ANNUAL FINANCIAL STATEMENTS
30 JUNE 2011

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
(Registration number: 1998/003951/06)

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CORPORATE INFORMATION

Registration number
1998/003951/06

Registered office
28 Sixth Street
Wynberg
Sandton, 2090
(PO Box 1955, Bramley, 2018)

Website
http://www.steinhoffinternational.com

Auditors
Deloitte & Touche, Registered Auditors
221 Waterkloof Road
Waterkloof, 0181
(PO Box 11007, Hatfield, 0028)

Secretary
Steinhoff Africa Secretarial Services (Proprietary) Limited
28 Sixth Street
Wynberg
Sandton, 2090
(PO Box 1955, Bramley, 2018)

Sponsor
PSG Capital (Proprietary) Limited
(Registration number 2002/017362/06)
Building 8
Ground Floor, DM Kisch House
Inanda Green Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands, 2191)

Transfer secretaries
Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Commercial bank
Standard Corporate and Merchant Bank
(A division of The Standard Bank of South Africa Limited)
(Registration number 1962/000738/06)
Ground Floor, 3 Simmonds Street
Johannesburg, 2001
(PO Box 61150, Marshalltown, 2107)
In addition, the group has commercial facilities with various other banking and financial institutions worldwide.

Preparation supervised by: Frikkie (FJ) Nel CA(SA)

Independent auditor's report

to the shareholders of Steinhoff International Holdings Limited

We have audited the annual financial statements of Steinhoff International Holdings Limited, which comprise the directors' report, the audit committee report, the statement of financial position at 30 June 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes as set out on pages 2 to 39.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

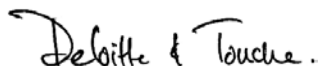
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosure in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements presents fairly, in all material respects, the financial position of Steinhoff International Holdings Limited as at 30 June 2011, and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



Deloitte & Touche
Registered Auditors
Per U Böhmer
Partner

3 November 2011

221 Waterkloof Road
Waterkloof
Pretoria
0181

National executive: GG Gelink Chief Executive AE Swiegers Chief Operating Officer GM Pinnock Audit DL Kennedy Risk Advisory NB Kader Tax & Legal Services L Geeringh Consulting L Bam Corporate Finance JK Mazzocco Human Resources CR Beukman Finance TJ Brown Clients NT Mtoba Chairman of the Board MJ Comber Deputy Chairman of the Board

Regional leader: X Botha

A full list of partners and directors is available on request.

Directors' report

for the year ended 30 June 2011

The directors have pleasure in presenting the company annual financial statements of Steinhoff International Holdings Limited (Steinhoff), for the year ended 30 June 2011.

Steinhoff is a holding company invested predominantly in household goods and diversified related industries with interests in continental Europe, the Pacific Rim, the United Kingdom and southern Africa. Steinhoff employs a vertically integrated and geographically diverse business model, consolidating all points of contact from raw material to retail outlet across an extensive product offering.

The results for the year under review are fully set out in the attached annual financial statements.

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 (2010: 3 December 2010) (the share award). Shareholders will, however, 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). Elections will close on Friday, 2 December 2011 at 12:00 and the payment and issue date will be Monday, 5 December 2011 (2010: 6 December 2010).

	Issued share capital	Effective shareholding (%)
The company's subsidiary is Steinhoff Investment Holdings Limited (Steinhoff Investment)		
Ordinary shares	R75 000	100
Preference shares	R15 000	27
Steinhoff Investment's subsidiaries are:		
Hemisphere International Properties BV (incorporated in the Netherlands) (Hemisphere)	€40 000	100[1]
Phaello Finance Company (Proprietary) Limited	R22 000	100[2]
Steinhoff Africa Holdings (Proprietary) Limited (Steinhoff Africa)	R35 700	100
Steinhoff Finance Holding GmbH (incorporated in Austria) (Steinhoff Finance)	€100 000	100

[1] Held 55% directly and 45% indirectly
[2] Held 50% directly and 50% indirectly

MAJOR GROUP TRANSACTIONS

Purchase of Conforama Holding S.A.

On 25 January 2011 Steinhoff reached an agreement to acquire 99.98% of the entire issued share capital of Conforama from PPR S.A for a cash consideration of €1.2 billion. The acquisition of Conforama became unconditional following which the trading results of this group have been consolidated from 1 March 2011. On 30 June 2011, 131.9 million ordinary listed shares in Steinhoff were issued as vendor placing to replace acquisition funding relating to this transaction.

Sale of southern Africa retail assets to JD Group Limited

On 14 March 2011, Steinhoff Africa announced the disposal of its South African retail assets, being Unitrans Motor Enterprises (Proprietary) Limited (Unitrans Automotive and Hertz) and Steinhoff Doors and Building Materials (Proprietary) Limited (Steinbuild: Pennypinchers and Timbercity) to JD Group Limited (JD Group) for a consideration of R3 168 million. The consideration was settled to Steinhoff Africa by the issue of 49.3 million JD Group ordinary shares and R702.3 million paid in cash. The disposal was accounted for on 30 June 2011 and the JD Group associate investment was recognised on this date.

As an integral part of this transaction, a Steinhoff associate will acquire JD Group's interest in Abra Spólka Akyjna (Abra), the Polish retail chain, for cash. The latter transaction has obtained the approval of the Polish Competition authorities on 2 September 2011 and will be accounted for in the 2012 financial year.

Convertible bond due 2016

On 22 September 2010 Steinhoff Finance issued a six-year, euro-denominted, convertible bond (the bond) to raise €390 million (before expenses). The bond pays interest semi-annually in arrears at a fixed rate of 5% per annum (pa) and is convertible into 139.3 million Steinhoff ordinary shares at an initial conversion price of 2 575.8 cents per share (representing an initial conversion premium of 35% to the prevailing underlying volume-weighted average share price at the date of pricing). The issue price of the bond is 100% and the redemption price is 107.51%. The bond is convertible into shares at the election of the bondholders. The company holds, subject to conditions, rights on early redemption. The bond was issued exclusively to international investors and is listed on the Frankfurt Stock Exchange. All amounts payable in respect of the bond are guaranteed by Steinhoff and Steinhoff undertook to procure the due and punctual delivery of the shares persuant to the terms and conditions of the bond.

Convertible bond due 2018

On 17 March 2011 Steinhoff Finance issued a seven-year, euro-denominted, convertible bond (the bond) to raise €467.5 million (before expenses). The bond pays interest semi-annually in arrears at a fixed rate of 4.5% pa and is convertible into 140.1 million Steinhoff ordinary shares at an initial conversion price of 3 178 cents per share (representing an initial conversion premium of 32% to the prevailing underlying volume-weighted average share price at the date of pricing). The issue price of the bond is 100% and the redemption price is 110.68%. The bond is convertible into shares at the election of the bondholders. The company holds, subject to conditions, rights on early redemption. The bond was issued exclusively to international investors and is listed on the Frankfurt Stock Exchange. All amounts payable in respect of the bond are guaranteed by Steinhoff and Steinhoff undertook to procure the due and punctual delivery of the shares persuant to the terms and conditions of the bond.

Issue of perpetual preference shares

During February 2011, Steinhoff Africa issued 2 000 perpetual preference shares and raised R3 billion in the process. These preference shares are treated as equity and accrue interest at 80% of the SA prime lending rate as quoted by Standard Bank Group Limited.

Winding up of Fundiswa Investments (Proprietary) Limited

The remainder of the 23.2 million Steinhoff shares held by Fundiswa were sold in the market. The funds generated from the sale of shares were used to redeem the 'A' preference shares and all accrued dividends on 13 August 2010. Due to Steinhoff no longer carrying the majority of risks and rewards related to Fundiswa, the company was deconsolidated on this date. The company was subsequently deregistered.

Steinhoff Sikhulasonke Investments (Proprietary) Limited

On 30 June 2011, Steinhoff Investment sold 61 of the 100 preference shares held in Sikhulasonke to a financial institution. These 61 preference shares were converted to 'A' and 'B' preference shares accruing dividends at rates more beneficial to Sikhulasonke. As a result of this transaction Steinhoff Investment no longer carries the majority of the residual ownership risk in this structure and Sikhulasonke was deconsolidated effective 30 June 2011. The group recognises its 17% ordinary shareholding as an available for sale investment and recognises the preference share funding provided to Sikhulasonke as loans at amortised cost.

SHARE CAPITAL

The company's authorised share capital comprises R15 million, divided into 3 000 000 000 ordinary shares of 0.5 cents each and 1 000 000 000 non-cumulative, non-redeemable, non-participating, variable rate preference shares of 0.1 cents each.

The following ordinary shares were issued during the year:	Date	Number of shares	R'000
Capitalisation distribution in shares	**6 December 2010**	**45 131 680**	**996**
Conforama vendor consideration placing shares	**30 June 2011**	**131 885 305**	**2 942**

CONTRACTS

No contracts, other than those disclosed in note 22.5, in which directors and officers of the company had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries or which could have resulted in a conflict of interest were entered into during the year.

EVENTS AFTER REPORTING DATE

The directors are not aware of any significant events after the reporting date that will have a material effect on the company's results or financial position as presented in these financial statements.

DIRECTORATE

The executive directors in office during the financial year and date of this report were:

Markus Johannes Jooste – Chief executive officer
Hendrik Johan Karel Ferreira
Stephanus Johannes Grobler
Thierry Lois Joseph Guibert (appointed 1 May 2011)
Fredrik Johannes Nel – Financial director
Ian Michael Topping (British) (resigned 10 December 2010)
Daniël Maree van der Merwe

The non-executive directors in office during the financial year and date of this report were:

Dr Deenadayalen Konar[1] – Chairman
Dr Stefanes Francois Booysen[1]
David Charles Brink[1]
Yolanda Zoleka Cuba[1]
Claas Edmund Daun[1] (German)
Johannes Fredericus Mouton[1]
Dr Franklin Abraham Sonn[1]
Bruno Ewald Steinhoff (German)
Paul Denis Julia van den Bosch (Belgian) (appointed 10 December 2010)

[1] Independent non-executive director

The alternate directors in office during the financial year and date of this report were:

Johannes Nicolaas Stephanus du Plessis
Karel Johan Grové
Andries Benjamin la Grange
Angela Krüger-Steinhoff[2] (German)
Mariza Nel (appointed 1 May 2011)

[2] Non-executive director

DIRECTORS' SHAREHOLDING

At 30 June 2011, the present directors and key management of the company held direct and indirect interests in 240 120 167 (2010: 240 674 850) or 14.5% (directors' interest 2010: 17.1%) of the company's issued ordinary shares.

There have been no changes to directors' shareholding between year-end and the date of this report. Details of the individual holdings of the directors are disclosed in note 23.

CORPORATE GOVERNANCE

The company complies with the listings requirements of the JSE Limited (JSE) and in all material respects with the Code of Corporate Practice and Conduct published in the King Report on Corporate Governance.

SHARE INCENTIVE SCHEMES

At the annual general meeting held on 6 December 2010, shareholders approved the new Steinhoff International Holdings Limited Executive Share Rights Scheme. The terms of this scheme are discussed in note 11 and 150 000 000 unissued ordinary shares may be used for the implementation of this scheme. The number of shares reserved for this scheme is less than 10% of the current issued and reserved share capital. Furthermore, the company will ensure that the total rights outstanding at any time will not exceed 10% of the issued and reserved share capital. The directors are authorised to issue, allot or grant rights in respect of shares up to a maximum of 15 000 000 (2010: 30 000 000) shares of the company until the next annual general meeting in terms of the employee share incentive schemes. It is noted that the market-related performance hurdles in respect of the share grant that was due to vest on 1 December 2010, were not met and these rights were forfeited. Details of participation by directors in the share incentive schemes are set out in note 23 of the annual financial statements.

SECRETARY

Stephanus Johannes Grobler acts as secretary to the company.

BUSINESS ADDRESS

28 Sixth Street
Wynberg
2090

POSTAL ADDRESS

PO Box 1955
Bramley
2018

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

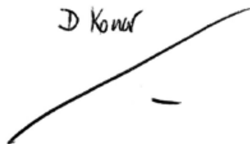
It is the directors' responsibility to ensure that the annual financial statements fairly present the state of affairs of the company. The external auditors are responsible for independently auditing and reporting on the financial statements.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance on the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably-trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements set out in this report have beenn prepared by management on the basis of appropriate accounting policies which have been consistently applied except where stated otherwise. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The directors reasonably believe that the company has adequate resources to continue in operation for the foreseeable future, and the annual financial statements have therefore been prepared on the going concern basis.

The annual financial statements for the year ended 30 June 2011, which appear on pages 8 to 39, were approved by the board and signed on its behalf on 6 September 2011.



Dr Deenadayalen Konar
Independent non-executive chairman

Markus Johannes Jooste
Chief executive officer

SECRETARY CERTIFICATION

I certify, in accordance with section 88(2)(e) of the South African Companies Act, 2008, as amended (the Act) that the company has lodged with the Registrar of Companies all such returns as are required for a public company in terms of the Act and that all such returns are true, correct and up to date.

Stephanus Johannes Grobler
Company secretary

Audit committee report

for the year ended 30 June 2011

BACKGROUND

The committee is pleased to present our report for the financial year ended 30 June 2011 as recommended by the King Report on Corporate Governance and in line with the South African Companies Act, 2008, as amended (the Act).

The committee's operation is guided by a formal detailed charter that is in line with the Act and is approved by the board as and when it is amended. The committee has discharged all its responsibilities as contained in the charter. This process is supported by the audit subcommittees which are in place for all operating divisions and subsidiaries. These subcommittees meet in terms of formal mandates and deal with all issues arising at the operational division or subsidiary level. These subcommittees then elevate any unresolved issues of concern to the Steinhoff audit committee.

OBJECTIVE AND SCOPE

The overall objectives of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the accounts of companies in the group and to ensure that the annual financial statements of the group and any other formal announcements relating to the financial performance comply with all statutory, regulatory and Steinhoff requirements as may be required.
- To ensure that the consolidated interim abridged financial statements of the group, in respect of the first six-month period, comply with all statutory, regulatory and Steinhoff requirements.
- To ensure that all financial information contained in any consolidated submissions to Steinhoff is suitable for inclusion in its consolidated financial statements in respect of any reporting period.
- To annually assess the appointment of the auditors and confirm their independence, recommend their appointment to the annual general meeting and approve their fees.
- To review the work of the group's external and internal auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls.
- To review the management of risk and the monitoring of compliance effectiveness within the group.
- To perform duties that are attributed to it by the Act, the JSE and the King Report.

The committee performed the following activities:

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed.
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence.
- Reviewed and recommended for adoption by the board such financial information that is publicly disclosed which for the year included:
  - the annual report for the year ended 30 June 2011, and
  - the interim results for the six months ended 31 December 2010.
- Considered the effectiveness of internal audit, approved the one year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan.
- Meetings were held with the internal and external auditors where management was not present, and no matters of concern were raised.

The audit committee is of the opinion that the objectives of the committee were met during the year under review.

Where weaknesses in specific controls had been identified, management undertook to implement appropriate corrective actions to mitigate the weakness identified.

MEMBERSHIP

During the course of the year, the membership of the committee comprised solely independent non-executive directors. They are:

- Dr Stefanes Francois Booysen – Chairman
- David Charles Brink
- Dr Deenadayalen Konar

For the members' qualifications refer to the annual report.

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditors of Steinhoff are independent as defined by the Act.

The committee, in consultation with executive management, agreed to an audit fee for the 2011 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 1 to the financial statements.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed in accordance with set policy and procedure.

Meetings were held with the auditor where management was not present, and no matters of concern were raised.

The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditor for the 2012 financial year, and Mr Udo Böhmer as the designated auditor. This will be his seventh year and last year as auditor of the company.

ANNUAL FINANCIAL STATEMENTS

The audit committee has evaluated the consolidated annual financial statements for the year ended 30 June 2011 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Dr Stefanes Francois Booysen
Audit committee chairman

6 September 2011

Income statement

for the year ended 30 June 2011

	Notes	2011 R'000	2010 R'000
Operating income		138 748	371
Operating expenses		(19 805)	(197 893)
Operating profit/(loss)	1	118 943	(197 522)
Finance costs	2	(378 799)	(423 653)
Income from investments	3	354 660	408 498
Profit/(loss) before taxation		94 804	(212 677)
Taxation	4	28 126	(8 515)
Profit/(loss) for the year		122 930	(221 192)

Statement of comprehensive income

for the year ended 30 June 2011

	2011 R'000	2010 R'000
Profit/(loss) for the year	122 930	(221 192)
Other comprehensive income		
Net fair value (loss)/gain on avaliable for sale financial assets	(3 569)	65 313
Fair value reserve recycled to profit and loss on disposal of investment	13 368	–
Deferred taxation	(1 372)	15 255
Total other comprehensive income for the year, net of taxation	8 427	80 568
Total comprehensive income/(loss) for the year, net of taxation	131 357	(140 624)

Statement of changes in equity

for the year ended 30 June 2011

	Ordinary share capital and premium R'000	Distributable reserves R'000	Fair value reserves R'000	Convertible and redeemable bonds reserve R'000	Share-based payment reserve R'000	Total R'000
Balance at 1 July 2009	5 366 308	13 214 382	(174 277)	352 856	274 262	19 033 531
Issue of shares	1 891 637	–	–	–	–	1 891 637
Share issue expenses	(471)	–	–	–	–	(471)
Capital distribution	(1 020 453)	–	–	–	–	(1 020 453)
Total comprehensive loss for the year	–	(221 192)	80 568	–	–	(140 624)
Loss for the year	–	(221 192)	–	–	–	(221 192)
Other comprehensive income for the year	–	–	80 568	–	–	80 568
Share-based payments	–	–	–	–	99 412	99 412
Balance at 30 June 2010	6 237 021	12 993 190	(93 709)	352 856	373 674	19 863 032
Issue of shares	3 938 291	–	–	–	–	3 938 291
Share issue expenses	(796)	–	–	–	–	(796)
Capital distribution	(1 180 004)	–	–	–	–	(1 180 004)
Total comprehensive income for the year	–	122 930	8 427	–	–	131 357
Profit for the year	–	122 930	–	–	–	122 930
Other comprehensive income for the year	–	–	8 427	–	–	8 427
Capital distribution received in terms of share scheme arrangement	–	9 009	–	–	–	9 009
Share-based payments	–	–	–	–	39 927	39 927
Balance at 30 June 2011	8 994 512	13 125 129	(85 282)	352 856	413 601	22 800 816

Statement of financial position

as at 30 June 2011

	Notes	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Computer equipment	6	–	–
Investment in subsidiary companies	7	28 060 882	24 732 092
Investments and loans	8	345 292	397 647
		28 406 174	25 129 739
Current assets			
Accounts receivable	10	267 488	142 265
Short-term loans receivable	8	70 308	70 246
Share scheme settlement receivable	11	218 036	115 111
Bank balances and cash	21	10 385	65 589
		566 217	393 211
Total assets		28 972 391	25 522 950
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	12	8 994 512	6 237 021
Reserves	13	13 806 304	13 626 011
		22 800 816	19 863 032
Non-current liabilities			
Interest-bearing loans and borrowings	14	3 102 594	2 929 156
Deferred taxation liability	15	79 329	106 083
		3 181 923	3 035 239
Current liabilities			
Accounts payable	16	689 776	655 904
Interest-bearing loans and borrowings	14	57 678	154 108
Intergroup loan payable	17	2 016 333	1 647 160
Deferred dividend receivable	11	225 865	167 507
		2 989 652	2 624 679
Total equity and liabilities		28 972 391	25 522 950

Statement of cash flows

for the year ended 30 June 2011

	Notes	2011 R'000	2010 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash utilised in operations	20	**(127 200)**	(7 325)
Dividends received		**30 733**	41 126
Interest received		**(5 440)**	177
Interest paid		**(246 302)**	(113 444)
Net cash outflow from operating activities		**(348 209)**	(79 466)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of investment		**50 317**	–
Increase in investment in subsidiary companies		**–**	(384 575)
Increase in short-term loans receivable		**–**	(424)
Net cash inflow/(outflow) from investing activities		**50 317**	(384 999)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds on issue of share capital net of share issue expenses		**(796)**	(471)
Capital distribution paid		**(183 573)**	(112 637)
Increase in intergroup loans		**477 057**	1 566 422
Decrease in interest-bearing loans and borrowings		**(50 000)**	(932 910)
Net cash inflow from financing activities		**242 688**	520 404
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(55 204)**	55 939
Cash and cash equivalents at beginning of the year		**65 589**	9 650
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	21	**10 385**	65 589

Summary of accounting policies

for the year ended 30 June 2011

Statement of compliance

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), the International Financial Reporting Interpretations Committee of the IASB (IFRIC) and the requirements of the South African Companies Act, 2008, as amended.

Adoption of new and revised Standards

During the current year, the company has adopted and early adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2010. The adoption of these new and revised standards and interpretations has not resulted in material changes to the company's accounting policies.

The company adopted the following standards, interpretations and amended standards during the year:

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

The company adopted the following 2010 Improvements to IFRSs during the year:

IFRS 3	Business Combinations: Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards

Basis of preparation

The annual financial statements are prepared in thousands of South African rands (R'000) on the historical-cost basis, except for certain assets and liabilities which are carried at amortised cost, and derivative financial instruments which are stated at fair value.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed in note 19.

The accounting policies set out below have been applied consistently to the periods presented in these annual financial statements, except where stated otherwise.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost to the company, less accumulated depreciation and impairment losses.

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gain or loss on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that additional future economic benefits embodied within the item will flow to the company and the cost of such item can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis at rates that will reduce the book values to estimated residual values over the estimated useful lives of the assets.

The depreciation methods, estimated useful lives and residual values are reassessed annually.

Impairment of assets

The carrying amounts of the company's assets, other than assets carried at fair value, are reviewed at each reporting date to determine whether there is any indication of impairment.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss as capital items.

When a decline in the fair value of an available for sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the company's loans and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of non-financial assets is the greater of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the CGU to which the asset belongs.

Reversal of impairment losses

An impairment loss in respect of loans and receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss but recognised directly in other comprehensive income. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in previous years.

Taxation

Current taxation

Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current taxation is the expected taxation payable on the taxable income for the year, using taxation rates enacted or substantially enacted at the reporting date, and any adjustment to taxation payable in respect of previous years.

Deferred taxation

Deferred taxation is provided for using the statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income. The following temporary differences are not provided for: goodwill not deductible for taxation purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantially enacted at the reporting date.

Deferred taxation assets and liabilities are measured at the taxation rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the taxation rates (and taxation laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred taxation liabilities and assets reflects the taxation consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset will be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Secondary taxation on companies (STC) and additional income taxes on distribution of dividends
STC and other additional taxes arising from the distribution of dividends are recognised in the year dividends are declared. A deferred taxation asset is recognised on unutilised STC credits when it is probable that such unused STC credits will be utilised in the future.

Cash and cash equivalents

Cash and cash equivalents are defined as bank and cash and short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are only included where the company has a legal right of set-off due to cash management.

Share-based payment transactions

Equity-settled
The fair value of the deferred delivery shares and the share rights granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and is expensed over the period during which the employees are required to provide services in order to become unconditionally entitled to the equity instruments. The fair value of the instruments granted is measured using generally accepted valuation techniques, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of deferred delivery shares and the share rights that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Group share-based payment transactions
Transactions in which a parent grants rights to its equity instruments directly to the employees of its subsidiaries are classified as equity-settled in the financial statements of the subsidiary, provided the share-based payment is classified as equity-settled in the consolidated financial statements of the parent.

The subsidiary recognises the services acquired with the share-based payment as an expense and recognises a corresponding increase in equity representing a capital contribution from the parent for those services acquired. The parent recognises in equity the equity-settled share-based payment and recognises a corresponding increase in the investment in subsidiary.

A recharge arrangement exists whereby the subsidiary is required to fund the difference between the exercise price on the share options and the market price of the share at the time of exercising the option. The recharge arrangement is accounted for separately from the underlying equity-settled share-based payment as follows upon initial recognition:

- The subsidiary recognises a recharge liability at fair value, using cash-settled share-based payment principles, and a corresponding adjustment against equity for the capital contribution recognised in respect of the share-based payment.
- The parent recognises a corresponding recharge asset at fair value and a corresponding adjustment to the carrying amount of the investment in the subsidiary.

Subsequent to initial recognition the recharge arrangement is re-measured at fair value at each subsequent reporting date until settlement date to the extent vested. Where the recharge amount recognised is greater than the initial capital contribution recognised by the subsidiary in respect of the share-based payment, the excess is recognised as a net capital distribution to the parent. The amount of the recharge in excess of the capital contribution recognised as an increase in the investment in subsidiary is deferred and recognised as dividend income by the parent when settled by the subsidiary.

Convertible bonds

Bonds which are convertible to share capital, where the number of shares to be issued does not vary with changes in their fair value, are accounted for as compound financial instruments. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of the proceeds. The equity component of the convertible bonds is calculated as the excess of the issue proceeds over the present value of the future interest and principal payments, discounted at the market rate of interest applicable to similar liabilities that do not have a conversion option. The interest expense recognised in profit or loss is calculated using the effective-interest method.

Foreign currency transactions

Transactions in currencies other than the functional currency of entities are initially recorded at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling on the reporting date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at rates ruling at the dates the fair value was determined.

Financial instruments

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Effective-interest method

The effective-interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a financial asset, or, where appropriate, a shorter period.

Financial assets

Financial assets are classified into the following specified categories: 'available for sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets

Listed and unlisted shares and listed redeemable notes held by the company that are traded in an active market are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 9. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income in the fair value reserve with the exception of impairment losses, interest calculated using the effective-interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period.

Dividends on available for sale equity instruments are recognised in profit or loss when the company's right to receive the dividends is established.

The fair value of available for sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss and other changes are recognised in other comprehensive income.

The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset, impairment losses, gains or losses on disposal of the investment and foreign exchange gains or losses. The net gain or loss recognised in other comprehensive income incorporates all gains or losses resulting from changes in fair value.

Loans and receivables

Accounts receivable, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective-interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The net gain or loss recognised in profit or loss incorporates any dividends and interest earned on the financial assets, profit sharing, impairments and foreign exchange gains or losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as available for sale, a significant or prolonged decline in fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as available for sale and finance lease receivables, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty.
- Default or delinquency in interest or principal payments.
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, they are written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Financial assets that would otherwise have been impaired or past due but have been renegotiated are accounted for by rolling over the old financial asset into the new financial asset with no resultant gain or loss from the renegotiation of the financial instrument.

Derecognition of financial assets
The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments issued by the company
Classification of debt or equity
Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at proceeds received, net of direct issue costs.

Compound instruments
The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective-interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income taxation effects, and is not subsequently remeasured.

Financial guarantee contract liabilities
Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

- The amount of the obligation under contract, as determined in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*.
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Financial liabilities
Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective-interest method, with interest expense recognised on an effective yield basis.

The net gain or loss recognised in profit or loss incorporates any interest accrued or paid on the financial liability and foreign exchange gains or losses.

Derecognition of financial liabilities
The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

Investment income

Interest
Interest is recognised on the time proportion basis, taking account of the principal debt outstanding and the effective rate over the period to maturity.

Dividend income
Dividend income from investments is recognised when the right to receive payment has been established.

Notes to the annual financial statements

for the year ended 30 June 2011

		2011 R'000	2010 R'000
1.	OPERATING (PROFIT)/LOSS		
	Operating (profit)/loss is stated after taking account of the following items:		
	Auditor's remuneration		
	Audit fees	**1 508**	1 423
	Personnel expenses		
	Salaries and wages	**4 248**	4 020
	Directors' emoluments (note 23)		
	Directors' fees		
	Paid by:		
	Company (included in personnel expenses)	**3 939**	3 450
	Subsidiary companies	**5 720**	5 339
		9 659	8 789
	Remuneration		
	Paid by:		
	Company (included in personnel expenses)	**309**	570
	Subsidiary companies	**70 507**	50 561
		70 816	51 131
	Loss on sale of investment	**11 837**	–
	Net foreign exchange (gains)/losses	**(136 821)**	191 534
2.	FINANCE COSTS		
	Interest paid		
	Convertible bonds	**353 184**	340 258
	Loans	**20 127**	83 395
	Group companies (note 22)	**5 488**	–
		378 799	423 653
3.	INCOME FROM INVESTMENTS		
	Dividends received		
	Group companies (note 22)	**30 733**	41 126
	Interest received		
	Bank balances	**46**	177
	Group companies (note 22)	**323 881**	367 195
		354 660	408 498
4.	TAXATION		
	4.1 Taxation expense/(benefit)		
	Deferred taxation		
	South African deferred taxation – current year	**28 126**	(8 515)
		%	%
	4.2 Reconciliation of rate of taxation		
	Standard rate of taxation	**28.00**	(28.00)
	Disallowed expenditure	**2.20**	64.88
	Non-taxable income	**(59.87)**	(32.88)
	Effective rate of taxation	**(29.67)**	4.00

	2011 Cents	2010 Cents
5. DISTRIBUTION TO SHAREHOLDERS		
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 (2010: 3 December 2010) (the share award). Shareholders will, however, 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). Elections will close on Friday, 2 December 2011 at 12:00 and the payment and issue date will be Monday, 5 December 2011 (2010: 6 December 2010).	**65**	63

	R'000
6. COMPUTER EQUIPMENT	
Cost	
Balance at 30 June 2010	27
Balance at 30 June 2011	**27**
Accumulated depreciation and impairment	
Balance at 30 June 2010	(27)
Balance at 30 June 2011	**(27)**

	2011 R'000	2010 R'000
Net book value	**–**	–

Insurance

Computer equipment is insured at approximate cost of replacement.

Useful lives

The estimated useful lives are reflected under 'judgements and estimates' (note 19).

	2011 R'000	2010 R'000
7. INVESTMENT IN SUBSIDIARY COMPANIES		
Shares at cost	**11 215 245**	11 215 245
Loans to subsidiary companies (note 22)	**16 697 496**	13 362 260
Share-based payments	**148 141**	154 587
	28 060 882	24 732 092

	Issued share capital R	Shareholding %	Shares at cost R'000	Loans R'000	Total R'000
30 June 2011					
Steinhoff Investment	**75 000**	**100**	**11 215 245**	**16 697 496**	**27 912 741**
Share-based payments			**–**	**–**	**148 141**
			11 215 245	**16 697 496**	**28 060 882**
30 June 2010					
Steinhoff Investment	75 000	100	11 215 245	13 362 260	24 577 505
Share-based payments			–	–	154 587
			11 215 245	13 362 260	24 732 092

The intergroup loans bear interest as determined from time to time with reference to various market-related interest rates and repayment terms are determined on a continued basis. The loans above include loans to indirect subsidiaries as disclosed in note 22.

The company has subordinated its loan owing by Steinhoff Investment, amounting to R219 million, arising from the recharge arrangement referred to under note 11.

	2011 R'000	2010 R'000
8. INVESTMENTS AND LOANS		
Listed investments		
Steinhoff Investment preference shares (non-current portion)	**345 292**	397 647
Loans receivable carried at amortised cost – Steinhoff International Share Trust (current portion)	**70 308**	70 246
	415 600	467 893

The investment in Steinhoff Investment comprises 4 049 465 (2010: 4 615 755) variable rate, non-redeemable, non-participating preference shares and is classified as an available for sale financial asset. It is stated at fair value and the orignial cost was R444 457 130 (2010: R506 611 422).

The loan receivable from Steinhoff International Share Trust is unsecured, interest free and repayable when employees exercise their share options. No provision has been made against this loan as the amount is considered recoverable.

The fair values of investments and loans are disclosed in note 9.

9. FINANCIAL INSTRUMENTS

The executive team is responsible for implementing the risk management strategy to ensure that an appropriate risk management framework is operating effectively within the company, embedding a risk management culture. The board and the audit committee are provided with a view of the risk profile of the company and any major exposures and relevant mitigating actions are identified.

The system of risk management is designed so that the different business units are able to tailor and adapt their risk management processes to suit their specific circumstances.

Regular management reporting and internal audit reports provide a balanced assessment of key risks and controls. The chief financial officer provides quarterly confirmation to the board that financial and accounting control frameworks have operated satisfactorily and consistently.

The company does not speculate in the trading of derivative or other financial instruments. It is company policy to hedge exposure to cash and future contracted transactions.

	2011	Available for sale financial assets R'000	Loans and receivables and other financial liabilities at amortised cost R'000	Total carrying value R'000	Loans and receivables and other financial liabilities at fair value R'000	Total fair value R'000
9.1	Total financial assets and liabilities					
	Interest in subsidiaries – loans	–	16 697 496	16 697 496	16 697 496	16 697 496
	Investments and loans	345 292	–	345 292	–	345 292
	Accounts receivable (excluding value added taxation receivable)	–	267 482	267 482	267 482	267 482
	Short-term loans receivable	–	70 308	70 308	70 308	70 308
	Gross debt net of cash	–	(5 166 220)	(5 166 220)	(5 183 777)	(5 183 777)
	Bank balances and cash	–	10 385	10 385	10 385	10 385
	Long-term interest-bearing loans and borrowings	–	(3 102 594)	(3 102 594)	(3 120 151)	(3 120 151)
	Short-term interest-bearing loans and borrowings	–	(57 678)	(57 678)	(57 678)	(57 678)
	Intergroup loan payable	–	(2 016 333)	(2 016 333)	(2 016 333)	(2 016 333)
	Accounts payable	–	(689 776)	(689 776)	(689 776)	(689 776)
		345 292	11 179 290	11 524 582	11 161 733	11 507 025
	Net gain recognised in profit or loss	(18 896)	–	(18 896)		
	Net losses recognised in other comprehensive income	3 569	–	3 569		
		(15 327)	–	(15 327)		
	Total interest income	–	(323 927)	(323 927)		
	Total interest expense	–	378 799	378 799		
		–	54 872	54 872		
	2010					
	Interest in subsidiaries – loans	–	13 362 260	13 362 260	13 362 260	13 362 260
	Investments and loans	397 647	–	397 647	–	397 647
	Accounts receivable (excluding value added taxation receivable)	–	142 171	142 171	142 171	142 171
	Short-term loans receivable	–	70 246	70 246	70 246	70 246
	Gross debt net of cash	–	(4 664 835)	(4 664 835)	(5 089 051)	(5 089 051)
	Bank balances and cash	–	65 589	65 589	65 589	65 589
	Long-term interest-bearing loans and borrowings	–	(2 929 156)	(2 929 156)	(3 353 372)	(3 353 372)
	Short-term interest-bearing loans and borrowings	–	(154 108)	(154 108)	(154 108)	(154 108)
	Intergroup loan payable	–	(1 647 160)	(1 647 160)	(1 647 160)	(1 647 160)
	Accounts payable	–	(655 904)	(655 904)	(655 904)	(655 904)
		397 647	8 253 938	8 651 585	7 829 722	8 227 369
	Net gain recognised in profit or loss	(41 126)	–	(41 126)		
	Net gain recognised in other comprehensive income	(65 313)	–	(65 313)		
		(106 439)	–	(106 439)		
	Total interest income	–	(367 372)	(367 372)		
	Total interest expense	–	423 653	423 653		
		–	56 281	56 281		

No items were classified as 'held to maturity', 'at fair value through profit or loss' or 'designated at fair value through profit or loss' during either period presented.

9. FINANCIAL INSTRUMENTS (continued)

9.2 Fair values

The fair values of financial assets and financial liabilities are determined as follows:

Investments in equity and debt securities
The fair value of an available for sale financial asset is determined by reference to its 30-day volume-weighted average quoted bid price at the reporting date. Where quoted bid prices are not available, discounted cash flows are used to determine the value in use of financial assets. Where the quoted bid price or value in use of the investment is less than the carrying value and the directors are of the opinion that the decline in value is permanent, an impairment loss is recognised.

Accounts receivable and short-term loans receivable
The fair values of accounts receivable and short-term loans receivable are estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have conversion options.

The fair values are not necessarily indicative of the amounts the company could realise in the normal course of business.

IFRS 7 – *Financial Instruments: Disclosure* (IFRS 7) has established a three-level hierachy for making fair value measurements:

- Level 1 – Unadjusted quoted prices for financial assets and financial liabilities traded in an active market for identical financial assets or financial liabilities.
- Level 2 – Inputs other than quoted prices included in level 1 that are observable for the financial asset or financial liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the financial asset or financial liability that are not based on observable market data.

The company's investments and loans are classified as level 1 in the fair value hierachy.

9.3 Foreign currency risk

All financial instruments of the company are denominated in the functional currency except for the following euro denominated intergroup balances with Steinhoff Finance Holding GmbH:

	2011 R'000	2010 R'000
Accounts receivable (excluding value added taxation receivable)	124 875	–
Loans receivable	3 373 419	3 206 790
Accounts payable	(680 609)	(646 991)
	2 817 685	2 559 799

The following significant exchange rates applied during the year and were used in calculating sensitivities:

	Forecast rate[1] 30 June 2012	Forecast rate[1] 30 June 2011	Reporting date spot rate 2011	Reporting date spot rate 2010
Euro	9.8400	9.9426	9.8654	9.3781

[1] The forecast rates represent a weighting of foreign currency rates forecasted by the major banks that the company transacts with regularly. These rates are not necessarily management's expectations of currency movements.

Sensitivity analysis

The table below indicates the company's sensitivity at year-end to the movements in the major currencies that the company is exposed to on its financial instruments. The percentage given below represent a weighting of foreign currency rates forecasted by the major banks that the company transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2010.

The impact on the reported numbers of using the forecast rates as opposed to the reporting date spot rates is set out below.

Through (profit)/loss	**2011 R'000**	2010 R'000
Euro weakening by 0.3% (2010: strengthening by 6.0%) to the rand	**(8 453)**	153 588

If the foreign currencies were to strenghten (weaken) against the rand, by the same percentages as set out in the table above, it would have an equal, but opposite effect on profit or loss.

9.4 Interest rate risk

As part of the process of managing the company's borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Interest rate exposure is managed within limits agreed by the board.

The interest and related terms of the company's interest-bearing loans are disclosed in note 14.

At the reporting date the interest rate profile of the company's financial instruments was:

	Subject to interest rate movement				
2011	**Variable EURIBOR R'000**	**Variable JIBAR and SA prime R'000**	**Fixed rate R'000**	**Non-interest-bearing R'000**	**Total R'000**
Interest in subsidiaries – loans	**2 818 067**	**6 105 131**	**–**	**7 774 298**	**16 697 496**
Investments and loans	**–**	**345 292**	**–**	**–**	**345 292**
Accounts receivable (excluding value added taxation receivable)	**–**	**–**	**–**	**267 482**	**267 482**
Short-term loans receivable	**–**	**–**	**–**	**70 308**	**70 308**
Bank balances and cash	**–**	**10 385**	**–**	**–**	**10 385**
Long-term interest-bearing loans and borrowings	**–**	**–**	**(3 102 594)**	**–**	**(3 102 594)**
Short-term interest-bearing loans and borrowings	**–**	**–**	**(57 678)**	**–**	**(57 678)**
Intergroup loan payable	**–**	**(93 238)**	**–**	**(1 923 095)**	**(2 016 333)**
Accounts payable	**–**	**–**	**–**	**(689 776)**	**(689 776)**
Open position	**2 818 067**	**6 367 570**	**(3 160 272)**	**5 499 217**	**11 524 582**
2010					
Interest in subsidiaries – loans	2 678 869	2 936 704	–	7 746 687	13 362 260
Investments and loans	–	397 647	–	–	397 647
Accounts receivable (excluding value added taxation receivable)	–	–	–	142 171	142 171
Short-term loans receivable	–	–	–	70 246	70 246
Bank balances and cash	–	65 589	–	–	65 589
Long-term interest-bearing loans and borrowings	–	–	(2 929 156)	–	(2 929 156)
Short-term interest-bearing loans and borrowings	–	–	(154 108)	–	(154 108)
Intergroup loan payable	–	–	–	(1 647 160)	(1 647 160)
Accounts payable	–	–	–	(655 904)	(655 904)
Open position	2 678 869	3 399 940	(3 083 264)	5 656 040	8 651 585

9. FINANCIAL INSTRUMENTS (continued)

9.4 Interest rate risk (continued)

Sensitivity analysis

The company is sensitive to movements in the EURIBOR, JIBAR and SA prime rates, which are the primary interest rates to which the company is exposed.

The sensitivities calculated below are based on an increase of 100 basis points for each interest category. These rates are also used when reporting sensitivities internally to key management personnel.

Through (profit)/loss	2011 R'000	2010 R'000
EURIBOR – 100 basis point increase	**(28 181)**	(26 789)
JIBAR and SA prime – 100 basis point increase	**(63 676)**	(33 999)

A 100 basis point decrease in the above rates would have had an equal, but opposite effect on profit or loss.

9.5 Other price risks

Equity price sensitivity analysis

Due to the nature of the equity investment (refer note 8), the company considers the exposure to equity price changes to be limited as the investment is within the group.

9.6 Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, accounts receivable and loans receivable. The company deposits short-term cash surpluses with major banks of quality credit standing. At 30 June 2011, the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

The carrying amounts of financial assets represent the maximum credit exposure.

The maximum exposure to credit risk at the reporting date without taking account of the value of any collateral obtained was:

	2011 R'000	2010 R'000
Interest in subsidiaries – loans	**16 697 496**	13 362 260
Investments and loans	**345 292**	397 647
Accounts receivable (excluding value added taxation receivable)	**267 482**	142 265
Short-term loans receivable	**70 308**	70 246
Bank balances and cash	**10 385**	65 589
	17 390 963	14 038 007
The maximum exposure to credit risk at the reporting date by geographical region was (carrying amounts):		
Continental Europe	**3 640 465**	3 348 961
Southern Africa	**13 750 498**	10 689 046
	17 390 963	14 038 007

No balances were past due or impaired for both periods presented.

9.7 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the entity could be required to pay its liabilities earlier than expected.

The company manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available.

The following table details the company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows:

2011	0 to 3 months R'000	4 to 12 months R'000	Year 2 R'000	Years 3 to 5 R'000	After 5 years R'000
Long-term interest-bearing loans and borrowings	–	–	(239 500)	(4 016 257)	–
Short-term interest-bearing loans and borrowings	(119 750)	(119 750)	–	–	–
Intergroup loan payable	(2 016 333)	–	–	–	–
Accounts payable	(689 776)	–	–	–	–
	(2 825 859)	(119 750)	(239 500)	(4 016 257)	–
2010					
Long-term interest-bearing loans and borrowings	–	–	(239 500)	(2 258 757)	(2 074 000)
Short-term interest-bearing loans and borrowings	(154 108)	–	–	–	–
Intergroup loan payable	(1 647 160)	–	–	–	–
Accounts payable	(655 904)	–	–	–	–
	(2 457 172)	–	(239 500)	(2 258 757)	(2 074 000)

9.8 Treasury risk

A finance forum, consisting of senior executives of the company, meets on a regular basis to analyse currency and interest rate exposure and to review and if required, adjust the company's treasury management strategies in the context of prevailing and forecast economic conditions.

9.9 Capital risk

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of debt, which includes the borrowings disclosed in note 14, cash and cash equivalents and equity, comprising issued capital, distributable reserves and retained earnings as disclosed in notes 12 and 13.

The company's risk management committee reviews the capital structure of the company on a semi-annual basis. As a part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the committee, the company will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

	2011 R'000	2010 R'000
10. ACCOUNTS RECEIVABLE		
Group companies (note 22)	267 046	142 171
Other receivables	436	–
Value added taxation receivable	6	94
	267 488	142 265

The company's exposure to currency and credit risk related to accounts receivable is disclosed in note 9.3 and 9.6.

11. SHARE SCHEME SETTLEMENT RECEIVABLE

Terms of the scheme

Share Rights Scheme

At the annual general meeting on 1 December 2003, a new share incentive scheme was approved and implemented. The share rights granted in December 2007, December 2008 and various dates from 1 July 2009 to 1 December 2009 relate to the 2003 scheme and are subject to the dates for achievement of the following.

a) A compound growth in HEPS of the company, over the three completed financial years commencing on 1 July 2008 and 1 July 2009 respectively, equal to or exceeding the weighted average growth of the companies included in and comprising the INDI 25 over a three-year period from the effective date.

b) The volume-weighted average traded share price of the company over the 30-trading days immediately preceding the date of measurement (the measurement date) to exceed the result of the following formula, [{(a-b)/b}+1] x c, where

a = the INDI 25 at the measurement date
b = the INDI 25 at the effective date
c = the volume-weighted average traded share price of the company for the 30-trading days immediately preceding the effective date.

Vesting of rights may occur on 1 December 2011 and 1 December 2012.

It is noted that the market-related performance hurdle in respect of the 2007 share incentive grant was not met and the share rights in terms of this grant did not vest.

Executive Share Rights Scheme

At the annual general meeting on 6 December 2010, a new share incentive scheme was approved and implemented. The share rights granted in December 2010 relate to the executive share right scheme, and are subject to the following conditions:

a) Rights are granted to qualifying senior executives on an annual basis.
b) Vesting of rights occur on the third anniversary of grant date, provided performance criteria as set by Steinhoff's Remuneration Committee at or about the time of the grant date have been achieved.
c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

	2011 Number of rights	2010 Number of rights
Outstanding at beginning of the year	55 335 674	32 587 117
Forfeited during the year	(23 953 866)	–
Granted during the year	10 770 568	22 748 557
Outstanding at end of the year	42 152 376	55 335 674
Exercisable at end of the year	–	–

Assumptions

The fair value of services received in return for share rights granted is measured by reference to the fair value of the share rights granted. The estimated fair value of the services received is measured based on the assumption that all vesting conditions are met and all employees remain in service. The pricing model used was the Black Schöles model. The volatility was estimated using the Steinhoff daily closing share price over a rolling three-year period.

Fair value of share rights and assumptions:	2010 grant	2009 grants	2008 grant	2007 grants
Fair value at measurement date	R19.74	R6.98 to R11.07	R 2.87	R 9.47
Share price at grant date	R21.50	R13.96 to R18.84	R9.74	R19.08
Exercise price	R0.005	R0.005	R0.005	R0.005
Expected volatility	23.80%	40.93% to 49.80%	64.09%	30.52%
Dividend yield	2.91%	4.84% to 5.86%	3.67%	2.20%
Risk-free interest rate	6.41%	7.82% to 8.29%	8.53%	9.08%
Option life	3 years	3 to 3.4 years	3 years	3 years

Recharge arrangement

Rights granted under the Share Rights Scheme and Executive Share Rights Scheme are subject to a recharge arrangement whereby the subsidiary companies are required to pay the subscription price of shares granted to employees, equivalent to the quoted market price of such shares on the vesting date when the shares are secured by the subsidiary companies for delivery to the employees, less the option subscription price payable by the employees.

Fair value of recharge receivable	2011 R'000	2010 R'000
Balance at beginning of the year	115 111	28 597
Increase in fair value	113 738	86 514
Recharge received from subsidiaries	(10 813)	–
Balance at end of the year	218 036	115 111

The recharge receivable from Steinhoff Investment has been subordinated in favour of all other creditors of Steinhoff Investment.

Recharge deferred		
Balance at beginning of the year	(167 507)	(128 929)
Recharge deferred in current year	(67 366)	(38 578)
Recharge received from subsidiaries	9 008	–
Balance of deferred dividend receivable at end of the year	(225 865)	(167 507)
Balance of recharge deferred at end of the year	(7 829)	(52 396)

The fair value of the recharge receivable under the Share Rights Scheme and the Executive Share Rights Scheme is determined based on the Black Schöles model. The fair value of the receivable is remeasured at each reporting date and at the settlement date. The model inputs at 30 June 2011 were as follows:

	2010 grant	2009 grants		2008 grant	
	2011	2011	2010	2011	2010
Share price	R22.99	R22.99	R17.81	R22.99	R17.81
Exercise price	R0.005	R0.005	R0.005	R0.005	R0.005
Term	29 months	17 months	29 months	5 months	17 months
Volatility	24.4%	24.4%	30.6%	24.4%	30.6%
Dividend yield	3.8%	4.2%	4.5%	6.4%	5.0%
Risk-free interest rate	6.7%	6.2%	6.9%	5.6%	6.5%

12. ORDINARY SHARE CAPITAL AND PREMIUM

		2011 Number of shares	2010 Number of shares	2011 R'000	2010 R'000
12.1	Authorised				
	Ordinary shares of 0.5 cents each	3 000 000 000	3 000 000 000	15 000	15 000
12.2	Issued				
	Shares in issue at beginning of the year	1 479 061 000	1 369 418 127	7 395	6 847
	Shares issued during the year	177 016 985	109 642 873	885	548
	Shares in issue at end of the year	1 656 077 985	1 479 061 000	8 280	7 395
12.3	Share premium				
	Balance at beginning of the year			6 229 626	5 359 461
	Share premium arising on issue of shares			3 937 406	1 891 089
	Share issue expenses			(796)	(471)
	Capital distribution			(1 180 004)	(1 020 453)
	Balance at end of the year			8 986 232	6 229 626
	Total issued ordinary share capital and premium			8 994 512	6 237 021

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the company.

		Number of shares	Number of shares
12.4	Unissued shares		
	Reserved for bond holders	402 804 507	120 778 368
	Shares reserved for future participation in share schemes	139 229 432	7 251 443
	Shares reserved for current participation in share schemes	42 152 376	49 034 172
	Shares under the control of the directors until the forthcoming annual general meeting	13 114 695	137 054 157
	Unissued shares	746 621 005	1 206 820 860
	Total unissued shares	1 343 922 015	1 520 939 000

At year-end the directors were still authorised, by resolutions of the shareholders and until the forthcoming annual general meeting, to issue 162 million unissued shares, subject to the listings requirements of the JSE.

13. RESERVES

Distributable reserves

The accumulated distributable reserves, if declared as a cash dividend, would be subject to secondary taxation on companies.

Convertible and redeemable bond reserve

This represents the equity component of the convertible and redeemable bonds (note 14).

Share-based payment reserve

Comprises the net fair value of equity instruments granted to employees expensed under share incentive schemes.

	2011 R'000	2010 R'000
14. INTEREST-BEARING LOANS AND BORROWINGS		
14.1 Analysis of closing balance		
Unsecured financing		
Convertible bonds (debt portions)	**3 034 940**	2 921 256
Promissory note programme	**125 332**	112 155
	3 160 272	3 033 411
Portion payable before 30 June 2012 included in current liabilities	**(57 678)**	(104 255)
Total non-current interest-bearing loans and borrowings	**3 102 594**	2 929 156
Current interest-bearing loans and borrowings		
Portion of non-current interest-bearing loans and borrowings payable before 30 June 2012	**57 678**	104 255
Other current loans payable	**–**	49 853
Total current interest-bearing loans and borrowings	**57 678**	154 108
14.2 Analysis of repayment		
Repayable within the next year and thereafter:		
Next year	**57 678**	154 108
Within two to five years	**3 102 594**	1 436 400
Thereafter	**–**	1 492 756
	3 160 272	3 083 264

	Facility R'000	Maturity date	Interest rate	2011 R'000	2010 R'000
14.3 Loan details					
Unsecured					
Convertible bond due 2013	1 500 000	31 July 2013	5.70%	**1 411 025**	1 359 870
The bond is convertible to 54.74 million ordinary shares of Steinhoff at R27.40 per ordinary share. The coupon rate is 5.7% per annum.[1]					
Convertible bond due 2015	1 600 000	20 July 2015	9.63%	**1 623 915**	1 561 386
The bond is convertible to 67.09 million ordinary shares of Steinhoff at R23.85 per ordinary share. The coupon rate is 9.625% per annum and the redemption price is 120%.[1]					
Promissory note programme	–	5 December 2013 to 29 May 2014	11.20% to 11.53%	**125 332**	112 155
				3 160 272	3 033 411
14.4 Current interest-bearing loans and borrowings					
Commercial paper	–	–	–	**–**	49 853

[1] The fair values of the liability component and the equity conversion component were determined at issuance of the bonds. The fair values of the liability components of both bonds were calculated using market interest rates for equivalent non-convertible bonds. The residual amounts, representing the values of the equity conversion components, are included in shareholders' equity in other reserves, net of deferred taxes.

		2011 R'000	2010 R'000
14.	**INTEREST-BEARING LOANS AND BORROWINGS (continued)**		
14.5	**Convertible bonds**		
	Balance at beginning of the year	**2 921 256**	2 820 520
	Coupon interest	**(239 500)**	(239 522)
	Market implied interest	**353 184**	340 258
	Balance at end of the year	**3 034 940**	2 921 256
15.	**DEFERRED TAXATION LIABILITY**		
15.1	**Deferred taxation movement**		
	Balance at beginning of the year	**106 083**	112 823
	Current year charge	**(28 126)**	8 515
	Through other comprehensive income on fair value adjustments on available for sale financial assets	**1 372**	(15 255)
	Balance at end of the year	**79 329**	106 083
15.2	**Deferred taxation balances**		
	Provision for taxation on temporary differences resulting from:		
	Convertible bonds	**77 276**	98 145
	Fair value adjustments on available for sale financial assets	**(13 883)**	(15 255)
	Property, plant and equipment	**(1)**	(1)
	Unrealised foreign currency gain	**18 566**	27 979
		81 958	110 868
	Taxation losses	**(2 629)**	(4 785)
	Total deferred taxation liability	**79 329**	106 083
16.	**ACCOUNTS PAYABLE**		
	Group companies (note 22)	**680 610**	646 991
	Other payables and amounts due	**9 166**	8 913
		689 776	655 904

The fair values of accounts payable are disclosed in note 9.1.

		2011 R'000	2010 R'000
17.	**INTERGROUP LOANS PAYABLE**		
	Group companies (note 22)	**2 016 333**	1 647 160

The loan is non-interest bearing and has no fixed repayment terms.

18. COMMITMENTS AND CONTINGENCIES

18.1 Borrowing facilities

In terms of the articles of association, the borrowing powers of the company are unlimited.

18.2 Contingent liabilities

The company is guarantor to the Unitrans Domestic Medium-term Note Programme with the issuer, Unitrans Services (Proprietary) Limited.

There is no litigation, current or pending, which is considered likely to have a material adverse effect on the company.

Steinhoff has subordinated R219 million of the amount due under the recharge arrangement from Steinhoff Investment in favour of all other creditors.

All amounts payable in respect of the 2016 and 2018 convertible bonds are guaranteed by Steinhoff and Steinhoff undertook to procure the due and punctual delivery of the shares persuant to the terms and conditions of the bond.

19. JUDGEMENTS AND ESTIMATES

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldomly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next financial year are discussed below.

Useful lives and residual values

The estimated useful lives for computer equipment is two to four years.

Impairment of assets

An individual assessment of the financial assets is performed at each reporting period.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

	2011 R'000	2010 R'000
20. CASH UTILISED IN OPERATIONS		
Operating profit/(loss)	**118 943**	(197 522)
Adjusted for:		
Loss on sale of investment	**11 837**	–
Net foreign exchange (gains)/losses	**(136 821)**	191 534
Cash utilised in operations before working capital changes	**(6 041)**	(5 988)
Working capital changes		
(Increase)/decrease in accounts and share scheme settlement receivables	**(121 412)**	3
Increase/(decrease) in accounts payable	**253**	(1 340)
Net changes in working capital	**(121 159)**	(1 337)
Cash utilised in operations	**(127 200)**	(7 325)

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and balances with banks. Bank overdrafts are only included where the company has a legal right of set-off due to cash management arrangements. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2011 R'000	2010 R'000
Bank balances and cash	**10 385**	65 589

	2011 R'000	2010 R'000
22. INTERGROUP TRANSACTIONS		
Related-party relationships exist between shareholders, subsidiaries, joint-venture companies and associate companies within the company and its company directors and key management personnel.		
These transactions are concluded at arm's length in the normal course of business and include transactions as a result of the groupwide treasury management of foreign currency movements.		
22.1 Subsidiaries		
Details of investments in principal subsidiaries are disclosed in note 7.		
22.2 Trading transactions		
The following is a summary of transactions with subsidiary companies during the year and balances at year-end:		
Loans receivable from:		
Steinhoff At Work (Proprietary) Limited	181	–
Steinhoff Finance Holding GmbH (incorporated in Austria)	3 373 419	3 206 790
Steinhoff Investment Holdings Limited	13 323 896	10 155 470
	16 697 496	13 362 260
Short-term loans receivable from:		
Steinhoff International Share Trust	70 308	70 246
Accounts receivable:		
Steinhoff Finance Holding GmbH (incorporated in Austria)	267 046	142 171
Loans payable to:		
SHF Raw Materials (Proprietary) Limited	93 238	–
Steinhoff Africa Holdings (Proprietary) Limited	1 923 095	1 647 160
	2 016 333	1 647 160
Accounts payable:		
Steinhoff Finance Holding GmbH (incorporated in Austria)	680 610	646 991
Interest received:		
Steinhoff International Share Trust	62	2 029
Steinhoff Investment Holdings Limited	202 754	247 564
Steinhoff Finance Holding GmbH (incorporated in Austria)	121 065	117 602
	323 881	367 195
Preference dividends received:		
Steinhoff Investment Holdings Limited	30 733	41 126
Management fees received:		
KAP International Holdings Limited	193	193
Interest paid:		
SHF Raw Materials (Proprietary) Limited	5 488	–

		2011 R'000	2010 R'000
22.3	Compensation of key management personnel		
	Key management personnel are defined as directors of the company and its significant subsidiary companies, as well as top executive management members.		
	Key management personnel compensation		
	Short-term employee benefits	**149 475**	107 843
	Share-based payments – related expense	**53 216**	47 471
		202 691	155 314
	Number of members	**27**	24

22.4 Directors

Details relating to directors' emoluments, shareholding in the company and interest of directors and officers are disclosed in note 23.

22.5 Interest of directors and officers in contracts

All directors and officers of the company have, other than described below, confirmed that they had no interest in any contract of significance with the company or any of its subsidiary companies, which could have resulted in a conflict of interest during the year.

During the year under review, contracts were concluded with:

- Hoffman Attorneys (of which SJ Grobler is a partner) provided legal services to group companies and was reimbursed for expenses to the amount of approximately R6.6 million (2010: R5.4 million).
- PSG Capital Limited and associate companies (of which JF Mouton is a director) (a subsidiary of PSG Group Limited of which JF Mouton and MJ Jooste are directors) acted as sponsor and advisor to the group, in respect of which fees were paid totalling approximately R0.1 million (2010: R0.1 million).
- MJD Aviation Partnership (of which MJ Jooste, KJ Grové and DM van der Merwe are partners) provided aviation services to the group to the amount of R1.2 million.
- Steinhoff Africa holds pre-emptive rights in respect of 41.4% (2010: 41.2%) of Daun & Cie AG's interest in KAP International Holdings Limited of which CE Daun is the chairman. Mr Daun is also the chairman and controlling shareholder of Daun & Cie AG (Daun & Cie).

All the contracts were concluded at arm's length in the normal course of business at market-related terms no less favourable than to any third parties.

Notes to the annual financial statements

for the year ended 30 June 2011 (continued)

23. REMUNERATION REPORT

23.1 Remuneration

Executive directors	Basic foreign remuneration	Basic rand remuneration	Foreign company contribution and expense allowances	Rand company contribution and expense allowances	Bonus	Company directors' fees[1]	Total remuneration and fees (including foreign amounts converted to rand for reporting purposes)
2011	'000	R'000	'000	R'000	'000	R'000	R'000
HJK Ferreira	**€150**	**2 549**	**–**	**778**	**R1 745**	**624**	**7 130**
SJ Grobler[2]	**€165**	**2 507**	**–**	**675**	**R1 745**	**624**	**7 129**
TLJ Guibert[3]	**€124**	**–**	**–**	**–**	**–**	**104**	**1 286**
MJ Jooste	**€1 225**	**–**	**–**	**1 302**	**R5 114**	**624**	**18 753**
FJ Nel	**€66**	**1 455**	**–**	**233**	**R661**	**624**	**3 604**
IM Topping[4]	**£165**	**–**	**£30**	**–**	**–**	**260**	**2 425**
DM van der Merwe	**€100**	**3 165**	**–**	**895**	**R1 885**	**624**	**7 525**
						3 484	**47 852**
2010							
HJK Ferreira	€150	1 809	–	297	R1 125	594	5 414
SJ Grobler[2]	€150	1 884	–	222	R2 250	594	6 539
MJ Jooste	€1 151	–	–	980	–	594	13 767
FJ Nel	€75	923	–	231	R688	594	3 231
IM Topping	£401	–	£69	–	£225	594	8 963
DM van der Merwe	€100	2 471	–	445	–	594	4 570
						3 564	42 484

Alternate directors and officers							
2011							
JNS du Plessis	**€42**	**–**	**–**	**–**	**R1 470**	**624**	**4 766**
KJ Grové	**–**	**2 383**	**–**	**893**	**R8 600**	**624**	**12 500**
A Krüger-Steinhoff[5]	**–**	**–**	**–**	**–**	**–**	**260**	**260**
AB la Grange	**€87**	**2 262**	**–**	**674**	**R1 070**	**624**	**5 462**
M Nel[6]	**€5**	**154**	**–**	**26**	**–**	**104**	**333**
						2 236	**23 321**
2010							
JNS du Plessis	€42	1 902	–	–	R750	594	3 691
KJ Grové	–	2 187	–	459	–	594	3 240
A Krüger-Steinhoff[2]	–	–	–	–	–	240	240
AB la Grange[7]	€25	989	–	123	–	347	1 716
						1 775	8 887

[1] Directors' fees were paid with basic remuneration.
[2] Includes fees and remuneration in respect of professional services rendered.
[3] TLJ Guibert was appointed as a director on 1 May 2011.
[4] IM Topping resigned from the board on 10 December 2010.
[5] Non-executive director.
[6] M Nel was appointed as an alternate director on 1 May 2011.
[7] AB la Grange was appointed as an alternate director on 7 December 2009.

Non-executive directors 2011	Fees as director Basic R'000	Fees as director Committees R'000	Fees for services R'000	Total R'000
SF Booysen	**325**	**288**	**–**	**613**
DC Brink	**325**	**288**	**–**	**613**
YZ Cuba	**325**	**28**	**–**	**353**
CE Daun	**325**	**–**	**–**	**325**
D Konar	**1 300**	**–**	**–**	**1 300**
JF Mouton[1]	**325**	**28**	**–**	**353**
FA Sonn	**325**	**106**	**–**	**431**
BE Steinhoff	**325**	**–**	**3 979**	**4 304**
PDJ van den Bosch[2]	**364**	**–**	**646**	**1 010**
	3 939	**738**	**4 625**	**9 302**
2010				
DE Ackerman[3]	150	133	–	283
SF Booysen[4]	300	85	–	385
DC Brink	300	265	–	565
YZ Cuba	300	25	–	325
CE Daun	300	–	–	300
D Konar	1 200	–	–	1 200
JF Mouton[1]	300	25	–	325
FA Sonn	300	98	–	398
BE Steinhoff	300	–	4 468	4 768
	3 450	631	4 468	8 549

[1] Paid to various entities as management fees.
[2] PDJ van den Bosch was appointed as a non-executive director on 10 December 2010.
[3] DE Ackerman retired from the board on 7 December 2009.
[4] SF Booysen was appointed as an independent, non-executive director on 8 September 2009.

Directors' fees and remuneration	2011 R'000	2010 R'000
Remuneration paid by:		
– Company	**4 248**	4 020
– Subsidiary companies	**76 227**	55 900
	80 475	59 920

Notes to the annual financial statements

for the year ended 30 June 2011 (continued)

23. REMUNERATION REPORT (continued)

23.2 Share rights

	Offer date	Number of rights as at 30 June 2010	Number of rights exercised, (forfeited)/ awarded during the year	Number of rights as at 30 June 2011	Purchase price (cents)	
Executive directors						
HJK Ferreira	December 2007	249 345	(249 345)	–	0.5	Forfeited
	December 2008	408 356	–	408 356	0.5	
	July 2009	601 348	–	601 348	0.5	
	December 2010	–	464 684	464 684	0.5	1 December 2010
		1 259 049	215 339	1 474 388		
SJ Grobler	December 2007	249 038	(249 038)	–	0.5	Forfeited
	December 2008	408 356	–	408 356	0.5	
	July 2009	601 348	–	601 348	0.5	
	December 2010	–	464 684	464 684		1 December 2010
		1 258 742	215 646	1 474 388		
MJ Jooste	December 2007	794 010	(794 010)	–	0.5	Forfeited
	December 2008	1 306 739	–	1 306 739	0.5	
	July 2009	1 957 602	–	1 957 602	0.5	
	December 2010	–	1 266 034	1 266 034	0.5	1 December 2010
		4 058 351	472 024	4 530 375		
FJ Nel	December 2007	167 637	(167 637)	–	0.5	Forfeited
	December 2008	249 551	–	249 551	0.5	
	July 2009	366 720	–	366 720	0.5	
	December 2010	–	265 534	265 534	0.5	1 December 2010
		783 908	97 897	881 805		
DM van der Merwe	December 2007	275 818	(275 818)	–	0.5	Forfeited
	December 2008	430 316	–	430 316	0.5	
	July 2009	626 776	–	626 776	0.5	
	December 2010	–	486 812	486 812	0.5	1 December 2010
		1 332 910	210 994	1 543 904		
Total executive directors		8 692 960	1 211 900	9 904 860		
Alternate directors						
JNS du Plessis	December 2007	189 827	(189 827)	–	0.5	Forfeited
	December 2008	272 237	–	272 237	0.5	
	July 2009	398 218	–	398 218	0.5	
	December 2010	–	292 087	292 087	0.5	1 December 2010
		860 282	102 260	962 542		
KJ Grové	July 1999 – June 2000	40 000	(40 000)	–	1 000	14 October 2010[2]
	July 2000 – June 2001	70 000	(70 000)	–	1 009	14 October 2010[2]
	July 2001 – June 2002	165 000	–	165 000	910	
	July 2002 – June 2003	110 000	–	110 000	1 030.50	
	July 2004 – June 2005	105 000	–	105 000	1 322.50	
	July 2005 – June 2006	112 500	–	112 500	1 550.50	
	December 2007	216 360	(216 360)	–	0.5	Forfeited
	December 2008	294 016	–	294 016	0.5	
	July 2009	427 978	–	427 978	0.5	
	December 2010	–	309 789	309 789	0.5	1 December 2010
		1 540 854	(16 571)	1 524 283		
AB la Grange	December 2007[1]	77 427	(77 427)	–	0.5	Forfeited
	December 2008[1]	226 864	–	226 864	0.5	
	July 2009[1]	398 202	–	398 202	0.5	
	December 2010	–	354 045	354 045	0.5	1 December 2010
		702 493	276 618	979 111		
M Nel	December 2007[1]	57 955	(57 955)	–	0.5	Forfeited
	December 2008[1]	92 542	–	92 542	0.5	
	July 2009[1]	180 267	–	180 267	0.5	
	December 2010[1]	–	141 618	141 618	0.5	1 December 2010
		330 764	83 663	414 427		
Total alternate directors and officers		3 434 393	445 970	3 880 363		

None of the exercised share rights were sold by directors during the year.

[1] Granted prior to being a director.

[2] The weighted average market price of share rights exercised was R21.10.

23.3 Interest in share capital

Executive directors 2011	Direct interest Beneficial	Indirect interest Beneficial	Total
HJK Ferreira	–	4 444 921	4 444 921
SJ Grobler	–	5 315 572	5 315 572
MJ Jooste	–	34 818 207	34 818 207
FJ Nel	5 528	3 793 661	3 799 189
DM van der Merwe	–	7 524 592	7 524 592
	5 528	55 896 953	55 902 481
2010			
HJK Ferreira	52 000	4 288 608	4 340 608
SJ Grobler	–	5 185 665	5 185 665
MJ Jooste	–	33 543 551	33 543 551
FJ Nel	7 326	3 719 470	3 726 796
IM Topping	1 040 000	–	1 040 000
DM van der Merwe	–	7 335 207	7 335 207
	1 099 326	54 072 501	55 171 827

Non-executive directors 2011	Direct interest Beneficial	Indirect interest Beneficial	Total
SF Booysen	–	200 000	200 000
DC Brink	–	117 624	117 624
CE Daun	–	357 477	357 477
D Konar	328 188	–	328 188
JF Mouton	–	6 000 000	6 000 000
FA Sonn	–	63 181	63 181
BE Steinhoff	363 200	167 332 210	167 695 410
PDJ van den Bosch	624 424	–	624 424
	1 315 812	174 070 492	175 386 304
2010			
DC Brink	–	113 318	113 318
CE Daun	–	357 477	357 477
D Konar	316 174	–	316 174
JF Mouton	–	5 000 000	5 000 000
FA Sonn	–	41 600	41 600
BE Steinhoff	349 904	165 017 984	165 367 888
	666 078	170 530 379	171 196 457

Alternate directors 2011	Direct interest Beneficial	Indirect interest Beneficial	Total
JNS du Plessis	–	107 952	107 952
KJ Grové	–	199 714	199 714
A Krüger-Steinhoff[1]	645 661	59 374	705 035
AB la Grange	869 800	–	869 800
M Nel	242 322	–	242 322
	1 757 783	367 040	2 124 823
2010			
JNS du Plessis	–	104 000	104 000
KJ Grové	–	2 707 230	2 707 230
A Krüger-Steinhoff[1]	622 024	57 200	679 224
AB la Grange	850 992	–	850 992
	1 473 016	2 868 430	4 341 446

[1] Non-executive director.

24. NEW ACCOUNTING PRONOUNCEMENTS

		Effective date – annual periods commencing on or after
At the date of authorisation of these annual financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that have not been early adopted and may have an impact on future financial statements:		
IFRS 7	Financial Instruments: Disclosures: Transfers of financial assets	1 January 2011
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1	Presentation of Financial Statements: Presentation of items of other comprehensive income	1 July 2012
IAS 19	Employee Benefits	1 January 2013
IAS 27	Separate Financial Statements	1 January 2013
IAS 28	Investments in Associates and Joint Ventures	1 January 2013

24.1 IFRS 7 (revised)

In October 2010, the IASB issued an amendment to IFRS 7 – *Financial Instruments: Disclosures: Transfers of financial assets*. This amendment will help users of financial statements evaluate the risk exposures relating to transfers of financial assets, the effect of those risks on an entity's financial position and will promote transparency in the reporting of transfer transactions, particularly those that involve securitisation of financial assets. This amendment will be adopted by the company in the next financial year.

24.2 IFRS 9

In October 2010, the IASB issued an expanded and amended version of IFRS 9 – *Financial Instruments* (IFRS 9). The statement addresses the classification and measurement of financial assets and financial liabilities. The new standard enhances the ability of investors and other users of financial information to understand the accounting of financial assets and financial liabilities and aims to reduce complexity. As the entire statement has not been finalised (e.g. hedge accounting), the company will first assess the standard in its entirety before adopting it.

24.3 IFRS 10

In May 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements* (IFRS 10). This statement supersedes IAS 27 – *Consolidated and Separate Financial Statements* (IAS 27) and SIC 12 – *Consolidation – Special Purpose Entities*. The IFRS defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. The standard sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 has replaced the consolidation requirements in IAS 27 and IAS 27 has been renamed to Separate Financial Statements. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.

24.4 IFRS 11

In May 2011, the IASB issued IFRS 11 – *Joint Arrangements.* This statement supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. The standard requires a party to a joint arrangement to determine the type of joint arrangement (joint operation or joint venture) in which it is involved by assessing its rights and obligations arising from the arrangement. IAS 28 – *Investments in Associates and Joint Ventures* has been amended and now prescribes how to account for investments in associates and joint ventures using the equity method. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.

24.5 IFRS 12

In May 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*. This standard sets out the disclosure requirements for interests in other entities in order to make it easier for stakeholders to understand and apply the disclosure requirements for subsidiaries, joint ventures, associates and unconsolidated structures. The IFRS requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effect of those interests on its financial position, financial performance and cash flows. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.

24.6 IFRS 13

In May 2011, the IASB issued IFRS 13 – *Fair Value Measurement*. This IFRS defines fair value, provides a single framework for measuring fair value and requires disclosures about fair value measurement. The standard applies to other IFRSs that require or permit fair value measurements or disclosures about fair value measurements. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.

24.7 IAS 1 (revised)

In June 2011, the IASB issued IAS 1 – *Presentation of Financial Statements – Presentation of items of other comprehensive income*. The amendment focuses on improving how items of other comprehensive income are presented in order to facilitate the assessment of their impact on the overall performance of an entity. The main change required from the amendment is that entities company items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.

24.8 IAS 19 (revised)

In June 2011, the IASB revised IAS 19 – *Employee Benefits*. The revision eliminates the corridor method (deferral of gains and losses on measurement of the defined benefit liability) in order to improve comparability and faithfulness of presentation. The revision streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring the remeasurements to be presented in other comprehensive income thereby separating these changes from those of the entity's day-to-day operations. The company is in the process of analysing the impact of the standard and determining when the company will adopt the standard.