STEINHOFF
INVESTMENT HOLDINGS LTD

CONDENSED CONSOLIDATED UNAUDITED AND UNREVIEWED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020

SALIENT FEATURES

Revenue from continuing operations increased by 6.5% to R37.6 billion

During the Reporting Period a provision of R9.4 billion has been recognised in respect of the Litigation Settlement Proposal as well as the recognition of a foreign exchange loss of R4.8 billion on the SIHPL CPU liability

Operating profit from continuing operations, before other material expenses increased from a profit of R3.3 billion to a profit of R3.9 billion

Operating profit from continuing operations, after other material expenses decreased from a profit of R4.1 billion to a loss of R10.5 billion

Headline earnings per share decreased from a profit of 2 481.8 cents per share to a loss of 23 716.3 cents per share

Basic earnings per share decreased from a profit of 3 487.3 cents per share to a loss of 24 187.2 cents per share

Normalised basic earnings per share increased from a profit of 1 880.0 cents per share to a profit of 2 327.3 cents per share

The Group adopted IFRS 16: Leases during the current Reporting Period, using the modified retrospective approach with no restatement of prior period results. This had a material impact on the Group's statutory results for the Reporting Period. To form a meaningful assessment of the Group's performance as compared to the prior period, shareholders are referred to note 14 to the condensed consolidated interim financial statements.

STEINHOFF
INVESTMENT HOLDINGS LTD

CONDENSED CONSOLIDATED UNAUDITED AND UNREVIEWED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 MARCH 2020

COMMENTARY

OVERVIEW

Steinhoff Investment Holdings Limited ("Steinhoff Investments" or "the Company" or "the Group") is a wholly owned subsidiary of Steinhoff International Holdings N.V. ("Steinhoff N.V.") and is the issuer of variable rate, cumulative, non-redeemable, non-participating preference shares with a capital value of R1.5 billion. The preference shares are listed on the Johannesburg Stock Exchange ("JSE"). The listing of the preference shares was suspended by the JSE effective 1 March 2018, due to outstanding reporting requirements, and has remained suspended since that date.

The consolidated and separate annual financial statements for the year ended 30 September 2019 ("FY19 Accounts") were released on 29 May 2020, ahead of the release of the delayed consolidated and separate annual financial statements for the years ended 30 September 2016, 2017 and 2018 in order to give the market the most recent financial information as soon as possible.

In the FY19 Accounts the Company's external auditors, Mazars, issued

(i) a disclaimer of opinion on the consolidated and separate statements of financial performance and consolidated and separate statements of cash flows, and

(ii) a qualified opinion on the consolidated and separate statements of financial position.

The main reason for Mazars' modification to the 30 September 2019 audit report was that the prior years have not been audited. The opening position for the 2020 interim results has now been audited. Certain other matters contributed to the modified audit opinion, including:

- Litigation and claims,
- Going Concern, and
- Tax uncertainty.

These matters and uncertainties still exist and remain relevant to these Interim Results but all relate to past events. There are no further matters to report following publication of FY2019 Accounts with respect to potential or contingent liabilities.

At 31 March 2020, Pepkor Holdings Limited ("Pepkor Africa" and/or "PPH") comprised 100% of the turnover of Steinhoff Investments and 82% of its total assets. Pepkor Africa received an unqualified audit report for their 2019 Annual Financial Statements, and as such released their unreviewed Interim Results for the six-month period ending 31 March 2020 on 27 May 2020 ("Pepkor Africa 2020 Interim Results").

This Interim Report covers the six-month period ended 31 March 2020 (the "Reporting Period") and also addresses the material events subsequent to the Reporting Date up to the publication date of this report.

The Company is publishing these unreviewed Interim Results in circumstances where a review is required in terms of the JSE Listings Requirements, for the following reasons:

- The Company believes that the timely publication of useful and relevant financial information is in the best interests of its stakeholders, particularly its preference shareholders, in circumstances where they are prejudiced by a suspension of trade.
- Publication of these Interim Results is an important step toward regularising the Company's periodic financial reporting.
- In light of the Steinhoff N.V. Group's proposed global settlement of litigation, it is the Company's view that the publication of timely information relevant to the Company's preference shareholders is of great value to them.
- The audit and risk committee and the board have confirmed that they are satisfied that these Interim Results fairly presents the Company's financial position.
- The Company's stakeholders have access to both the Pepkor Africa 2020 Interim Results and the Half Year Results of Steinhoff N.V., being the Company's major asset and holding company respectively.

DIRECTORS RESPONSIBILITY STATEMENT

These condensed consolidated interim financial statements together with the announcement are the responsibility of the directors of the Company and has not been subject to an audit or a review by the Company's auditors.

The directors of the Company hereby confirm that, the Group will continue as a going concern for the foreseeable future and, as far as each of them are aware, subject to the judgements and estimates set out in the Basis of Preparation, the 2020 Condensed Consolidated Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Steinhoff Investments and the enterprises included in the Group's 2020 Condensed Consolidated Interim Financial Statements.

COMMENTARY

It is the directors of Steinhoff Investments' intention that the financial statements for the earlier years will be released before the end of 2020 and that regular reporting will resume with effect from the 2020 full year results.

These results have been prepared under the supervision of TLR de Klerk (director); BCom (Hons), CTA, HDip (Tax), CFM.

EXTERNAL AUDIT

These 2020 Interim Results have not been audited or reviewed by the Company's auditors, Mazars and are being released in order to give the market the most recent financial information as soon as possible.

FINANCIAL PERFORMANCE

Steinhoff Investments achieved a mixed set of operating results for the six months ended 31 March 2020, despite a difficult retail environment where consumer spending remained constrained by low consumer confidence, high levels of unemployment, load shedding and low economic growth. These factors were exacerbated during March 2020 with the spread of the Coronavirus (COVID-19) across South Africa and the globe, resulting in the declaration of a national state of disaster and the implementation of a national lockdown effective from 27 March 2020.

Prior to the arrival of COVID-19, management within the businesses had been continuing their focus on operational improvements, cash flow and liquidity, expense management and profitability. Following the outbreak of COVID-19, the focus moved to employee and customer safety, and liquidity and working capital management.

A number of investments have been disposed of by the Group following the December 2017 events, resulting in an increase in cash held during the Reporting Period.

On 27 July 2020, Steinhoff N.V. released a detailed update on its efforts to resolve the ongoing complex legal claims and litigation proceedings, including details of a proposal for the settlement of the outstanding litigation ("Litigation Settlement Proposal") in respect of these claims. Further details of the proposal are provided in the referenced announcement. A provision of R9.4 billion in respect of litigation claims has been recognised at the Reporting Date. In addition, as this proposal has not yet been agreed to by any party, the claims are still being disclosed as contingent liabilities.

In addition, as a result of the change in the ZAR/EUR exchange rate during the Reporting Period a foreign currency loss on the Steinhoff International Holdings Proprietary Limited contingent payment undertaking ("SIHPL CPU") of R4.8 billion was raised.

CORPORATE ACTIVITY DURING THE REPORTING PERIOD

Since December 2017, the Group has been engaged in an exceptional level of corporate activity as it stabilises and restructures its operations, and this elevated activity level continued during the Reporting Period.

Unitrans – Automotive

On 27 November 2019, the Group announced the financial closing of the sale of a 74.9% stake in Unitrans to CFAO, effective 25 November 2019, and that an agreement had been reached to sell the remaining 25.1% to Kapela Holdings, a Broad-Based Black Economic Empowerment investment group. This second transaction had an effective date of 19 December 2019.

Properties – Africa

The Group commenced a process, post-March 2019, to dispose of the remaining properties within its African property division. Management is considering various disposal options in order to optimise the balance sheet and unlock value for shareholders. The portfolio consists of retail, office, warehouse, dealership, truck shop and residential properties, including properties tenanted by the Group and third parties, as well as land for development. At 31 March 2020 the Africa property portfolio still met the criteria to be classified as held-for-sale.

Pepkor Africa

The Company's main trading subsidiary is Pepkor Holdings Limited ("Pepkor Africa" and/or "PPH"). As part of Pepkor Africa's stated ambition to reduce gearing and financing costs while diversifying its sources of funding, Pepkor Africa successfully raised R1 billion in three and five-year bonds issued on 10 March 2020 at favourable interest rates, under its R10 billion domestic medium-term note programme. Proceeds from the bond issue were used to settle the majority of the R1.5 billion bridge funding facility that was repayable in 2020. Pepkor Africa's credit rating was affirmed by Moody's Investors Services on 6 April 2020.

CORPORATE ACTIVITY AFTER THE REPORTING PERIOD

Buyout of minority interest

During May 2020, Steinhoff Finance Investments Proprietary Limited, the registered beneficial holder of 92% of the issued share capital in Mons Bella Private Partner Investment Proprietary Limited ("Mons Bella"), holder of the equity interest IEP Group Proprietary Limited, has acquired the remaining 8% of Mons Bella's issued shares from Chestnut Hill Investments 288 Proprietary Limited (an entity otherwise unrelated to the Group) ("Chestnut Hill") for R72 million. The purchase also concludes all legal disputes between the parties. The closure of the transaction was considered to be 15 May 2020.

Pepkor Africa

On 23 June 2020, Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares. The placement was a precautionary measure to strengthen Pepkor Africa's financial flexibility and liquidity position in light of the continuing COVID-19 pandemic and resulting macroeconomic pressure. In addition to other cash-saving initiatives already undertaken by Pepkor Africa, the placement further increased the resilience of Pepkor Africa's balance sheet, and enhanced its liquidity profile, should a more negative macroeconomic scenario materialise.

COMMENTARY

On 24 June 2020, Pepkor Africa announced the successful completion of this bookbuild, having placed the full 172.5 million shares at R11.00 per share, representing a discount of 6%, and raising R1.9 billion. Steinhoff Investments did not participate in this transaction, reducing its effective shareholding in Pepkor Africa from c.71% to c.68%.

On 4 August 2020, Pepkor Africa released a voluntary announcement advising that they had entered into a sale and purchase agreement with Cashbuild Limited for the disposal of the entire issued share capital of Pepkor Africa's wholly owned subsidiary, The Building Company Proprietary Limited.

LITIGATION

Litigation remains a significant outstanding challenge for the wider group and has been a major focus for management. In parallel with these various court processes, the Board, assisted by the Group's legal advisors, continued to work towards a resolution of outstanding claims against the Group throughout the period.

On 27 July 2020, Steinhoff N.V. released a detailed update on its efforts to resolve the ongoing complex legal claims and litigation proceedings, including details of the Litigation Settlement Proposal in respect of these claims. Further details of the proposal are provided in the referenced announcement.

A provision of R9 379 million in respect of litigation claims has been recognised at the Reporting Date as detailed in note 8.2 to the condensed consolidated interim financial statements. In addition, as this proposal has not yet been agreed to by any party, the claims are still being disclosed as contingent liabilities.

ADOPTION OF IFRS 16: LEASES

The Group adopted IFRS 16: Leases ("IFRS 16") during the current reporting period, using the modified retrospective approach with no restatement of prior period reported results. This had a material impact on the Group's statutory results for the current period, reducing earnings before taxation from continuing operations by R356 million and negatively impacting headline earnings per share from continuing operations.

As at the Reporting Date, leases were capitalised in the form of a right-of-use asset of R11.6 billion, and a lease liability of R16 billion was raised. Please refer to note 13 of the condensed consolidated interim financial statements for further information.

OPERATIONAL PERFORMANCE

Pepkor Africa has the largest retail store footprint in southern Africa, with more than 5 400 stores operating across 11 African countries. The majority of its retail brands operate in the discount and value segment of the market.

For more information please visit **www.pepkor.co.za**.

The Pepkor Africa group achieved a commendable result for the Reporting Period as its proven defensive discount and value market positioning, disciplined focus on customer needs and leading low cost of doing business underpinned performance.

The retail environment was constrained by low consumer spending, high levels of unemployment, load shedding and low economic growth, and these trends were exacerbated during March 2020 by the spread of COVID-19 across South Africa and the globe.

The Pepkor Africa group's operations achieved revenue growth of 6% for the Reporting Period. Operating profit growth was significantly impacted by increased debtors' costs while higher funding costs weighed on earnings growth.

The discount and value positioning of PEP and Ackermans proved resilient during the Reporting Period as confirmed by continued market share growth according to Retail Liaison Committee ("RLC") data. In aggregate, PEP and Ackermans reported merchandise sales growth of 7% and like-for-like growth of 4%.

PEP outperformed the market, further strengthening its position as leader in the discount clothing segment. With customers facing financial pressure and high levels of unemployment, PEP continued to fulfil their need for basic and essential products and services, maintaining its price-leading position, with best price leadership ("BPL") remaining above 95%. A 26% positive price differential was achieved compared to other retailers.

The customer value proposition of Ackermans aimed at 'women with kids in their lives' again delivered strong performance, with double-digit growth in the babies product category. Women's wear benefited from improved visual merchandising and successful marketing campaigns. The store base of the Ackermans Woman retail concept was expanded to 20 stand-alone stores.

PEP Africa remains profitable and continues to consolidate amid adverse macroeconomic conditions across most of its countries of operation, while performance of the Speciality division has been most severely affected by the challenging retail environment for more discretionary products such as footwear and adult apparel.

Sales in the furniture division were severely impacted from mid-March in the lead-up to the implementation of the national lockdown. The electronics and appliances division benefited from the investment in online transacting and fulfilment systems and achieved strong growth in online transactions. The contribution from online sales in this division increased to 6% for the Reporting Period.

Trading activity continued to weaken in a contracting building materials sector. Good progress was made in the retail division through margin improvement, centralised procurement and automatic replenishment initiatives.

FLASH, with its reach into the informal market, continues to report strong growth with virtual turnover in its trader business increasing during the period. The number of

COMMENTARY

FLASH traders increased to 172 000 from 156 000 in the comparative period and investments in new products, channels and geographies are gaining momentum.

Capfin increased active accounts to 333 000. Credit granting was severely curtailed towards the end of March 2020 as a result of COVID-19 and the focus has now turned to debt collections.

OUTLOOK

Trading subsequent to the Reporting Period remains volatile and the difficult trading environment is expected to persist as consumer spending continues to be constrained. In addition, the impact of the COVID-19 pandemic and related store closures and other trading restrictions are having a negative impact on revenue and profitability. Very strong trade was achieved during May and June 2020 as lockdown measures eased, and this can be attributed to pent-up demand and social grant payments, as well as the value proposition and market positioning of Pepkor Africa.

Pepkor Africa remains confident that it is well positioned to gain market share in the post-COVID-19 'new economy' with its defensive discount and value positioning being more resilient through its focus on babies' and children's clothing and large contribution of basic and replenishment products.

DIVIDEND DECLARATIONS – Preference shares

On 21 February 2020, the board declared a gross dividend of 416.90753 South African cents per preference share. This dividend was paid on Monday, 30 March 2020.

Subsequent to the Reporting Period, on 24 August 2020, the board declared a gross dividend of 356.78425 South African cents per preference share. This dividend will be paid on Monday, 21 September 2020.

The preference shares dividends are payable in the currency of South Africa and are subject to local dividend tax of 20%.

DIVIDEND DECLARATION – Ordinary shares

In line with prior periods, no interim dividend has been declared on the ordinary shares.

EVENTS AFTER THE REPORTING DATE

Aside from the corporate activity, the impact of the COVID-19 pandemic and the Litigation Settlement Proposal, all as set out above, no other material events have occurred after the Reporting Date. Refer to note 12 of the condensed consolidated interim financial statements.

APPRECIATION

The Group has made significant progress since 30 September 2019 and this is a substantial achievement that required a tremendous effort by all involved.

We would like to take this opportunity to thank senior management and employees in the Group's operating businesses for their hard work and loyalty in extremely challenging circumstances.

We would also like to thank all members of the Board, who have provided guidance and support.

3 September 2020

M Moses	**L du Preez**	**TLR de Klerk**
Independent non-executive chairperson	*Executive director*	*Executive director*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	**Six months ended 31 March 2020 Unaudited Rm**	Six months ended 31 March 2019 Unaudited Rm
Continuing operations			
Revenue	2	**37 597**	35 301
Cost of sales[1]		**(24 033)**	(22 670)
Gross profit		**13 564**	12 631
Other income		**443**	375
Distribution expenses		**(564)**	(464)
Administration expenses		**(9 578)**	(9 291)
Other (expenses)/income	3	**(14 373)**	884
Operating (loss)/profit		**(10 508)**	4 135
Finance costs	4	**(1 923)**	(1 025)
Income from investments		**805**	410
Share of (loss)/profit of equity accounted companies	6.2	**(87)**	257
Impairment of equity accounted companies	6.2	**(414)**	–
(Loss)/profit before taxation from continuing operations		**(12 127)**	3 777
Taxation		**(966)**	(1 276)
(Loss)/profit from continuing operations		**(13 093)**	2 501
Discontinued operations			
Profit from discontinued operations	1.1	**246**	146
(Loss)/profit for the period		**(12 847)**	2 647
(Loss)/profit attributable to:			
Owners of Steinhoff Investments		**(13 303)**	1 918
Preference shareholders of Steinhoff Investments		**61**	63
Non-controlling interests		**395**	666
(Loss)/profit for the period		**(12 847)**	2 647
Basic and diluted (loss)/earnings per share (cents)			
From continuing operations	5	**(24 634.5)**	3 221.8
From discontinued operations	5	**447.3**	265.5
		(24 187.2)	3 487.3

[1] *The material component of cost of sales comprises the cost of sales of inventory.*

On 1 October 2019, the Group adopted IFRS 16. Comparative information for the 2019 Interim Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Refer to note 13. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 14.

The accompanying notes are an integral part of the 2020 Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 MARCH 2020

	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
(Loss)/profit for the period	(12 847)	2 647
Items that may be reclassified subsequently to profit or loss (net of tax):		
Net exchange gains/(losses) on translation of foreign operations and translation of net investment in foreign operations	22	(169)
Net fair value gains/(losses) on cash flow hedges and other assets and liabilities measured at fair value through other comprehensive income	888	(41)
Other comprehensive income of equity accounted companies	–	13
Total other comprehensive income/(loss) for the period	910	(197)
Total comprehensive (loss)/income for the period	(11 937)	2 450
Total comprehensive (loss)/income attributable to:		
Owners of Steinhoff Investments	(12 394)	1 721
Preference shareholders of Steinhoff Investments	61	63
Non-controlling interests	396	666
Total comprehensive (loss)/income for the period	(11 937)	2 450

The accompanying notes are an integral part of the 2020 Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	31 March 2020 Unaudited Rm	30 September 2019 Audited Rm
ASSETS			
Non-current assets			
Goodwill		**41 919**	41 865
Intangible assets		**17 974**	17 979
Property, plant and equipment		**5 509**	5 484
Right-of-use assets	13	**11 599**	–
Investments in equity accounted companies	6	**2 750**	3 226
Other financial assets[1]		**5 161**	5 037
Deferred tax assets		**2 508**	1 245
Trade and other receivables		**84**	154
		87 504	74 990
Current assets			
Inventories		**13 770**	13 825
Trade and other receivables		**10 482**	8 704
Taxation receivable		**471**	485
Intergroup loans and receivables		**707**	743
Other financial assets		**–**	1
Cash and cash equivalents		**16 941**	11 818
		42 371	35 576
Assets classified as held-for-sale and disposal groups	11	**2 667**	12 543
		45 038	48 119
Total assets		**132 542**	123 109
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium		**119 020**	119 020
Other reserves		**(1 101)**	(2 066)
Accumulated losses		**(103 494)**	(88 446)
Total ordinary equity attributable to owners of Steinhoff Investments		**14 425**	28 508
Preference share capital and premium		**1 382**	1 382
Accumulated profit attributable to preference shareholders		**30**	32
Total equity attributable to preference shareholders of Steinhoff Investments		**1 412**	1 414
Non-controlling interests		**16 201**	16 582
Total equity		**32 038**	46 504
Non-current liabilities			
Borrowings	7	**42 806**	37 711
Employee benefits		**115**	89
Deferred tax liabilities		**4 138**	4 024
Provisions		**432**	464
Lease liabilities	13	**13 690**	–
Trade and other payables		**–**	461
		61 181	42 749
Current liabilities			
Trade and other payables		**10 300**	11 925
Taxation payable		**1 516**	1 171
Intergroup loans and payables		**3 638**	3 647
Employee benefits		**765**	1 017
Provisions		**127**	173
Provision – Litigation Settlement Proposal	8.2	**9 379**	–
Lease liabilities	13	**2 275**	–
Borrowings	7	**11 224**	11 069
		39 224	29 002
Liabilities directly associated with assets classified as held-for-sale and disposal groups	11	**99**	4 854
		39 323	33 856
Total equity and liabilities		**132 542**	123 109

[1] *Other financial assets include the Lancaster asset of R4.9 billion (30 September 2019: R4.7 billion).*

The accompanying notes are an integral part of the 2020 Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2020

	Ordinary share capital Rm	Accumulated losses Rm	Foreign currency translation reserve Rm	Sundry reserves Rm	Total ordinary equity attributable to owners of Steinhoff Investments Rm	Preference share capital and premium Rm	Accumulated profit/loss due to preference shareholders Rm	Preference equity attributable to preference shareholders Rm	Non-controlling interests Rm	Total Rm
Balance at 30 September 2019 – Audited	**119 020**	**(88 446)**	**(228)**	**(1 838)**	**28 508**	**1 382**	**32**	**1 414**	**16 582**	**46 504**
Effect of adopting IFRS 16	–	(1 745)	–	–	(1 745)	–	–	–	(711)	(2 456)
Restated balance at beginning of the period	**119 020**	**(90 191)**	**(228)**	**(1 838)**	**26 763**	**1 382**	**32**	**1 414**	**15 871**	**44 048**
Loss for the period	–	(13 303)	–	–	(13 303)	–	61	61	395	(12 847)
Other comprehensive income for the period	–	–	22	887	909	–	–	–	1	910
Total comprehensive (loss)/income for the period	–	(13 303)	22	887	(12 394)	–	61	61	396	(11 937)
Transactions with the owners in their capacity as owners										
Ordinary dividends	–	–	–	–	–	–	–	–	(76)	(76)
Preference dividends	–	–	–	–	–	–	(63)	(63)	–	(63)
Transactions with non-controlling interests without change in control	–	–	–	(4)	(4)			–	5	1
Derecognition of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	–	5	5
Attributable share of other reserves relating to equity accounting	–	–	–	29	29	–	–	–	–	29
Share-based payments	–	–	–	31	31	–	–	–	–	31
Total equity at 31 March 2020 – Unaudited	**119 020**	**(103 494)**	**(206)**	**(895)**	**14 425**	**1 382**	**30**	**1 412**	**16 201**	**32 038**
Balance at 30 September 2018 – Unaudited	119 020	(91 733)	53	(1 577)	25 763	1 382	32	1 414	16 296	43 473
Effect of adopting IFRS 9: Financial Instruments, net of taxation	–	(68)	–	–	(68)	–	–	–	–	(68)
Restated balance at beginning of the period	119 020	(91 801)	53	(1 577)	25 695	1 382	32	1 414	16 296	43 405
Profit for the period	–	1 918	–	–	1 918	–	63	63	666	2 647
Other comprehensive income for the period	–	–	(169)	(28)	(197)	–	–	–	–	(197)
Total comprehensive (loss)/income for the period	–	1 918	(169)	(28)	1 721	–	63	63	666	2 450
Transactions with the owners in their capacity as owners										
Ordinary dividends	–	–	–	–	–	–	–	–	(280)	(280)
Transactions with non-controlling interests without change in control	–	–	–	(7)	(7)	–	–	–	4	(3)
Attributable share of other reserves relating to equity accounting	–	–	–	26	26	–	–	–	–	26
Share-based payments	–	–	–	3	3	–	–	–	–	3
Transfers to/(from) other reserves upon disposal of subsidiaries and equity accounted investments	–	130	–	(130)	–	–	–	–	–	–
Restated balance at 31 March 2019 – Unaudited	119 020	(89 753)	(116)	(1 713)	27 438	1 382	95	1 477	16 686	45 601

The accompanying notes are an integral part of the 2020 Condensed Consolidated Interim Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2020

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/(utilised in) operations	9.1	**4 972**	(160)
Ordinary and preference dividends paid		**(139)**	(281)
Interest received		**640**	196
Interest paid	7.2	**(826)**	(856)
Taxation paid		**(1 015)**	(970)
Net cash inflow/(outflow) from operating activities		**3 632**	(2 071)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and investment property		**(1 743)**	(584)
Proceeds on disposal of property, plant and equipment and intangible assets		**490**	215
Additions to intangible assets		**(41)**	(34)
Acquisition of businesses, net of cash on hand at acquisition[1]		**(29)**	–
Clawback on acquisition of business		**26**	–
Disposal of businesses net of cash	1.2	**3 011**	(15)
Proceeds from the disposal of investments in equity accounted companies		**–**	4 727
Payments for investments in equity accounted companies		**(1)**	(16)
Increase in related party loans and receivables		**–**	(5)
Decrease/(increase) in other financial assets		**63**	(97)
Net cash inflow from investing activities		**1 776**	4 191
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of leases liabilities		**(1 925)**	–
Repayments of borrowings	7.2	**(995)**	(221)
Proceeds from borrowings	7.2	**1 201**	2 380
Net cash (outflow)/inflow from financing activities		**(1 719)**	2 159
NET INCREASE IN CASH AND CASH EQUIVALENTS		**3 689**	4 279
Effects of exchange rate translations on cash and cash equivalents		**57**	(230)
Cash and cash equivalents at beginning of the period		**13 202**	7 741
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**16 948**	11 790
Reconciliation of Cash and Cash Equivalents at end of period			
Cash and cash equivalents		**16 941**	10 848
Cash and cash equivalents held-for-sale		**7**	942
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**16 948**	11 790

[1] Effective 1 December 2019, Pepkor Africa acquired 100% of Abacus Holdco Proprietary Limited ("Abacus") for a purchase price of R182 million. The acquisition has been approved by the relevant regulatory authorities. The Abacus product offering includes life- and short-term insurance. Abacus provides insurance products via its subsidiaries to customers of JD Group and other group businesses.

Pepkor Africa further acquired Eezi Global Limited ("Eezi"), effective 1 March 2020, for a purchase price of GBP1. Eezi offers similar products and services to FLASH in the European market.

The net cash outflow on acquisitions was R29 million after taking into consideration the cash on hand at date of acquisition.

On 1 October 2019, the Group adopted IFRS 16. Comparative information for the 2019 Interim Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Refer to note 13.

The accompanying notes are an integral part of the 2020 Condensed Consolidated Interim Financial Statements.

BASIS OF PREPARATION

FOR THE PERIOD ENDED 31 MARCH 2020

REPORTING ENTITY

Steinhoff Investments is a South African registered company, with tax residency in South Africa. The unaudited Condensed Consolidated Interim Financial Statements of Steinhoff Investments comprise Steinhoff Investments and its subsidiaries (together referred to as the "Steinhoff Investments Group" or "Group") and the Group's interest in associate companies and joint-venture companies. The Group is primarily involved in the retailing of general merchandise and operated a number of car dealerships until the Automotive business was disposed of during the Reporting Period. The Group operates in Africa.

BASIS OF PREPARATION

Statement of compliance

The Condensed Consolidated Interim Financial Statements have been prepared in accordance with and containing information required by IAS 34: Interim Financial Reporting, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements, the requirements of the South African Companies Act, 71 of 2008, as amended.

The accounting policies applied for these Condensed Consolidated Interim Financial Statements are unchanged, except for the adoption of new IFRS standards as discussed below, from those used for the 2019 Consolidated Financial Statements and are included in the 2019 Annual Report on the Group's website www.steinhoffinternational.com. The Group adopted all the IFRS and interpretations that were effective for financial periods beginning on or after 1 October 2019.

On 1 October 2019, the Group adopted IFRS 16, effective for financial years commencing on or after 1 January 2019. The Group adopted this standard using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17: Leases ("IAS 17") and IFRIC 4: Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). Refer to note 13 for detail.

Presentation and functional currency and historical cost convention

The 2020 Condensed Consolidated Interim Financial Statements have been presented in millions of South African rands (Rm) and are prepared on the historical-cost basis, except for certain assets and liabilities carried at amortised cost, certain financial instruments which are carried at fair value, assets held-for-sale which are carried at the lower of carrying amount and fair value less cost of disposal and accounting for operations for which hyperinflationary accounting is applied.

Going concern

In determining the appropriate basis of preparation of the 2020 Condensed Consolidated Interim Financial Statements, the board of directors is required to consider whether the Group and the Company can continue in operational existence for the foreseeable future.

The Group's going concern assessment is similar to the going concern assessment included in the 2019 Consolidated Financial Statements.

The Group and the Company's cash flow forecasts, adjusted for the impact of the Litigation Settlement Proposal detailed in note 8.2, indicate that both the Group and the Company can, based on certain critical assumptions, continue in operational existence for the foreseeable future, namely for 12 months after the date of authorisation of the 2020 Condensed Consolidated Interim Financial Statements.

However, the board of directors draws shareholders' attention to the following material uncertainties that are key in arriving at the forecasted cash flows, namely:

Litigation and Regulation

The Group and the Company are subject to several legal claims and regulatory investigations (also refer to Note 22 – Commitments and Contingencies of the 2019 Consolidated Financial Statements). A key assumption in both the Group and the Company's cash flow forecasts is that no material judgements or fines are issued against the Group or Company that will become payable during the next 12 months. The board of directors, assisted by the Steinhoff N.V. Litigation Working Group, and in consultation with the Group's attorneys, continue to assess the merits of, and responses to, these claims, and provide feedback to the regulatory bodies. Pleading and notices have been filed by the Group in various legal proceedings and the Company and applicable subsidiaries have co-operated with various regulators in their investigations. However, there remains a material uncertainty as to the ultimate impact of litigation and regulatory enforcement on the liquidity of the Group. Refer to note 8.2 for more information.

Going concern (continued)

Litigation and Regulation (continued)

Notwithstanding the ongoing litigation and claims the Group have received, and continue to defend, it has announced a Litigation Settlement Proposal to conclude substantially all the various litigation proceedings. The Litigation Settlement Proposal was sent to the key counterparties, although limited feedback has yet been received.

The quantum of the provision raised during the Reporting Period is based on the estimated financial outcome of the settlement proposal on Steinhoff Investments as announced on 27 July 2020.

Management draws the user of the financial statements' attention to the fact that the above litigation has not been resolved and therefore material uncertainties relating to litigation for going concern purposes remain. The actual settlement could also differ substantially from the provision raised.

The Group's Litigation Settlement Proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisors, past or present. Refer to note 8.2 for more information.

Tax

Tax remains a material uncertainty as the tax impact of the accounting irregularities identified and the consequential effects thereof remains uncertain. A key assumption is therefore that the tax assumptions built into the current cash forecast, for both the Group and Company, continue to apply and that no unexpected material assessments are received.

COVID 19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the Reporting Period, when lockdowns were initiated in most of the countries in which the Group operates. These measures resulted in the closure of many of the Group's general merchandise stores and central office and warehousing facilities.

Given the significant and immediate impact on revenue and cash, management acted swiftly to implement a definitive COVID-19 response strategy. This focused on ensuring employee and customer safety, securing liquidity and preserving the Group's cash position.

The full impact of COVID-19 on the performance of the Group for the 2020 Reporting Period remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period. However, management is encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of management's previous expectations.

While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.

While the Group is confident that the actions it is taking to address the impact of the COVID-19 pandemic are appropriate and timely, the situation is rapidly changing and remains uncertain and is subject to continuous review.

Conclusion

The board of directors draws attention to the fact that these material uncertainties extend beyond the foreseeable future.

BASIS OF PREPARATION

FOR THE PERIOD ENDED 31 MARCH 2020

AREAS OF CRITICAL JUDGEMENTS AND ESTIMATES

Presentation and functional currency

The preparation of 2020 Condensed Consolidated Interim Financial Statements requires management to make judgements and estimates that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates, and judgements have been made after taking into account all currently available information but could change if additional relevant information comes to light.

Critical accounting estimates are those which involve complex or subjective judgements or assessments.

Refer to the 2019 Consolidated Financial Statements for critical accounting estimates and judgements that are also applicable to the 2020 Condensed Consolidated Interim Financial Statements.

The results of operations for the six months ended 31 March 2020 are not necessarily indicative of the results to be expected for the entire financial period.

A critical estimate included in the preparation of 2020 Condensed Consolidated Interim Financial Statements not in the list applicable to 2019 Consolidated Financial Statements:

Estimate	Note
• Estimates of provision to be raised for the Litigation Settlement Proposal	8.2

ADOPTED NEW SIGNIFICANT ACCOUNTING POLICIES

Leases

Initial and subsequent measurement

Right-of-use assets are initially measured at cost, which is made up of the initial measurement of the lease liabilities, any initial direct costs incurred by the Group, and any lease payments made in advance of the lease commencement date, less any lease incentives received. Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurement of the related lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term, which is determined by the Group as the non-cancellable period of the lease including any extension options where the Group is reasonably certain it will be exercised. Right-of-use assets are tested for impairment when indicators of impairment are identified.

Lease liabilities are initially measured at the present value of future lease payments discounted using the discount rate implicit in the lease or, where this has not been stipulated, the Group's incremental borrowing rate. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that are based on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the Group exercises the option to terminate. Variable lease payments, that do not depend on an index or a rate, are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The incremental borrowing rate at which the future lease payments is discounted takes into account lease term, country, currency and start date of the lease. Incremental borrowing rates are based on a series of inputs of which the most significant inputs include the interbank average lending rate, credit risk adjustments and country-specific adjustment.

Lease liabilities are subsequently measured at amortised cost using the effective interest method and reduced by future lease payments net of interest charged. It is remeasured, with a corresponding adjustment to right-of-use assets, when there is a change in future lease payments resulting from a rent review, change in relevant index or rate, such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a renewal or termination option. The remeasurement results in a corresponding adjustment to the carrying amount of right-of-use assets, with the difference recorded in profit or loss if the carrying amount of right-of-use assets has been reduced to zero.

1. DISCONTINUED OPERATIONS

In order to fund operations, repay debt and support the Group's short-term liquidity, management decided to dispose of certain non-core assets or assets requiring significant cash commitments.

The businesses included in the following former reportable segments were disposed of or classified as held-for-sale during the 2019 Interim Reporting Period and 2020 Reporting Period. These businesses have been presented as discontinued operations:

Automotive

On 28 March 2019 the Company announced that it has reached in-principle agreement to dispose of 74.9% of Steinhoff Africa Holdings Proprietary Limited's ("Steinhoff Africa") shares in Unitrans Motor Holdings Proprietary Limited ("Unitrans") (and its subsidiaries), and 100% of the loan claims against Unitrans held by Steinhoff Africa, to CFAO Holdings South Africa Proprietary Limited. Negotiations regarding the possible disposal has been ongoing since May 2018. From 30 September 2018 the Automotive business met the criteria to be classified as held-for-sale.

The effective sale date has been determined as 25 November 2019. Unitrans is fully consolidated up to this date.

The Automotive business was a separate reportable segment and has therefore been disclosed as a discontinued operation.

The remaining 25.1% of the shares were sold to empowerment consortium, Kapela Holdings (a black-owned investment holding company), on 19 December 2019.

Africa Properties

The Group has commenced a process post March 2019 to dispose of the remaining property portfolio of the African property portfolio.

The disposal portfolio consists of retail, office, warehouse, vacant land and residential properties, which includes properties tenanted by third party tenants. The list of properties in each portfolio have been identified and offers are currently being assessed against the valuations conducted for each of the properties.

At 30 September 2019 and 31 March 2020 the Africa property portfolio met the criteria to be classified as held-for-sale.

The businesses discussed above are presented as discontinued operations in the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows for the periods ended 31 March 2020 and 31 March 2019, as required by IFRS.

The detail of assets classified as held-for-sale is presented in note 11.

1. DISCONTINUED OPERATIONS (continued)

1.1 STATEMENT OF PROFIT OR LOSS FOR DISCONTINUED OPERATIONS

	Note	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Revenue	1.3	4 749	12 153
Cost of sales		(4 085)	(10 300)
Gross profit		664	1 853
Other income		206	389
Administration expenses		(704)	(1 634)
Other income/(expenses)		196	(418)
Impairments		–	(426)
Net gain on disposal of property, plant and equipment and investment property		253	8
Loss on disposal of discontinued operations/disposal group		(57)	–
Operating profit		362	190
Finance costs		(33)	(85)
Income from investments		14	42
Share of loss of equity accounted companies		(1)	(7)
Impairment of equity accounted companies		(7)	–
Profit before taxation		335	140
Taxation		(89)	6
Profit for the period		246	146
Profit attributable to:			
Owners of Steinhoff Investments		246	146
Non-controlling interests		–	–
Profit for the period		246	146

1.2 DETAILS OF THE DISPOSAL OF SUBSIDIARIES CLASSIFIED AS DISCONTINUED OPERATIONS

	Unitrans Rm	Total Rm
31 March 2020 – Unaudited		
Carrying amount of net assets sold	3 826	3 826
Loss on disposal of discontinued operations/disposal group	(52)	(52)
Total consideration	3 774	3 774
Net cash inflow arising on disposals		
Total consideration	3 774	3 774
Less cash on hand at date of disposal	(763)	(763)
Net cash inflow	3 011	3 011

1. DISCONTINUED OPERATIONS (continued)

1.3 SEGMENTAL INFORMATION RELATING TO DISCONTINUED OPERATIONS

Segmental revenue	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Segmental revenue from discontinued operations		
Automotive	4 694	12 085
Properties – Africa	55	68
Net external revenue from discontinued operations*	4 749	12 153

** Revenue between discontinued operations has been eliminated.*

Operating profit before depreciation and amortisation adjusted for material items ("EBITDA")	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
EBITDA reconciles to the operating profit per statement of profit or loss from discontinued operations as follows:		
Operating profit from discontinued operations	362	190
Other material expenses	(196)	418
Intercompany elimination with continuing operations	–	22
EBITDA per segment reporting from discontinued operations	166	630
Automotive	132	504
Properties – Africa	34	126
EBITDA from discontinued operations as presented	166	630

Operating profit adjusted for material items ("EBIT")	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
EBIT reconciles to the operating profit per statement of profit or loss from discontinued operations as follows:		
Operating profit from discontinued operations	362	190
Other material expenses	(196)	418
Intercompany eliminations with continuing operations	–	22
EBIT per segment reporting from discontinued operations	166	630
Automotive	132	504
Properties – Africa	34	126
EBIT from discontinued operations as presented	166	630

2. SEGMENT INFORMATION

The Group determined the board of directors to be the chief operating decision maker for all periods under review.

The Group has disclosed the following reportable segments in respect of the 2020 Reporting Period and the 2019 Interim Reporting Period accordingly.

The chief operating decision maker examines the Group's performance both from a product and geographical perspective and has identified the following two reportable segments of its business based on how information is accumulated and reported to the chief operating decision maker:

- **Pepkor Africa**
  Pepkor Africa is listed on the JSE. Revenue in Pepkor Africa is derived from a portfolio of retail chains focused on selling predominantly clothing, footwear, textiles, cell phones, airtime and fast moving consumer goods. Pepkor Africa also operates in the building supplies and furniture divisions where revenue is derived from sales of do-it-yourself building supplies and materials and furniture and appliances respectively. The Pepkor Group operates within Africa and the majority of its revenue is derived from South Africa. The chief operating decision maker monitors the performance of this listed group on a consolidated basis.
- **Corporate and treasury services**
  The Group's corporate offices provide strategic direction and services to the decentralised operations both globally and in Africa. Activities include management of regulator and stakeholder engagement processes, negotiating funding and identifying and implementing corporate activities.

Measures reported to the chief operating decision maker

Revenue

Segment revenue excludes Value Added Taxation. Intersegment revenue is eliminated in the segment from which it was sold.

No single customer contributes 10% or more of the Group's revenue.

Segment revenue from continuing operations

	Six months ended 31 March 2020 Unaudited			Six months ended 31 March 2019 Unaudited		
	Total segment revenue Rm	Intersegment revenue Rm	Revenue from external customers Rm	Total segment revenue Rm	Intersegment revenue Rm	Revenue from external customers Rm
Pepkor Africa	37 597	–	37 597	35 298	–	35 298
Corporate and treasury services	–	–	–	3	–	3
	37 597	–	37 597	35 301	–	35 301

* The intercompany revenue from discontinued operations has already been eliminated from 'Revenue from external customers'.

Revenues from external customers – by geography from continuing operations

	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
The Company is domiciled in South Africa. The Group operates within Africa. The amount of its revenue from external customers is presented below based on the geographies that contribute materially to the Group's revenue.		
Rest of Africa	4 587	1 213
South Africa	33 010	34 088
	37 597	35 301

2. SEGMENT INFORMATION (continued)

Operating performance measures – from continuing operations

The Group's share of equity accounted earnings, finance costs, investment income and income tax expenses are not monitored on a segmental level by the chief operating decision maker and are therefore not allocated to the segments.

Operating profit or loss before depreciation and amortisation adjusted for material items ("EBITDA")

Segment performance is measured on continuing operations' EBITDA and represents segment revenue less segment expenses excluding depreciation, amortisation and other material expenses as included in note 3.

Segment expenses include distribution expenses and administration expenses.

EBITDA reconciles to the operating loss per statement of profit or loss as follows:

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Operating (loss)/profit per statement of profit or loss		(10 508)	4 135
Depreciation and amortisation		1 891	602
Other material expenses	3	14 373	(884)
Intercompany eliminations (discontinued operations)		–	(22)
EBITDA per segment reporting		5 756	3 831
EBITDA per segment:			
Pepkor Africa		5 859	3 988
Corporate and treasury services		(103)	(157)
		5 756	3 831

On 1 October 2019, the group adopted IFRS 16. Comparative information for the 2019 Interim Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Refer to note 13. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 14.

2. SEGMENT INFORMATION (continued)

Operating profit or loss adjusted for material items ("EBIT")

Segment performance is measured on continuing operations' EBIT and represents segment revenue less segment expenses excluding other material expenses included in note 3.

Depreciation and amortisation have been allocated to the segments to which they relate.

EBIT reconciles to the operating loss per statement of profit or loss as follows:

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Operating (loss)/profit per statement of profit or loss		(10 508)	4 135
Other material expenses	3	14 373	(884)
Intercompany eliminations (discontinued operations)		–	(22)
EBIT per segment reporting		3 865	3 229
EBIT per segment:			
Pepkor Africa		3 973	3 389
Corporate and treasury services		(108)	(160)
		3 865	3 229

On 1 October 2019, the group adopted IFRS 16. Comparative information for the 2019 Interim Reporting Period has not been restated, as permitted under the specific transition provisions in the standard. Refer to note 13. Additional pro-forma note disclosure is provided of the current period adjusted to remove the impact of IFRS 16 in order to provide a more meaningful comparison with the prior period. Refer to note 14.

Segmental assets

Assets that are not considered to be segment assets such as cash and cash equivalents, investments in equity accounted companies, right-of-use assets and short and long term investments and loans are excluded from the allocation of assets to segments.

Investment in equity accounted companies and short and long term investments (financial assets) are monitored by the chief operating decision maker on a Group level as these assets are not related to the underlying operations or impact their performance. Such assets are not allocated to segments.

The segmental assets below are presented on a consolidated basis and all intercompany balances and investments in subsidiary companies have been disregarded for purposes of presenting segmental assets.

Reconciliation between total assets per statement of financial position and segmental assets

	31 March 2020 Unaudited Rm	30 September 2019 Audited Rm
Total assets per statement of financial position	132 542	123 109
Less: Cash and cash equivalents	(16 941)	(11 818)
Less: Investments in equity accounted companies	(2 750)	(3 226)
Less: Non-current other financial assets	(5 161)	(5 037)
Less: Current other financial assets	–	(1)
Less: Intergroup loans and receivables	(707)	(743)
Less: Assets classified as held-for-sale and disposal groups	(2 667)	(12 543)
Less: Right-of-use asset	(11 599)	–
Segmental assets	92 717	89 741
Segmental assets:		
Pepkor Africa	92 111	89 370
Corporate and treasury services	606	371
	92 717	89 741

2. SEGMENT INFORMATION (continued)

Segmental non-current assets

The total of non-current assets other than financial instruments and deferred taxation assets is presented per segment below.

Reconciliation between non-current assets per statement of financial position and segmental assets

	31 March 2020 Unaudited Rm	30 September 2019 Audited Rm
Total non-current assets per statement of financial position	87 504	74 990
Less: Deferred taxation assets	(2 508)	(1 245)
Less: Non-current other financial assets	(5 161)	(5 037)
Less: Right of use asset	(11 599)	–
Segmental non-current assets	68 236	68 708
Pepkor Africa	65 493	65 514
Corporate and treasury services	2 743	3 194
	68 236	68 708

Segmental net debt

The purpose of the debt or the company in which the debt is raised determines the debt cluster to which the debt, cash and cash equivalents and related finance costs and investment income is allocated. These debt clusters are then reviewed by the chief operating decision maker.

31 March 2020 – Unaudited	Cash and cash equivalents Rm	Current and non-current borrowings Rm	Net Debt Rm
Pepkor Africa	3 943	(17 580)	(13 637)
Corporate and treasury services	12 998	(36 450)	(23 452)
	16 941	(54 030)	(37 089)

30 September 2019 – Audited	Cash and cash equivalents Rm	Current and non-current borrowings Rm	Net Debt Rm
Pepkor Africa	3 925	(17 365)	(13 440)
Corporate and treasury services	7 893	(31 415)	(23 522)
	11 818	(48 780)	(36 962)

3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE

		Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
	OTHER EXPENSES /(INCOME)			
	The Group has identified a number of material expenses/(income) which are material due to the significance of their nature and/or amount. These are listed separately in this note to provide a better understanding of the financial performance of the Group.			
3.1	**Impairment/(reversal of impairment)**			
	Goodwill		35	–
	Property, plant and equipment		9	–
	Right of use asset		42	–
	Other		(7)	–
			79	–
	The majority of the above mentioned items relate to impairments raised by Pepkor Africa.			
3.2	**Reversal of impairment of financial assets**			
	Intergroup loans and receivables		(17)	–
	A reversal of impairment was recognised in the Reporting Period upon recovery of receivables.			
3.3	**Loss on disposal of property, plant and equipment and intangible assets**		2	6
3.4	**Profit on sale and partial sale of investments**			
	Profit on the partial disposal of KAP Industrial Holdings Limited		–	(882)
	Other		–	7
			–	(875)
3.5	**Foreign exchange loss/(profit) on SIHPL CPU/financial guarantee**		4 826	(268)
	The SIHPL CPU is euro denominated. The closing rand/euro exchange rate weakened from 16.5576 at 30 September 2019 to 19.6095 at 31 March 2020, resulting in a large foreign exchange loss being recognised.			
3.6	**Fees relating to forensic investigation, advisory and restructure of the businesses**		104	253

As a result of the December 2017 events, it has been necessary for the Group to engage a wide range of professional advisors to assist the Group with its investigative, legal, financial and regulatory requirements as it seeks to stabilise and restructure the Group. The scale and complexity of this task has meant that the aggregate advisor costs for the Reporting Period have been substantial. The principal advisor relationships included legal advisors, financial restructuring and corporate advisory functions that support the Group on discussions and engagement with its creditors, liquidity management and operational measures, forensic investigation services and regulatory and taxation advisory services.

3. MATERIAL ITEMS INCLUDED IN PROFIT OR LOSS AND BREAKDOWN OF EXPENSES BY NATURE (continued)

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
OTHER EXPENSES/(INCOME) (continued)			
3.7 Provision – Litigation Settlement Proposal	8.2	9 379	–
TOTAL OTHER EXPENSES/(INCOME) FROM CONTINUING OPERATIONS		14 373	(884)

Legal claims, as set out in note 8.2 and in the 2019 Consolidate Financial Statements in note 22, have been received by the Group and are all being defended.

On 27 July 2020 the Group announced a proposed settlement to conclude the complex legal claims and ongoing pending litigation proceedings arising from the legacy accounting issues first announced in December 2017. Settlement of the outstanding litigation is essential to securing a future for the Group. The proposed settlement terms that were announced are the culmination of 12 months' intensive effort and management believe they are firmly in the best interests of all stakeholders and claimants.

The IFRS standards requires a provision to be raised once management has an estimate of the expenditure that the Group will incur to settle the present obligation. The provision raised during the Reporting Period is based on the estimated financial outcome of the Litigation Settlement Proposal, although limited feedback has yet been received. Refer to note 8.2.

Management draws the user of this financial statements' attention to the fact that the actual settlement could differ from the provision raised.

4. FINANCE COSTS

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Borrowings	7.2	1 045	965
Lease liabilities[1]		787	–
Other		91	60
		1 923	1 025

[1] *Effect of adopting IFRS 16, refer to note 13.*

5. LOSS PER SHARE

	Six months ended 31 March 2020 Unaudited Cents	Six months ended 31 March 2019 Unaudited Cents
The calculation of per share numbers uses the exact unrounded numbers. This may result in differences when compared to calculating the numbers using the rounded number of shares and loss as disclosed below.		
Basic and diluted (loss)/earnings per share		
From continuing operations	**(24 634.5)**	3 221.8
From discontinued operations	**447.3**	265.5
Basic and diluted (loss)/earnings per share	**(24 187.2)**	3 487.3
Headline (loss)/earnings per share		
Headline loss is an additional loss number that is permitted by IAS 33: Earnings per Share ("IAS 33"). The starting point is the loss as determined in IAS 33, excluding separately identifiable remeasurements, net of related taxation (both current and deferred) and related non-controlling interests other than remeasurements specifically included in headline loss. This number is required to be reported by the JSE, where the Group is listed, and is defined by Circular 4/2018 Headline Earnings.		
Separately identifiable remeasurements are those where the applicable IFRS explicitly requires separate disclosure of the operating and/or the platform remeasurement in the Consolidated Financial Statements. No adjustments would be permitted on the basis of voluntary disclosure of gains or losses (or components of these).		
From continuing operations	**(23 919.9)**	1 640.0
From discontinued operations	**203.6**	841.8
Headline (loss)/profit per share	**(23 716.3)**	2 481.8

All potential ordinary shares were anti-dilutive and therefore diluted per share numbers are the same as basic or headline per share numbers.

5. LOSS PER SHARE (continued)

RECONCILIATIONS OF DENOMINATOR AND NUMERATOR

5.1 Weighted average number of ordinary shares

	Six months ended 31 March 2020 Unaudited Million	Six months ended 31 March 2019 Unaudited Million
Issued ordinary shares at beginning of the period	55	55
Weighted average number of ordinary shares at end of the period	55	55

5.2 Basic loss and headline loss attributable to owners of Steinhoff Investments

	Notes	Continuing operations Rm	Discontinued operations Rm	Total Rm
Six months ended 31 March 2020 – Unaudited				
Basic (loss)/profit for the period attributable to owners of Steinhoff Investments		(13 549)	246	(13 303)
Adjusted for remeasurement items	5.3	393	(134)	259
Headline (loss)/profit attributable to owners of Steinhoff Investments		(13 156)	112	(13 044)
Six months ended 31 March 2019 – Unaudited				
Basic profit for the period attributable to owners of Steinhoff Investments		1 772	146	1 918
Adjusted for remeasurement items	5.3	(870)	317	(553)
Headline profit attributable to owners of Steinhoff Investments		902	463	1 365

5. LOSS PER SHARE (continued)

RECONCILIATIONS OF DENOMINATOR AND NUMERATOR (continued)

5.3 Remeasurement items as defined by the HEPS circular

	Notes	Six months ended 31 March 2020 Unaudited		Six months ended 31 March 2019 Unaudited	
		Gross of taxation and non-controlling interests Rm	Net of taxation and non-controlling interests Rm	Gross of taxation and non-controlling interests Rm	Net of taxation and non-controlling interests Rm
Remeasurement items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity.					
Refer to note 3 for further details regarding the nature of the remeasurement items.					
Continuing operations					
Impairment		493	391	–	–
Goodwill	3.1	35	35	–	–
Property, plant and equipment	3.1	9	7	–	–
Investments in equity accounted companies		414	321	–	–
Other	3.1	(7)	(5)	–	–
Right of use asset	3.1	42	33	–	–
Loss on disposal of property, plant and equipment and intangible assets	3.3	2	2	6	5
Profit on sale and partial sale of investments	3.4	–	–	(875)	(875)
Remeasurement items – Continuing operations		495	393	(869)	(870)
Discontinued operations					
Impairment		8	6	415	322
Intangible assets		–	–	238	185
Property, plant and equipment		–	–	177	137
Investments in equity accounted companies		8	6	–	–
Profit on disposal of property, plant and equipment and intangible assets		(253)	(197)	(8)	(5)
Loss on sale of disposal of discontinued operations/disposal group		57	57	–	–
Remeasurement items – Discontinued operations		(188)	(134)	407	317

6. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

Set out below are the associates and joint ventures of the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held, except where indicated otherwise.

6.1 Detail of the equity accounted investments of the Group

			% holding		Carrying value Rm	
Name of business	Place of business / country of incorporation	Nature of business	Unaudited 31 March 2020	Audited 30 September 2019	Unaudited 31 March 2020	Audited 30 September 2019
Unlisted*						
IEP Group Proprietary Limited	South Africa	Investment company	**26.0**	26.0	**2 700**	3 176
S'Ya Phanda Proprietary Limited	South Africa	BEE consulting services	**46.0**	46.0	**50**	50
					2 750	3 226

* *Private equity – no quoted price available.*

6.2 Reconciliation of the aggregate carrying values of equity accounted companies

	31 March 2020 Unaudited Rm
Balance at the beginning of the period	**3 226**
Impairments from continuing operations[1]	**(414)**
Share of profit or loss:	
From continuing operations	**(87)**
Share of other reserves	**25**
Carrying values of equity accounted companies at the end of the period	**2 750**

[1] *The outbreak of COVID-19 pandemic and the impact on the wider economy is placing unprecedented pressure on businesses and has resulted in significant decline across global economies. COVID-19 pandemic is an impairment indicator and management has done a review on the expected recoverable amount for the Group's investment in equity accounted companies. Based on the revaluation an impairment has been recognised for the investment in IEP Group during the Reporting period.*

7. BORROWINGS

7.1 Analysis of closing balance

	31 March 2020			30 September 2019		
	Unaudited			Audited		
	Current Rm	Non-current Rm	Total Rm	Current Rm	Non-current Rm	Total Rm
Secured financing						
Pepkor Africa						
Term loans and facilities	521	10 506	11 027	1 500	9 500	11 000
Bank overdraft	542	–	542	347	–	347
Preference shares	–	6 000	6 000	–	6 000	6 000
Instalment sale agreements	6	5	11	10	8	18
	1 069	16 511	17 580	1 857	15 508	17 365
Unsecured financing						
Corporate and treasury services						
SIHPL CPU[1]	4 713	26 295	31 008	3 980	22 203	26 183
Lancaster liability	4 854	–	4 854	4 667	–	4 667
Preference shares – BVI[2]	512	–	512	491	–	491
Other	76	–	76	74	–	74
	10 155	26 295	36 450	9 212	22 203	31 415
Total borrowings	11 224	42 806	54 030	11 069	37 711	48 780

[1]The amount that the Group will be required to pay under the SIHPL CPU is limited to the net asset value of SIHPL before inclusion of the CPU financial liability.

[2]Classified as current due to the guarantee provided for the preference share funding.

7.2 Reconciliation of borrowings balances

	Corporate and treasury services Rm	Pepkor Africa Rm	Total Rm
Opening balance – 1 October 2019 – Audited	31 415	17 365	48 780
Repayable within one year	9 212	1 857	11 069
Repayable after one year	22 203	15 508	37 711
Repayment of debt	–	(995)	(995)
Repayment of interest	–	(826)	(826)
Additional financing	–	1 201	1 201
Interest accrued	210	835	1 045
Foreign exchange movement	4 825	–	4 825
Closing balance – 31 March 2020 – Unaudited	36 450	17 580	54 030
Repayable within one year	10 155	1 069	11 224
Repayable after one year	26 295	16 511	42 806

8. COMMITMENTS, CONTINGENCIES AND PROVISIONS

8.1 Contingent liabilities and other litigation

Taxation

There is uncertainty regarding future taxes as a result of the impact of the alleged accounting irregularities as well as a number of ongoing tax audits and investigations.

Legal proceedings

Legal claims as set out in the 2019 Consolidated Financial Statements in note 22 together with those detailed below were received by the relevant parties up to and after the Reporting Period. They are all being defended. As these claims are based on the claimants' view that the financial reports provided to them were misleading, it is deemed that the claims received after the Reporting Period are, in terms of IAS 10, adjusting events.

The following legal proceedings have been instituted against the Group during the Reporting Period. Refer to note 34 of the 2019 Consolidated Financial Statements for more information on these legal claims.

- *Michael John Morris vs SIHPL*
- *Paul Ronald Potter vs SIHPL*
- *Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. (Netherlands)*
- *Competition Commission vs SIHPL and Others*

The following legal proceedings have been instituted against the Group after the Reporting Period and have been deemed as material adjusting events after Reporting Period.

- ***Francois Johan Malan vs SIHPL***
  Malan instituted action proceedings in June 2020 claiming damages in the amount of R13.2 million arising from alleged misrepresentations in published financial statements.

- ***Peter Andrew Berry vs SIHPL***
  Berry instituted action proceedings in June 2020 claiming damages in the amount of R92.3 million arising from alleged misrepresentations in published financial statements.

- ***Andre Frederick Botha vs SIHPL***
  Botha instituted action proceedings in June 2020 claiming damages in the amount of R13.2 million arising from alleged misrepresentations in published financial statements.

- ***Warren Wendell Steyn vs SIHPL***
  Steyn instituted action proceedings in June 2020 claiming damages in the amount of R13.2 million arising from alleged misrepresentations in published financial statements.

- ***Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. and 5 Others (South Africa)***
  Refer to note 34 of the 2019 Consolidated Financial Statements for more information.

- ***Hamilton vs Steinhoff N.V. and SIHPL***
  In proceedings initiated before the District Court of Amsterdam, Hamilton is seeking declaratory relief and damages flowing from the assertion that Steinhoff N.V. and SIHPL together with the other named parties, allegedly misrepresented their financial position causing the relevant shareholders damage. Steinhoff N.V. filed a submission with preliminary motions and on applicable law in March 2020. On 26 June 2020, Hamilton initiated separate proceedings in the Western Cape High Court claiming damages of R14 billion plus interest.

8. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

8.2 Litigation Settlement Proposal provision

The above legal claims the Group faces are complex, multi-jurisdictional claims initiated by multiple parties relating to the alleged accounting irregularities announced in December 2017. Various proceedings have been commenced against Steinhoff N.V. and SIHPL in the Netherlands, Germany and South Africa. Not all claimants have sought to quantify their alleged damages at the outset of proceedings, but the combined claims of those that have sought to do so are in excess of R136 billion (€7 billion at a R/Euro rate of R19.5). In addition to proceedings against Group entities, claims have also been made against, amongst others, former directors and officers of Steinhoff N.V. Group entities.

All claims are being disputed in ongoing litigation proceedings and there remains uncertainty as to the outcome of all of those legal proceedings. If all such claims were ultimately established in the amounts asserted, it is clear that the net asset value of the Steinhoff N.V. Group would fall far short of the amount required to satisfy them in full. In such circumstances, liquidation proceedings would ensue which would, in the Company's view, materially impair the value of assets available for distribution and adversely affect the timing and amount of the claimants' recoveries relative to the proposed settlement.

The Group, together with its holding company, has formulated proposed settlement amounts for various claimant groups in light of the characteristics of, and risks affecting, their claims, the Steinhoff N.V. Group's ability to continue trading and to maximise the asset values available to it, and the likely outcomes for claimants if the Group was unable to do so and liquidation ensued. The proposed settlement terms also have regard to the adverse impact of the COVID–19 pandemic on the value of the Group's underlying businesses and the effect of currency movements.

The proposed terms of the settlement provide for payments materially in excess of the permission granted by financial creditors in 2019 and will require fresh consent from financial creditors. The financial creditors are being asked to make additional concessions including the extension to the maturity of their loans to the Group.

The IFRS standards requires a provision to be raised once management has an estimate of the expenditure that the Group will incur to settle the present obligation.

The announcement was subsequent to the Reporting Date and, in terms of IAS 10, determined to be an adjusting event. The provision raised during the Reporting Period is based on the estimated financial outcome of the proposed settlement, although limited feedback has yet been received.

Management draws the user of this financial statements' attention to the fact that the actual settlement could differ from the provision raised.

The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisors, past or present.

Settlement proposal details

The detailed terms of the proposal ("Settlement Term Sheet") can be found on the Steinhoff N.V.'s website at the following web-address: https://www.steinhoffinternational.com/settlement-litigation-claims.php.

The terms of the proposal reflect key features of the parties' respective claims, including:

- the legal basis for the claim;
- the laws of the jurisdiction in which the claim is brought;
- the nature and extent of the loss claimed;
- legal uncertainties affecting the claim and recoverability of loss; and
- the financial position of the Steinhoff entity against which the claim arises.

8. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

8.2 Litigation Settlement Proposal provision (continued)

Settlement proposal details (continued)

The terms of the settlement proposal are, in summary, as follows:

- Market purchase claimants ("MPC"):
  The Company will settle eligible Steinhoff N.V. MPCs and SIHPL MPCs for a total settlement consideration amount of €266 million.

  This settlement consideration will be paid 50 per cent in cash funded from the South African sub-group and 50 per cent in shares of PPH (the South African retail subsidiary), settled at a deemed price per share of R15. No lock up restriction on sale of the PPH shares is required in respect of PPH shares issued to the MPC claimants. Steinhoff N.V. estimates that approximately up to 173 million PPH shares (or 4.6 per cent of the total PPH issued share capital) will be transferred to MPC claimants as a result of the settlement.

  In addition, in order to facilitate recoveries to MPC's the broader Steinhoff Group is considering making available an amount of up to €30 million to pay in respect of certain fees, costs and work undertaken by the active claimant groups ("ACGs") on the terms to be specified in the settlement documents. The specific terms of the proposal remain under consideration.

- Steinhoff N.V. contractual claims:
  Contractual claims against Steinhoff N.V. will be settled at the same relative recovery rate as the MPCs. Steinhoff N.V. estimates the total amount to be required to settle such contractual claimants to be in the region of €104 million. Such settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares settled at a deemed price per share of R15. Consistent with the proposal in relation to the market purchase claimants settled by Steinhoff N.V., no lock up restriction on sales is required in respect of PPH shares allocated to Steinhoff N.V. contractual claimants.
  Steinhoff N.V. estimates that up to 67 million PPH shares (or 1.8 per cent of the total PPH issued share capital) will be transferred to Steinhoff N.V. contractual claimants.

- SIHPL contractual claims:
  SIHPL will settle the claims made against it by contractual claimants from its own resources. SIHPL contractual claims (other than claims by Thibault and Wiesfam) will be settled for a total amount of approximately R1.5 billion (€76 million at a R/euro rate of 19.5). The claims of Thibault and Wiesfam will be settled for a proportionally lower recovery rate in the total nominal amount of approximately R7.9 billion (€406 million at a R/euro rate of 19.5). The settlement consideration will also be paid 50 per cent in cash and 50 per cent in PPH shares at a deemed price per share of R15. Subject as follows, SIHPL contractual claimants will be required to agree to lock up PPH shares allocated to them for 180 days from the effective date of settlement.
  In respect of the SIHPL contractual claimants BVI and Cronje & others who are current employees and managers of PPH, SIHPL proposes that their settlement consideration be entirely in the form of PPH shares at a deemed settlement price of R13.5 per share, provided they agree to a three year lock up restriction of sale of those PPH shares from the effective date of the settlement.
  The Company estimates that approximately 345 million PPH shares (or 9.3 per cent of the total PPH issued share capital) will be transferred to SIHPL contractual claimants assuming BVI and Cronje & others take up their option to be paid entirely in PPH shares. Total provision raised as at 31 March 2020 for Litigation Settlement Proposal in the interim results for Steinhoff Investments is R9.4 billion (R1.5 billion plus R 7.9 billion).

- Non-qualifying claims
  No specific proposal is being made for the settlement of other claims, and Steinhoff N.V. or SIHPL will continue to defend them on the basis that any liability in respect of the same is denied. If any such claim ultimately succeeds, it will be entitled to settlement consideration at the same rate as MPC and contractual claims. If any such claim against SIHPL ultimately succeeds, it will be entitled to payment in full.

- Claim verification and disputes:
  The Steinhoff Group is contemplating establishing a new Dutch stichting foundation together with supporting arrangements in South Africa (for South African claimants) to act as the Steinhoff Recovery Foundation ("SRF"). The purpose of the SRF will be to administer and distribute the settlement consideration paid by, or on behalf of Steinhoff N.V. and/or SIHPL. It will be governed by a board of newly appointed directors with majority independence from the Steinhoff Group. Claimants will be required to submit their claims for verification prior to receiving settlement payments. SRF will retain Computershare to assist it to administer and verify claims prior to payment of the settlement consideration.

8. COMMITMENTS, CONTINGENCIES AND PROVISIONS (continued)

8.2 Litigation Settlement Proposal provision (continued)

- Financial creditors:
  The Steinhoff N.V. and SIHPL financial creditors holding contingent payment undertakings ("CPUs") (other than creditors holding Hemisphere International Properties B.V. CPUs), will not be eligible to receive any distribution as part of the proposed settlement in respect of their contractual claims under the Steinhoff N.V. CPUs and the SIHPL CPUs. Instead, they will be asked to provide their consent for the proposed global settlement and to waive any tortious (delictual) claims they may have against the Group, D&O insurers and auditors. In addition, the financial creditors will be asked for a consent to extend the maturity date of the CPUs and the underlying debt obligations by 18 months to 30 June 2023 with an option for a further 6 months extension on the approval of a lower CPU creditor voting threshold. As part of these arrangements, effective from implementation of the proposed settlement Steinhoff N.V. will provide security to its CPU creditors over its shares in Steinhoff Investments and over any outstanding loan claim payable by Steinhoff Investments to Steinhoff N.V. This extension is an important component of the overall settlement and of the continuation of the stable platform for the Steinhoff N.V. Group. To the extent necessary, the Steinhoff N.V. Group will consider English law schemes of arrangement to implement the consent required. Otherwise, the Steinhoff N.V. financial creditors will retain their contractual rights against Steinhoff N.V. and SIHPL under the terms of the CPUs.

- Post settlement PPH Holding:
  PPH: The Company estimates that the settlement will result in Steinhoff continuing to hold in excess of 50 per cent of PPH shares.

- Implementation and conditionality:
  The detailed terms of the proposal ("Settlement Term Sheet") can be found on the Steinhoff N.V. website at the following web-address: https://www.steinhoffinternational.com/.
  The competing stakeholder interests, the financial position of Steinhoff N.V. Group and the complex multi-jurisdictional nature of the litigation make implementation of the proposed settlement uniquely challenging. The Company has therefore been considering a number of options to achieve the necessary certainty and finality required by the Company and stakeholders.
  One of the options currently available to Steinhoff N.V. to implement the global settlement is by a composition plan which will be submitted in draft form ("ontwerp van akkoord") immediately on the filing of the request for a Suspension of Payments ("surseance van betaling") procedure in the Netherlands by Steinhoff N.V. and a pre-prepared compromise plan pursuant to section 155 of the Companies Act 71 of 2008 in South Africa by SIHPL. Steinhoff N.V. and SIHPL will continue to consider appropriate settlement mechanisms to supplement and/or replace such implementation procedures.
  Steinhoff N.V. has the right, at its option, to settle the settlement consideration in a greater portion, or in full amount, in cash and in accordance with the Settlement Term Sheet.
  In addition to achievement of the necessary levels of support by claimants to the Steinhoff N.V. Group's proposal, the settlement will be conditional on, among other things:
  - Consent of the Steinhoff N.V. Group's financial creditors under the terms of the Steinhoff N.V. Group's restructured debt financings. A request for consent from the Steinhoff N.V. Group's financial creditors will be launched shortly.
  - Consent of the South African Reserve Bank in respect of certain elements of the proposal and to facilitate the funding of the settlement proposal.

  There is no current indication as to whether those consents will be forthcoming.
  The Group's settlement proposal is made on the basis that it does not represent an admission of any liability in respect of any of the various claims made against any member of the Group or any directors, officers, employees or advisors, past or present.

9. CASH FLOW INFORMATION

9.1 Cash generated from operations

	Notes	Six months ended 31 March 2020 Unaudited Rm	Six months ended 31 March 2019 Unaudited Rm
Operating (loss)/profit from:			
Continuing operations		**(10 508)**	4 135
Discontinued operations	1.1	**362**	190
Adjusted for non-cash adjustments included in continuing and discontinued operations:			
Debtors' cost		**865**	–
Depreciation and amortisation:			
Property, plant and equipment, Intangible assets		**671**	607
Right of use asset		**1 220**	–
Unrealised foreign exchange losses[1]		**4 818**	(253)
Impairments:			
Continuing operations		**62**	–
Discontinued operations		**–**	426
Inventories written down to net realisable value and movement in provision for inventories		**185**	282
Share-based payment expense		**31**	(21)
Net profit on disposal and scrapping of property, plant and equipment, vehicle rental fleet and intangible assets		**(251)**	(2)
Loss/(profit) on disposal and part disposal of investments		**57**	(875)
Provision – Litigation Settlement Proposal	3.7	**9 379**	–
Other non-cash adjustments		**209**	(45)
Cash generated before working capital changes		**7 100**	4 444
Working capital changes			
Decrease/(increase) in inventories		**100**	(893)
Increase in trade and other receivables		**(1 540)**	(1 373)
Movement in net derivative financial liabilities/assets		**(89)**	(31)
Decrease in trade and other payables		**(599)**	(2 307)
Net changes in working capital		**(2 128)**	(4 604)
Cash generated from operations		**4 972**	(160)

[1] *The majority of the unrealised foreign exchange losses relates to the SIHPL CPU. Refer to note 3.5.*

10. RELATED-PARTY TRANSACTIONS

2020 Interim Reporting Period

During the Reporting Period, the Group entered into related-party transactions in the ordinary course of business, the substance of which are similar to those disclosed in the Group's annual financial statements for the year ended 30 September 2019. There were no material movements in the balances for the six months ended 31 March 2020.

2019 Interim Reporting Period

- Campion Capital and its subsidiaries ("Campion Group") settlement agreement:
  In January 2019 the Steinhof N.V. Group concluded various agreements with the Campion Group, the main terms of which included the settlement of a number of outstanding loans owing to the Steinhof N.V. Group in exchange for the receipt by the Group of a number of investments including:
  - Approximately 18 million Steinhoff N.V. shares (held by Town Investments); and
  - Legal ownership of Town Investments

- EastWest is a 70% subsidiary of the Group holding real estate assets. The original developer held the remaining 30% of the shares. Each real estate unit is represented by a specific class of shares. In August 2017, Mayfair acquired a 15% interest in EastWest, from the original developer for R33.5 million. EastWest repurchased the shares held by Mayfair in January 2019 for a consideration of R26.7 million. This was funded by the sale of the unit linked to the specific class of shares held by Mayfair.

11. ASSETS AND LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The following table presents detail of the assets and liabilities that have been classified as held-for-sale as at 31 March 2020. The balances disclosed below include impairments recognised on the date of classification as held-for-sale.

Balance at 31 March 2020 – Unaudited	Africa Properties Rm	Total Rm
Assets		
Property, plant and equipment	1 462	1 462
Investment properties	779	779
Investment in equity accounted companies	203	203
Deferred tax assets	96	96
Other financial assets	4	4
Inventories	19	19
Trade receivables	94	94
Other receivables	3	3
Cash and cash equivalents	7	7
Total assets	2 667	2 667
Liabilities		
Deferred tax liabilities	(10)	(10)
Trade payables	(84)	(84)
Other payables	(5)	(5)
Total liabilities	(99)	(99)
Net assets post impairments	2 568	2 568

Reconciliation of assets and liabilities classified as held-for-sale balances

	Assets Rm	Liabilities Rm	Net assets Rm
Classified as held-for-sale on 30 September 2019 – Audited	12 543	(4 854)	7 689
Automotive	9 349	(4 776)	4 573
Africa Properties	3 194	(76)	3 118
Other	–	(2)	(2)
Change in carrying values	(527)	(21)	(548)
Africa Properties	(527)	(23)	(550)
Other	–	2	2
Derecognition and change in carrying values	(9 349)	4 776	(4 573)
Automotive	(9 349)	4 776	(4 573)
Classified as held-for-sale 31 March 2020 – Unaudited	2 667	(99)	2 568
Africa Properties	2 667	(99)	2 568

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Buyout of minority interest

- During May 2020, Steinhoff Finance Investments Proprietary Limited, the registered beneficial holder of 92% of the issued share capital in Mons Bella Private Partner Investment Proprietary Limited, holder of IEP interest, has acquired the remaining 8% of Mons Bella's issued shares from Chestnut Hill Investments 288 Proprietary Limited (an entity otherwise unrelated to the Group) ("Chestnut Hill") for R72 million. The purchase also concludes all legal disputes between the parties. The closure of the deal was considered to be 15 May 2020.

Corporate activity after the reporting date

- On 23 June 2020 Pepkor Africa announced a non-pre-emptive placement of up to 172.5 million ordinary shares in the authorised but unissued share capital of Pepkor Africa to certain institutional investors, representing up to 4.95% of Pepkor Africa's existing issued ordinary shares. The placement was a precautionary measure to strengthen Pepkor Africa's financial flexibility and liquidity position in the light of the continuing COVID-19 pandemic and resulting macro-economic pressure. On 24 June 2020 Pepkor Africa announced the successful implementation of this bookbuild having placed the full 172.5 million shares and raised R1.9 billion. Steinhoff N.V. did not participate in this transaction.

Legal proceedings

Various legal proceedings have been instituted against the Group during and after the 2020 Interim Reporting Period. The Group has carefully considered the legal proceedings and those deemed to be material adjusting events after the Reporting Period have been disclosed as contingent liabilities in note 8. Legal proceedings not considered adjusting subsequent events are included in this note.

- ***Consolidation ruling***

  Steinhoff N.V. is engaged in a host of legal proceedings in South Africa and, while the individual litigants differ, Steinhoff considers that there are sufficient overlapping issues and witnesses that renders it more efficient for these proceedings to be consolidated. On 30 April 2020 the Cape High Court dismissed an application for the consolidation of all the litigation based in South Africa. The consolidation application was a procedural request and did not deal with the merits of the underlying matters. The suitability of a consolidation application may be reconsidered by the Court at a later date once matters have been set down and dates for trial applied for, providing an opportunity for Steinhoff N.V. to re-assess this option at that point.

- ***De Bruyn ruling***

  On 26 June 2020, De Bruyn's application for certification was dismissed by the Johannesburg High Court. De Bruyn was ordered to pay the costs of the respondents who had opposed the application, including the costs of two counsel, where two counsel were employed.

Subsequent legal proceedings

The following legal proceedings have been instituted against the Group after the 2020 Interim Reporting Period and have been deemed as material adjusting events after Reporting Period. Refer to note 8.1 for more information.

- Francois Johan Malan vs SIHPL
- Peter Andrew Berry vs SIHPL
- Andre Frederick Botha vs SIHPL
- Warren Wendell Steyn vs SIHPL
- Conservatorium Holdings LLC vs SIHPL, Steinhoff N.V. and 5 Others

12. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

COVID-19

The COVID-19 pandemic had a material impact on the Group's retail businesses from mid-March 2020, shortly before the end of the 2020 Interim Reporting Period, when lockdowns were initiated in most of the countries in which the Group operates. These measures resulted in the closure of many of the Group's general merchandise stores and central office and warehousing facilities.

Given the significant and immediate impact on revenues and cash, management acted swiftly to implement a definitive COVID-19 response strategy. This focused on ensuring employee and customer safety, securing liquidity and preserving the Group's cash position.

The full impact of COVID-19 on the performance of the Group for the 2020 Reporting Period remains uncertain. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period. However, management is encouraged by the performance of the Group's retail businesses in the period since lockdown restrictions were lifted, which is ahead of management's previous expectations.

While the sustainability of this demand is uncertain, the Group's main trading subsidiaries, with their more resilient and defensive discount and value offering, are well positioned to gain market share in the post-COVID-19 environment.

Conclusion

The extent and duration of the current restrictions on trade remain uncertain and it is too early to determine the exact impact of the pandemic on the performance of the Group for the 2020 financial year. It is clear, however, that the virus outbreak and resulting restrictions will have a negative impact on overall turnover and the underlying business performance during this period.

Operating companies are implementing plans to strengthen their cashflows through both proactive management of their forward purchase order commitments and, where appropriate, by the use of flexible working contracts. The inherent strength and flexibility of the Group's sourcing arrangements is also providing important additional support.

Management are continuing to take an active approach, implementing a range of mitigating strategies to protect profitability and cashflow. Immediate and significant actions are being implemented to reduce costs and optimise liquidity. These include reducing operating expenditures, reducing stock of goods impacted by the trading restrictions, actions to optimise working capital, stopping all but essential capital expenditure, and making use of tax payment and other government relief measures where available.

13. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 on the Group's financial statements and discloses the new accounting policies that have been applied from 1 October 2019.

The Group has adopted IFRS 16 using the modified retrospective approach, therefore comparative information has not been restated and is reported under IAS 17 and IFRIC 4: Determining Whether an Arrangement Contains a Lease. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 October 2019.

13.1 Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 October 2019.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right of use assets immediately after the date of initial application.

	31 March 2020 Rm	1 October 2019 Rm
Operating lease commitments disclosed as at 30 September 2019		11 278
Discounted using the lessee's incremental borrowing rate at the date of initial application		4 652
Add: Finance lease liabilities recognised as at 30 September 2019		4
Lease liability recognised as at 1 October 2019		15 934
Of which;		
Current lease liability	**2 275**	2 267
Non-current lease liability	**13 690**	13 667
	15 965	15 934

The associated right-of-use assets for property leases on transition were measured on a lease by lease basis electing one of the following approaches:

- The right-of-use asset is made equal to the lease liability, adjusted by the amount of any previously recognised prepaid or accrued lease payments; or
- The right-of-use asset is retrospectively calculated, using a discount rate based on the lessee's incremental borrowing rate at the date of initial application.

The recognised right of use assets relate to the following types of assets:	31 March 2020 Rm	1 October 2019 Rm
Properties	**11 588**	11 963
Equipment	**11**	13
	11 599	11 976

13. CHANGES IN ACCOUNTING POLICIES (continued)

13.2 Practical expedients applied

As the Group has elected to follow the simplified method in transitioning to IFRS 16, each entity is allowed to use any of the following practical expedients on a lease-by-lease basis:

- Discount rate: The same Discount rate was applied to a portfolio of leases with reasonably similar characteristics; Initial direct costs: Initial direct costs were excluded from the measurement of the right-of-use asset on transition;
- Use of hindsight: A lessee used hindsight to determine whether renewal and termination options were included/excluded from the lease term on transition;
- Onerous lease determination: A lessee used its onerous contract assessment under IAS 37: Provisions, Contingent Liabilities and Contingent Assets immediately before transition instead of performing an impairment review of the right-of-use asset under the requirements of IAS 36: Impairment of Assets; and
- Short-term leases: For leases with a remaining lease term of less than one year at date of adoption, a lessee chooses to apply the short-term lease exemption in IFRS 16 and expense lease payments instead of recognising a right-of-use asset and a lease liability at adoption date.

13.3 Effect of adopting IFRS 16

The Group has elected to apply the impact of IFRS 16 retrospectively with an adjustment to opening accumulated losses on 1 October 2019, therefore comparative information for the 2019 Reporting Period has not been restated.

13. CHANGES IN ACCOUNTING POLICIES (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION	1 October 2019 Unaudited Restated Rm	Unaudited IFRS 16 adjustments Rm	30 September 2019 Audited As originally presented Rm
ASSETS			
Non-current assets			
Goodwill	41 865	–	41 865
Intangible assets	17 979	–	17 979
Property, plant and equipment	5 480	(4)	5 484
Right-of-use assets	11 976	11 976	–
Investments in equity accounted companies	3 226	–	3 226
Other financial assets	5 037	–	5 037
Deferred tax assets	2 151	906	1 245
Trade and other receivables	154	–	154
	87 868	12 878	74 990
Current assets			
Inventories	13 825	–	13 825
Trade and other receivables	8 704	–	8 704
Taxation receivable	485	–	485
Intergroup loans and receivables	743	–	743
Other financial assets	1	–	1
Cash and cash equivalents	11 818	–	11 818
	35 576	–	35 576
Assets classified as held-for-sale and disposal groups	12 543	–	12 543
	48 119	–	48 119
Total assets	135 987	12 878	123 109
LIABILITIES			
Non-current liabilities	–		
Borrowings	37 711	–	37 711
Employee benefits	89	–	89
Deferred tax liabilities	4 024	–	4 024
Provisions	464	–	464
Lease liabilities	13 667	13 667	–
Trade and other payables	–	(461)	461
	55 955	13 206	42 749
Current liabilities			
Trade and other payables	11 812	(113)	11 925
Taxation payable	1 171	–	1 171
Intergroup loans and payables	3 647	–	3 647
Employee benefits	1 017	–	1 017
Provisions	147	(26)	173
Lease liabilities	2 267	2 267	–
Borrowings	11 069	–	11 069
	31 130	2 128	29 002
Liabilities directly associated with assets classified as held-for-sale and disposal groups	4 854	–	4 854
	35 984	2 128	33 856
Total liabilities	91 939	15 334	76 605
Net assets	44 048	(2 456)	46 504
Capital and reserves	118 368	–	118 368
Non-controlling interest	15 871	(711)	16 582
Retained earnings	(90 191)	(1 745)	(88 446)
Total equity	44 048	(2 456)	46 504

14. PRO-FORMA FINANCIAL INFORMATION

Comparative information has not been restated and has been reported under the previous IAS 17 and IFRIC 4. To provide a more meaningful comparison of the current period's financial performance to the prior period, the current period has been adjusted to illustrate the impact should IFRS 16 not have been applied as well as the effect of adjustments for alternative performance measure. Adjustments for alternative performance measures include the reversal of material items items as disclosed in note 3.

The pro forma financial information excludes the impact of IFRS 16 presented in the summary 2020 Condensed Financial Statements as well as the effect of adjustments for alternative performance measure.

The pro forma financial information, which is the responsibility of the group's directors, has been presented for illustrative purposes only and is consistent with the prior reporting period. The pro-forma financial information is presented in accordance with the JSE Listings Requirements and the SAICA Guide on Pro Forma Financial Information. Therefore, because of its nature, the pro forma financial information may not fairly present the Group's financial position, results of operations or cash flows. The pro forma financial information has not been reviewed or reported on by the Group's external auditors.

		Six months ended 31 March 2020 – Unaudited					
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	Notes	**As reported Rm**	Effect of adopting IFRS 16 Rm	**Pro forma under IAS 17 Rm**	Effect of adjustments for alternative performance measures Rm	**Pro forma Rm**	Six months ended 31 March 2019 Unaudited Rm
Operating profit before other expenses considered material items	a	**3 865**	(473)	**3 392**	–	**3 392**	3 251
Other expenses	b	**(14 373)**	42	**(14 331)**	14 331	**–**	–
Operating (loss)/profit		**(10 508)**	(431)	**(10 939)**	14 331	**3 392**	3 251
Finance cost	c	**(1 923)**	787	**(1 136)**	–	**(1 136)**	(1 025)
Income from investments		**805**	–	**805**	–	**805**	410
Share of profit of equity accounted companies		**(87)**	–	**(87)**	–	**(87)**	257
Impairment of equity accounted operations		**(414)**	–	**(414)**	–	**(414)**	–
(Loss)/profit before taxation		**(12 127)**	356	**(11 771)**	14 331	**2 560**	2 893
Taxation		**(966)**	(104)	**(1 070)**	–	**(1 070)**	(1 276)
(Loss)/profit from continuing operations		**(13 093)**	252	**(12 841)**	14 331	**1 490**	1 617
Discontinued operations							
Profit from discontinued operations		**246**	–	**246**	–	**246**	146
(Loss)/profit for the period		**(12 847)**	252	**(12 595)**	14 331	**1 736**	1 763
(Loss)/profit attributable to:							
Owners of Steinhoff Investments		**(13 303)**	252	**(13 051)**	14 331	**1 280**	1 034
Preference shareholders of Steinhoff Investments		**61**	–	**61**	–	**61**	63
Non-controlling interests		**395**	–	**395**	–	**395**	666
(Loss)/profit for the period		**(12 847)**	252	**(12 595)**	14 331	**1 736**	1 763
(Loss)/profit attributable to owners of Steinhoff Investments:							
Continuing operations		**(13 549)**	252	**(13 297)**	14 331	**1 034**	888
Discontinued operations		**246**	–	**246**	–	**246**	146
		(13 303)	252	**(13 051)**	14 331	**1 280**	1 034
Normalised basic (loss)/earnings per share							
From continuing operations		**(24 634.5)**		**(24 176.3)**		**1 880.0**	1 614.5
From discontinued operations		**447.3**		**447.3**		**447.3**	265.5
Normalised basic (loss)/earnings per share		**(24 187.2)**		**(23 729.0)**		**2 327.3**	1 880.0

14. PRO FORMA FINANCIAL INFORMATION (continued)

	Six months ended 31 March 2020 – Unaudited					
PRO FORMA EBITDA	**As reported Rm**	Effect of adopting IFRS 16 Rm	**Pro forma under IAS 17 Rm**	Effect of adjustments for alternative performance measures Rm	**Pro forma Rm**	Six months ended 31 March 2019 Unaudited Rm
Operating (loss)/profit	**(10 508)**	(431)	**(10 939)**	14 331	**3 392**	3 251
Depreciation and amortisation	**1 891**	(1 220)	**671**	–	**671**	602
Other material expenses	**14 373**	(42)	**14 331**	(14 331)	**–**	–
Intercompany eliminations (discontinued operations)	**–**	–	**–**	–	**–**	(22)
EBITDA	**5 756**	(1 693)	**4 063**	–	**4 063**	3 831
EBITDA per segment:						
Pepkor Africa	**5 859**	(1 692)	**4 167**	–	**4 167**	3 988
Corporate and treasury services	**(103)**	(1)	**(104)**	–	**(104)**	(157)
	5 756	(1 693)	**4 063**	–	**4 063**	3 831

	Six months ended 31 March 2020 – Unaudited					
PRO FORMA EBIT	**As reported Rm**	Effect of adopting IFRS 16 Rm	**Pro forma under IAS 17 Rm**	Effect of adjustments for alternative performance measures Rm	**Pro forma Rm**	Six months ended 31 March 2019 Unaudited Rm
Operating (loss)/profit	**(10 508)**	(431)	**(10 939)**	14 331	**3 392**	3 251
Other material expenses	**14 373**	(42)	**14 331**	(14 331)	**–**	–
Intercompany eliminations (discontinued operations)	**–**	–	**–**	–	**–**	(22)
EBIT per segment reporting	**3 865**	(473)	**3 392**	–	**3 392**	3 229
EBIT per segment:						
Pepkor Africa	**3 973**	(473)	**3 500**	–	**3 500**	3 389
Corporate and treasury services	**(108)**	–	**(108)**	–	**(108)**	(160)
	3 865	(473)	**3 392**	–	**3 392**	3 229

NOTES TO THE PRO FORMA FINANCIAL INFORMATION

a Effect of reinstatement of operating lease expense of R1 925 million under IAS 17, the effect of relating equalisation of operating lease payments, the effect of reversing the depreciation on the right-of-use assets under IFRS 16 of R1 220 million and the effects well as the reversal of R133 million foreign exchange on the revaluation of the lease liability.

b Effect of the reversal of the impairment of the right-of-use assets under IAS 36 of R42 million as well as the reversal of material items. Refer to note 3.

c Effect of reversing the interest expense on the lease liabilities under IFRS 16 of R787 million.

CORPORATE INFORMATION

STEINHOFF INVESTMENT HOLDINGS LIMITED

("Steinhoff Investments" or "the Company" or "the Group")
(Incorporated in the Republic of South Africa)

Executive directors
Louis du Preez, Theodore de Klerk, Johan Geldenhuys

Non-executive directors
Moira Moses (Chairperson)*, Alex Watson (Deputy Chairperson)*, Hugo Nelson*
* Independent

Registration number: 1954/001893/06

Share code: SHFF

ISIN: ZAE000068367

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Building B2, Vineyard Office Park, Cnr Adam Tas & Devon Valley Roads,
Stellenbosch 7600, Western Cape, South Africa

Postal address
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Website: www.steinhoffinternational.com

Transfer secretaries
Computershare Investor Services Proprietary Limited, Rosebank Towers,
15 Biermann Avenue, Rosebank 2196

Company secretary: Steinhoff Secretarial Services Proprietary Limited

Auditors: Mazars Accountants

JSE sponsor: PSG Capital Proprietary Limited

Announcement date: 3 September 2020