Steinhoff International Holdings Ltd

Unaudited interim results

for the six months ended 31 December 2012

Operating profit increases to R5.0bn (1H12: R3.7bn)

Cash generated from operations rises by 44% to R4.5bn

Headline earnings per share improves by 5% to 173 cps

NAV per share grows by 9% to R26.96 per share

Condensed consolidated income statement

	Notes	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011 Unaudited Rm	% change	Year ended 30 June 2012 Audited Rm
Revenue		**57 292**	37 645	52	80 434
Operating profit before depreciation, amortisation and capital items		**6 289**	4 528	39	9 812
Depreciation and amortisation		**(1 272)**	(829)		(1 801)
Operating profit before capital items		**5 017**	3 699	36	8 011
Capital items	1	**27**	(5)		(96)
Earnings before interest, dividend income, associate earnings and taxation		**5 044**	3 694	37	7 915
Net finance charges		**(880)**	(585)		(1 378)
Dividend income		**2**	3		24
Share of profit of associate companies		**100**	236		345
Profit before taxation		**4 266**	3 348	27	6 906
Taxation		**(619)**	(315)		(863)
Profit for the period		**3 647**	3 033	20	6 043
Attributable to:					
Owners of the parent		**3 241**	2 907	11	5 655
Non-controlling interests		**406**	126		388
Profit for the period		**3 647**	3 033	20	6 043
Headline earnings per ordinary share (cents)		**173.4**	165.8	5	315.4
Fully diluted headline earnings per ordinary share (cents)		**157.8**	149.9	5	287.1
Basic earnings per ordinary share (cents)		**173.9**	165.5	5	312.3
Fully diluted earnings per ordinary share (cents)		**158.2**	149.7	6	284.6
Number of ordinary shares in issue (m)		**1 825**	1 723	6	1 756
Weighted average number of ordinary shares in issue (m)		**1 781**	1 665	7	1 711
Earnings attributable to ordinary shareholders (Rm)	2	**3 096**	2 757	12	5 345
Headline earnings attributable to ordinary shareholders (Rm)	3	**3 087**	2 761	12	5 398
Average currency translation rate (rand:euro)		**10.8224**	10.5137	3	10.4141

The capitalisation share award on 5 December 2012 led to the restatement of comparative per share numbers, none of which resulted in a deviation of more than 1.6 cents.

Additional information

	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011 Unaudited Rm	Year ended 30 June 2012 Audited Rm
Note 1: Capital items			
Loss on disposal of intangible assets	**–**	–	(1)
Profit/(loss) on disposal of property, plant and equipment and investment property	**24**	(5)	(20)
Loss on scrapping of vehicle rental fleet	**(4)**	–	(12)
Loss on disposal of investments and associate companies	**–**	–	(84)
Negative goodwill	**–**	–	93
Reversal of impairments/(impairments)	**7**	–	(72)
	27	(5)	(96)
Note 2: Earnings attributable to ordinary shareholders			
Earnings attributable to owners	**3 241**	2 907	5 655
Dividend entitlement on cumulative preference shares	**(145)**	(150)	(310)
	3 096	2 757	5 345
Note 3: Headline earnings attributable to ordinary shareholders			
Earnings attributable to owners of the parent	**3 241**	2 907	5 655
Adjusted for:			
Capital items (note 1)	**(27)**	5	96
Taxation effects of capital items	**7**	(1)	(46)
Non-controlling interests' portion of capital items	**11**	–	3
Dividend entitlement on cumulative preference shares	**(145)**	(150)	(310)
	3 087	2 761	5 398
Note 4: Consumer finance			
Revenue (included in revenue)	**2 195**	–	1 020
Finance costs (net) (included in net finance charges)	**(149)**	–	(48)
Debtors' costs (included in operating expenses)	**(345)**	–	(84)
Risk-adjusted consumer finance income	**1 701**	–	888

Condensed consolidated statement of cash flows

	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011 Unaudited Rm	Year ended 30 June 2012 Audited Rm
Cash generated before working capital changes	**6 392**	4 552	9 748
Increase in inventories	**(719)**	(1 082)	(1 079)
(Increase)/decrease in vehicle rental fleet	**(391)**	–	152
(Increase)/decrease in receivables	**(1 137)**	(1 037)	788
Increase in payables	**382**	703	759
Changes in working capital	**(1 865)**	(1 416)	620
Cash generated from operations	**4 527**	3 136	10 368
Net movement in instalment sale and loan receivables	**(1 873)**	–	(523)
Dividends received	**17**	88	114
Dividends paid	**(462)**	(40)	(339)
Net finance costs	**(535)**	(446)	(1 020)
Taxation paid	**(641)**	(326)	(771)
Net cash inflow from operating activities	**1 033**	2 412	7 829
Net cash outflow from investing activities	**(4 103)**	(3 415)	(9 403)
Net cash inflow from financing activities	**2 901**	570	3 038
Net (decrease)/increase in cash and cash equivalents	**(169)**	(433)	1 464
Effects of exchange rate changes on cash and cash equivalents	**458**	329	226
Cash and cash equivalents at beginning of period	**8 011**	6 321	6 321
Cash and cash equivalents at end of period	**8 300**	6 217	8 011

Condensed consolidated statement of financial position

	31 Dec 2012 Unaudited Rm	31 Dec 2011 Unaudited Rm	30 June 2012 Audited Rm
ASSETS			
Non-current assets			
Intangible assets and goodwill	**53 251**	38 675	49 406
Property, plant and equipment, investment property and biological assets	**41 051**	32 240	37 015
Investments in associate companies	**2 411**	4 765	2 353
Investments and loans	**963**	5 835	884
Deferred taxation assets	**721**	432	697
Other long-term assets	**97**	94	166
	98 494	82 041	90 521
Current assets			
Inventories	**16 752**	10 248	14 794
Accounts receivable, short-term loans and other current assets	**24 117**	13 306	19 736
Cash and cash equivalents	**8 300**	6 217	8 011
	49 169	29 771	42 541
Total assets	**147 663**	111 812	133 062
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and reserves	**49 196**	38 749	43 292
Preference share capital	**3 497**	4 056	3 837
	52 693	42 805	47 129
Non-controlling interests	**6 191**	3 331	6 508
Total equity	**58 884**	46 136	53 637
Non-current liabilities			
Interest-bearing long-term liabilities	**38 051**	27 360	33 858
Deferred taxation liabilities	**8 380**	6 899	7 765
Other long-term liabilities and provisions	**3 371**	2 969	3 016
	49 802	37 228	44 639
Current liabilities			
Accounts payable, provisions and other current liabilities	**29 594**	21 686	27 558
Interest-bearing short-term liabilities	**6 800**	4 684	5 136
Bank overdrafts and short-term facilities	**2 583**	2 078	2 092
	38 977	28 448	34 786
Total equity and liabilities	**147 663**	111 812	133 062
Net asset value per ordinary share (cents)	**2 696**	2 249	2 466
Closing exchange rate (rand:euro)	**11.2224**	10.5023	10.3447

Condensed consolidated statement of comprehensive income

	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011 Unaudited Rm	Year ended 30 June 2012 Audited Rm
Profit for the period	**3 647**	3 033	6 043
Other comprehensive income/(loss)			
Actuarial gain/(loss) on defined benefit plans	**1**	(32)	(284)
Exchange differences on translation of foreign subsidiaries	**2 731**	1 566	2 331
Net value (loss)/gain on cash flow hedges and other fair value reserves	**(111)**	162	76
Deferred taxation	**35**	(36)	41
Other comprehensive income for the period, net of taxation	**2 656**	1 660	2 164
Total comprehensive income for the period	**6 303**	4 693	8 207
Total comprehensive income attributable to:			
Owners of the parent	**5 897**	4 378	7 655
Non-controlling interests	**406**	315	552
Total comprehensive income for the period	**6 303**	4 693	8 207

Condensed consolidated statement of changes in equity

	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011 Unaudited Rm	Year ended 30 June 2012 Audited Rm
Balance at beginning of the period	**53 637**	40 830	40 830
Changes in ordinary share capital and share premium			
Capital distribution	**(1 690)**	(1 311)	(1 311)
Net shares issued	**1 580**	1 948	2 700
Net utilisation of treasury shares	**64**	–	35
Changes in preference share capital and share premium			
Redemption of preference shares	**(398)**	–	(225)
Net utilisation of treasury shares	**58**	–	6
Changes in reserves			
Total comprehensive income for the period attributable to owners of the parent	**5 897**	4 378	7 655
Equity portion of convertible bond issued and redeemed net of deferred taxation	**92**	–	51
Preference dividends	**(147)**	(37)	(349)
Share-based payments	**127**	16	84
(Discount)/premium on introduction and recognition of non-controlling interests	**(20)**	–	684
Other reserve movements	**1**	6	(6)
Changes in non-controlling interests			
Total comprehensive income for the period attributable to non-controlling interests	**406**	315	552
Recognition on acquisition of subsidiaries	**–**	–	6 186
Dividends and capital distributions paid	**(312)**	(2)	(111)
Shares purchased from non-controlling interests	**(413)**	–	(3 152)
Other transactions with non-controlling interests	**2**	(7)	8
Balance at end of the period	**58 884**	46 136	53 637
Comprising:			
Ordinary share capital and share premium	**9 852**	9 111	9 898
Preference share capital and share premium	**3 497**	4 056	3 837
Distributable reserves	**32 756**	27 146	29 616
Convertible and redeemable bonds reserve	**1 066**	923	974
Foreign currency translation reserve	**4 451**	936	1 720
Share-based payment reserve	**764**	608	637
Other reserves	**307**	25	447
Non-controlling interests	**6 191**	3 331	6 508
	58 884	46 136	53 637

Segmental analysis

	Six months ended 31 Dec 2012 Unaudited Rm	Six months ended 31 Dec 2011* Unaudited Rm	% change	Year ended 30 June 2012 Audited Rm
Revenue				
Retail activities				
– International operations	**29 075**	28 094	3	52 459
– African operations	**16 359**	–	–	7 451
Manufacturing, sourcing and logistics				
– International operations	**11 601**	11 283	3	20 064
– African operations	**7 901**	5 094	55	11 063
Properties	**953**	856	11	1 658
Corporate services				
– Brand management	**191**	196	(3)	383
– Investment participation	**–**	256	(100)	482
– Central treasury and other activities	**187**	110	70	274
	66 267	45 889	44	93 834
Intersegment revenue eliminations	**(8 975)**	(8 244)		(13 400)
	57 292	37 645	52	80 434
Operating profit before capital items				
Retail activities				
– International operations	**1 553**	1 404	11	2 478
– African operations	**886**	–	–	639
Manufacturing, sourcing and logistics				
– International operations	**870**	770	13	1 690
– African operations	**672**	547	23	1 116
Properties	**935**	849	10	1 638
Corporate services				
– Brand management	**191**	196	(3)	383
– Investment participation	**–**	256	(100)	482
– Central treasury and other activities	**198**	85	133	290
	5 305	4 107	29	8 716
Intersegment profit eliminations	**(288)**	(408)		(705)
	5 017	3 699	36	8 011

	31 Dec 2012 Unaudited Rm	%	31 Dec 2011* Unaudited Rm	%	30 June 2012 Audited Rm	%
Total assets						
Retail activities						
– International operations	**57 848**	**43**	48 601	50	52 438	44
– African operations	**23 197**	**17**	–	–	19 265	16
Manufacturing, sourcing and logistics						
– International operations	**7 397**	**6**	9 086	9	7 842	6
– African operations	**13 459**	**10**	10 465	11	12 938	11
Properties	**26 415**	**20**	20 869	22	22 867	19
Corporate services						
– Brand management	**5 023**	**4**	4 663	5	4 646	4
– Investment participation	**–**	**–**	3 205	3	–	–
– Central treasury and other activities	**660**	**–**	209	–	509	–
	133 999	**100**	97 098	100	120 505	100

* Prior period segments have been restated as the group has decided to disclose its properties as a separate segment.

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

	31 Dec 2012 Unaudited Rm	31 Dec 2011 Unaudited Rm	30 June 2012 Audited Rm
Total assets per statement of financial position	**147 663**	111 812	133 062
Less: Cash and cash equivalents	**(8 300)**	(6 217)	(8 011)
Less: Investments in associate companies	**(2 411)**	(4 765)	(2 353)
Less: Investments in PSG Group Limited	**–**	(971)	–
Less: Interest-bearing assets	**(2 953)**	(2 761)	(2 193)
Total assets per segmental analysis	**133 999**	97 098	120 505

Geographical information

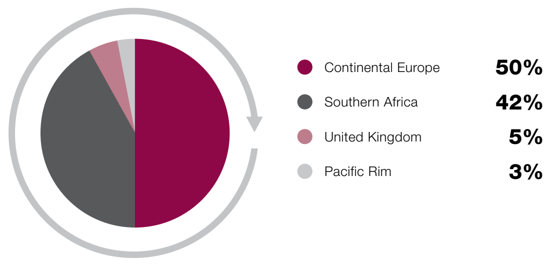
	Six months ended 31 Dec 2012 Unaudited Rm	%	Six months ended 31 Dec 2011 Unaudited Rm	%	Year ended 30 June 2012 Audited Rm	%
Revenue						
Continental Europe	**28 601**	**50**	28 342	75	52 390	65
Pacific Rim	**1 464**	**3**	1 412	4	2 924	4
Southern Africa	**24 160**	**42**	5 132	14	18 350	23
United Kingdom	**3 067**	**5**	2 759	7	6 770	8
	57 292	**100**	37 645	100	80 434	100

	31 Dec 2012 Unaudited Rm	%	31 Dec 2011 Unaudited Rm	%	30 June 2012 Audited Rm	%
Non-current assets						
Continental Europe	**70 653**	**72**	59 227	72	62 708	69
Pacific Rim	**1 707**	**2**	1 658	2	1 633	2
Southern Africa	**21 488**	**22**	15 136	19	20 459	23
United Kingdom	**4 646**	**4**	6 020	7	5 721	6
	98 494	**100**	82 041	100	90 521	100

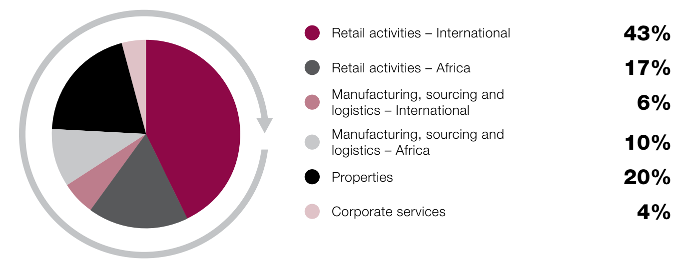
Notice

The preparation of these condensed interim financial statements has been supervised by Frikkie (FJ) Nel CA(SA).

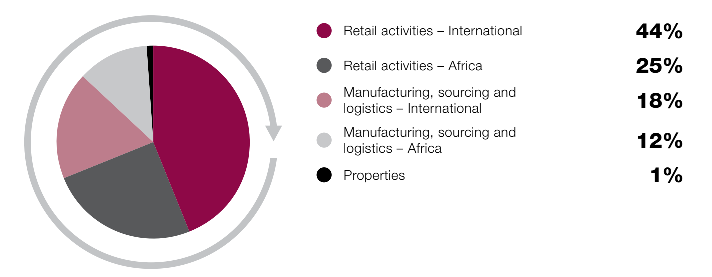
Revenue per **geographical region**



Total **assets per segment**



Revenue per **segment**



Operational review

International operations

The integrated retail business in Europe reported **solid results** and **increased market share** in many of the territories where the group operates. Margins were supported by synergy benefits that continue to flow through from the enlarged business model.

Retail activities: Household goods

Despite subdued consumer spending in Europe and the Pacific Rim, the retail operations increased revenue by 3% and operating profit by 11% to R1.6 billion for the six months under review. Margins for the retail business improved to 5.3% (1H 2012: 5%).

Continental Europe

The Conforama group reported market share gains in all the territories where it operates, however revenue for the period under review was 1.7% lower than the prior year, negatively affecting profitability. The market for electronic goods, especially the television product category, reported double-digit declines in the period under review. Encouragingly, good growth was experienced in the more profitable furniture and decoration product categories compared to the prior period. Our strategy to change our product mix and overhead structure to focus on furniture and home decoration sales (in contrast with electronic goods) should prove decisive in growing future margins.

The European Retail Management (ERM) business continued to perform well, benefiting from the store expansion programme over the last three years. These stores are now all operating profitably supported by the prevailing resilient markets in the German-speaking territories. This business's competitive value proposition, product mix and successful national marketing campaign continue to increase sales per square metre, resulting in improved margins.

As reported in June 2012, the group converted participating loans into equity investments and acquired underlying businesses and brands as a result of this transaction, now forming part of the ERM business. The contribution of these businesses is therefore no longer disclosed as investment participation and has contributed to ERM since October 2012. The focused value proposition inherent in these businesses continues to support good results in the Eastern European countries where the spending power of the consumer remains under pressure. Since becoming part of the ERM business, the Polish retail business benefits from the extensive market knowledge and marketing expertise of the ERM management team. This business is set to open its first megastore in Wroclaw during March 2013, which will result in increased benefits and recognition for the ABRA brand throughout Poland.

United Kingdom

The UK group reported increased profits and improved margins during the period under review. This result is especially pleasing when taking into account that the group is trading from 22 fewer stores than in the comparative period and that 28 of its most productive stores were temporarily closed for refurbishment during this trading period.

Pacific Rim

The new Freedom store format and continued focus to drive efficiencies in the supply chain delivered the required results. Profitability in Freedom improved markedly compared to the previous year.

The bedding division reported another set of good results well ahead of the prior period.

In April this year the group will open its first mega discount concept store in Sydney to diversify its market positioning in that region.

Manufacturing, sourcing and logistics

The enlarged purchasing power of the group, increased intra-group trade and reduced costs, continue to improve margins for the manufacturing, sourcing and logistics business, as well as the underlying retail operations they serve.

Continental Europe

The European and Eastern European manufacturing and wholesaling divisions reported a pleasing set of results. Improved capacity utilisation continues to drive efficiencies in the Polish manufacturing units. In addition, the customer and product rationalisation programme and increased intra-group trade supported the improved gross margin contribution.

United Kingdom

The UK manufacturing division benefited from the marked improvement of the UK retail business, both in the mattress and upholstery manufacturing units. The demand for mattresses in the UK continues to present the group's manufacturing business with new opportunities in supplying owned and external retailers.

International sourcing and logistics

The merged global sourcing operations in the east, of Conforama and Steinhoff, now operate as a key sourcing arm for the entire group from its office in Shenzhen, China. This arrangement has enabled the group to capitalise on its global purchasing power. Good progress was made during the period under review to rationalise the supplier base, reduce overhead costs and merge the satellite offices in the rest of Asia.

African operations

The African operations now consist of **two independently listed companies**, **JD Group Limited** (JD Group), in which the group owns 54% (at 31 December 2012) and **KAP Industrial Holdings Limited** (KAP), in which the group owns 62%. In addition, the African operations include an associate holding through our 20% investment in the listed PSG Group Limited (PSG).

Retail activities

JD Group (54%)

The results of JD Group, a diversified retail and financial services business, were equity-accounted for the comparative period and consolidated for the six months ended 31 December 2012. JD Group became an associate (32%) of Steinhoff on 30 June 2011 and remained an associate of Steinhoff until the end of March 2012. Following the successful implementation of the Partial Offer to JD Group shareholders, JD Group became a subsidiary of Steinhoff effective 2 April 2012.

JD Group reported headline earnings of R506 million for the period, a 3.5% improvement when compared to the previous pro forma corresponding period. The consumer finance business reported good results, supported by its product diversification strategy. The newly introduced personal loan product, mainly to existing low risk customers, showed sound growth. The retail business increased revenue by 4.2% to R6.9 billion for the six months under review. Encouragingly, operating margins were largely maintained in a period where the roll-out of the new central distribution centres and related technology resulted in some cost duplication. The investment in technology and infrastructure is expected to continue to improve customer service, collections, working capital management and margins in the business. The automotive division increased operating profit by 9.7% to R193 million despite a subdued performance from Hertz. JD Group declared an interim dividend of 115 cps (2011: 100 cps) payable on 29 April 2013. Shareholders are referred to the detailed JD Group results announcement released on the JSE Limited's news service (SENS) and on the group's website (www.jdgroup.co.za) for a comprehensive review of the JD Group results.

Manufacturing, sourcing and logistics

KAP (62%)

The results of KAP Industrial Holdings Limited (Traditional KAP), a diversified industrial business, were equity-accounted for the comparative period and consolidated for the six months ended 31 December 2012. KAP has been an associate investment of Steinhoff since 2005 in which Steinhoff held 34% at the end of March 2012. Steinhoff acquired the Traditional KAP business through the reverse listing of all of its African industrial assets (including logistics, timber and manufacturing assets), thereby increasing its stake in the combined KAP business. Following the implementation of the Partial Offer, Steinhoff holds 61.8% in the combined KAP group.

For the six months ended 31 December 2012, the combined KAP group reported operating profit and headline earnings of R673 million and R337 million respectively. The 8.5% like-for-like improvement in operating profit was attributable to good performances by all three divisions (logistics, integrated timber and manufacturing). In addition, margin growth on a like-for-like basis was reported in each of the three divisions. The marked improvement in the working capital management and cash flow generation of the combined group during its peak trading period was particularly encouraging. In line with historical policy, the group has not declared an interim dividend. Shareholders are referred to the KAP results announcement released on SENS and on the group's website (www.kap.co.za) for a comprehensive review of the KAP results.

Properties

The Property segment comprises all properties managed centrally by corporate services. The industrial and retail properties in this segment are located in Africa, Europe and the UK. The total property assets of the group were R26.4 billion, as recorded at cost, at the end of December 2012 (FY12: R22.9 billion). Operating profit of R935 million was earned on these properties for the six months under review. In the current low interest rate environment, particularly in Europe, the availability of long-term financing at competitive rates continues to provide the group with good investment opportunities. The annual target criteria for rental yields on properties remains at an average of 7%.

Financial review

JD Group and KAP became subsidiaries of Steinhoff with effect from 2 April 2012 and their results were consolidated for the six months ended 31 December 2012. Both JD Group and the Traditional KAP were previously associated companies of Steinhoff and were accordingly equity accounted for the comparative period.

Revenue

Revenue for the group increased by 52% to R57.3 billion (1H 2012: R37.6 billion). Turnover for the African operations amounted to R24.2 billion, while the European business reported revenue of EUR3.1 billion (R33.1 billion).

The group's reporting currency (rand) weakened by 3% against the euro from an average translation rate of R10.5137:1 euro in 1H 2012 to R10.8224:1 euro during the period under review.

Operating profit

Operating profit before capital items increased by 36% to R5.0 billion (1H 2012: R3.7 billion). The group operating margin came in at 8.8% compared to 9.8% in the comparative period. However, margin comparison is distorted by the acquired businesses of JD Group and the Traditional KAP business which earn margins in the region of 5%. The lower margins of these acquired businesses affect the period-on-period comparison of group margins. The European business margins were supported by the synergies and effect of the increased purchasing power of the European business following the Conforama acquisition.

Net finance charges

Net finance charges increased to R880 million (1H 2012: R585 million). The increase in consolidated finance charges and debt relates to the acquired businesses, mostly that of JD Group with gross debt of R7.1 billion. The difference in the cash net finance costs paid of R535 million compared to the R880 million disclosed in the income statement is mostly attributable to the accounting treatment of the convertible bonds.

In addition, the net finance cost increased following the conversion of the participating loans, thereby reducing the interest income received on these loans.

The group's future serviceability of debt continues to be healthy, evidenced by the EBITDA interest cover at 7.1 times.

Taxation

The average tax rate at 14.5% (1H 2012: 9.4%) is mainly due to the higher proportion of profits now being generated in higher tax jurisdictions in the European Union and the consolidation of JD Group, whose effective tax rate for the period was 26%. Management continues to hold the view that the sustainable average tax rate of the group should not exceed 15% for the foreseeable future.

Non-controlling interests

Non-controlling interests at R406 million (1H 2012: R126 million) increased as a result of the consolidation of JD Group and the KAP businesses that became subsidiaries of Steinhoff with effect from 2 April 2012.

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

EPS and HEPS increased by 5% to 173.9 cps (1H 2012: 165.5 cps) and 173.4 cps (1H 2012: 165.8 cps) respectively.

Assets

Total assets of the group increased to R147.7 billion (June 2012: R133.1 billion) during the period. The increase is partly as a result of the devaluation of the rand and its impact on the translation of the European asset base at a euro/rand closing rate of 11.2224 compared to 10.3447 at June 2012. The group continued to invest in infrastructure and fixed assets in both its International and African operations.

Investments made in the International operations include a central distribution centre in Lutterworth, England, the refurbishment of the new format UK store estate and new Confo Deco and Conforama stores, which includes the new flagship store in Etoile, Paris. In addition, the group continued to invest in properties where the current rent paid or saved provides the group with a blended yield of 7% on these investments.

JD Group investments include R717 million in central warehouses and related infrastructure and R702 million (gross) in additions to the vehicle rental fleet. An amount of R516 million was also invested, predominantly in vehicle fleet in the KAP group.

The net asset value per share increased to R26.96 (June 2012: R24.66 cps). In translating the balance sheets of foreign subsidiaries to rand, a R2.7 billion gain (R1.47 per share) was credited directly to equity.

Debt

The group's gross debt less cash increased to R39.1 billion (FY12: R33.1 billion) during the period under review. The group's European debt, when converted to rand, increased by the 8.5% increase in the EUR:ZAR closing exchange rate.

	1H13 Rm	FY12 Rm
Interest-bearing short-term liabilities	**6 800**	5 136
Bank overdrafts and short-term facilities	**2 583**	2 092
Interest-bearing long-term liabilities	**38 051**	33 858
	47 434	41 086
Less cash and cash equivalents	**(8 300)**	(8 011)
Gross debt less cash	**39 134**	33 075
– Less interest-bearing assets	**(2 953)**	(2 193)
– Less interest-bearing receivables (forms part of accounts receivables)	**(8 266)**	(6 633)
Net interest-bearing debt	**27 915**	24 249
Total equity	**58 884**	53 637
Net interest-bearing debt: equity	**47%**	45%
Net finance charges	**880**	1 378
EBITDA – 6 months	**6 289**	
EBITDA – 12 months		9 812
EBITDA interest cover (times)	**7.15**	7.12

In analysing the group's gross debt liabilities (as disclosed in the annual financial statements of the group) the average interest charge on the group's debt is currently at 4.5%. These underlying credit spreads continue to give the group comfort that the risk inherent in the group's debt profile is acceptable to debt providers, and the group is able to maintain these competitive interest rates.

The serviceability of the group's debt, as measured by EBITDA/interest cover at 7.1 times provides comfort in the sustainability of the group's capital structure. In addition, the group maintains a diverse mix of debt instruments and sources of funds so as to not be reliant on any single source. These instruments range from listed bonds, preference shares, convertible bonds, bank debt and US Private Placements.

Working capital

Despite the group's increased activity levels, taking into account the acquired businesses, and the peak trading period in Europe during December and January, investment in working capital remains at acceptable levels. The group remains confident that the integrated supply chain model will be working capital neutral on a normalised basis.

Cash flow

Cash generated from operations increased by 44% to R4.5 billion (1H12: R3.1 billion) reflecting the increased profitability of the group.

The percentage of operating profit generated in cash from operations increased to 90% versus 85% in the comparative period, reflecting management's entrenched focus on, and commitment to, sustainable earnings growth supported by solid cash generation.

In addition to the fixed asset investments and in line with JD Group's product diversification strategy, it invested an additional R1.9 billion in its consumer finance loan book, that is targeting a 25% return on equity.

Selected explanatory notes

Statement of compliance

The condensed consolidated interim financial information for the six months ended 31 December 2012 has been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the information required by IAS 34 – Interim Financial Reporting, the JSE Listing Requirements and the Companies Act of South Africa. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2012.

Basis of preparation

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

Accounting policies

The accounting policies adopted in the preparation of the condensed interim financial information are consistent with those of the annual financial statements for the year ended 30 June 2012. For a full list of standards and interpretations which have been adopted we refer you to the 30 June 2012 annual financial statements. During the period under review, the group adopted all the IFRS and interpretations being effective and deemed applicable to the group. None of these standards and interpretations had a material impact on the results.

Corporate activity

The group implemented the following transactions during the period under review:

- Steinhoff Finance GmbH (an indirect wholly owned subsidiary of Steinhoff) raised an amount of EUR420 million of senior unsecured guaranteed convertible bonds maturing in May 2017 ("the 2017 Bonds"). An amount of approximately R1.6 billion of the proceeds was specifically earmarked, as a liability management initiative, to re-purchase the R1.5 billion convertible bond ("2013 Bond") that would have matured in July 2013 ("the 2013 Bond re-purchase"). The offering in respect of the 2017 Bonds was oversubscribed and the interest coupon was fixed at a 6.375% p.a., with the conversion premium at 30% above the reference price of Steinhoff shares listed on the JSE from launch to pricing, of R26.70, i.e. a conversion price of R34.71. Following the 2013 Bond re-purchase only R12 million of 2013 Bonds remain outstanding. From a dilution perspective, the 2017 Bonds represent 130.8 million underlying SHF shares at a conversion price of R34.71 in respect of which 53.5 million Steinhoff shares reserved for the 2013 Bonds have been cancelled at their conversion price of R27.40.
- On 14 December 2012 JD Group announced the acquisition of rental enterprises, comprising 19 dealership properties, from Steinhoff Properties Proprietary Limited. The purchase consideration of R447 million payable by JD Group has been settled by the issue of 9.5 million new ordinary shares in JD Group. Over the period under review Steinhoff invested R400 million cash in respect of open market purchases of JD Group shares. These purchases, together with the property transaction above, resulted in Steinhoff's shareholding in JD Group increasing from 54% to 56%, excluding treasury shares, at the date of this announcement.

Outlook

The fragmented European household goods retail market continues to present many opportunities to our retail operations focused on the mass-market value-conscious consumer. In many of the markets where the Conforama group operates, our strategy to change our product mix and overhead structure to focus on furniture and home decoration sales (in contrast with electronic goods) should prove decisive in growing margins.

In Africa, the industrial businesses of KAP expect to benefit from infrastructural development both in southern Africa and selected other African countries. JD Group remains confident that its consumer finance division will continue to generate acceptable returns on capital employed. In addition, the previous investments in technology and infrastructure should result in efficiencies to support sustainable margins of the retail business.

The global markets and future consumer spending patterns remain uncertain. However, the group is satisfied that the diversity inherent in its earnings will continue to protect the group against any prolonged downturn in any one market where we operate.

Len Konar
INDEPENDENT CHAIRMAN

Markus Jooste
CHIEF EXECUTIVE OFFICER

5 March 2013

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, consistent and informative.
2. **Social responsibility**
   The group remains committed to behaving in a socially responsible manner and is conscious of its responsibilities 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 ensure 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.
6. **Changes to the board and management responsibilities**

   6.1 In compliance with paragraph 3.59 of the Listing Requirements of the JSE Limited, the company would like to advise its shareholders of the appointment of Dr Christoffel Hendrik Wiese (Christo) (72) as independent non-executive director to the board with effect from 5 March 2013. Christo completed his BA and LLB degrees at the University of Stellenbosch in 1967 whereafter he joined Pep Stores for seven years as executive director. After practising as an advocate for several years he joined Pepkor Limited as Chairman in 1981. He received numerous awards and served on several boards of listed companies. Christo currently serves as Chairman of the following listed companies: Pepkor Holdings Limited, Shoprite Holdings Limited, Tradehold Limited, Invicta Holdings Limited and Brait SA.

   6.2 In compliance with changes in management responsibilities, the board would like to advise shareholders of the appointment of Danie van der Merwe as chief operating officer and Ben la Grange as executive director and chief financial officer with effect from this announcement. The executive responsibilities of the remaining executive directors and alternate directors remain unchanged.

Steinhoff Investment Holdings Limited

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

Dividend 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 has declared a dividend of 356 cents per preference share on or about 5 March 2013, in respect of the period from 1 July 2012 up to and including 31 December 2012 (the dividend period), payable on Monday, 22 April 2013, to those preference shareholders recorded in the books of the company at the close of business on Friday, 19 April 2013.

The dividend will be payable in the currency of South Africa. The dividend is subject to a local dividend tax of 15%, resulting in a net dividend of 302.6 cents per preference share, unless the shareholder is exempt from dividend tax or is entitled to a reduced rate in terms of the applicable double tax agreement. No STC credits have been utilised. The company's income tax number is: 9375046712.

Anticipated dates:	2013
Last date to trade cum dividend	Friday, 12 April
Shares trade ex dividend	Monday, 15 April
Record date	Friday, 19 April
Payment date	Monday, 22 April

Share certificates may not be dematerialised or rematerialised between Monday, 15 April 2013, and Friday, 19 April 2013, both days inclusive.

On behalf of the board of directors.

Len Konar
NON-EXECUTIVE DIRECTOR

Piet Ferreira
EXECUTIVE DIRECTOR

5 March 2013

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: 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#, MT Lategan•, JF Mouton•, FJ Nel, FA Sonn•, BE Steinhoff•*, PDJ van den Bosch•†, DM van der Merwe (chief operating officer)
Alternate directors: JNS du Plessis, KJ Grové, A Krüger-Steinhoff•*, AB la Grange (chief financial officer), M Nel
†Belgian #French *German •Non-executive
Company secretary: Steinhoff Africa Secretarial Services Proprietary Limited
Auditors: Deloitte & Touche
Sponsor: PSG Capital Proprietary Limited
Transfer secretaries: Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg 2001

Steinhoff

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