consequently, retail trading profit increased by 70%.

A notable achievement has been the reduction in the total cost of financing from R73 million last year to R7 million. This reflects a lower bad debt experience, arising from ongoing improvements in the quality of the debtors book (86% of the accounts under administration are now current), coupled with the recognition of a R36 million gain from better than anticipated collections on the debtors' book purchased from the Retail Apparel Group (RAG). This non-recurring profit has been excluded from headline earnings. The Financial Services division, in its second full year of operation, more than doubled its contribution to R45 million. To facilitate an understanding of the separate trading and credit granting businesses, the format of the Group income statement has been changed and additional disclosure on the cost of financing has been provided. The operating profit, after credit and financial services, rose from 4% of sales last year to over 8% – well within reach of the Group's long-term target of 10%.



SECURITISATION

In the 2002 year-end results announcement and annual report, Edcon announced its intention to securitise a significant portion of its receivables. The securitisation transaction was completed in July 2002 and resulted in OntheCards Investments (OtC) acquiring, on a non-recourse basis, certain receivables from Edcon and Nedcor, which both previously financed these accounts. The transaction unlocked value for Edcon shareholders and gave Edcon access to a lower cost of funding via the capital markets. The net proceeds of R798 million were utilised to repay debt and, accordingly, the Group is now particularly well-positioned to continue pursuing future growth opportunities.

OtC was funded by the issue of R1.9 billion of rated notes into the market and by a subordinated loan of R370 million. This latter amount in fact represents the full extent of Edcon's risk on the debtors sold. Edcon remains the service provider to OtC and is responsible for the ongoing credit management of the accounts owned by OtC.

ACQUISITIONS (Approved by the Competition Authorities)

RAG Receivables Book and Other Assets

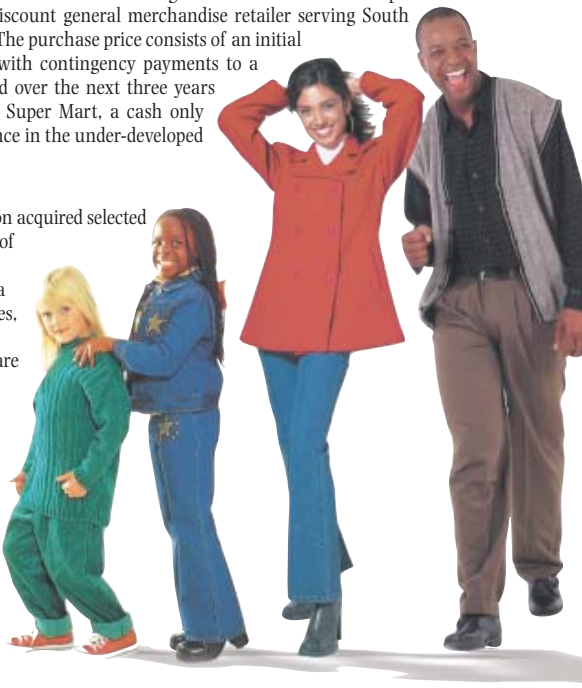
Edcon acquired the rights to RAG's retail brands, its debtors book, customer database and a number of its retail stores for R243 million on 1 July 2002. An estimated discount of R52 million has been recorded on the acquisition. R36 million of which is recognised in these results for the six-months. The purchase allows Edcon to leverage its debtor's management competencies and to strengthen its presence in Botswana.

Super Mart

This acquisition was effective 1 October 2002 and its integration into the Edcon Group is now in progress. Super Mart is a discount general merchandise retailer serving South Africa's mass lower income market. The purchase price consists of an initial payment of R70 million, together with contingency payments to a maximum of R70 million, staggered over the next three years and dependent on future earnings. Super Mart, a cash only business, strengthens Edcon's presence in the under-developed discount channel.

CNA

As announced in October 2002, Edcon acquired selected assets and assumed certain liabilities of CNA for a net purchase price of approximately R130 million. CNA is a retailer of books, stationery, magazines, music, interactive computer software and toys, with the highest market share in South Africa of books and magazines. Their product range complements Edcon's current offerings and Edcon believes its strengths in merchandising and logistics management can turn around CNA's recent disappointing performance.



CASH FLOWS AND FINANCIAL POSITION

The quality of Edcon's earnings is demonstrated by a significant increase in attributable cash flow per share to 935 cents, more than double that of the previous year. Continued disciplined inventory management and increased profitability, combined with efficient collections, contributed to a dramatic increase in cash generated from operating activities. The proceeds from the securitisation transaction allow the Group to reduce its interest bearing debt and to fund the acquisitions mentioned above. The Group's policy of unlocking excess capital continued in the current period and a further 1.1 million shares were bought back for R45 million and cancelled. Edcon's financial position is now exceptionally strong, with cash and cash equivalents, net of interest bearing debt, at R545 million. Current borrowing facilities available for utilisation are R1.1 billion.

CORPORATE GOVERNANCE

The Group, at all levels, subscribes to the values of good corporate governance and is committed to applying the principles of the second King Report and the JSE Securities Exchange South Africa requirements. It is also determined to conduct business with discipline, integrity, transparency and social responsibility.

PROSPECTS

High interest rates and double digit inflation will dampen consumer spending somewhat in the months ahead. Nevertheless, the board is of the opinion that the current positive momentum in the market should continue and that this will buoy CFT sales through the vitally important festive season. Based on this assumption, and with the turnaround in Edgars and United Retail now complete, headline earnings per share for the full year could exceed previous record earnings. Further benefits from the new acquisitions are expected to become evident in the next financial year.

For and on behalf of the board

W S MacFarlane

Chairman

S M Ross

Chief Executive Officer

INTERIM CASH DIVIDEND

Notice is hereby given that the interim ordinary dividend (No.112) of 123 cents per share in respect of the 26 weeks ended 28 September 2002 has been declared payable to the holders of ordinary shares appearing in the records of the company at the close of business on Friday, 27 December 2002. The dividend is declared payable in the currency of the Republic of South Africa and in compliance with the requirements of STRATE, the following dates are applicable:

Last day to trade cum the dividend	Wednesday, 18 December 2002
Date trading commences ex the dividend	Thursday, 19 December 2002
Record date	Friday, 27 December 2002
Date of payment	Monday, 30 December 2002

Share certificates may not be dematerialised or rematerialised between Thursday, 19 December 2002 and Friday, 27 December 2002, both days inclusive.

On behalf of the board

D J Viviers

Group Secretary

Johannesburg

12 November 2002



Income Statements

	2002 26 weeks September Rm (unaudited)	2001 26 weeks September Rm (unaudited)	Change %	2002 52 weeks March Rm (audited)
Revenue – retail sales	3 478.3	3 087.0	13	6 709.8
Cost of sales	2 147.7	1 978.8		4 264.1
Gross profit	1 330.6	1 108.2		2 445.7
Store costs	674.3	669.2		1 381.1
Other operating costs	397.3	287.1		680.8
Retail trading profit	259.0	151.9	70	383.8
Credit and financial services profit/(loss) (see note 2)	25.8	(28.4)		(55.2)
Operating profit before financing costs	284.8	123.5		328.6
Net financing costs (see note 2)	32.7	44.9		63.5
Profit before taxation	252.1	78.6		265.1
Taxation	88.3	26.3		93.4
Earnings attributable to ordinary shareholders	163.8	52.3	213	171.7

NOTES:

Note 1

The accounting policies adopted for the purpose of this report comply with South African Statements of Generally Accepted Accounting Practice, AC127: Interim Financial Reporting and International Accounting Standards and are consistent with those of the previous year.

Note 2

Cost of credit	(19.6)	(49.1)	(111.4)
Financial services profit	45.4	20.7	56.2
Credit and financial service profit/(loss) (per income statement)	25.8	(28.4)	(55.2)
Notional financing costs allocated on own debtors*	(113.0)	(101.5)	(197.0)
Total cost of credit	(87.2)	(129.9)	(252.2)
Net financing costs (per income statement)	(32.7)	(44.9)	(63.5)
Notional financing receipts allocated*	113.0	101.5	197.0
Group net financing receipts	80.3	56.6	133.5
Total cost of financing	(6.9)	(73.3)	(118.7)

*Being a market related charge on the balance sheet assets within the credit area.

Note 3

Dilution on possible exercise of share options.

Weighted average number of ordinary shares in issue (000) (reflecting share buy-backs)	51 158	57 198	56 667
Earnings per ordinary share (cents) attributable earnings basis	320	91	252
headline earnings basis	290	91	219
Diluted earnings per ordinary share (cents) (note 3) attributable earnings basis	305	90	239
headline earnings basis	276	90	207
Dividends per ordinary share (cents)	123	36	242
Reconciliation of headline earnings	163.8	52.3	171.7
Group attributable earnings			
Plus: Loss on disposal of fixed assets net of taxation	7.9	—	0.6
Less: Part recognition of discount on acquisition of RAG receivables net of taxation	(23.4)	—	—
Headline earnings	148.3	52.3	172.3

Segmental analysis

Retail sales				
Clothing, Footwear and Textiles				
Edgars	2 134.1	1 846.7	16	3 939.4
United Retail	1 115.3	1 038.2	7	2 339.0
	3 249.4	2 884.9	13	6 278.4
Cellular products				
Edgars	112.2	84.9	32	185.8
United Retail	116.7	117.2	—	245.6
	228.9	202.1	13	431.4
Total retail sales	3 478.3	3 087.0	13	6 709.8
Retail trading profit				
Edgars	208.9	109.9		296.4
United Retail	44.9	36.5		115.5
Other	5.2	5.5		(28.1)
	259.0	151.9	70	383.8
Retail space (m²)				
Edgars	382 127	395 115		391 566
United Retail	285 598	300 593		289 495
	667 725	695 708	(4)	681 061
No. of facias				
Edgars	152	183		166
United Retail	571	456		557
	723	639		723

Cash Flow Statements

	2002 26 weeks September Rm (unaudited)	2001 26 weeks September Rm (unaudited)	2002 52 weeks March Rm (audited)
Cash retained from operating activities			
Operating profit	284.8	123.5	328.6
Depreciation and amortisation	98.3	96.0	198.7
Other non-cash items	(23.6)	0.6	2.7
Cash "EBITDA"	359.5	220.1	530.0
Reduction in working capital	183.7	97.9	185.7
Inventories	53.8	44.6	180.9
Accounts receivable and prepayments	(162.1)	(43.3)	(43.9)
Accounts payable	292.0	96.6	48.7

Cash generated from operating activities	543.2	318.0	715.7
Net financing costs paid	(32.7)	(44.9)	(63.5)
Taxation paid	(32.1)	(13.9)	(40.0)

Cash inflow from operations	478.4	259.2	612.2
Dividends paid	(42.0)	(36.8)	(57.2)

Net cash retained	436.4	222.4	555.0
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Cash generated from/(utilised in) investment activities			
Increase in property, plant and equipment	(29.5)	(77.4)	(129.0)
Acquisition of RAG assets	(229.1)	—	—
Net proceeds of securitisation	798.3	—	—
Purchase of FNB/Jet branded book	(27.0)	—	—
Other	(5.6)	(0.9)	(30.8)

Net cash generated/(invested)	507.1	(78.3)	(159.8)
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Cash effects of financing activities			
Decrease in shareholder funding	(44.6)	(12.0)	(141.5)
Decrease in interestbearing debt	(365.8)	(135.2)	(238.7)

Net cash outflow from financing activities	(410.4)	(147.2)	(380.2)
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Increase/(decrease) in cash and cash equivalents	533.1	(3.1)	15.0
Cash and cash equivalents at the beginning of the period	215.5	180.5	180.5
Currency adjustments	1.0	7.9	20.0

Cash and cash equivalents at the end of the period	749.6	185.3	215.5
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Attributable cash flow per share (cents)	935	449	1 080
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Statements of changes in ordinary shareholders' equity

	2002 September Rm (unaudited)	2001 September Rm (unaudited)	2002 March Rm (audited)
Ordinary shareholders' equity at the beginning of the year	2 296.8	2 305.3	2 305.3
Share capital			
Share buy-back	(44.6)	(12.0)	(141.5)
Movements in distributable reserves			
Earnings attributable to ordinary shareholders	163.8	52.3	171.7
Ordinary dividends	(42.0)	(36.8)	(57.2)
Movements in non-distributable reserves			
Foreign currency translation reserve	1.0	(6.9)	7.8
Other	4.3	6.7	10.7
Ordinary shareholders' equity at the end of the period	2 379.3	2 308.6	2 296.8

Balance Sheets

	2002 September Rm (unaudited)	2001 September Rm (unaudited)	2002 March Rm (audited)
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	760.0	733.2	825.8
Trademarks	—	1.8	—
Negative goodwill	(16.0)	—	—
Investments	413.9	13.9	13.9
Other	81.6	46.1	76.0
Total non-current assets	1 239.5	795.0	915.7
Current assets			
Inventories	938.7	1 129.7	993.2
Accounts receivable and prepayments	1 268.1	2 072.7	2 026.8
Cash and cash equivalents	749.6	185.3	215.5
Total current assets	2 956.4	3 387.7	3 235.5
Total assets	4 195.9	4 182.7	4 151.2

EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareholders' equity	2 379.3	2 308.6	2 296.8
Minority interest	0.3	0.4	0.6
Total shareholders' equity	2 379.6	2 309.0	2 297.4
Interest bearing debt	204.7	676.5	575.0
	2 584.3	2 985.5	2 872.4

Interest free liabilities			
Current	1 431.2	1 041.2	1 104.3
Deferred taxation	180.4	156.0	174.5
Total interest free liabilities	1 611.6	1 197.2	1 278.8
Total equity and liabilities	4 195.9	4 182.7	4 151.2

Gearing ratios			
Net interest bearing debt/total shareholders' funds	(0.23)	0.21	0.16
Total liabilities/total shareholders' funds	0.76	0.81	0.81
Future capital expenditure	Rm	Rm	Rm
Contracted	18.3	2.0	6.5
Authorised but not contracted	107.0	80.4	151.0
Net equity per ordinary share (cents)	4 692	4 019	4 431

Non-executive directors: W S MacFarlane (Chairman) A J Aaron T N Eboka Z B Ebrahim J D M G Koolen† P L Wilmot († Netherlands)

Executive directors: S M Ross** (Chief Executive) A V A Boshoff M R Bower Dr U Ferndale J L Spotts** (**USA)

Group secretary: D J Viviers

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Auditors: Ernst & Young

Sponsors: Cazenove South Africa (Pty) Limited First Floor, Moorgate, Dunkeld Park 6 North Road, Dunkeld West PO Box 412468, Craighall 2024 Telephone: (011) 280-7900



These results can be viewed on the internet at: http://www.edcon.co.za