Steinhoff International Holdings Ltd

Audited results
for the year ended 30 June 2011

Operating profit increased by 12% to R5.4bn **Cash** generated from operations increased by 26% to R7.2bn
Distribution per share increased to 65 cps **NAV** per share increased 24% **Long-term acquisition** finance secured

Condensed consolidated income statement

	Notes	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010* Audited Rm	% change
Revenue		**43 040**	35 512	21
Operating profit before depreciation and capital items		**6 497**	5 715	14
Depreciation		**(1 073)**	(851)	
Operating profit before capital items		**5 424**	4 864	12
Capital items	1	**(64)**	(55)	
Earnings before interest, dividend income, associate earnings and taxation		**5 360**	4 809	11
Net finance charges		**(1 175)**	(993)	
Dividend income		**13**	7	
Share of profit of associate companies		**55**	36	
Profit before taxation		**4 253**	3 859	10
Taxation		**(435)**	(369)	
Profit for the year from continuing operations		**3 818**	3 490	9
Profit for the year from discontinued operations		**1 526**	263	
Profit for the year		**5 344**	3 753	42
Attributable to:				
Owners of the parent		**5 136**	3 541	45
Non-controlling interests		**208**	212	
Profit for the year		**5 344**	3 753	42
From continuing and discontinued operations:				
Headline earnings per ordinary share (cents)		**258.9**	252.7	2
Fully diluted headline earnings per ordinary share (cents)		**241.4**	242.6	–
Basic earnings per ordinary share (cents)		**342.9**	249.5	37
Fully diluted earnings per ordinary share (cents)		**310.7**	239.7	30
From continuing operations:				
Headline earnings per ordinary share (cents)		**241.1**	233.4	3
Fully diluted headline earnings per ordinary share (cents)		**226.7**	225.5	1
Basic earnings per ordinary share (cents)		**238.2**	230.5	3
Fully diluted earnings per ordinary share (cents)		**224.3**	222.9	1
Number of ordinary shares in issue (m)		**1 641**	1 408	17
Weighted average number of ordinary shares in issue (m)		**1 454**	1 387	5
Earnings attributable to ordinary shareholders (Rm)	2	**4 986**	3 460	44
Headline earnings attributable to ordinary shareholders (Rm)	3	**3 766**	3 504	7
Distribution per ordinary share		**65**	63	3
Average currency translation rate (rand:euro)		**9.5644**	10.5954	(10)

The capitalisation share award on 6 December 2010 led to the restatement of comparative per share numbers, none of which resulted in a deviation of more than 2.0 cents.
* The prior year figures have been re-presented to reflect discontinued operations.

Additional information

	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010* Audited Rm
Note 1: Capital items		
From continuing operations:		
(Loss)/profit on disposal of property, plant and equipment	**(62)**	8
Profit/(loss) on sale of investments and associate companies	**99**	(36)
Impairments	**(101)**	(27)
	(64)	(55)
From discontinued operations:		
Impairments	**(12)**	–
Loss on scrapping of vehicle rental fleet	**(10)**	(6)
Loss on sale of investments and associate companies	**(27)**	–
Loss on sale of property, plant and equipment	**(6)**	(2)
Profit on disposal of discontinued operations	**1 285**	–
	1 166	(63)
Note 2: Earnings attributable to ordinary shareholders		
Earnings attributable to owners	**5 136**	3 541
Dividend entitlement on non-redeemable cumulative preference shares	**(150)**	(81)
	4 986	3 460
Note 3: Headline earnings attributable to ordinary shareholders		
Earnings attributable to owners of the parent	**5 136**	3 541
Adjusted for:		
Capital items (note 1)	**(1 166)**	63
Taxation effects of capital items	**(54)**	(19)
Dividend entitlement on non-redeemable cumulative preference shares	**(150)**	(81)
	3 766	3 504

* The prior year figures have been re-presented to reflect discontinued operations.

Condensed consolidated statement of cash flows

	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010 Audited Rm
Cash generated before working capital changes	**6 943**	6 074
Increase in inventories	**(827)**	(241)
Increase in receivables	**(151)**	(619)
Increase in payables	**1 237**	484
Changes in working capital	**259**	(376)
Cash generated from operations	**7 202**	5 698
Net finance costs	**(860)**	(824)
Dividends paid	**(106)**	(119)
Dividends received	**13**	7
Taxation paid	**(573)**	(290)
Net cash inflow from operating activities	**5 676**	4 472
Net cash outflow from investing activities	**(15 100)**	(3 271)
Net cash inflow/(outflow) from financing activities	**10 307**	(218)
Net increase in cash and cash equivalents	**883**	983
Effects of exchange rate changes on cash and cash equivalents	**317**	(598)
Cash and cash equivalents at beginning of year	**5 121**	4 736
Cash and cash equivalents at end of year	**6 321**	5 121

Condensed consolidated statement of financial position

	30 June 2011 Audited Rm	30 June 2010 Audited Rm
ASSETS		
Non-current assets		
Property, plant and equipment, investment properties and biological assets	**29 696**	14 853
Intangible assets and goodwill	**35 930**	17 675
Investments and loans	**4 429**	3 598
Investments in associate companies	**4 274**	920
Deferred taxation assets	**420**	468
Other long-term assets	**–**	278
	74 749	37 792
Current assets		
Accounts receivable, short-term loans and other current assets	**11 036**	9 748
Inventories	**8 813**	4 520
Cash and cash equivalents	**6 321**	5 121
	26 170	19 389
Total assets	**100 919**	57 181
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital and reserves	**33 749**	23 323
Preference share capital	**4 056**	1 042
	37 805	24 365
Non-controlling interests	**3 025**	2 696
Total equity	**40 830**	27 061
Non-current liabilities		
Deferred taxation liabilities	**6 420**	2 392
Interest-bearing long-term liabilities	**26 112**	15 107
Other long-term liabilities and provisions	**2 916**	604
	35 448	18 103
Current liabilities		
Interest-bearing short-term liabilities	**1 978**	1 666
Bank overdrafts and short-term bank facilities	**2 409**	1 575
Accounts payable, provisions and other current liabilities	**20 254**	8 776
	24 641	12 017
Total equity and liabilities	**100 919**	57 181
Net asset value per ordinary share (cents)	**2 056**	1 657
Net gearing ratio (%)	**46**	34
Closing exchange rate (rand:euro)	**9.8654**	9.3781

Condensed consolidated statement of comprehensive income

	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010 Audited Rm
Profit for the year	**5 344**	3 753
Other comprehensive income/(loss)		
Actuarial gain/(loss) on defined benefit plans	**47**	(24)
Exchange differences on translation of foreign subsidiaries	**1 392**	(2 856)
Net value (loss)/gain on cash flow hedges	**(32)**	41
Deferred taxation	**3**	5
Other comprehensive income/(loss) for the year, net of taxation	**1 410**	(2 834)
Total comprehensive income for the year	**6 754**	919
Total comprehensive income attributable to:		
Owners of the parent	**6 406**	1 095
Non-controlling interests	**348**	(176)
Total comprehensive income for the year	**6 754**	919

Condensed consolidated statement of changes in equity

	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010 Audited Rm
Balance at beginning of the year	**27 061**	24 924
Changes in ordinary share capital and share premium		
Capital distribution	**(1 178)**	(1 020)
Net shares issued	**3 938**	2 134
Net utilisation of treasury shares	**167**	39
Profit on treasury share transactions net of capital gains taxation	**153**	52
Treasury shares eliminated on disposal of subsidiaries	**471**	–
Changes in preference share capital and share premium		
Net shares issued	**2 964**	–
Proceeds on sale of treasury shares	**50**	–
Changes in reserves		
Total comprehensive income for the year attributable to owners of the parent	**6 406**	1 095
Equity portion of convertible bond issued net of deferred taxation	**570**	–
Preference dividends	**(89)**	(99)
Share-based payments	**58**	110
Premium on acquisition of non-controlling interests	**(74)**	(8)
Other reserve movements	**4**	(1)
Changes in non-controlling interests		
Total comprehensive income/(loss) for the year attributable to non-controlling interests	**348**	(176)
Dividends and capital distributions paid	**(24)**	(20)
Other transactions with non-controlling interests	**5**	31
Balance at end of the year	**40 830**	27 061
Comprising:		
Ordinary share capital and share premium	**8 474**	4 923
Preference share capital and share premium	**4 056**	1 042
Distributable reserves	**24 271**	19 224
Actuarial gains reserve	**45**	5
Cash flow hedging and other fair value reserves	**(29)**	(9)
Convertible and redeemable bonds reserve	**923**	353
Foreign currency translation reserve	**(441)**	(1 693)
Share-based payment reserve	**592**	534
Other reserves	**(86)**	(14)
Non-controlling interests	**3 025**	2 696
	40 830	27 061

Segmental analysis

	Year ended 30 June 2011 Audited Rm	Year ended 30 June 2010* Audited Rm	% change
Revenue			
Retail activities – household goods	**25 822**	19 153	35
Manufacturing and sourcing of household goods and related raw materials	**21 017**	22 096	(5)
Logistics services	**7 050**	6 125	15
Corporate services			
– Brand management	**341**	376	(9)
– Investment participation	**433**	350	24
– Central treasury, properties and other activities	**449**	153	193
	55 112	48 253	14
Intersegment revenue eliminations	**(12 072)**	(12 741)	
	43 040	35 512	21
Operating profit before capital items			
Retail activities – household goods	**1 554**	1 297	20
Manufacturing and sourcing of household goods and related raw materials	**2 466**	2 395	3
Logistics services	**835**	702	19
Corporate services			
– Brand management	**341**	376	(9)
– Investment participation	**433**	350	24
– Central treasury, properties and other activities	**507**	395	28
	6 136	5 515	11
Intersegment profit eliminations	**(712)**	(651)	
	5 424	4 864	12

	30 June 2011 Audited Rm	%	30 June 2010 Audited Rm	%
Total assets				
Retail activities				
– Household goods and building supplies	**57 100**	**65**	18 479	37
– Automotive	**–**	**–**	2 777	5
Manufacturing and sourcing of household goods and related raw materials	**14 631**	**17**	13 654	28
Logistics services	**7 560**	**8**	7 277	15
Corporate services				
– Brand management	**4 447**	**5**	3 826	8
– Investment participation	**2 867**	**3**	2 370	5
– Central treasury, properties and other activities	**1 669**	**2**	859	2
	88 274	**100**	49 242	100

* The prior year figures have been re-presented to reflect discontinued operations.

Reconciliation of total assets per statement of financial position to total assets per segmental analysis

	30 June 2011 Audited Rm	30 June 2010 Audited Rm
Total assets per statement of financial position	**100 919**	57 181
Less: Cash and cash equivalents	**(6 321)**	(5 121)
Less: Investments in associate companies	**(4 274)**	(920)
Less: Investments in preference shares	**(313)**	(242)
Less: Interest-bearing short-term loans receivable	**(1 495)**	(1 401)
Less: Interest-bearing long-term loans receivable	**(242)**	(255)
Total assets per segmental analysis	**88 274**	49 242

Geographical information

	Year ended 30 June 2011 Audited Rm	%	Year ended 30 June 2010 Audited Rm	%
Revenue				
Continental Europe	**25 825**	**60**	16 785	47
Pacific Rim	**2 481**	**6**	2 631	7
Southern Africa	**8 926**	**21**	8 123	23
United Kingdom	**5 808**	**13**	7 973	23
	43 040	**100**	35 512	100

	30 June 2011 Audited Rm	%	30 June 2010 Audited Rm	%
Non-current assets				
Continental Europe	**54 256**	**73**	19 939	53
Pacific Rim	**1 476**	**2**	1 357	4
Southern Africa	**13 624**	**18**	10 750	28
United Kingdom	**5 393**	**7**	5 746	15
	74 749	**100**	37 792	100

Notice

These condensed annual financial statements have been prepared by Frikkie (FJ) Nel CA (SA) and have been audited by Deloitte & Touche.

www.steinhoffinternational.com
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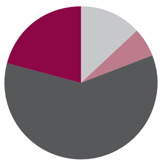
Review of results

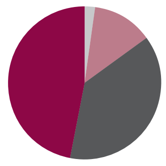
Our strategic position has been enhanced through the acquisition of Conforama in Europe and the investment in JD Group in Africa.

Revenue per geographical region



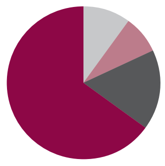
Southern Africa	21%
Continental Europe	60%
Pacific Rim	6%
United Kingdom	13%

Revenue per segment



Retail – household goods	47%
Manufacturing and sourcing	38%
Logistics services	13%
Corporate services	2%

Total assets



Retail – household goods	65%
Manufacturing and sourcing	17%
Logistics services	8%
Corporate services	10%

Operational review: Steinhoff Europe

The group delivered a strong financial performance in a challenging market supported by our ongoing focused investments in brands, product, infrastructure and properties.

Integrated retail

Retail activities: Household goods

Continental Europe

In sharp contrast to the economic woes of Europe, the economies and consumer confidence in central continental Europe showed strong resilience which supported our growth in this market. In line with the trend experienced globally, the mass market discount segment continues to gain market share at the expense of the middle to upper market segments. This trend continues to benefit our retail operations in continental Europe. Property plays a key part in our strategic retail offering and during the year we strengthened our position by purchasing a number of the leasehold retail properties situated in central continental Europe. This will, essentially, result in lower property lease charges and improved margins.

The acquisition of Conforama became unconditional following which the trading results of this group have been consolidated from 1 March 2011. The cyclical trading trends in the Conforama business are historically at the lowest point during the period March to June. Conforama has performed well and increased both sales and operating margin, compared with the comparative period.

United Kingdom

The economic conditions in the UK remain uncertain, especially with regard to discretionary goods. This re-enforces the group's determination to focus our retail operations on providing an appropriate value offering to our key target market. The year under review was marred by a number of planned store closures that impacted both the revenue and operating profit of this division. We are confident that the store network and footprint now provides a good basis to deliver sustainable earnings growth. The first months of trading in the 2012 financial year has already showed an improved performance.

Pacific Rim

Australia and New Zealand experienced challenging trading conditions. Although the bedding retail division showed encouraging growth which has continued into the first months of the 2012 financial year, the furniture and household goods retail chain reported declines in both revenue and profits. The decline in profitability was further impacted by non-recurring costs.

Manufacturing and sourcing

United Kingdom

The foam conversion and bedding manufacturing plants reported good growth. The upholstery production unit in Wales continues to perform at excellent levels on the back of new upholstery ranges manufactured exclusively for our furniture retail chain.

Continental Europe

In continental Europe major retailers are gaining market share from small independents in a consolidating market. Steinhoff remains committed to those external retailers with whom we have long-standing relationships. The manufacturing divisions in eastern and central continental Europe embarked upon a project that allocates capacity more effectively, and releases capacity for our own retail operations across continental Europe. This resulted in improved efficiencies and economies of scale that will benefit the retail customers that these divisions serve. This change affected the middle and upper end upholstery manufacturing businesses, as well as the mass market upholstery plants in eastern Europe. Despite this temporary disruption, the division reported encouraging results with increased profits on a lower revenue base.

The growth of our bathroom production plant continues. Our wholesale businesses in continental Europe and the Benelux reported solid results for the period.

International sourcing

The international sourcing division remains one of the fastest growing divisions in the group. The resulting increased economies of scale, continues to improve margins for both the sourcing division and the retail operations its supplies. The foundation of the sourcing function has now been firmly laid. The additional expertise and scale benefits from the Conforama acquisition will support further margin growth and result in a better recovery on an already low overhead structure.

Logistics services

Continental Europe, United Kingdom and Pacific Rim

The global logistics infrastructure of the group performed well in the year under review. Steinhoff is a major participant in the European logistics market. During the year under review, a focused logistics project was launched that seeks to further capitalise on our consolidated economies of scale. The project will initially concentrate on intercontinental sea freight, continental land-based transport and warehousing operations.

Corporate services

Our Swiss-held brand management investments of €451 million (2010:€408 million) delivered satisfactory returns of 8% (2010: 8.6%), despite the impact of euro weakness against the Swiss franc.

Our retail investment participation in Europe continues to perform well, generating €45 million (2010: €33 million) in operating profit, resulting in a return on investment of 15.5% (2010:13.0%). Our total investment in retail participation increased to €291 million (2010: €253 million) at year-end.

Effective treasury management and hedging activities preserved our operating margins. Together with the property services division and sundry income, profits of R507 million (2010: R395 million) were delivered.

Operational review: Steinhoff Africa

Steinhoff Africa made great strides in firmly establishing the strategic positioning of this group as a diversified industrial group in the year under review.

Diversified industrial

The disposal of the southern African retail assets (Unitrans Automotive and Steinbuild) to JD Group Limited (JD) was completed on 30 June 2011. As part of this transaction, Steinhoff acquired a 30% associate investment shareholding in JD. This associate investment shareholding provides the group with an appropriate platform from which to develop a retail concept in southern Africa.

Discontinued operations: Retail

This division reported revenues of R14 billion, an increase of 14%, and increased operating profit to R380 million, representing an 11% increase.

Automotive

Unitrans Automotive delivered a solid performance supported by a strong new vehicle market.

Building supplies

The building industry remained challenging for the entire year under review, adversely affecting the building supplies market and Steinbuild's results.

Manufacturing and sourcing

The integrated timber operation of PG Bison reported solid results in a weak market, supported by the restructuring initiatives embarked upon. Turnover decreased in line with a declining industry and strong pricing competition. However, operating profit increased by 16% (before the effects of plantation revaluation and harvesting) compared to the prior year. This division's African expansion plans have also gained momentum in the year under review, and various opportunities in respect of possible new markets are being investigated.

The raw material division reported satisfactory results, and the foam division in particular performed well in a competitive market.

Logistics services

The strong performance by the Unitrans Group was brought about by solid results of all divisions, namely Passenger, Freight and Logistics, Fuel and Chemical, and Agriculture and Mining. This result once again confirms the resilience of the Unitrans contractual model which protects the company's performance during tough times, and continues to deliver sustainable earnings.

Financial review

The year under review has been transformational for Steinhoff. In March 2011, Steinhoff Europe acquired the European household goods retailer, Conforama, and Steinhoff Africa concluded the sale of our African retail assets (resulting in JD Group Limited becoming an associate company of Steinhoff).

In respect of continuing operations, revenue for the year was up 21%; and operating profit increased by R560 million to R5 424 million (2010: R4 864 million). The results from continuing operations for the financial year included four months of trading contribution and the transaction expenses relating to the acquisition of Conforama.

The profit contribution from discontinued operations amounted to R1 526 million and includes a capital profit on the sale of our retail assets to JD Group of R1 285 million.

Revenue: Continuing operations

Group revenue from continuing operations for the year increased 21% to R43 billion (2010: R36 billion). The group's reporting currency (rand) strengthened by 10% during the year against the euro. The group earns 79% of its revenue in currencies other than the rand.

Net turnover in southern Africa increased by 10% to R8 926 million (2010: R8 123 million), while turnover earned in currencies other than rand, measured in euro, increased by 38% to €3 567 million (2010: €2 585 million) which includes the four-month contribution of Conforama.

Operating profit: Continuing operations

Operating profit increased by 12% (R5 424 million) despite the group's reporting currency (rand) strengthening by 10% during the year against the euro. Operating margin at 12.6% (2010: 13.7%) reflects the lower operating margins inherent in the acquired Conforama business.

In addition to the R5 424 million operating profit from continuing operations, the group earned an additional operating profit of R380 million from discontinued operations, amounting to a total operating profit for the year of R5 804 million (2010: R5 207 million).

Earnings per share (EPS) and headline earnings per share (HEPS)

EPS increased by 37% to 343 cps (2010: 250 cps) and includes the non-recurring capital profit on the sale of our South African retail assets to JD Group of R1 285 million. HEPS at 259 cps increased by 2% from 253 cps.

HEPS from continuing operations increased by 3% to 241 cps (2010: 233 cps) on a weighted average number of shares in issue of 1 454 million (2010: 1 387 million). This increase was achieved despite the 10% appreciation of the rand relative to the euro. The average translation rate reduced to R9.5644:€1 from R10.5954:€1 in the prior year. On a pro forma constant currency basis (which restates the current results using the same average conversion rate as for the previous financial year), HEPS from continuing operations would have increased by 14% (reported up by 3%).

Net finance charges

Net finance charges increased by R182 million, reflecting the increased debt levels as a result of the Conforama acquisition.

Taxation

The average tax rate for continuing operations at 10.2% is in line with that of the previous year (2010: 9.6%). The Conforama acquisition is expected to increase the group's tax rate despite the deductions allowable on a transaction of this nature. Management remains confident that the group's average tax rate should not exceed 15% of pre-tax income for the foreseeable future.

Total assets and capital structure

The total assets of the group increased to R100.9 billion (2010: R57.2 billion) and reflects the increased scale of the group after the acquisition of Conforama. The company issued 132 million shares during June 2011 as part of the financing of the Conforama acquisition. This contributed to the group maintaining its net debt to equity ratio at 46%, within our self-imposed gearing covenant of 50%. The net asset value per share amounted to 2 056 cps (2010: 1 657 cps) despite an increase in the number of issued shares to 1 641 million (2010: 1 408 million).

Debt

The group remains well capitalised with net debt at 30 June 2011 of R18.8 billion, translating to a net debt:equity ratio of 46% (2010: 34%). The increased ratio reflects the funding accessed in respect of the Conforama acquisition. All bridge financing relating to this acquisition was successfully refinanced in the year under review as described under Corporate activity below.

Following the refinancing of acquisition facilities, sufficient provision has been made in respect of all Steinhoff Europe's material facilities with maturities falling within the next 18 months and its ongoing liquidity requirements.

At 30 June 2011, the group had R6.3 billion (2010: R5.1 billion) cash and cash equivalents and confirmed unutilised facilities of R13.4 billion (2010: R7 billion).

Working capital

The transformation of the business to an integrated retailer is most apparent in the improvement in working capital management. During the period under review the group released R259 million of working capital despite increased activity levels.

The group's policy of insuring its debtors, and all retailers to which we are exposed in terms of retail participation, remains in place. As a result, the group did not incur any significant bad debt during the year under review.

Cash flow

The group's focus on cash generation over the last three years has again resulted in an improvement of 26% in cash generated from operations of R7 202 million (2010: R5 698 million). This continued improvement reflects management's commitment of delivering sustainable earnings growth, supported by solid cash generation thereby preserving the group's cash resources and liquidity profile. The quality of the group's earnings is underscored by the fact that the operating profit before capital items of R5 424 million is fully represented and exceeded by cash generated from operations at R7 202 million.

Declaration of capitalisation share award with cash distribution option

The board has resolved to award capitalisation shares from the share premium account to shareholders recorded in the register at the close of business on Friday, 2 December 2011 ("the share award"). However, shareholders will be entitled to decline the share award or any part thereof and instead elect to receive a cash distribution from the share premium account of 65 cents (2010: 63 cents) per share ("the capital distribution").

The last day to trade Steinhoff shares on the JSE to ensure that the purchaser appears as a shareholder on the record date (2 December 2011) will be Friday, 25 November 2011. Shares will commence trading ex distribution from the commencement of trading on Monday, 28 November 2011. Payment and issue date will be Monday, 5 December 2011.

Share certificates may not be dematerialised or rematerialised between Monday, 28 November 2011, and Friday, 2 December 2011, both days inclusive.

The terms of the share award will be announced on Wednesday, 9 November 2011, and documentation relating thereto will be posted by Thursday, 10 November 2011. Elections in respect of the capital distribution will close on Friday, 2 December 2011, at 12:00.

Shareholders are required to notify their duly appointed participant or broker of their election in terms of the capital distribution.

Shareholders will have their CSDP or broker accounts credited with the share award on Monday, 5 December 2011.

The capital distribution will be electronically transferred to the bank accounts of certificated shareholders who utilise this facility on Monday, 5 December 2011. In all other instances of certificated holders, cheques dated 5 December 2011 or the relevant capitalisation share certificates will be posted on or about that date. Shareholders who have dematerialised their shares will have their accounts credited on 5 December 2011.

Stéhan Grobler
COMPANY SECRETARY
6 September 2011

Selected explanatory notes

Statement of compliance

The consolidated annual financial statements from which these condensed financial statements have been derived, have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board, the interpretations adopted by the International Accounting Standards Board (IASB), and the information as required by IAS 34 – *Interim Financial Reporting*.

Basis of preparation

The annual financial statements are prepared in millions of South African rands (Rm) on the historical-cost basis, except for certain assets and liabilities which are carried at amortised cost, and derivative financial instruments and biological assets which are stated at their fair values.

Financial statements

The annual financial statements for the year have been audited by Deloitte & Touche and their accompanying unmodified audit report as well as their unmodified audit report on this set of summarised financial information is available for inspection at the company's registered office. Any reference to future financial information included in the summarised financial information has not been audited or reviewed. Full details of the group's business combinations for the year, additions and disposals of property, plant and equipment as well as commitments and contingent liabilities will be included in the group's published consolidated financial statements.

Changes in accounting policies

The accounting policies of the group have been applied consistently to the periods presented in the consolidated financial statements, except for the adoption of:

IAS 12	Income Taxes: Deferred taxation: Recovery of underlying assets
IAS 32	Financial Instruments: Presentation: Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs
The group adopted IFRS 3 – *Business Combinations: Additional guidance provided on unreplaced and voluntarily replaced share-based payment awards* from the IASB's Improvement to International Financial Reporting Standards for 2010. The adoption of the improvement affected certain disclosures to the consolidated financial statements.

Details of the implementation and adoption of the various IFRSs and IFRICs are reflected in the published consolidated financial statements.

Other notes

1. **Corporate governance**
   Steinhoff has embraced the recommendations of the King Report on Corporate Governance and strives to provide reports to shareholders that are timely, accurate, transparent and informative.
2. **Social responsibility**
   Steinhoff continues to be recognised for its corporate social investment activities. The group remains committed to the related initiatives and is conscious of the needs in this regard.
3. **Human resources**
   A constructive working relationship is maintained with our group employees and the relevant unions. Ongoing skills and equity activities continue ensuring compliance with current legislation.
4. **Related-party transactions**
   The company entered into various related-party transactions. These transactions are no less favourable than those arranged with third parties.
5. **Further events**
   No significant events have occurred in the period between the reporting date and the date of this report.

For more detail on the group's listed investments, shareholders are referred to the results and/or corporate announcements and financial information of: KAP International Holdings Limited – 6 September 2011 ***www.kapinternational.com*** and JD Group Limited ***www.jdgroup.co.za***

Steinhoff Investment Holdings Limited

Registration number: 1954/001893/06
(Incorporated in the Republic of South Africa)
("Steinhoff Investment")
JSE share code: SHFF **ISIN code:** ZAE000068367

Declaration of dividend number 12 to preference shareholders

Preference shareholders are referred to the above results of Steinhoff for a full appreciation of the consolidated results and financial position of Steinhoff Investments.

The board of Steinhoff Investments has resolved to declare a dividend of 335 cents per preference share in respect of the period from 1 January 2011 up to and including 30 June 2011 (the dividend period), payable on Monday, 31 October 2011, to those preference shareholders recorded in the books of the company at the close of business on Friday, 28 October 2011. This dividend has been determined on the basis of 75% of the prime bank overdraft lending rate of Absa Bank Limited prevailing over the dividend period, applied to the nominal value plus premium (of R100.00 per preference share, in the aggregate).

The dividend is payable in the currency of South Africa.

	2011
Last date to trade cum dividend	Friday, 21 October
Shares trade ex dividend	Monday, 24 October
Record date	Friday, 28 October
Payment date	Monday, 31 October

Share certificates may not be dematerialised or rematerialised between Monday, 24 October 2011, and Friday, 28 October 2011, both days inclusive.

On Monday, 31 October 2011, the preference dividend will be electronically transferred to the bank accounts of preference shareholders. Preference shareholders who have dematerialised their shares will have their accounts credited on Monday, 31 October 2011.

Proposed taxation amendments

We refer to previous communications regarding the introduction of dividends tax.

Dividends tax will come into operation with effect from 1 April 2012 and will apply to all distributions to shareholders effected on or after that date. A further announcement regarding the impact of dividends tax on the cumulative non-redeemable non-participating preference shares will be made prior to the effective date of dividends tax.

On behalf of the board of directors

Len Konar
DIRECTOR
6 September 2011

Piet Ferreira
EXECUTIVE DIRECTOR

Corporate activity

In addition to the corporate actions referred to in our interim results, the group concluded the following corporate and financing transactions during the year under review:

- In March 2011, Steinhoff issued a further convertible bond to raise an amount of €467.5 million, before expenses. This bond related to 140.1 million underlying ZAR ordinary shares in Steinhoff at an initial conversion premium of 32% above the reference price. The bond has a seven-year maturity, and carries a coupon of 4.5% per annum.
- On 14 March 2011, Steinhoff announced the disposal of its South African retail assets, being Unitrans Automotive and Steinbuild to JD for a consideration of R3 168 million. This transaction was approved by the South African Competition Authorities and the purchase consideration was settled through an issue of new shares in JD and a payment in cash to Steinhoff. As a result, JD became an associate company. As an integral part of this transaction, a Steinhoff associate will acquire JD's interests in Abra, the Polish retail chain, for cash. The latter transaction has obtained the approval of the Polish Competition authorities on 2 September 2011. Steinhoff's year-end shareholding in JD is approximately 30%.
- On 29 June 2011, Steinhoff Europe AG ("Steinhoff Europe") concluded a new syndicated loan facility for an amount of €1 260 million, in aggregate. The proceeds were used predominantly for refinancing purposes, including the €780 million bridge facility raised for the acquisition of Conforama and the €340 million syndicated loan facility which would have matured in 2013. As a result, Steinhoff Europe's debt maturity profile, with increased liquidity, has been extended. This further enhances its credit profile as is evidenced by the improved terms under the new senior unsecured facility. The facility comprises three and five-year maturity terms and multicurrency revolving components, which provides a sound base to support the group's growth targets for the medium term.

Outlook

During the year under review the group firmly established the future strategic positioning of its constituent businesses into three distinct operating units:

- Steinhoff Europe, an integrated mass market retailer of furniture and household goods, predominately serving the discount segment;
- Steinhoff Africa, a diversified industrial company operating in the logistics, integrated timber and industrial raw materials sectors, including our associate investment in KAP International Holdings Limited; and
- The associate company, JD Group Limited, an emerging market retailer of furniture and household goods, motor vehicles and DIY products.

The directors are confident that the above repositioning establishes the base and provides focus from which the separate operating units will continue to deliver sustainable earnings growth in local currencies, within their respective spheres of activity.

Len Konar
NON-EXECUTIVE CHAIRMAN
6 September 2011

Markus Jooste
CHIEF EXECUTIVE OFFICER

Annual general meeting

The annual general meeting will be held on Monday, 5 December 2011.

Changes in directorate

We would like to confirm the appointment of TLJ Guibert, CEO of Conforama, to the board as well as M Nel who joined as alternate director.

Administration

Steinhoff International Holdings Limited

Registration number: 1998/003951/06
(Incorporated in the Republic of South Africa)
("Steinhoff" or "the company" or "the group")
JSE share code: SHF **ISIN code:** ZAE000016176
Registered office: 28 Sixth Street, Wynberg, Sandton 2090, Republic of South Africa Tel: +27 (11) 445 3000 Fax: +27 (11) 445 3094
Directors: D Konar• (chairman), MJ Jooste (chief executive officer), SF Booysen•, DC Brink•, YZ Cuba•, CE Daun•*, HJK Ferreira, SJ Grobler, TLJ Guibert#, JF Mouton•, FJ Nel, FA Sonn•, BE Steinhoff•*, PDJ van den Bosch†, DM van der Merwe
Alternate directors: JNS du Plessis, KJ Grové, A Krüger-Steinhoff•*, AB la Grange, M Nel
†Belgian #French *German •non-executive
Company secretary: SJ Grobler
Auditors: Deloitte & Touche
Sponsor: PSG Capital (Proprietary) Limited
Transfer secretaries: Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001

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