UNAUDITED INTERIM RESULTS AND TRADING STATEMENT FOR THE SIX MONTHS TO SEPTEMBER 2004

Income statements

	2004 27 weeks September Rm (unaudited)	2003 26 weeks September Rm (restated and unaudited)	Change %	2004 52 weeks March Rm (restated and audited)
Revenue – retail sales	**6 029,8**	4 592,2	31	10 530,0
Cost of sales	**3 616,6**	2 821,3		6 423,3
Gross profit	**2 413,2**	1 770,9	36	4 106,7
Store costs	**1 085,2**	874,1		1 914,4
Other operating costs	**729,2**	613,4		1 300,4
Trading profit	**598,8**	283,4	111	891,9
Credit and financial services profit (note 3)	**93,6**	79,6		185,8
Operating profit before financing costs	**692,4**	363,0		1 077,7
Net financing costs (note 3)	**7,7**	25,3		50,7
Profit before taxation	**684,7**	337,7	103	1 027,0
Taxation	**235,5**	114,0		354,6
Earnings attributable to ordinary shareowners	**449,2**	223,7	101	672,4
Number of ordinary shares (000)				
in issue	**46 608**	43 948		44 934
weighted average	**46 117**	43 791		44 026
Earnings per ordinary share (cents)				
attributable earnings basis	**974**	511	91	1 527
headline earnings basis	**968**	516	88	1 588
cash equivalent basis	**1 312**	791	66	2 246
Diluted earnings per ordinary share (cents) (note 2)				
attributable earnings basis	**874**	463	89	1 307
headline earnings basis	**868**	468	85	1 359
Dividends per ordinary share (cents)	**494**	247	100	768

Note 1

IFRS 2 'Share-Based Payment'
The Group has taken advantage of the transitional provisions of IFRS 2 in respect of share options and has applied IFRS 2, only to share options granted to staff after 7 November 2002. The effect of the revised policy is to decrease current half year profits by R4,3 million (2003: R1,5 million) due to an increase in the employee benefits expense with a corresponding increase in equity. All comparatives have been appropriately restated.

IFRS 3 'Business Combinations', IAS 36 'Impairment of Assets'
The adoption of IFRS 3 has resulted in the Group ceasing annual goodwill amortisation. From 1 April 2004, the remaining balance will be tested annually for impairment in terms of IAS 36. Goodwill amortised in 2003 half year results was R7,6 million (full year: R28,6 million).

The 2003 interim results have been restated to include the effects of consolidating the Edgars Stores Limited Staff Share Trust.

Note 2
Dilution on possible exercise of share options.

	2004 27 weeks September Rm (unaudited)	2003 26 weeks September Rm (restated and unaudited)	Change %	2004 52 weeks March Rm (restated and audited)
Note 3				
Cost of credit	**(11,1)**	(12,1)		(5,8)
Financial services profit[1]	**104,7**	91,7		191,6
Credit and financial services profit	**93,6**	79,6		185,8
Notional financing costs allocated on own debtors[2]	**(116,0)**	(123,0)		(238,6)
Total cost of credit	**(22,4)**	(43,4)		(52,8)
Net financing costs	**(7,7)**	(25,3)		(50,7)
Notional financing receipts allocated[2]	**116,0**	123,0		238,6
Group net financing receipts	**108,3**	97,7		187,9
Total profit from financing	**85,9**	54,3	58	135,1
[1] Comparatives have been restated to include cellphone insurance revenue previously allocated to retail Divisions. [2] Being a market related charge on the balance sheet assets within the credit area.				
Reconciliation of headline earnings				
Group attributable earnings	**449,2**	223,7		672,4
Less: Profit on disposal of fixtures, equipment and vehicles	**(0,2)**	1,3		1,4
Less: Recognition of discount on acquisition of RAG receivables and assets	**(4,0)**	(9,9)		(22,0)
Plus: CNA and Super Mart acquisition write-offs (incl. amortisation)	**—**	8,1		45,5
Taxation effect	**1,2**	3,0		2,0
Headline earnings	**446,2**	226,2		699,3
SEGMENTAL ANALYSIS				
Retail sales				
Edgars	**3 279,5**	2 542,7	29	5 595,8
CNA	**414,5**	345,2	20	874,3
Boardmans	**98,3**	—		—
Department Stores Division	**3 792,3**	2 887,9	31	6 470,1
Jet	**2 072,7**	1 517,4	37	3 599,9
Super Mart/Jet Mart	**164,8**	186,9	(12)	460,0
Discount Division	**2 237,5**	1 704,3	31	4 059,9
	6 029,8	4 592,2	31	10 530,0
Average retail space (000m²)				
Edgars	**388**	375	3	379
CNA	**89**	78	14	82
Boardmans	**25**	—		—
Department Stores Division	**502**	453	11	461
Jet	**292**	281	4	283
Super Mart/Jet Mart	**60**	46	30	50
Discount Division	**352**	327	8	333
	854	780	9	794
Number of stores				
Edgars	**163**	151		155
CNA	**192**	149		186
Boardmans	**25**	—		—
Department Stores Division	**380**	300		341
Jet	**296**	270		283
Super Mart/Jet Mart	**20**	15		17
Discount Division	**316**	285		300
	696	585		641
Gross profit				
Edgars	**1 396,1**	1 028,0	36	2 298,5
CNA	**128,9**	129,0	—	328,5
Boardmans	**38,1**	—		—
Department Stores Division	**1 563,1**	1 157,0	35	2 627,0
Jet	**816,2**	565,2	44	1 369,2
Super Mart/Jet Mart	**33,9**	48,7	(30)	110,5
Discount Division	**850,1**	613,9	38	1 479,7
	2 413,2	1 770,9	36	4 106,7
Trading profit				
Department Stores Division	**379,1**	211,8	79	589,6
Discount Division	**221,2**	98,5	125	366,6
Manufacturing	**(1,0)**	(18,8)	95	(17,3)
Amortisation of goodwill and intangibles	**(0,5)**	(8,1)		(47,0)
	598,8	283,4	111	891,9

Statements of changes in ordinary shareowners' equity

	2004 September Rm (unaudited)	2003 September Rm (restated and unaudited)	2004 March Rm (restated and audited)
Ordinary shareowners' equity at the beginning of the period	**2 649,8**	2 131,2	2 131,2
Net movement in treasury shares	**(21,4)**	19,3	43,4
Earnings attributable to ordinary shareowners	**449,2**	223,7	672,4
Ordinary dividends paid	**(239,2)**	(80,9)	(190,8)
Other	**4,8**	(2,6)	(6,4)
Balance at 2 October 2004	**2 843,2**	2 290,7	2 649,8

Edcon

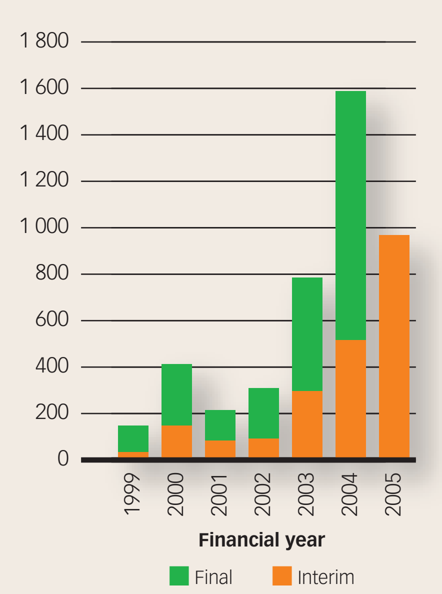
Retail sales growth of 31%

Headline earnings per share up 88%
to a record 968 cents

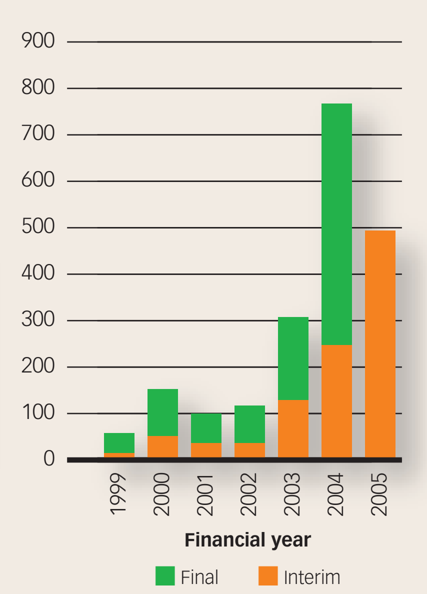
Dividend per share doubles
to a record 494 cents

Strong financial position gearing at 3%

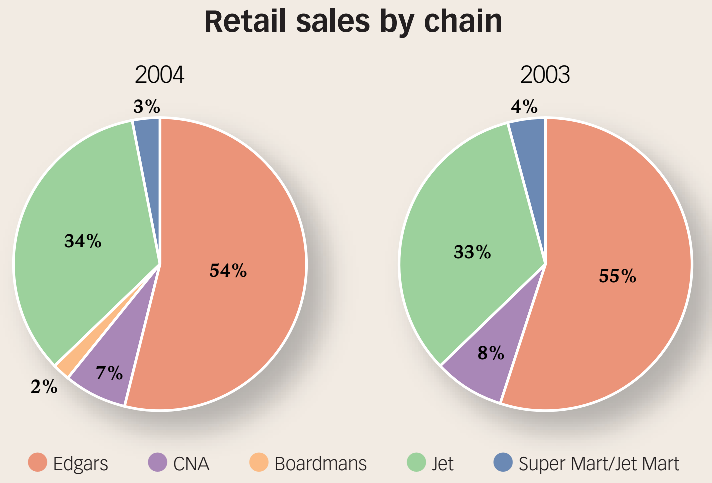
Headline earnings per share (cents)



Dividends per share (cents)



Retail sales by chain



Edgars · boardmans · prato · Jet · Jet·Mart · LEGIT

Balance sheets

	2004 September Rm (unaudited)	2003 September Rm (restated and unaudited)	2004 March Rm (restated and audited)
ASSETS			
Non-current assets			
Properties, fixtures, equipment and vehicles	**809,0**	715,3	738,2
Goodwill and trademarks	**79,6**	95,4	54,1
Investments	**575,7**	400,0	400,0
Total non-current assets	**1 464,3**	1 210,7	1 192,3
Current assets			
Inventories	**1 399,3**	1 285,4	1 231,0
Accounts receivable and prepayments	**2 070,6**	1 905,5	2 477,5
Cash and cash equivalents	**287,1**	136,1	195,1
Total current assets	**3 757,0**	3 327,0	3 903,6
Total assets	**5 221,3**	4 537,7	5 095,9
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary shareowners' equity	**2 843,2**	2 290,7	2 649,8
Preference share capital	**0,3**	0,3	0,3
Minority interests	**—**	0,3	—
Total shareowners' funds	**2 843,5**	2 291,3	2 650,1
Interest bearing debt	**365,0**	89,0	366,5
Total capital employed	**3 208,5**	2 380,3	3 016,6
Interest free liabilities			
Current payables	**1 914,4**	2 119,2	1 992,9
Deferred taxation	**98,4**	38,2	86,4
Total interest free liabilities	**2 012,8**	2 157,4	2 079,3
Total equity and liabilities	**5 221,3**	4 537,7	5 095,9
Gearing ratios			
Net interest bearing debt/total shareowners' funds	**0,03**	(0,02)	0,06
Total liabilities/total shareowners' funds	**0,84**	0,98	0,92
Future capital expenditure			
Contracted	**247,6**	73,9	36,5
Authorised but not contracted	**106,4**	217,0	575,3
Unutilised borrowing facilities	**1 090,0**	883,7	661,7
Net equity per ordinary share (cents)	**6 100**	5 212	5 897

Cash flow statements

	2004 27 weeks September Rm (unaudited)	2003 26 weeks September Rm (restated and unaudited)	2004 52 weeks March Rm (restated and audited)
Cash retained from operating activities			
Operating profit	**692,4**	363,0	1 077,7
Depreciation, amortisation and impairment	**137,0**	117,3	269,4
Other non-cash items	**7,0**	(7,3)	4,0
Cash "EBITDA"	**836,4**	473,0	1 351,1
Decrease in working capital	**40,7**	(102,3)	(676,7)
Inventories	**(122,9)**	(101,2)	(31,0)
Trade accounts receivable	**(712,5)**	(228,6)	(870,1)
Net proceeds of securitisation	**933,7**	—	—
Other debtors	**13,2**	(113,6)	(67,6)
Accounts payable*	**(70,8)**	341,1	292,0
Cash generated from operating activities	**877,1**	370,7	674,4
Net financing costs paid	**(7,7)**	(25,3)	(50,7)
Taxation paid	**(240,8)**	(210,7)	(422,5)
Cash inflow from operations	**628,6**	134,7	201,2
Dividends paid	**(239,2)**	(80,9)	(190,8)
Net cash retained	**389,4**	53,8	10,4
Cash utilised in investment activities			
Investment in fixtures, equipment and vehicles	**(199,0)**	(137,6)	(271,0)
Acquisitions	**(78,6)**	—	(66,1)
Net cash utilised	**(277,6)**	(137,6)	(337,1)
Cash effects of financing activities			
Decrease in shareowner funding	**(21,4)**	19,3	43,4
Decrease in interest bearing debt	**(1,5)**	(94,4)	183,1
Net cash outflow from financing activities	**(22,9)**	(75,1)	226,5
Increase in cash and cash equivalents	**88,9**	(158,9)	(100,2)
Cash and cash equivalents at the beginning of the period	**195,1**	298,0	298,0
Currency adjustments	**3,1**	(3,0)	(2,7)
Cash and cash equivalents at the end of the period	**287,1**	136,1	195,1
Attributable cash flow per ordinary share (cents)	**1 363**	308	457

*Reflects seven creditor payment runs versus six last year as a direct consequence of the inclusion of the extra trading week.

Interim cash dividend

Notice is hereby given that the interim ordinary dividend (No. 116) of 494 cents per share in respect of the 27 weeks ended 2 October 2004 has been declared payable to the holders of ordinary shares appearing in the records of the Company at the close of business on Friday, 7 January 2005. 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 dividend	Friday, 31 December 2004
Date trading commences ex dividend	Monday, 3 January 2005
Record date	Friday, 7 January 2005
Date of payment	Monday, 10 January 2005

Certificated shareholders may not dematerialise or rematerialise their share certificates between Monday, 3 January 2005 and Friday, 7 January 2005, both dates inclusive.

On behalf of the Board

EA Bagley
Group Secretary

Johannesburg
10 November 2004

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

NON-EXECUTIVE DIRECTORS: WS MacFarlane *(Chairman)*, AJ Aaron, TN Eboka, ZB Ebrahim, JDMG Koolen#, PL Wilmot, SDM Zungu #Netherlands **EXECUTIVE DIRECTORS:** SM Ross** *(Chief Executive)*, SR Binnie*, AvA Boshoff, MR Bower, Dr U Ferndale, JL Spotts** **USA *UK
GROUP SECRETARY: EA Bagley **TRANSFER SECRETARIES:** Computershare Investor Services 2004 (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001. PO Box 61051, Marshalltown 2107. Fax: +27 11 370-5487. Telephone: +27 11 370-5000 **REGISTERED OFFICE:** Edgars Consolidated Stores Limited.
Registration No. 1946/022751/06. Incorporated in the Republic of South Africa. Edgardale, Press Avenue, Crown Mines, Johannesburg 2092. PO Box 100, Crown Mines 2025. Fax: +27 11 837-5019. Telephone: +27 11 495-6000.
AUDITORS: Ernst & Young, Wanderers Office Park, 52 Corlett Drive, Illovo 2196. PO Box 2322, Johannesburg 2000. Telephone: +27 11 772-3000 **SPONSORS:** Cazenove South Africa (Proprietary) Limited. First Floor, Moorgate, Dunkeld Park, 6 North Road, Dunkeld West. PO Box 412468, Craighall 2024. Telephone: +27 11 280-7900.
ISIN number: ZAE 000018388. **Share code:** ECO

Commentary

THE RETAIL ENVIRONMENT Consumer confidence surged to all-time highs during the first half of this financial year. Boosted by financial, economic and political stability, conditions for retailers improved substantially. Real wage growth, relatively low interest rates and a further escalation in property prices all served to place more money in the pockets of consumers. In contrast, the strong Rand, its negative impact on employment in the export sectors of the economy, and the sharp increase in fuel prices, have tempered somewhat this positive environment.

The impetus gained from these favourable trading conditions contributed towards the buoyant sales in the clothing, footwear and textile (CFT) sector. Statistics provided by the Retailers' Liaison Committee reveal that national CFT sales have climbed by 19% in the past six months, compared with the corresponding period last year. Deflation in the sector is estimated to have been 4,5% over this period.

GROUP RESULTS Following the triple digit earnings growth achieved in each of the past two years, the Board is delighted to announce a further set of exceptional results, culminating in a doubling of the interim dividend declared for the six months under review. In a trading statement issued during July 2004, the Board advised that headline earnings per share were forecast to rise by between 60% and 80%. In fact, the Group recorded headline earnings per share of 968 cents, up 88%.

Edcon's sales increased by 31%, six percentage points of which can be attributed to the non-comparable additional trading week included in the six-month period and two percentage points to Boardmans, the acquisition of which became effective in April 2004. The remaining gain was achieved with only 6% extra average retail space, indicating a noteworthy 17% increase in comparable store growth.

More importantly, the Group's progress is reflected in a doubling of attributable earnings. This includes R52 million of earnings relating to the extra trading week, which accounts for 22% of the increase in headline earnings per share. The benefits of Edcon's purchasing power arising from greater volumes and efficient supply chain processes contributed toward a 140 basis point improvement in the gross profit margin to reach the Group's over-time target of 40,0%.

As detailed in the 2004 Annual Report, the retail businesses have been amalgamated under two broad divisions based on the target markets they serve. The Department Stores Division, including Edgars, CNA and Boardmans, focuses on middle and upper income consumers, while the Discount Division, incorporating Jet and Super Mart, aims at lower income customers.

The Department Stores Division reaped the benefits of a focused merchandise strategy, improved efficiency levels and disciplined expense management, increasing trading profit by an impressive 79%. The Edgars chain grew its turnover by an excellent 29% with selling price inflation at only 1% and additional average trading space of 3%. All merchandise groups saw increases over the prior year, but particularly pleasing was the performance of ladieswear, menswear and infantswear. The focus on core product and well balanced pricing strategies were critical success factors. Tight inventory controls allowed the chain to raise its stockturn from 5,0 last September to 5,6 times. The chain procured more sourcing options and obtained lower input costs through a higher volume order strategy, resulting in an improvement in gross profit margin from 40,4% to 42,6%.

Sales for the CNA chain rose by 20% despite deflation of 7%. The purchase of ThisDay stores in November 2003 added 13% to the average trading space. Strong sales growth was achieved in newsstand, books and interactive as the business benefited from improved merchandise assortments. The remaining product categories are still in the process of being improved and balanced by store. Aggressive markdowns to clear slow moving stock, mix of product sold and more competitive pricing produced a 31,1% gross profit margin. Stockturn has improved to 2,9 times.

Boardmans has been successfully integrated into Edcon's systems, distribution and support infrastructures. The chain achieved sales of R98 million and a gross profit margin of 38,8%, in line with Edcon's targets.

The Discount Division advanced its trading profit by an outstanding 125%. Another wonderful performance for the Jet chain is confirmed by its 37% increase in sales. This was achieved in spite of deflation of 10% and a rise of only 4% in average retail space. All product categories contributed to this success and it is clear that shoppers are responding well to Jet's rationalised assortments and competitive price points. Gross profit margin improved by 220 basis points to 39,4%, enhanced by efficient replenishment processes and improved input margins. In addition, stockturn rose from 6,5 times last year to 8,1 times.

Sales in Super Mart declined by 12%, with deflation running at 9%. Sales and margins have, in the short term, unavoidably been impacted by the planned introduction of the Group's merchandise systems and by aggressive markdowns to clear aged, discontinued and damaged merchandise. The focus has been to reduce the number of stock items, with the intention of placing volume behind core lines and providing customers with competitive prices. Encouragingly, stockturn has already improved from 4,1 to 4,7 times.

Total cellular phone and contract sales, which are managed centrally by the Group, climbed 45% to R501 million. The improvement by the Manufacturing Division extended into the current year. Despite the strength of the Rand, losses reduced to R1 million from R19 million in the previous year, as the division realised the benefit of the drive to increase volumes with local customers and of tightly managed expenses.

Group management's focus on productivity and cost containment is underscored by the reduction in store costs as a percentage of sales from 19,0% to 18,0%. Further investments in systems infrastructure to maintain Edcon's competitive advantage, and expenditure on employer of choice and staff training initiatives, accounted for the rise in other operating costs.

Although significantly lower chargeable interest rates had a negative impact on earnings, the Group's Credit and Financial Services Division still recorded impressive growth, and total profit from financing rose by 58% to R86 million. The efficiency of Edcon's collections procedures and strong instalment payments from customers impacted positively on the quality of the debtors' book. Notwithstanding a large expansion in credit active customers, with the account base growing by approximately 230 000 over the past six months, 87% of the accounts receivable are current and able to purchase, the same level as the previous year. The wider penetration of insurance products amongst the customer base continues to drive the expansion of the Financial Services business.

During June 2004, in terms of the securitisation structure, Edcon sold a further portion of debtors to OntheCards Investments Limited. The net proceeds of R934 million were utilised to repay debt and fund new opportunities. This will result in a significant reduction in the cost to Edcon of funding its debtors, as reflected in the lowering of net financing costs to R8 million from R25 million last year.

CASH FLOWS AND FINANCIAL POSITION Cash "EBITDA" remained strong (up 77%) on the back of the substantial earnings generated by the business. The growth in new accounts, amplified by the successful take up on pre-approved mailings, was funded by Edcon (only customers on our books prior to October 2002 were securitised), primarily by the proceeds from securitisation. Non-comparable timing differences resulted in a R510 million net outflow of funds, predominantly to pay merchandise suppliers and salaries, which were paid in October last year. This occurred as a direct consequence of the inclusion of the additional trading week.

Efficient working capital remains a priority for Edcon and is evidenced by the substantial rise in attributable cash flow per share from 308 cents to 1 363 cents. Investments in the period included the cost of fixtures for the extensive store expansion strategy announced at the end of last year as well as R79 million relating to the Boardmans acquisition.

Edcon's financial position remains exceptionally strong, with net interest bearing debt at R78 million, representing gearing of 3%. Flexibility is further enhanced by the existence of R1 090 million in unutilised borrowing facilities.

ACCOUNTING POLICIES AND COMPARATIVES The interim financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and the Listings Requirements of the JSE Securities Exchange South Africa (JSE). The accounting policies are consistent with those of the previous year except that the Group has adopted IFRS 2 'Share-Based Payment' and IFRS 3 'Business Combinations'. The impact of the changes is detailed in note 1 to the Income Statement.

In order to achieve compliance with IAS 8, 'Accounting Policies, Change in Accounting Estimates and Errors', the prior year results have been restated. The headline earnings per share and the diluted headline earnings per share for the comparable period last year, as a consequence, have increased from 501 to 516 cents per share and from 457 to 468 cents per share respectively.

DIVIDEND In terms of the Group's policy of covering dividends twice by attributable earnings, the Board has declared a record interim dividend of 494 cents, reflecting a 100% growth on last year's interim dividend.

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 complying with the JSE requirements. It continues to ensure that business is conducted with discipline, integrity, transparency and in a socially responsible manner.

PROSPECTS Consumer confidence, boosted by real wage increases and low interest rates, is expected to sustain the current momentum in retail spending. This, coupled with the continuing success of the Edcon product offering, operational efficiencies and strong collections, gives the Board reason to be optimistic about the prospects for the coming festive season. Accordingly, based on current estimates, headline earnings per share for the year to March 2005 will be approximately 60% higher than those reported last year. Seven percentage points of this increase can be ascribed to the inclusion of the scheduled non-comparable additional trading week.

In accordance with the JSE Listings Requirements 3.4 (b) (vi) (2) attention is drawn to the fact that, as the estimate forms part of this trading statement, it has not been reviewed or reported on by the Group's external auditors.

For and on behalf of the Board

WS MacFarlane — *Chairman*

SM Ross — *Chief Executive Officer*

Edcon