STEINHOFF
INTERNATIONAL HOLDINGS LTD

2014 INTEGRATED REPORT

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Audited annual financial statements
Corporate governance report
Corporate responsibility report
King III register of application
at www.steinhoffinternational.com

STEINHOFF IS AN INTEGRATED RETAILER THAT MANUFACTURES, SOURCES AND RETAILS FURNITURE AND HOUSEHOLD GOODS IN EUROPE, AFRICA AND AUSTRALASIA

FOR THE YEAR ENDED 30 JUNE 2014

Revenue increases to

R117 billion

(€8.3 billion)

Operating profit before capital items increases by 29% to

R12.6 billion

(€0.9 billion)

Cash generated from operations at

R21 billion

(€1.5 billion)

EBITDA increases 26% to

R14.6 billion

(€1.0 billion)

Adjusted headline earnings per share from continuing operations improves by 27% to

479.6cps

(€34.0cps)

READ MORE: ***page 46*** *for the Finance report*

STEINHOFF IS A GROUP FOCUSED ON DISCIPLINED GROWTH, SPECIFICALLY IN INDUSTRIES LINKED TO HOUSEHOLD GOODS

Our operations are positioned towards mass-market value-conscious consumer segments. However, ownership of aspirational brands and designs affords the group direct and indirect exposure to additional market segments.

Gross revenue
R106.6 billion
Operating profit
R9.0 billion

***100% SHAREHOLDING* IN INTERNATIONAL OPERATIONS**
Steinhoff's European integrated household goods business incorporates all our retail businesses in Europe and Australasia, supported by manufacturing, sourcing and logistics that service our own and external retail customers throughout Europe. The business as a whole is targeted at the value-conscious consumer.

Gross revenue
R30.6 billion
Operating profit*
R0.9 billion

***86% SHAREHOLDING* IN AFRICAN RETAIL OPERATIONS: JD GROUP**
JD Group Limited is strategically positioned in southern Africa as a diversified retailer targeting primarily the value-conscious mass-market customers with a secondary focus on the top-end market segments.

Gross revenue
R2.9 billion
Operating profit
R2.7 billion

***100% SHAREHOLDING* IN PROPERTIES**
The group's property portfolio consists of retail properties, the majority of which Steinhoff trades from. In addition the group owns many of the warehouses and manufacturing facilities that it operates from. In some European countries, the licence to retail household goods is attached to a specific property. The long-term occupation of these retail sites is an important factor in protecting the group's sustainable earnings. These investments allow the group to sustainably manage future lease liabilities and escalations.

***45% SHAREHOLDING* IN KAP INDUSTRIAL HOLDINGS LIMITED**

** From continuing operations*

RETAIL

MANUFACTURING, SOURCING AND LOGISTICS

RETAIL

ASSOCIATE INVESTMENT

ABOUT GROUP STRATEGY

STEINHOFF REMAINS FOCUSED ON MANAGING THE LONG-TERM SUSTAINABILITY OF THE GROUP'S BUSINESSES AND BUSINESS PRACTICES TO MAINTAIN AND GROW THE BENEFITS PROVIDED TO ITS STAKEHOLDERS

	DIFFERENTIATING FACTORS	STRATEGY	STRATEGIC DRIVERS
RETAIL	DIVERSE GEOGRAPHIC FOOTPRINT MASS-MARKET APPEAL	GROW REVENUE AND MARKET SHARE	Footprint expansion Continuous investment in stores E-commerce
MANUFACTURING, SOURCING AND LOGISTICS	INTEGRATED SUPPLY CHAIN FLEXIBILITY AND BALANCE IN MANUFACTURING AND SOURCING	ENHANCE EFFICIENCIES and INCREASE MARGINS	Vertical integration of supply chain Leverage the group's manufacturing, sourcing and distribution capabilities
PROPERTIES	PROPERTY OWNERSHIPS SUSTAINABLE BASE		Maintain cost base and improve margins Continuous property investments

READ MORE: *page 8*

The integrated business model of sourcing and manufacturing products in low-cost locations and retailing them in developed markets has underpinned the group's growth since its listing on the JSE Limited in 1998. The retail operations are positioned towards price-conscious (value) consumer segments, providing customers with affordable household goods products through the group's vertically integrated supply chain.

MATERIAL ISSUE

SUSTAINABILITY
Increased and changing consumer demand drives the development of responsible and sustainable products and services

CONTEXT

More than 2 321 stores

30 retail brands

In 20 countries

16 factories

Sourcing from 44 countries

Purchasing power in excess of €4bn

€3bn portfolio (at cost)

4 million m² of property owned:

82% Retail*

10% Manufacturing

8% Warehousing

Warehouse space attached to stores are included in retail

OUTCOME

Revenue	R117.4bn
Cash generation	R21.3bn
Operating profit before capital items	R12.6bn
Operating margin	10.8 %
Return on property portfolio	7.1% p.a.

MATERIAL ISSUE

SUSTAINABILITY
Ownership of properties protects sustainable long-term access to sought-after industrial and retail locations. The property portfolio supports investment into social and environmentally friendly infrastructure

STRATEGIC DIVERS

	STRATEGIC DRIVERS	IMPLEMENTATION
RETAIL	**FOOTPRINT EXPANSION** By 2005 Steinhoff already established itself as an integrated producer and distributor of furniture and household goods in Europe. This base forms the platform for its ongoing vertical integration into retail p10	Expand the group's offering into retail Establish discount retail positioning Supplement western European footprint with eastern European and African footprint
	CONTINUOUS INVESTMENT IN STORES To ensure accessibility and relevance to its customers, Steinhoff continues to develop its retail footprint through ongoing investment in new stores p12	Continuous investment in new stores
	E-COMMERCE Supported by a relevant infrastructure and an efficient supply chain, Steinhoff links the e-commerce environment to its store network, affording the group a competitive advantage p14	Establish e-commerce platforms that links to the group's store network and logistics infrastructure

PROPERTIES MANAGED ACROSS OPERATING DIVISIONS

p20

MAINTAINING COST BASE AND IMPROVING MARGINS

Steinhoff's investment in properties is strategic in protecting the group's long-term sustainable margin. Retail properties are mostly situated in Europe where the licence to sell household goods is dedicated to a particular property, thereby enhancing the group's competitive advantage. The industrial properties are located in Europe, the UK and South Africa.

STRATEGIC DRIVERS

IMPLEMENTATION

MANUFACTURING, SOURCING AND LOGISTICS

VERTICAL INTEGRATION OF SUPPLY CHAIN

Extracting value from the integrated supply chain

p16

Integrated supply chain supports retail

SOURCING EXPERTISE AND INFRASTRUCTURE

Steinhoff opened its first dedicated sourcing office in Asia in 2004. This office currently employs more than 250 employees responsible for quality control, technical design and other support functions

p17

Infrastructure, experience and skill set continue to differentiate the group as an integrated retailer

LOGISTICS EXPERTISE

To extract value and improve efficiencies from the group's warehouse management and logistics expertise, these operations were consolidated into one division to service group-owned and external retail customers

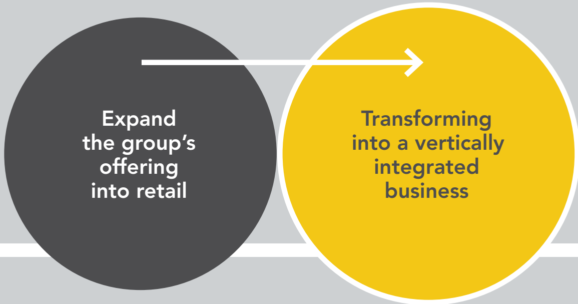
p18

Integration of the group's European warehouse and logistics footprint

Continued property investments benefit the group's retail brands to maintain its cost base and improve margins

Footprint expansion

As a pure integrated manufacturer and distributor of value furniture and household goods in Europe, the opportunity to expand the group's supply chain into retail presented itself in 2005. During that year, Steinhoff invested in a specialist furniture and bedding retailer in the United Kingdom. This resulted in Steinhoff becoming a vertically integrated business with significant influence over, and in-depth knowledge of the entire supply chain.



MATERIAL ISSUE

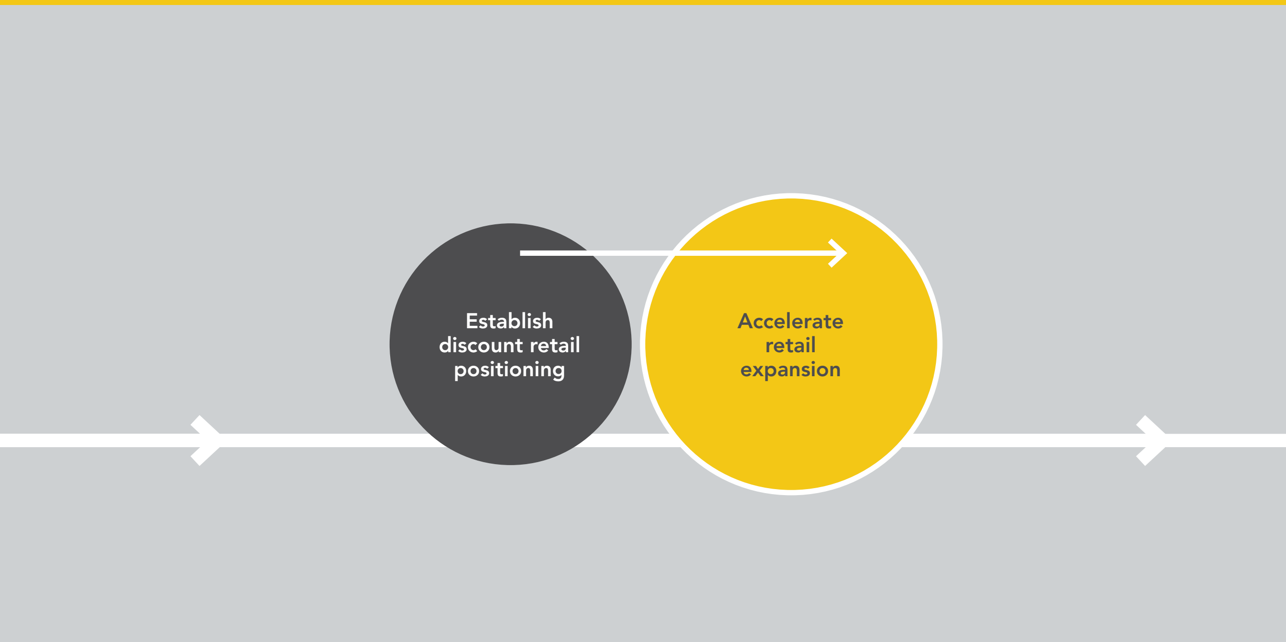
The consolidation of the European furniture industry presents opportunities to grow market share in Europe

Experience and expertise in manufacturing and distribution created the foundation for the group's vertically integrated business model. By placing expert focus on various parts of the supply chain, management is able to focus on its specific channels of excellence and to target operational efficiencies.

The group's scale and critical mass influence price throughout the supply chain, with increased purchase volumes further driving efficiencies and ultimately reducing product cost.

Steinhoff's strategy to acquire and enhance well-established local brands with local consumer appeal, continues to prove successful. The synergies in the group's supply chain leads to maximising efficiencies, thereby protecting costs and ultimately enhancing customer service.

Having made the initial investment in retail in 2005 followed by the European Retail Management (ERM) investment in 2007, the acquisition of Conforama in 2011 effectively doubled the group's retail footprint. This investment established the group as the second largest retailer of household goods in Europe. It generated a multitude of opportunities, introduced new expertise and opened up new markets in nine European countries.



MATERIAL ISSUE

As a result of global economic uncertainty, consumers are becoming more price sensitive, resulting in growth in the discount value market segments

Steinhoff's retail business is focused on the value-conscious consumer and operations are positioned in the growing discount value market segment. An entrenched focus on cost control and efficiencies throughout the supply chain protects the group's ability to provide good value for money to its diverse customer base.

The group's manufacturing and sourcing operations are mainly located in low cost economies while retail operations are situated in developed economies. In general, the demand in the value segment is less volatile and has proved to be resilient in the prevailing economic climate.

Following the investments in specialist furniture and bedding retail, the group continued its retail expansion in 2007, investing in the large-format discount concept to establishing its discount value retail positioning in Germany. The success of this acquisition and the synergies created within the established manufacturing and sourcing division have accelerated Steinhoff's retail expansion.

Steinhoff's multi-brand retail portfolio now includes 30 brands.

Continuous investment in stores

To ensure accessibility and relevance to its customers, Steinhoff continues to develop its retail footprint through continued investment in new stores, refurbishment of the existing store base and store conversion programmes, thereby enhancing the footprint of local brands.

MATERIAL ISSUE

Developments in consumer demand and shopping preferences require continuous innovation to maintain a relevant retail base that caters for the latest trends, technology and a relevant sustainable product range

The group continues to focus on the developments in consumer demand. An increasingly more aware consumer, in search of a relevant retail experience drive focus and investment in stores and product range. Demand for ethical and sustainable products and services are increasing amongst consumers. Through product innovation the group provides sustainable solutions while the vertical integration of the group improves traceability of products supplied.

Product diversification (upholstery, case goods, bedding, white, brown and grey goods (large homeware appliances) and decorative items) and innovation provide a "complete lifestyle" offering to consumers and result in a more defensible, sustainable combined margin. The continued refurbishment and upgrade of stores throughout Europe supports new market trends and product demand.

Due consideration is given to multiple aspects when stores are acquired and re-designed. This includes store location, proximity to consumer markets, costs and impact of delivery, functional display of products, service levels and knowledge of sales staff, utilising technology in the sales process and general appeal of the stores.

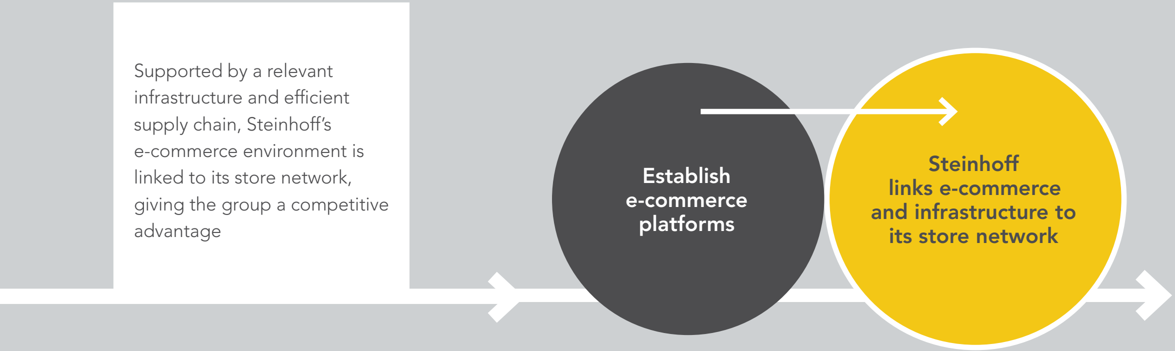
The development of consumer preferences in the manner in which products are purchased requires continuous evaluation of the retail concepts applied in stores. The "big-box" concept, which is applied in

most of the group's stores has proven very successful and continues to meet consumer preferences.

In terms of new concepts, the store-in-store concept implemented by the UK retail operations, combining the Harveys and Bensons for beds brands, has proven successful. The implementation of a new concept such as this requires a significant amount of time to refurbish stores and as a result impacts revenue. By June 2014 32% of the store network had been refurbished.

In addition to this the Conforama brand successfully introduced a new hard-discount concept in France, Confo Dêpót, during the current year.

E-commerce



MATERIAL ISSUE

With online shopping and marketing becoming increasingly popular among consumers, growth in e-commerce is being prioritised

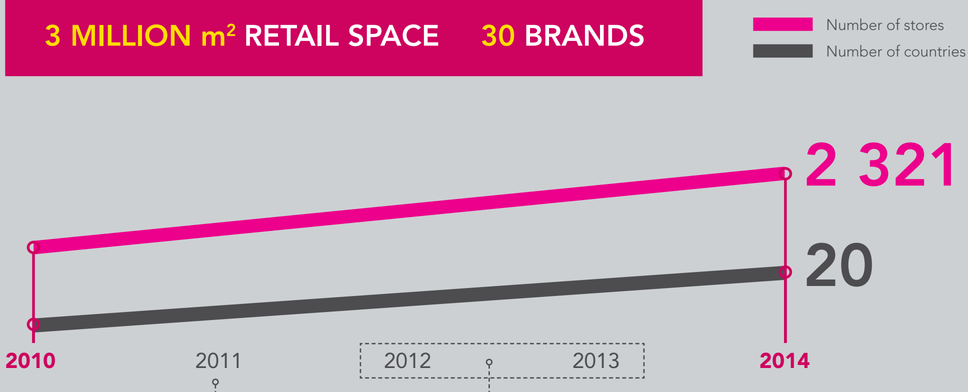
The furniture industry was slow to develop online retailing due largely to the distribution complexities involved with furniture, specifically home delivery of bulky goods. However, the evolved online environment has transformed the industry dramatically, bringing customers ease of comparability relating to price and product transparency.

Regardless of product or market sector, new-age buying behaviour supports an integrated and omni-channel approach, providing the same service and experience to the customer, regardless of how, where or when customers transact. Customers are better informed after doing their product research online and are able to select which stores to visit.

Within the group, Conforama launched its Conforama.fr e-commerce site and integrated it with its store network. The brand took full advantage of the support provided by the group's brick and mortar infrastructure that forms the foundation of any successful e-commerce environment in our industry. The success of this online channel is focused on extending the product and service offering to all sales channels available to consumers. A priority will be to ensure that in-store and virtual customer experiences are aligned.

* Möbelmarkt 2014

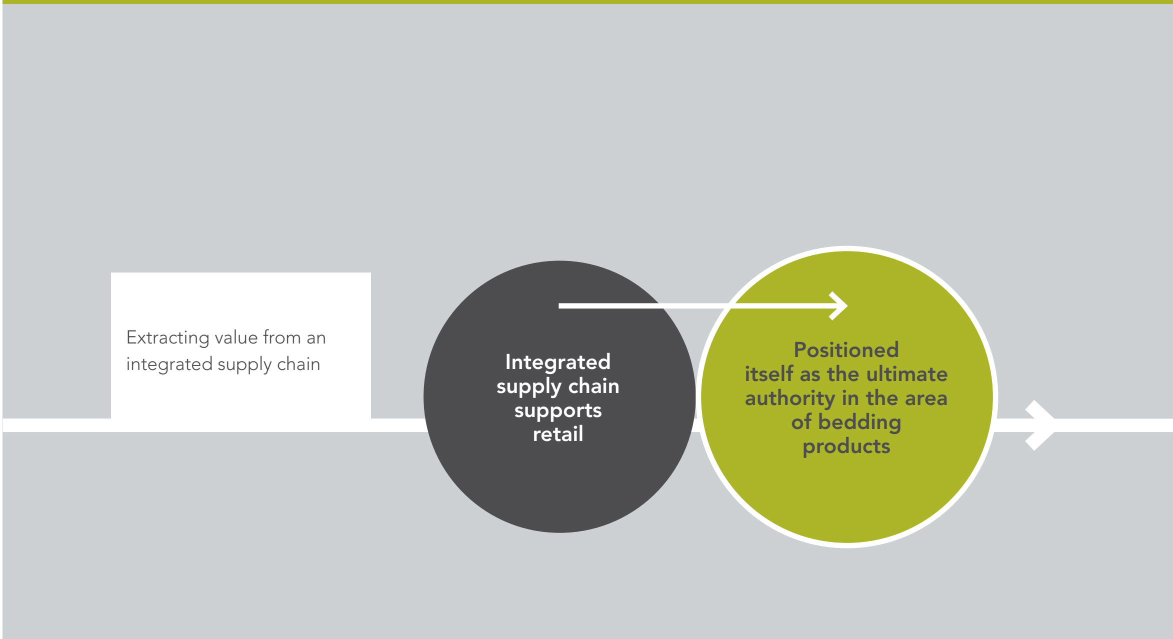
3 MILLION m² RETAIL SPACE 30 BRANDS



The acquisition of Conforama in 2011 added **250 stores** in seven European countries.

JD Group became a subsidiary of Steinhoff in 2012. This added **14 retail brands** with **1 190 retail stores** in South Africa to the group's portfolio.

Vertical integration of supply chain



MATERIAL ISSUE

The bedding product category continues to show sustained growth throughout the European economic crisis

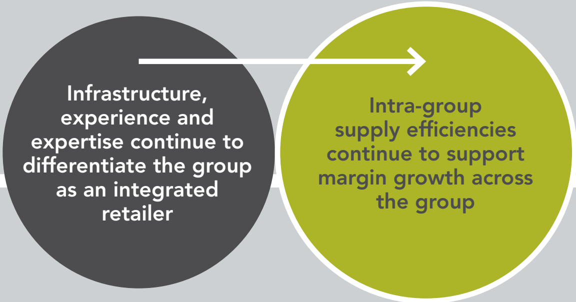
Bedding's integrated supply chain remains one of the most profitable revenue streams in Steinhoff. The group's ability to source raw material, procure bedding components and assemble a wide range of mattresses at varying price points, provides the group with a clear competitive advantage. In addition to this production and manufacturing ability, the expertise throughout the supply chain further supports the group's bedding strategy. The group is capable, and well positioned, to distribute and deliver mattresses and beds to group-owned and third party retail outlets.

With the support of its integrated supply chain, Steinhoff's retail strategy in the bedding market remains focused on the ultimate customer experience.

As a market leader in the bedding retail environment in Europe and Australia, Steinhoff invested its marketing efforts exclusively on comfort and health – focusing on the benefits obtained when optimising one's sleep experience. As a result, Steinhoff positioned itself as the ultimate authority in the area of bedding, providing customers with an unique buying experience and tailor-made sleep solutions.

Sourcing expertise and infrastructure

Steinhoff opened its first dedicated sourcing office in Asia in 2004, at a time prior to the emergence of the region's importance as a sourcing destination for the furniture industry.



MATERIAL ISSUE

To protect and defend margin in the discount value segment, the group launched a common product range across all retail segments

The group's direct involvement in all aspects of outsourced products mitigates the risks associated with price, quality, sustainability and ethical standards. This is specifically evident in the growing intra-group supply efficiencies that continue to support margin growth across the group. The infrastructure and skill of sourcing continue to differentiate the group as an integrated retailer.

The group maintains flexibility between manufacturing products in owned factories and sourcing from third parties. This flexibility in product offering reduces the risks associated with high investment costs into production infrastructure and product lines that may be subject to short-term consumer trends. Steinhoff continues to explore and develop its reach into new supply territories, to bring the best produced product, at the best prices, to market.

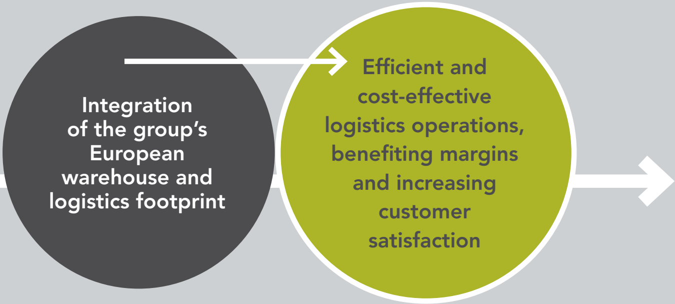
For this reason the Steinhoff Global Range was introduced in 2014.

Global Range is a range of products mutually selected by the group's global retail brands to supplement the individual local range in various countries.

Global Range is a fully integrated product range with every aspect of the product's life considered, designed, developed and automated, by taking into account the best source and quality of raw materials to be used, the production process, speed to market, optimised inbound and outbound logistics, packaging, inventory management and ultimately, store display.

Logistics expertise

In 1998 Steinhoff's core business was built on sourcing, manufacturing, and distributing furniture to retailers in Europe and South Africa. With their increased scale and buying power, the sourcing and logistics functions were consolidated into one focused division in 2012, benefiting the group's negotiation power to control procurement, shipment, imports and distribution costs.



MATERIAL ISSUE

Protecting and defending margin in the discount value market segment with control over logistics costs, provides a competitive advantage

Sustainable and efficient logistics operations differentiate suppliers, both on cost and service delivery. Given the nature of the furniture product, the ability to efficiently transport and deliver items from supplier to the end-consumer forms an integral part of the supply chain. The focused integration of the group's European warehouse and logistics footprint is expected to result in a more efficient and cost-effective logistics operation, benefiting margins and increasing customer satisfaction.

Worldwide volatility in fuel prices, pressure on natural resources and greater emphasis on sustainability have increased the barriers to entry within the logistics industry. Increased global demand for fuel and energy is also likely to lead to increased logistics costs. In order to remain competitive in this industry, a significant degree of experience, scale and specialisation is required.

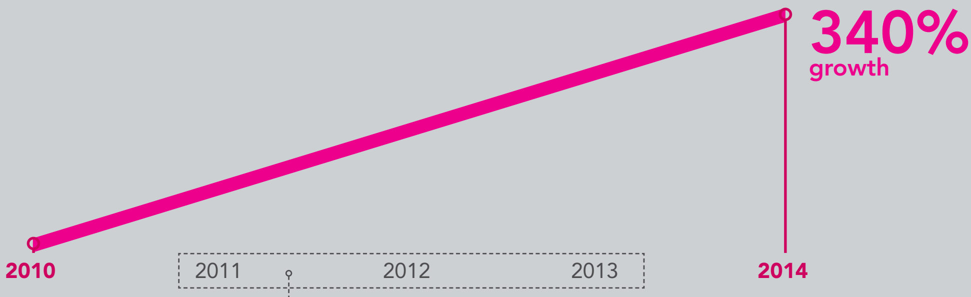
The group's knowledge and expertise in logistics and warehouse platforms assist in containing and, where possible, reducing the impact and costs associated with distribution, fuel and energy. This is closely monitored and managed as part of the functions within the group's integrated supply chain.

Efficient and effective inbound and outbound logistics solutions not only influence the end price to the consumer, but also speed to market, stock management and ultimately, customer satisfaction. Logistics is therefore imperative throughout the product life cycle, for product design, raw material procurement, manufacturing, delivery and, in supporting e-commerce initiatives.

INCREASED SOURCING AND LOGISTICS >> 2010 TO 2014

16 FACTORIES **44 SOURCING COUNTRIES**

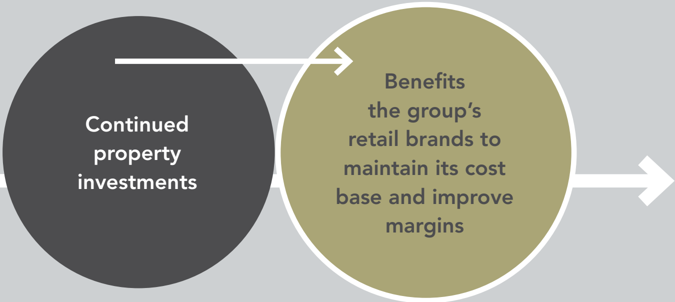
Steinhoff Asia orders



Expansion of the retail activities significantly increased the group's scale and purchasing power.

Maintaining cost base and improving margins

In line with its integrated strategy since inception of the group, Steinhoff invested in a multitude of strategic properties. In the early years, investments were in property centred around the warehouse and distribution network across Europe. Investment in group manufacturing properties in eastern Europe followed and the group acquired a portfolio of retail properties in 2007 with the acquisition of ERM in Germany.



MATERIAL ISSUE

The European market consolidation and uncertainty in the discretionary retail environment continue to present opportunities to acquire additional retail properties linked to retail licences

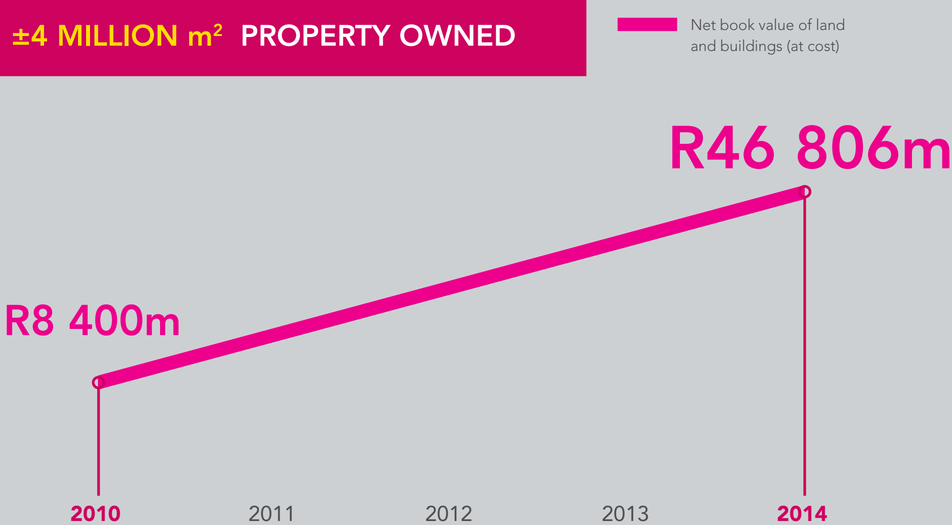
During the economic downturn in Europe and the resultant pressure this placed on retailers and proprietors, various retail properties became available at affordable prices. The group used this opportunity to acquire a number of the retail properties it operates from.

Given the restricted planning permission requirements and, more importantly, the trading licences attached to retail properties across Europe, the value and competitive advantage of owning these properties remains a key strategic focus for the group.

The group continued its investment in properties during the year under review, most notably acquiring the kika Leiner property portfolio in Austria. In addition, the group invested in large format retail properties from an insolvent retail estate in Germany and acquired the available underlying properties of three Atlas stores in France. In the United Kingdom, the group invested in additional warehouse, distribution and office space, and made various other smaller property investments.

CONTINUOUS INVESTMENT >> 2010 TO 2014

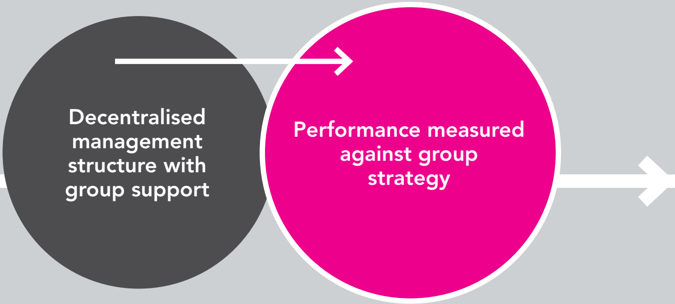
±4 MILLION m² PROPERTY OWNED



CLEAR DIRECTION

Decentralised management

The decentralised management structure and entrepreneurial culture of the group supports the necessary in-depth industry, market and consumer knowledge and relevant experience.



MATERIAL ISSUE

Maintain and enhance the sustainability of the business through adequate access to skills and expertise

Each division is empowered to innovate and adapt in a way that is responsive while still being responsible. Empowered employees enhance and sustain the entrepreneurial culture which ultimately adds value to the dynamic success of the group's decentralised management structure. By having experts focusing on various parts of the supply chain, management has time to focus on their specific channels of excellence and to focus on revenue growth and improving operational efficiencies.

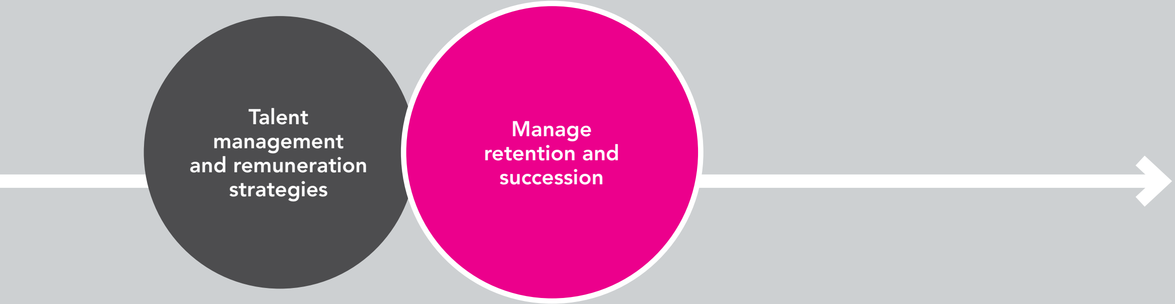
Management teams of each division and underlying businesses have the autonomy to employ the right people for the businesses and to implement group strategy in a manner that aligns with their business, industry and market environment.

Reporting lines are defined, from divisional level to the board of Steinhoff International, to ensure that the divisions' approach to business and corporate governance is in line with that of the group and its policies.

All operations are supported by the Steinhoff International group services team, located in various regions where the group operates.

READ MORE: Management structure on **page 26**

Retention strategy



MATERIAL ISSUE

Maintain and enhance skills and expertise

Access to the best skills in the multi-functional industries that support the group's vertically integrated business model of retail, manufacturing, sourcing, logistics and properties, supports the ability of the group to bring products to market at the best prices, while maintaining value and quality throughout the supply chain.

By actively managing talent the group ensures that critical workforce segmentations are maintained, developed and that succession planning remains in place. Talent management actively enforces knowledge-sharing programmes, while continuously upgrading skills through training.

The group offers competitive remuneration to motivate and incentivise management and employees. Elements of managerial remuneration include a base salary, benefits, annual bonuses and long-term incentives. Base salaries are benchmarked against other companies similar in size, market sector, business complexity and international scope. Performance criteria pertaining to variable remuneration are aligned with the group's long-term strategic priorities and are measured against those of peer group companies (in comparable industries and markets) in local currencies.

Steinhoff expects its executives to be internationally mobile and to have knowledge and experience across borders. As a result, Steinhoff competes globally for skills and talent.

READ MORE: Remuneration report on **page 94**

MANAGEMENT STRUCTURE

CORPORATE GOVERNANCE	Notwithstanding the group's decentralised approach, the ultimate responsibility for retaining full and effective control rests with the Steinhoff International board of directors. The diversity and wide geographical spread of the group's divisions, together with the group's focus on vertical integration, require adherence to high standards of corporate governance, both at divisional and at corporate level. The group applies the third King Report on Governance for South Africa and the King Code of Governance Principles (jointly King III). King III operates on an "apply or explain" basis and the group has applied an alternative approach in certain instances. Explanations of these instances are included in the corporate governance report. Steinhoff has met its reporting requirements relating to King III, the Listings Requirements of the JSE and the 2008 Companies Act (as amended) together with the Companies Regulations (jointly the Act). Further reading is available on the group's website: Corporate governance report King III table of 75 principles
COMPLIANCE WITH LEGAL AND BEST PRACTICE GUIDELINES AND REGULATORY REQUIREMENTS	Reporting lines are defined, from divisional level to the board of Steinhoff International, to ensure that the divisions' approach to their business and their corporate governance is in line with group policies. Various committees, at divisional and subsidiary level, are in place to review and report on business and strategic aspects. The main board committees are in turn supported by divisional requirements. Key policies are in place to guide management and employee behaviour and cover important social, environmental and business aspects. A zero tolerance policy with respect to compliance, with legislation of each country where the group has a presence, has been adopted.

BOARD OF DIRECTORS	**STRATEGY APPROVAL**	STEINHOFF INTERNATIONAL HOLDINGS LTD
BOARD COMMITTEES Support the board of directors with regard to specific functions. These official board committees are constituted in accordance with the recommendations of King III and the requirements of the Companies Act	**STRATEGY EVALUATION AND SUPPORT**	**AUDIT COMMITTEE** **GROUP RISK ADVISORY COMMITTEE** **HUMAN RESOURCES AND REMUNERATION COMMITTEE** **NOMINATION COMMITTEE** **SOCIAL AND ETHICS COMMITTEE**
EXECUTIVE COMMITTEE Supports and assists the CEO with reviewing and implementing group strategies and policies determined by the board and managing the business affairs of the company.	**STRATEGY DEVELOPMENT**	
DIVISIONAL BOARDS OF DIRECTORS	**STRATEGY MANAGEMENT**	**RETAIL** **MANUFACTURING, SOURCING AND LOGISTICS**
EXECUTIVES, MANAGEMENT TEAMS AND COMMITTEES	**STRATEGY IMPLEMENTATION**	**PROPERTIES**

BOARD OF DIRECTORS >> EXECUTIVE DIRECTORS*

MARKUS JOHANNES JOOSTE (53)
BAcc, CA(SA)

Markus is the chief executive officer of Steinhoff, appointed to the board in 1998 as executive director. He holds various other board positions within the group and serves on the boards and committees of other listed companies.

DANIËL MAREE VAN DER MERWE (56)
BComm, LLB

Danie is the chief operating officer of Steinhoff, appointed to the Steinhoff International board in 1999. Danie currently serves on the boards of other listed group companies and their board committees.

ANDRIES BENJAMIN LA GRANGE (40)
BComm (Law), CA(SA)

Ben is the chief financial officer of Steinhoff, appointed as alternate director in 2009 and to his current position as chief financial officer in 2013. He serves on the boards of other group companies.

FREDRIK JOHANNES NEL (55)
BCompt (Hons), CA(SA)

Frikkie is the financial director of Steinhoff, appointed to the board in 1998. He also acted as company secretary for the group from 1993 to 1998.

HENDRIK JOHAN KAREL FERREIRA (59)
BCompt (Hons), CA(SA)

Piet is executive director: mergers and acquisitions, appointed to the Steinhoff International board in 2005. He joined Steinhoff in January 2002, was appointed as an alternate director in December 2005 and as executive director with effect from May 2009. Piet also serves as a member of the issuer services regulation advisory committee of the JSE Limited.

** Detailed CVs are available on the group's website at www.steinhoffinternational.com*

STEPHANUS JOHANNES GROBLER (55)
BComm (Hons) (Economics), LLB

Stéhan is executive director: group treasury and financing activities, appointed to the Steinhoff board in 2005. In December 1999, Stéhan was appointed company secretary of Steinhoff International. Stéhan also heads the legal department of the group and acts as director for various group companies.

THIERRY LOUIS JOSEPH GUIBERT (43)
MBA (FR)

Thierry is the chief executive officer of Conforama, appointed to the board of Steinhoff International as an executive director in May 2011. Thierry has held the position of chairman and chief executive officer of Conforama since 2008, prior to its acquisition by Steinhoff in March 2011.

JOHANNES NICOLAAS STEPHANUS DU PLESSIS (65)#
BComm, LLB

Johann is an executive member of Steinhoff International's group services team, appointed to the board as non-executive director in 2002. He advises on and is engaged in matters related to governance, tax, property, competition and health, safety and environmental risks. Johann has acted as an alternate executive director since March 2006.

 # Alternate executive director to Stéhan Grobler

KAREL JOHAN GROVÉ (65)#
AMP (Oxford)

Jo is the chief executive officer of KAP Industrial Holdings Limited. He joined Steinhoff International as a non-executive director in September 2000. He joined Unitrans Limited as chief executive officer in September 1998. Jo was appointed an alternate executive director of Steinhoff International in December 2007, following the approval and implementation of the acquisition of the majority shareholding in Unitrans Limited.

 # Alternate executive director to Danie van der Merwe

MARIZA NEL (41)#
BComm, ACMA (UK)

Mariza is an executive member of Steinhoff International's group services team, appointed to the board of Steinhoff as an alternate director in May 2011. She is responsible for the group's stakeholder communication and investor relations and was appointed global head of human resources and information technology in April 2011.

 # Alternate executive director to Piet Ferreira

BOARD OF DIRECTORS >> NON-EXECUTIVE DIRECTORS*

DEENADAYALEN KONAR (60)
BComm, MAS, DComm, CA(SA)

Len is the independent non-executive chairman of Steinhoff International, appointed to the board in 1998. He is a member of the King Committee on Corporate Governance in South Africa, the Corporate Governance Network and the Institute of Directors. Len was appointed chairman of the Steinhoff board in September 2008 and is chairman of the risk advisory committee, social and ethics committee and member of the nomination and human resources and remuneration committees.

STEFANES FRANCOIS BOOYSEN (52)
BCompt (Hons) (Accounting), MCompt, DComm (Accounting), CA(SA)

Steve was appointed to the Steinhoff International board as an independent non-executive director in September 2009. Steve is the former group chief executive officer of Absa Group Limited. He serves on the boards of other listed companies and is the chairman of Steinhoff's audit committee.

DAVID CHARLES BRINK (74)
MSc Eng (Mining), DComm (hc), Graduate Diploma in Company Direction

Dave was appointed to the Steinhoff International board as an independent non-executive director in December 2007. He was also appointed by the board of Steinhoff International as the senior independent non-executive director. He is a former chairman, director and current board member of a number of various listed companies and councils. Dave is chairman of the human resources and remunerations committee and a member of the audit committee.

CLAAS EDMUND DAUN (70)
BAcc, CA

Claas is an independent non-executive director. He joined Steinhoff Germany in 1992 and was appointed to the Steinhoff International board in 1998. Claas was instrumental in developing the KAP businesses and acted as chairman of KAP Industrial Holdings Limited for many years. Claas resigned from the KAP board on 25 June 2012. He is currently a member of the boards of various German companies and is honorary consul of South Africa in Lower Saxony, Germany.

MARTHINUS THEUNIS LATEGAN (57)
BAcc (Hons), MCompt, DComm (Accounting), CA (SA), Advanced Diploma Banking Law

Theunie was appointed to the Steinhoff International board as an independent non-executive director in September 2011. Theunie previously acted as chief executive officer for FirstRand Africa and Emerging Markets. Currently he serves as vice chairman for Absa Corporate. Theunie is a member of Steinhoff's audit committee and human resources and remuneration committee.

** Detailed CVs are available on the group's website at www.steinhoffinternational.com*

JOHANNES FREDERICUS MOUTON (67)
BComm (Hons), CA(SA), AEP

Jannie was appointed to the Steinhoff International board as an independent non-executive director in October 2002. He served as member of several JSE committees and has more than 35 years' experience in financial management and investment banking. He is non-executive chairman of the PSG Group Limited.

BRUNO EWALD STEINHOFF (75)

Bruno is the founder of the Steinhoff group and was chairman of Steinhoff International until the end of September 2008. He relinquished executive duties with effect from 1 April 2008 and continues serving as a non-executive director, assisting with special projects for the group.

PAUL DENIS JULIA VAN DEN BOSCH (51)
VEcon, MBA

Paul was appointed to the Steinhoff International board as non-executive director in December 2010. Paul joined HabufaMeubelen B.V. in Hapert in 1985. He is currently the general manager of the Van den Bosch Beheer Group B.V. Paul is the founder of the Henders & Hazel® concept.

CHRISTO WIESE (73)
BA,LLB,DComm (hc)

Christo was appointed as an independent non-executive director to the Steinhoff International board on 5 March 2013. Christo has been the chairperson and controlling shareholder of Pepcor Holdings since 1989. He is also chairman and controlling shareholder of Shoprite Holdings Limited, and a director of Invicta Holdings Limited, Tradehold Limited and Brait SA Limited. Christo is a member of the nominations committee.

ANGELA KRÜGER-STEINHOFF (42)#
BComm (Economic Science)

Angela was appointed to the Steinhoff International board as an alternate non-executive director in December 2007. She joined the Steinhoff group in 1997 but resigned from the group at the end of 2005 and now attends to the Steinhoff family investments. Angela also holds a position on the advisory committees of Oldenburgische Landesbank AG in Germany, HSH Nordbank AG and Commerzbank AG.

 # Alternate non-executive director to Bruno Steinhoff

HEATHER SONN (43)
BA (Political Science), MSc (International Business)

Heather was appointed to the Steinhoff International board as an independent non-executive director on 3 December 2013. She has held senior executive positions in the investment management, stockbroking and banking industries. She is the managing director of Gamiro Investment Group (Pty) Limited and currently serves on the boards of Prescient Limited and Esor Limited.

MANAGEMENT

GROUP CHIEF EXECUTIVE OFFICER
Markus Jooste (53)

GROUP CHIEF OPERATING OFFICER
Danie van der Merwe (56)

GROUP CHIEF FINANCIAL OFFICER
Ben la Grange (40)

CHIEF FINANCIAL OFFICER: STEINHOFF EUROPE
Dirk Schreiber (42)

INTERNATIONAL RETAIL

CONFORAMA

Chief executive officer
Thierry Guibert (43)

Deputy chief executive officer
Alexandre Nodale (36)

Managing director: Iberian Peninsula
Manual Estevez (47)

Director: Business development
Daniel Fontaine (63)

Director: Communications
Isabelle Hoppenot (47)

Managing director: Switzerland
Laurent Mussigmann (49)

Managing director: International
Tonino Pereira (47)

Managing director: Italy and Croatia
Slobodan Skolnik (52)

HABUFA

Managing director
Paul van den Bosch (51)

Director: Commercial
Frans Herman (57)

Director: Habufa Research and Development
Danny van den Bosch (49)

Operations manager
Bernd Niessen (49)

ERM

Chairman European Retail Management:
Peter Pohlmann (70)

UNITED KINGDOM

Chief executive officer: UK Retail
Sean Summers (61)

Chief financial officer: UK Group
Philip Dieperink (57)

MD: UK Retail services
Stephen Campbell (50)

MD: UK Retail operations
Alan Williams (52)

ASIA PACIFIC

Managing director: Group services and Chief financial officer: Steinhoff Asia Pacific
Michael Gordon (48)

Managing director: Freedom
Tim Schaafsma (41)

Managing director: Snooze
Simon Beaty (58)

Managing director: Discount and emerging retail (Poco)
Greg Benstead (53)

MANUFACTURING, SOURCING AND LOGISTICS

Chief operating officer: European manufacturing
Jürgen Mussmann (51)

Managing director: UK Manufacturing
Andy Murdoch (60)

Managing director: Puris
Georg Billert (48)

Chief executive officer: SISL*
Florence Balanant (43)

Chief executive officer: SISL* (Asia)
Tom Huang (40)

Chief executive officer: Global Range
Andreas Petersson (43)

Chief executive officer: Steinhoff International Logistics
Rudi Roex (50)

** Steinhoff International Sourcing and Logistics*

FINANCIAL DIRECTOR
Frikkie Nel (55)

DIRECTOR: GROUP TREASURY AND FINANCING ACTIVITIES
Stéhan Grobler (55)

DIRECTOR: LEGAL SERVICES
Johann du Plessis (65)

DIRECTOR: MERGERS AND ACQUISITIONS
Piet Ferreira (59)

DIRECTOR: CORPORATE SERVICES
Mariza Nel (41)

EXECUTIVE: GROUP AUDIT
Hein Odendaal (57)

AFRICAN RETAIL

JD GROUP

Chief executive officer
Peter Griffiths (51)

Chief financial officer
Jan van der Merwe (55)

Managing director: Consumer electronics and appliances
Marco van Niekerk (36)

Chief executive officer: JDG Insurance
Renée Griessel (52)

Managing director: Steinbuild
Theodore de Klerk (44)

Managing director: Unitrans Automotive
Brynn Stephenson (58)

Finance executive
Udo Bohmer (47)

Director: Transformation, risk, legal and compliance
Richard Chauke (57)

Company secretary
Johann Pieterse (59)

Merchandising executive
Chris Dirks (47)

POCO

Steinhoff Group Services: International Retail Projects
Christophe Lota (47)

PROPERTIES

Chief executive officer: Steinhoff Properties
Dieter Helmrich (54)

Chief financial officer: Steinhoff Properties
Johann Fourie (53)

Property Services Australia
Malindi Burger (40)

Property Services UK
Gordon Forsyth (56)

Property Services Europe
Andreas Madry (54)

KAP INDUSTRIAL HOLDINGS LIMITED

Chief executive officer
Jo Grové (65)

Chief financial officer
John Haveman (40)

Chief executive officer: Unitrans Fuel, Agriculture and Mining
Theunis Nel (48)

Chief executive officer: Unitrans Freight and Logistics
Peter Hancock (50)

Chief executive officer: Unitrans Passenger
Nico Boshoff (59)

Chief executive officer: Integrated Timber
Gary Chaplin (43)

Executive: Human resources
Johan Geldenhuys (57)

GROUP SERVICES

All operations are supported by the international group services team, located in various regions of the group's operations.

These teams include management and support functions that assist the leadership of the divisions to successfully implement the group's strategy.

Central support function

Under the leadership of the international group services team located in various regions, support is provided to divisional management in the form of corporate services. This enables local management to devote their full attention to operational issues. These teams ensure that the corporate assets and financial risks are prudently managed, and that activities comprising brand management, treasury and other functions are aligned and conducted in the best interests of the group.

MATERIAL ISSUE

Providing various support services to group by identifying and effectively managing risks

Centralised mergers and acquisitions (M&A) function

The group's centralised M&A team is responsible for expanding and optimising the group's scale of operations. The team continuously evaluates opportunities within markets to ensure that Steinhoff is growing in a consistent and responsible manner.

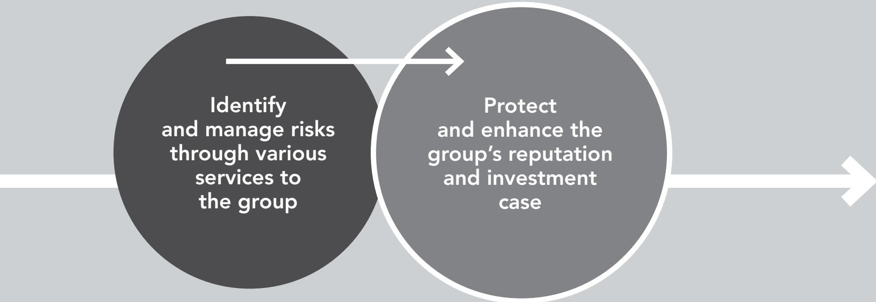
Group risk and insurance

The group risk and insurance team is responsible for the implementation of the group's enterprise risk management policy and framework as well as to ensure that appropriate risk management registers and associate risk mitigation plans are developed, maintained and monitored.

In addition, the team is responsible for implementing, coordinating, collating and reporting on combined assurance. Part of the responsibility of the group risk and insurance team is to maintain a wide-ranging insurance programme providing financial protection against unforeseen events that could cause financial loss.

Management of funding, liquidity risks and exchange rate exposure

Part of the responsibility of the group's treasury team is to provide funding and liquidity to businesses and operations and to manage exposure to various exchange rates across the group's diverse geographical footprint. A balanced treasury function is achieved through an active diverse presence in all funding markets. To manage the risk of refinancing, the treasury team ensures that debt maturity is adequately spread over a wide range of maturity dates and markets.



Proactive and transparent transformation strategy for South African businesses

Steinhoff's broad-based black economic empowerment (B-BBEE) strategy and commitment forms part of everyday business throughout the African operations. The benefits of implementing and maintaining solid B-BBEE principles are evident in both KAP Industrial (an associate investment) and JD Group. Both groups have consistently achieved their targeted B-BBEE scores.

Approximately 13 000 KAP and Steinhoff employees participate in a Steinhoff International employment share scheme, holding more than 40 million Steinhoff International shares for the benefit of eligible employees.

Stakeholder engagement and reporting

The stakeholder engagement team is responsible for engagement with all stakeholders from a group perspective. Part of this communication function is to provide sufficient information on a regular basis to the various stakeholders in order to manage the group's reputation responsibly and make informed decisions relating to various aspects of the business.

ADDRESSING STAKEHOLDERS

LEN KONAR
CHAIRMAN

The financial year ended 30 June 2014 has been a successful year for the group. While the underlying operations of the group's European operations and the industrial African businesses all performed to plan, increased debtors costs marred the performance of the JD Group. During the year under review, the group lifted revenue by 20% to R117 billion. Headline earnings from continuing and discontinued operations increased by 23% to R8.8 billion (FY13: R7.1 billion), while headline earnings from continuing operations increased by 40% to R9.1 billion (FY13: R6.5 billion). Adjusted headline earnings per share (continuing operations) improved by 27% to 480 cps, while basic earnings per ordinary share (continuing operations) increased by 43% to 510 cps. The board was particularly pleased with the cash flow generation that improved by 68% to R21 billion from continuing and discontinued operations.

The results from operations are covered in detail elsewhere in this report, and I would like to focus a large part of my report to unpack the various corporate transactions that transformed Steinhoff International during the FY14 year. This financial year was a particularly busy one for the corporate team, marked by various successful transactions in line with the group's strategy, to better position the group as a well-capitalised integrated retailer. These investments now extends to Austria and eastern Europe. Following the various transactions embarked upon in the current year, the group has secured the opportunity to achieve a listing on a major European exchange.

Expanding our European footprint

Steinhoff Europe facilitated the independent acquisition by Genesis Investment Holding GmbH of the kika Leiner group of companies. The transaction became unconditional on 28 November 2013. Steinhoff Europe was appointed by the shareholder of Genesis to assist and manage in the evaluation and repositioning of the kika Leiner businesses in Austria and eastern Europe.

Conforama Holding S.A. concluded an agreement with the owners of the Fly, Atlas and Crozatier businesses in France and Switzerland, in terms of which Conforama acquired all the 19 Fly stores in Switzerland; three Atlas stores (including the properties) in France; and assumed the leases and acquired the trading assets of a further seven Atlas stores in France.

Improving the cost and sustainability of our capital structure

As a result of the relevant share price exceeding the threshold in respect of the outstanding 9.625% convertible ZAR bonds due 2015 (the 2015 Bonds), the company exercised its right to procure the early redemption and conversion of the 2015 Bonds. Accordingly, the outstanding principal amount plus accrued interest of approximately R1.9 billion was redeemed by the issue of 68.1 million new Steinhoff shares.

On 30 January 2014, Steinhoff Finance Holdings GmbH (an indirect wholly owned subsidiary of Steinhoff) raised an amount of €465 million of senior unsecured guaranteed convertible bonds maturing on 30 January 2021 (the 2021 Bonds). The offering in respect of the 2021 Bonds was substantially oversubscribed and the interest coupon was fixed at 4% p.a., with the conversion premium at 30% above the reference price of Steinhoff shares listed on the JSE Limited (JSE), from launch to pricing. The 2021 Bonds represent approximately 117.4 million underlying Steinhoff shares and the proceeds were used to extend the debt maturity profile of the group in a leverage-neutral manner.

During June 2014, Steinhoff Europe refinanced its existing term and syndicated loan facilities through the conclusion of a new €1.8 billion five-year syndicated revolving facility with 18 banks, on improved terms and conditions. The facility was significantly oversubscribed.

Position the group as a focused integrated retailer of household goods with the ability to list on a major European stock exchange

On 18 March 2014, Steinhoff announced a tender offer to increase its stake in JD Group. JD Group also undertook a R1.0 billion rights issue that was underwritten by Steinhoff. Post the tender offer and rights issue, Steinhoff now holds 86% of JD Group.

On 23 June 2014, Steinhoff implemented an accelerated book build (ABB) of 400 million of its shares held in KAP Industrial Holdings Limited (KAP), thereby raising R1.54 billion. As a result, KAP became an associate of Steinhoff following the decrease in its shareholding in KAP from 62% to 45%.

On 2 July 2014, it was announced that Steinhoff received approval from the Financial Surveillance Department of the South African Reserve Bank (FinSurv) to facilitate the inward listing of "Holdco AG", a company incorporated in Europe, on the JSE. Holdco has commenced with the listing process and subject to prevailing market conditions, and the required level of Steinhoff shareholder support, will be listed on the Frankfurt Stock Exchange and with an inward listing on the JSE.

On 2 July 2014, Steinhoff launched a renounceable rights offer, coupled with a foreign share placement (using renounced rights). Steinhoff received an aggregate amount of R18.2 billion, before expenses, and issued 350 million shares at R52.00 per share.

Subsequent to year-end an offer was accepted from an international consumer finance provider to acquire, subject to due diligence and conditions precedent, JD Group's Consumer Finance division, excluding its insurance operations. This will contribute to streamlining of JD Group's operations and result in reduced future funding requirements and an improved balance sheet structure.

Dividend

Taking into account the transformation of the group to an integrated retailer and the current and future cash flow implications of this transformation, a dividend policy that is more comparable to other international retailers was adopted during the period under review. Accordingly a cash dividend of 150 cps (FY13: 80 cps) was declared in terms of the declaration notice set out in the results announcement. This translates into a dividend cover of 3 times, based on the HEPS from continued and discontinued operations of 444 cps, bringing it in line with those of comparable international retail companies.

Corporate governance

Steinhoff's board of directors and management team are committed to sound governance and good corporate citizenship. We accept that good governance practices are fundamental to creating, protecting and sustaining shareholder and stakeholder value, especially within the current volatile economic environment. Our governance structures are in line with King III and the South African Companies Act 71 of 2008, as amended (the Companies Act). In addition, the board keeps track of international practices and adopts those that are most relevant to the group. Group-wide, the building blocks have been put in place for combined assurance.

All of our operating subsidiaries adopt our corporate governance framework and standards and we continuously monitor governance developments in all jurisdictions to ensure that local requirements are met. Our group approach to risk management is functional and effective. The focus of managing the risks facing Steinhoff is based on identifying, assessing, mitigating, managing and monitoring all known forms of identifiable risks, while accepting that there must be an appropriate balance between risk and reward. We evaluate the composition, skills set and effectiveness of our board and all committees on an annual basis. I am pleased to report the positive feedback emanating from the current year's process. The matters identified for improvement have been considered and are being addressed by the board and committees in our policies, procedures and processes going forward.

Environment, sustainability and governance (ESG)

The JSE's Socially Responsible Investment Index, while taking cognisance of local socio-economic and environmental challenges, and key stakeholder requirements, guide the group's integrated approach to business. This is part of the mandate of the group's social and ethics committee, a statutory committee prescribed by the Companies Act. The board of directors and executive management recognise that the group's reputation will be protected and enhanced as an ethical, profitable and responsible brand if it continues its success in attracting affordable capital and retaining a loyal workforce and sustainable customer base.

Across the group, our ethical trading practices incorporate standards for suppliers of goods and services and the requirement to work with suppliers to ensure compliance with these standards.

Steinhoff is conscious of its own responsibility to protect the environment and also of the market advantage that sound environmental policies and practices can afford us, with increasingly environmentally aware consumers and other stakeholders.

For more detailed information on our ESG initiatives, including our health and safety strategies and our commitment to prevention, detection and treatment of HIV/Aids, please refer to our detailed corporate sustainability report.

Transformation

Steinhoff endorses the broad-based black economic empowerment (B-BBEE) strategy of the Department of Trade and Industry of South Africa.

The B-BBEE Codes of Good Practice have been revised subsequent to the last ratings. We have been actively evaluating the new codes and will establish a revised minimum group target after our evaluation of the codes and our ability to sustainably comply with the revised targets.

The broad-based employee share scheme that Steinhoff concluded in December 2008 made B-BBEE and ownership a reality for the company. Through Steinhoff's special purpose vehicle, S'khulasonke Investments (RF) Proprietary Limited, Steinhoff International shares were acquired for the benefit of approximately 13 000 South African employees, the majority of whom are previously disadvantaged individuals. This scheme continues to make a significant and meaningful contribution towards South Africa's broad-based empowerment initiatives, through both capital appreciation and the payment of substantial cash dividends to employees who are beneficiaries.

The group continues to investigate opportunities for the group to participate in appropriate B-BBEE transactions.

Appreciation

Thank you to the executive and corporate team and the board of directors for the many hours and effort put into the year, where the global business was transformed into an integrated retailer represented by material market share in the European and African furniture and household goods markets. In addition the successful development of our investment in our associate company KAP and continued good returns expected from our investment in PSG Group will continue to support our African earnings.

Markus Jooste, the group's chief executive officer, continues to lead Steinhoff proficiently and I thank him for his continued loyalty and leadership over the past year. My thanks also extends to our 56 000 employees, our customers, shareholders and stakeholders – I appreciate your confidence in our business and am grateful for the support and insights you provide.

Len Konar
Chairman

MARKUS JOOSTE

CHIEF EXECUTIVE OFFICER

As increased consumer confidence in a more stable economic climate returned to the European Union, the European household goods retail market experienced improvement during the financial year ended June 2014 (FY14). In sharp contrast to the return of relative stability to the European consumer, the African consumer remained under pressure as debt-to-income ratios peaked in the year under review, affecting the group's retail and consumer finance business in South Africa.

International operations

The majority of the group's European retail operations are positioned in the discount value segment of the household goods market. This market segment continues to outperform the industry, supporting revenue growth and market share gains within the group's retail operations. In addition to this value price strategy, the group's country-specific national marketing strategies, and investment in expanding its national store footprint and product offering, resulted in further market share gains.

While the European market for household goods remained stable compared to the previous year, revenue attributable to the group's international retail activities increased by 4% to €5.2 billion (FY13: €5.0 billion). Operating profit improved by 22% to €325 million (FY13: €266 million), due mostly to continuing focus on cost savings and gross margin improvement through group procurement initiatives.

The drive to capitalise and, where possible, consolidate the group's enlarged purchasing power remains a focus area for the global retail management teams. These various work streams are supported by an entrenched central global team of manufacturing, sourcing and logistics experts, incentivised on improving their internal customers' retail margins, while competing on an arm's length basis with other suppliers. The central manufacturing, sourcing, logistics, brand management and corporate services teams (global supply chain) are incentivised to maximise group supply while managing their own division's competitivity and profitability.

During the year under review, the global supply chain increased revenue by 9% to €2.4 billion (FY13: €2.2 billion) and operating profit improved by 8% to €315 million (FY13: €291 million).

Since the acquisition of Conforama in 2011 and the group's stated goal has been to increase margin of the enlarged business. Since then the combined European business increased margin by 190 basis points to 10.7% (FY13: 9.9%, FY12: 8.8%), demonstrating the success of many optimisation projects launched across the businesses.

In addition to growth in profitability, all management teams remain incentivised on cash generation. During the year under review, good working capital management led to particularly strong cash flow from operations in the European integrated retail business.

Continued investment in the business

The group continued to invest in its integrated retail asset base during the year. Conforama opened eight new stores. These include four stores in France (including the launch of the new discount concept Confo Depot), two in Switzerland and two in Spain. The group also acquired ten Atlas stores in France that will be converted to trade as Conforama stores in FY15. In Switzerland the group invested in the entire Fly store network consisting of 19 stores.

European Retail Management (ERM) opened six new large format stores and opened its first store in Poland by converting the Abra Mega superstore to the Poco concept.

In the UK, 68 stores were refurbished in the Harveys and Bensons concept, with plans to refurbish another 74 stores in FY15.

The group increased its investment in property and now owns approximately €3 billion (at cost) of properties in Europe.

Steinhoff currently has no presence in the €5.2 billion Austrian market (in which kika Leiner is the number two retailer) and has a limited presence in central and eastern Europe.

The kika Leiner group is one of the leading furniture retail companies in Europe, with a combined revenue of *circa* €1.2 billion and operates from 73 locations (of which 50 are in Austria and the remainder located in various central and eastern European countries).

Steinhoff facilitated the independent acquisition by Genesis Investment Holding GmbH of the kika Leiner group of companies. The facilitation was done through an investment of €375 million (through the issue of 120 million Steinhoff shares as vendor consideration placement in December 2013).

During the year under review Steinhoff acquired the entire Austrian property portfolio of the kika Leiner group for €452 million. These properties comprised 48 retail sites, 750 000 m^2 of retail space and 300 000 m^2 of warehouse space.

African operations

The group remains invested in three companies, independently listed on the JSE Limited, with 86% held in JD Group Limited (JD Group), 45% held in KAP Industrial Holdings Limited (KAP) and 19% held in PSG Group Ltd (PSG).

JD Group

JD Group is one of the largest furniture and household goods retailers in southern Africa, and has diversified its retail offering further to include do-it-yourself (DIY) and automotive products. During the year, Steinhoff increased its shareholding in JD Group from 56% to 86% in order for the group to enhance its ability to better support and focus the JD operations and the challenges it faces in the South African furniture retail and consumer finance business segment.

Consequently, JD Group has accepted an offer to dispose of its Consumer Finance division excluding the insurance business (JDFS division) to an international consumer finance provider, which intends to build a long-term commercial relationship with the JD Group in South Africa. Although the offer includes an interest in the performance of the insurance business, the insurance division is to be retained by JD Group.

The Automotive, DIY and Consumer Electronics and Appliance Retail divisions reported good performances for the year. The Furniture Retail division experienced challenging operating conditions with reduced spending on durable goods, such as furniture, as a result of the pressure on customers' disposable income. In addition, a sub-optimal supply chain and system disruptions negatively affected profit margins.

JDFS division, disclosed as discontinued operations, reported a loss of R2.1 billion. JD Financial Services and Insurance reported debtors costs of R3.3 billion of which R1.1 billion was already recognised at interim, which reflects the worsening in the credit quality of the lending market as a result of consumers' rising debt-to-income ratios.

Cash generation from operations reported by the JD Group remains strong at R2.3 billion (FY13: R1.5 billion).

KAP Industrial Holdings

The diverse industrial businesses in KAP are well positioned to continue to benefit from the infrastructural growth in Africa. During the year under review, KAP's revenue from continuing operations increased by 9% to R14.8 billion (FY13: R13.5 billion) due to good growth across all divisions.

KAP's operating profit from continuing operations increased 12.5% to R1.5 billion (FY13: R1.3 billion) resulting in an improved operating margin of 10.0% (FY13: 9.7%), mainly as a result of decisive restructuring initiatives embarked upon in the previous year that streamlined operations and reduced costs.

On 23 June 2014, Steinhoff reduced its interest in KAP from 62% to 45% through an accelerated placement for cash of 400 million KAP shares. Accordingly, in terms of IFRS, KAP has been de-consolidated for the year under review and the group's entire interest in KAP's results has been reflected as discontinued operations for both years presented. From FY2015 onwards the group's residual 45% interest will be equity accounted as an associated company investment in continuing operations.

Sustainability and corporate responsibility

Steinhoff's board of directors and executive management team remain committed to the long-term sustainability of its businesses. In this regard, the group remains focused on revenue and margin growth to improve the long-term benefits of all stakeholders associated with the group of companies. The group's strategy is influenced by three key strategic priorities to:

Manage the business' ability to provide sustainable long-term benefits to its many stakeholders

A clear long-term business strategy, with a proven ability to create value for stakeholders, remains at the core of the business. Management is comfortable that the group's strategy remains robust when taking into account:

- *The diversity of revenue streams and breadth of product range to protect the group from any prolonged downturn in any one industry or geographical region*
- *The continued focus on cost structures and, through the vertically integrated business model, its ability to manage these costs now and in future. This in turn will protect the group to remain competitive on pricing in the markets and industries where it operates*
- *The positioning of the group's operations and its ability to continue to take market share in the industry and markets where it operates*
- *The group's intense focus on cash generated from operations to enable us:*
  - *To qualify for reasonably priced debt funding*
  - *To continue to invest in the business, thereby improving the quality and extent of the assets and the group's ability to increase its returns from assets*

Support the people who rely on the business and business practices

The group prioritises strong relationships and partnerships with all Steinhoff stakeholders throughout its geographically diverse global operations, positioning it as a committed, loyal and principled group that stakeholders want to be associated with.

The aim of this report is to provide a detailed account of how the group manages the various relationships with:

- *employees and the support structures that surround them*
- *the communities, customers and suppliers that support the business*
- *shareholders and funders*

whose continued trust and commitment contributed directly to the successful growth of the business, particularly throughout the prevailing economic crisis of the past few years, and more recently in the accelerated book build and rights issue (described in more detail in the chairman's report). The successful completion of the last initiatives paved the way for Steinhoff to list on a major European stock exchange in future, thereby further enhancing its ability to diversify its funding sources, and support the sustainability and cost of the group's long-term capital structure.

Minimise our business' impact on the environment

Climate change and its effect on the environment through changing weather patterns, has direct and indirects effects on the group's businesses. To create awareness, measure and manage the group's contribution towards climate change, Steinhoff participates in the Carbon Disclosure Project and has adopted the Greenhouse Gas Protocol for emission calculations. As a result, there is a better understanding of the group's global carbon footprint from which to benchmark the group and its operational activities.

Gratitude

As always, I would like to thank our board of directors, our chairman and our non-executive directors for their valuable time, extensive guidance and support during 2014.

I am grateful to our employees, shareholders, partners and all other stakeholders for helping to make Steinhoff the successful enterprise it is today.

Markus Jooste
Chief executive officer

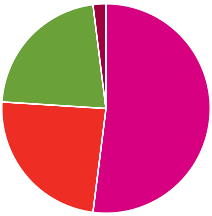
BEN LA GRANGE
CHIEF FINANCIAL OFFICER

FRIKKIE NEL
FINANCIAL DIRECTOR

THE GROUP PERFORMED WELL

in a European market that started to show some signs of improvement, supported by its resilient value proposition and ongoing investment in stores, infrastructure and properties. The group's international retail, manufacturing, sourcing and logistics activities increased revenue and operating profit. The results for the financial year were impacted by discontinued operations, and by material currency movements. These movements should be taken into account when analysing the statement of financial position and returns.

REVENUE PER SEGMENT



52%	Retail activities – International operations
22%	Retail activities – African operations
24%	Manufacturing, sourcing, logistics and corporate services – International operations
2%	Properties

Year ended 30 June *continuing operations*	2014 Rm	2013 Rm
Revenue	**117 364**	97 938
Operating profit before capital items	**12 622**	9 782
Operating profit margin (%)	**10.8**	10.0
Headline earnings	**9 128**	6 543
Headline earnings per share (cents)	**461.7**	359.4
Adjusted headline earnings per share (cents)•	**479.6**	376.2
Cash generated from continuing operations	**18 582**	10 171
Cash conversion ratio (%)*	**147.2**	104.0
Net asset value per share (cents)#	**3 946**	3 102

• *Includes 45% of KAP (associate) as continuing operations*
* *Cash generated from continuing operations ÷ operating profit before capital items*
\# *From continuing and discontinued operations*

Impact of discontinued operations

Reduced shareholding in KAP Industrial Holdings Limited (KAP)

Due to the shareholding in KAP reducing from 62% to 45%, the income statements for both 2014 and 2013 reflect the results of KAP as discontinued operations, despite the 45% retained interest in this group. In the statement of financial position, KAP is reflected as an equity accounted investment for 2014, but for 2013 and 2012, KAP is consolidated on a line-by-line basis. The statements of cash flows for both years include KAP on a line-by-line basis.

Offer accepted by JD Group Limited (JD Group) for the sale of its Consumer Finance division

The announced sale of the Consumer Finance division, excluding the insurance business (JDFS), resulted in this division being reflected as a discontinued operation in the income statements for both 2014 and 2013. In the statement of financial position, JDFS is reflected as assets and liabilities held for sale in 2014, but for 2013 and 2012, JDFS is consolidated on a line-by-line basis. The statements of cash flows for both years include JDFS on a line-by-line basis.

Operating performance – continuing operations

Revenue

The group's revenue increased by 20% to R117 billion.

The group earned 74% of its revenue in currencies other than the rand. Net turnover earned in currencies other than rand, measured in euro, increased to €6.2 billion (2013: €6.0 billion), while rand-denominated revenue increased to R30.6 billion from R29.1 billion.

Retail activities

International operations

Revenue in this segment increased by 4% to €5.2 billion (2013: €5.0 billion). The European value segment of the household goods market continues to outperform the industry, supporting revenue growth and market share gains.

African operations: JD Group

Revenue in this segment comprises the Retail and Automotive divisions. The revenue of JD's Retail division decreased by 6%, while that of Automotive increased by 13%. For a full understanding of the JD Group results, shareholders are referred to the JD Group integrated report and website (www.jdg.co.za).

Manufacturing, sourcing, logistics and corporate services

International operations

Revenue increased by 9% from €2.2 billion to €2.4 billion. This segment benefited from the central supply chain operations gaining traction. Increased intra-group trading with the group's manufacturing operations increased revenue.

Properties

Revenue increased by 36% from R2.1 billion to R2.9 billion. Revenue is derived from renting properties to group companies and a number of external tenants. During the current and prior year rental income increased due to continued investment in properties.

Operating margin

Operating profit increased by 29% to R12.6 billion (2013: R9.8 billion). This translates to an increase in overall operating margin to 10.8% (2013: 10.0%) mainly due to the improved performance of the integrated European retail operations. The yield from the property segment decreased due to the €452 million investment in the kika Leiner properties that was made on 30 June 2014.

Currency impact

Due to the group's geographical diversity it is exposed to currency fluctuations which have an impact on rand reported results. The group's revenue achieved outside South Africa (foreign revenue) is primarily denominated in Australian dollar, euro, Polish zloty, Swiss franc and UK pound.

The average translation rate used for converting euro income and expenditure to rand was R14.1106:€1 compared to R11.4635:€1 in respect of the previous financial year, effectively a 23% weaker rand. The majority of the group's assets and liabilities are situated in Europe and were translated into rand, using a closing rate of R14.5721:€1 compared to the prior year closing rate of R12.9209:€1, effectively a 13% weaker rand. The group does not hedge the currency translation risk pertaining to its reporting.

Operating margin before capital items	**2014 %**	2013 %
Retail activities – International operations	**6.3**	5.3
Retail activities – African operations	**2.8**	4.7
Manufacturing, sourcing and logistics – International operations	**13.3**	13.4
Yield from property segment	**7.1**	7.5

Net finance charges

Net finance charges increased from R1.6 billion to R2.0 billion mainly as a result of the group's European finance charges being translated into rand at a 23% weaker rand to the euro. Finance charges also increased due to the €465 million convertible bond, due 2021, issued in January 2014.

The group's future serviceability of debt continues to be healthy, evidenced by the EBITDA interest cover of 7.3 times (2013: 7.1 times).

Taxation

The increase in the average tax rate to 15.7% (2013: 12.2%) is mainly due to the non-recurring deferred tax provision relating to the investment in PSG. This investment is no longer accounted for as an associate investment but is now classified as an available for sale investment. Excluding the PSG once-off profit and its tax effect, the effective tax rate for the year is 12.6%.

The effective tax rate is lower than the South African statutory tax rate primarily as a result of the following:

The group operates in a number of countries where the statutory tax rates are lower than in South Africa

The group benefits from various taxation dispensations in selected eastern European countries where it operates

The group remains confident that, for the foreseeable future, the effective tax rate should remain around 15%.

Earnings per share (EPS), headline earnings per share (HEPS) and adjusted HEPS – continuing operations

EPS increased by 43% to 510.2 cents per share (cps) and HEPS increased by 28% to 461.7 cps. These increases were achieved despite a 9% increase in the weighted average number of shares in issue to 2.0 billion (2013: 1.8 billion).

Headline earnings from continuing operations excludes any contribution from KAP and JDFS, which in terms of IFRS 5 – *Non-current assets held for sale and discontinued operations*, is required to be accounted for under discontinued operations as referred to earlier in this report. Whilst the group will dispose of JDFS division, the group retained 45% of KAP. Accordingly, 45% of KAP's earnings will be accounted for as part of the group's future earnings as associate income. Adjusted headline earnings from continuing operations has been introduced to assist users of financial information to better evaluate the actual and potential future earnings of the group. Adjusted HEPS increased by 27% to 479.6 cps. For a full understanding of KAP's results, shareholders are referred to the KAP integrated report and website (www.kap.co.za).

Diluted EPS, diluted HEPS and adjusted diluted HEPS increased by 42%, 29% and 28% respectively. Steinhoff's policy is to treat all underlying shares of convertible bonds as dilutionary, even in circumstances where, at the relevant reporting date, the relevant market price triggers for conversion have not been met and a reasonable investor would not be likely to convert into shares.

The rights issue announced on 2 July 2014, although accounted for post 30 June 2014, led to the restatement of comparative per share numbers to reflect the effect of the 'bonus' element (calculated in terms of IAS 33 – *Earnings per share* paragraph 26), none of which resulted in a deviation of more than 1%.

Capital management

The objective of the group's capital management strategy is to maintain an optimal level of capital in the most cost-effective manner. Gearing is monitored on a group-wide basis, in line with external covenants and internal limits and covenants set by the board. At the Steinhoff Europe AG (Steinhoff Europe) level these limits include maintaining net debt to annualised EBITDA below 2.5 times and maintaining the interest cover above 5 times. At the Steinhoff Africa Holdings Proprietary Limited (Steinhoff Africa) level (measured

Exchange rates (ZAR:EUR)	2014	2013	2012	2011	2010
Average	**14.1106**	11.4635	10.4141	9.5644	10.5954
Closing	**14.5721**	12.9209	10.3447	9.8654	9.3781

at Steinhoff International level) these limits include maintaining net debt to annualised EBITDA below 3.2 times and maintaining the interest cover above 4.5 times. It is also important to note that the net debt to EBITDA ratio is influenced by the difference between the closing exchange rate (net debt impact) and the average exchange rate (EBITDA impact) on converting the euro numbers into rand. Covenants on Steinhoff Africa have therefore been aligned to also allow the group to translate the net debt number by using the average exchange rate as opposed to the closing rate.

The group continues to support all group operations and remains focused to ensure capital strength after taking into account all planned projects and providing for unexpected events. The approved capital plan is reviewed and stress tested on an ongoing basis. Based on an evaluation of the normal to more severe scenarios, it is believed that the group is appropriately capitalised.

After the increase in holding from 56% to 86% of JD Group, the JD Group determined that the Steinhoff treasury department assume the treasury function of JD Group. At 30 June 2014 the Steinhoff group provided funding to JD Group amounting to R3.2 billion. JD Group's domestic medium-term note programme continues, with an outstanding value of R2.8 billion, with no recourse to Steinhoff. At 30 June 2014 all debt with covenant requirements were settled or transferred to Steinhoff. The acceptance of the offer for the JDFS division should reduce JD's funding requirements.

KAP launched its debut bond programme during the year. The Steinhoff shareholder loan to KAP was settled before 30 June 2014, and at year-end the KAP group was independently positioned from both a debt and credit perspective. Steinhoff raised R1.5 billion by reducing its shareholding from 62% to 45% in KAP through a book-build. Steinhoff's treasury team continues to assist KAP in managing debt at competitive terms.

Given the prevailing uncertainty in the international and domestic financial markets, availability of funding and liquidity remained a primary focus during the year under review. The group focused on refinancing activities and successfully addressed all its short and medium-term refinancing needs. It extended the tenor of existing long-term funding, referred to under the "debt management and share issues" section of this report.

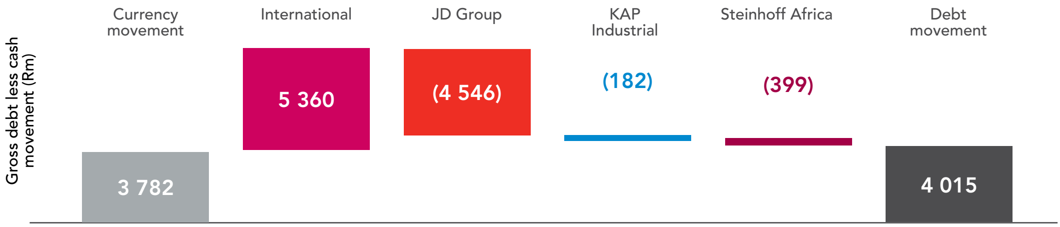
The group is in a position to settle maturities falling due within the next 18 months and to cover its ongoing liquidity requirements.

The group finances its operations through cash generated from operations and a mix of short, medium and long-term credit facilities, bank loans, corporate and convertible bonds and commercial paper. This provides us with a balanced and diversified range of funding sources.

Long-term capital expansion projects are financed by a combination of floating and fixed-rate long-term debt. Debt is normally financed in the same currency as the underlying operation or project and repayment terms are designed to match the cash flows expected to be generated by the underlying operation or project.

The statements of financial position of Steinhoff Africa and Steinhoff Europe are separately managed. The group's foreign debt is mainly denominated in euro and was converted at a closing rate of R14.5721:€1, a 13% increase from the conversion rate used at 30 June 2013.

Debt impacted by euro strength



The group's international corporate rating from Moody's is Ba1 (stable outlook). The rating by Fitch is national long-term A-(zaf) (stable outlook) and national short-term F2(zaf). On 18 July 2014 Fitch placed Steinhoff on a positive rating watch. Steinhoff Europe maintained an investment grade rating of NAIC 2 from the US National Association of Insurance Commissioners.

As at 30 June 2014, the group had net interest-bearing debt of R30.0 billion (2013: R32.5 billion) resulting in a net debt:equity ratio of 34% (2013: 49%). Included in net debt is R16.3 billion (2013: R9.2 billion) of cash and cash equivalents. The group had unutilised borrowing facilities of R19.3 billion (2013: R13.8 billion). The group measures its net debt:equity ratio by deducting liquid interest-bearing investments and loans from debt. These liquid interest-bearing investments predominantly consist of JD Group's instalment sale and loan receivables. In managing the net debt:EBITDA ratio for covenant and evaluation perspectives, the liquid interest-bearing investments and loans are not deducted from net debt and the gross debt less cash number of R48.1 billion (2013: R44.1 billion) is used.

Post year-end event

With the majority of Steinhoff's profits generated outside South Africa, a listing on a major European stock exchange would more accurately reflect the geographic location of Steinhoff's revenues, customers and store locations. This will enhance the group's ability to access global capital markets, to further support the expansion of its European operations and growth opportunities available in the international and African markets.

To date, Steinhoff has funded the growth of its European operations through a combination of equity, debt and convertible bond issuances, raised in both the South African and international capital markets. Over the years, Steinhoff has, with the approval of the South African Reserve Bank (SARB), expatriated certain funds from its South African operations to fund certain of its European acquisitions and provide funding to support the growth of its European subsidiaries. Steinhoff has given an undertaking to the SARB to repatriate certain funds as a step towards the proposed Frankfurt listing announced on 2 July 2014. In order to facilitate this undertaking, the group secured irrevocable commitments from existing shareholders not to subscribe for their *pro rata* entitlements in the rights issue. These renounced rights enabled an accelerated book build (ABB), such that the group could place these new shares with international institutional investors.

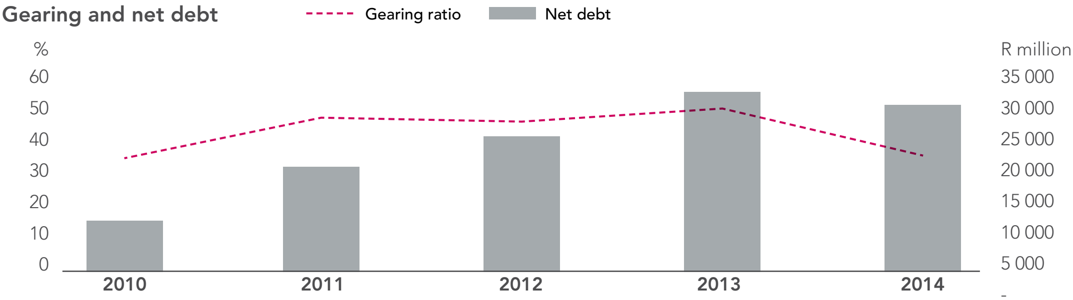
The net proceeds of the ABB, coupled with the rights issue proceeds received from foreign participants, has been and will be repatriated to South Africa and used to strengthen the statement of financial position. This will give the group greater flexibility to continue the growth of its operations.

The ABB and rights issue raised R17.9 billion cash proceeds (net of expenses). 350 million shares were issued at R52.00 per share. In the table on the following page the net interest-bearing debt and the *pro forma* impact of the rights issue on the net interest-bearing debt has been shown.

Debt management and share issues

During November 2013, the group issued 68 million ordinary shares and paid R12.9 million cash to convert and redeem the convertible bonds due July 2015.

Gearing and net debt



The hurdles in respect of the 2010 grant under the share incentive scheme were met and, as a result, 9.7 million shares were issued in December 2013 to share scheme participants who achieved their individual and divisional performance targets.

Steinhoff facilitated the independent acquisition by Genesis Investment Holding GmbH of the kika Leiner group of companies. The facilitation was done through an investment of €375 million (through the issue of 120 million Steinhoff shares as vendor consideration placement in December 2013).

Steinhoff Finance Holding GmbH, an indirect wholly owned subsidiary of Steinhoff, issued its fourth convertible bond during January 2014, raising €465 million with a seven-year maturity. The bonds are convertible into 119.4 million Steinhoff ordinary shares at R58.11 per ordinary share. The coupon rate is 4% per annum and the redemption price is 100%.

Steinhoff Services Limited, a subsidiary of Steinhoff Africa, issued notes to the amount of R1.2 billion under its Steinhoff Services domestic medium-term note programme. These notes were issued as floating rate notes with one to five year maturities. The funds raised were used to extend the maturity profile and to fund the JD Group.

On 17 March 2014, 40.5 million Steinhoff shares were issued as vendor consideration to facilitate the purchase of a property portfolio in the United Kingdom.

On 18 March 2014, 34.5 million Steinhoff shares were issued to increase the group's holding in JD Group.

During June 2014, Steinhoff Europe refinanced its existing term and syndicated loan facilities through the conclusion of a new €1.8 billion five-year syndicated revolving facility with 18 banks, on improved terms and conditions. The facility was significantly oversubscribed.

Cash flow analysis

Cash flow remains a key performance indicator for the group and forms part of all divisional management's performance and incentive criteria. All short-term incentive bonuses are structured, with focus being on cash management and optimisation of working capital.

Operating activities

Management's focus on cash generation has resulted in an improvement of 68% in cash generated from operations to R21.3 billion (2013: R12.7 billion). Cash generated from continuing operations represents 147% of operating profit from continuing operations and 127% of EBITDA from continuing operations. Since introducing specific cash generation hurdles as part of the annual incentive bonus scheme, the group has been able to generate cash from operations in excess of operating profit continuously for the past five years.

Despite higher activity levels, the group managed to release R2.3 billion from working capital. This was mainly as a result of beneficial changes in supplier terms.

The group's cash flow from operating activities at R15.7 billion reflects management's commitment to deliver sustainable earnings growth, supported by solid cash generation thereby preserving the group's cash resources and liquidity profile.

Net debt	Pro forma Rm	2014 Rm	2013 Rm
Long-term interest-bearing loans and borrowings	55 580	**55 580**	45 041
Short-term interest-bearing loans and borrowings	6 411	**6 411**	5 117
Bank overdrafts and short-term facilities	2 436	**2 436**	3 162
Gross debt	64 427	**64 427**	53 320
Cash and cash equivalents	(34 200)	**(16 341)**	(9 249)
Gross debt less cash	30 227	**48 086**	44 072
Liquid interest-bearing investments and loans	(18 042)	**(18 042)**	(11 597)
	12 185	**30 044**	32 475
Total equity	105 635	**87 776**	66 768
Net debt: equity	12%	**34%**	49%

Investing activities

The group's net investment of R16.4 billion includes:

Asset expansion and replacement capex of R4.9 billion. Included in this amount is the group's R2.8 billion investment in large store format retail properties from an insolvent estate in Germany, properties acquired from the Atlas store network in France and various other smaller property investments
Net investment in subsidiaries of R4.5 billion. The majority of this amount relates to the kika Leiner property portfolio in Austria
European retail investments and other loans of R7.0 billion

Dividend

Taking into account the changes in its African investments, the group has transformed into an integrated retailer. The current and future cash flow implications make it possible to adopt a dividend policy more comparable to international retailers. Accordingly the board has declared a cash dividend of 150 cps (2013: 80 cps). This translates into a dividend cover of 3 times, based on the HEPS from continuing and discontinued operations of 443.5 cps.

Corporate activity

Fly and Atlas acquisitions

Conforama Holdings S.A. concluded an agreement with the owners of the Fly, Atlas and Crozatier businesses in France and Switzerland, in terms of which Conforama acquired all of the 19 Fly stores in Switzerland; three Atlas stores (including the properties) in France; and assumed the leases and acquired the trading assets of a further seven Atlas stores in France.

Offer by Steinhoff to increase its stake in JD Group

On 18 March 2014, Steinhoff made an offer to JD Group's minority shareholders to acquire their shares at a purchase price of R27.77 per share which represented a 38% premium to the five-day volume weighted average price (VWAP) of R20.11 on that date, in exchange for Steinhoff shares.

On 20 June 2014, JD Group completed a rights offer in terms of which 40 million new JD Group ordinary shares were offered to qualifying shareholders. Steinhoff underwrote the rights issue and acquired a further 35 million shares at a subscription price of R25.00 per rights offer.

Steinhoff had increased its beneficial interest in JD Group to 86% (2013: 56%).

PSG Group Limited (PSG) is derecognised as an associate

On 13 June 2014, PSG completed an accelerated book build and issued 9.6 million new ordinary shares. This resulted in Steinhoff's percentage holding in PSG reducing to 18.6% which no longer provided Steinhoff with significant influence over PSG. The derecognition of the associate investment in PSG resulted in a once off capital profit of R1.1 billion. Steinhoff's investment in PSG is now recognised as an available for sale financial asset.

Sale of shares in KAP

On 23 June 2014, Steinhoff announced the launch of a book build of up to 400 million of its KAP shares. The shares were successfully placed with investors at a price of R3.85 per share (representing a 3.2% discount to the 30-day VWAP on 23 June 2014). Effective 30 June 2014, Steinhoff's shareholding in KAP decreased to 44.7% of the issued ordinary shares, and Steinhoff assessed that it no longer controls KAP in terms of IFRS 10 - *Consolidated Financial Statements*. KAP has therefore been disclosed as a discontinued operation and the 44.7% interest has been recognised on 30 June 2014 as an investment in an associate. From 30 June 2014, KAP will be equity accounted and again form part of continuing operations.

JD Group Consumer Finance division

On 30 June 2014, the JD Group received an offer, subject to due diligence and conditions precedent, to dispose of its Consumer Finance division (excluding the insurance business JDFS), which provides instalment sale financing on furniture products and unsecured products. JD Group accepted the offer and the disposal of the JDFS business is consistent with JD Group's long-term turnaround strategy. At 30 June 2014, this business is shown as a discontinued operation in the income statement and as a disposal group held for sale in the statement of financial position.

kika Leiner

Steinhoff facilitated the independent acquisition by Genesis Investment Holding GmbH (Genesis) of the kika Leiner group of companies. The transaction became unconditional on 28 November 2013. The facilitation was done through an investment of €375 million (through the issue of 120 million Steinhoff shares as vendor consideration placement in December 2013). During the year, a decision was taken by kika Leiner's shareholder and management to split the operations between the property portfolio and the retail operations. On 30 June 2014, Steinhoff acquired the Austrian property portfolio for €452 million.

Global Trademarks and Steinhoff Retail

The group entered into an arrangement to sell GT Global Trademarks, registered in Switzerland, at its carrying value of €488 million. The agreement makes provision for the continued use by the group of the trademarks as well as potential future benefits resulting from the wider marketing of the trademarks by the management company. Steinhoff Retail made payment of a contingent purchase consideration in respect of previously acquired businesses that resulted in additional goodwill of €430 million (treated in terms of IFRS 3-*Business Combinations* (2004)).

Intangible assets and goodwill

All intangible assets and goodwill were assessed for impairment. Intangible assets and goodwill are primarily tested using the relief-from-royalty method or discounting the future cash flows expected to be generated by these assets. The relevant cash flows are then discounted using the weighted average cost of capital (WACC) and the net present value of these cash flows is compared to the current net asset value and, if lower, the assets are impaired to the net present value. Management uses its best estimates when forecasting market conditions and expected useful lives of assets that drive these calculations, but these estimates can also be influenced by a number of different factors in various countries.

WACC drives many of the group's fair valuation estimates. The WACC rate differs from country to country and in respect of different industries. The resulting net present value for similar cash flows year on year will be influenced by changes in the WACC rate. External uncontrollable variables, such as interest rates, influence the WACC rate, and could result in impairments or reversal of previous impairments. The principal assumptions used in justifying the carrying values of intangible assets are highlighted in notes 8 and 9 to the group annual financial statements.

These impairment tests did not result in material impairment charges during the current year. Impairment testing was done on a basis consistent with the prior year.

An independent expert assessed the inputs used by management over the last four years to calculate the value-in-use of the intangible assets and goodwill. It was found that management was consistent in the way they calculated inputs and that the inputs used, especially growth rates and budgeted revenues, were accurate and found to be reasonably prudent compared to actual results achieved.

Risk management

The group's success in its overall strategy is largely attributable to its business philosophy, which supports decentralised, autonomous business units with an entrepreneurial culture.

The board recognises that some elements of risk management can only be achieved on an integrated basis. Financial risks such as exchange rate risk, interest rate risk, liquidity risk and commodity price risk are largely controlled centrally.

The group draws attention to some pertinent risks within the businesses.

Financial risk management

The group's financial instruments are listed in note 31 to the group annual financial statements. Derivative instruments are used by the group for hedging purposes.

Such instruments include forward exchange and currency option contracts and interest rate swap agreements. The group does not speculate in trading derivative or other financial instruments.

A finance forum, consisting of senior financial group executives, meets regularly to analyse currency and interest rate exposure and to re-evaluate treasury management strategies in the context of prevailing economic conditions and forecasts. The finance forum also reviews the hedging policy of the group on an annual basis.

Liquidity risk management

The group's policy remains to spread debt maturities over a wide range of periods to manage excessive refinancing risk in any one-year period. The group further manages liquidity risk by monitoring forecasted cash flows and maintaining adequate unused borrowing facilities. In addition, the group uses a variety of sources to fund its activities in order to reduce any concentration risk and to mitigate liquidity risk.

The group uses a variety of securities and debt suppliers and instruments to limit its exposure to any one supplier or instrument.

The group successfully extended its debt maturity profile during the year. This was further complemented and supported with the rights issue post year-end.

Currency risk management

The principal objective of our currency risk management and hedging strategy remains to mitigate exposure to movements in foreign exchange rates for the currencies the group is exposed to, taking into account the potential effect on our net debt and related credit metrics. It is group policy to hedge exposure to operational cash transactions in foreign currencies other than the reporting currency of the underlying operation for a range of forward periods, but not to hedge exposure for the translation of reported profits in the different jurisdictions and ultimately for reporting purposes, to rand. In addition, currency assets are hedged by way of currency borrowing where practicable or alternatively to effectively hedge all borrowings in currencies other than where such borrowings are used.

The responsibility for monitoring and managing these risks is that of management in conjunction with the central treasury and foreign exchange support functions.

Interest rate risk management

Interest rate exposure is managed within limits agreed by the board. The group continues to manage its interest rate exposure by maintaining a mix of fixed and floating interest rates. This is done either directly by fixed or floating-rate debt issues or by use of interest and cross-currency swaps. The use of derivative financial instruments relates directly to underlying existing indebtedness and exposure.

All treasury transactions are undertaken to manage the risks arising from underlying activities and no speculative trading is undertaken.

As part of the process of managing the group's borrowing mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates.

Credit risk management

Trade accounts receivable and short-term cash investments pose a potential credit risk to the group. The role of the group's credit function is to set consistent standards for assessing, quantifying (scoring), monitoring, mitigating and controlling the credit risk introduced by contractual obligations of trading partners and commercial clients.
The group's trade accounts receivable consist mainly of a large and widespread customer base. Group companies continually monitor the financial position of their customers, and appropriate use is made of credit guarantee insurance. The granting of credit is controlled by application procedures and setting account limits. Provision is made for both specific and general bad debt. At year-end, management did not consider there to be any material credit risk exposure that was not covered by credit guarantee insurance or the bad debt provision. In the current economic climate, a high level of attention is paid to analysing the creditworthiness of existing and potential customers.

The trade accounts receivable risk predominately relates to the instalment sale and loans receivable of JD Group. For more information shareholders are referred to JD Group's integrated report and website (www.jdg.co.za) as well as note 31.6 to Steinhoff's annual financial statements.

Cash surpluses and short-term financing needs of group companies are mostly centralised at the African, European and Asian Pacific central offices which invest net cash reserves on the financial markets, mainly in short-term instruments indexed to variable rates.

Downturn in the global economy

Steinhoff International maintains geographically and operationally diverse businesses to help protect the group against an economic downturn in specific regions. The geographical spread of the manufacturing, sourcing, retailing and warehousing functions allows units to adjust operations quickly to counter market difficulties.

Acquisition risk

A formal due diligence process and procedure is in place that sets out the approach and framework to be used when acquisitions are made. This includes continuous strategic analysis of intended targets, development of acquisition criteria, both in terms of the group's strategic direction and potential value creation for the respective business units of the group.

A dedicated merger and acquisition team reviews and manages the entire process relating to mergers and the application and implementation of business combinations.

All possible merger and acquisition opportunities are reviewed by the executive committee.

With the entrepreneurial and decentralised management structure the group mitigates acquisitions risk.

Insurance risk management

Where cost-effective, the group globally maintains a wide-ranging insurance programme, providing financial protection against unforeseen events that could cause financial loss.

All risks are considered to be adequately covered, except for political risks. Self-insurance programmes are in operation, covering primary levels of risk at a cost more advantageous than open-market premiums. Regular risk management audits are conducted by the group's risk management and insurance consultants, whereby improvement areas are identified and resultant action plans implemented accordingly within the group's risk framework.

Pension and provident fund risk

A suitably qualified board of trustees exists for each fund, where statutorily required. The board of trustees, with assistance of professional investment advisors and internal investment subcommittees, is responsible for evaluating the effectiveness of investment decisions. The group and, where applicable, relevant subsidiaries remain committed to its retirement obligations to current and former employees, and to retirement benefits in general as a key part of its remuneration package.

Financial strategy and targets

The global markets and consumer spending remain volatile. However, management is confident that the diversity inherent in the group's earnings will continue protecting the group against any prolonged downturn in any one market where it operates. Management remains confident that the investments in the fragmented household goods market in Europe will continue to present growth opportunities to our integrated retail operations. In Africa, the current low economic environment and the high levels of consumer indebtedness are expected to continue. This led to an increased focus on containment of costs and improved efficiencies, with additional focus on collection and recovery strategies (JD Group) to maintain margins in a more competitive low-volume environment.

Management continues evaluating and assessing the strength of the group's statement of financial position and that of Steinhoff Africa and Steinhoff Europe respectively. Where required, our main holding and operating subsidiaries will be supported with such capital and/or subordinated loans as may be required to efficiently fund the group's growth.

This process includes the evaluation of pricing models and sources of funds to ensure that the operating subsidiaries are provided with sufficient liquidity.

Management reassesses the debt maturity profile continuously. The serviceability of the group's debt and the diverse mix of debt instruments provide comfort as to the sustainability of the group's capital structure.

The favourable interest rate environment, especially in Europe, remains conducive to property investment opportunities. These investments will promote the longevity of the retail operations without the volatility in profitability that may arise as a result of rental escalations.

Conclusion

The group has experienced significant organic and acquisitive growth since listing 16 years ago. We are strategically well-positioned to continue to take market share. With a strong statement of financial position, significantly reduced gearing levels and a focused, experienced management team, the group remains optimistic about the future.

Ben la Grange
Chief financial officer

Frikkie Nel
Financial director

SUMMARISED FINANCIAL STATEMENTS

Income statement *for the year ended 30 June 2014*	**2014 Rm**	2013# Rm
Continuing operations		
Revenue	**117 364**	97 938
Cost of sales	**(75 446)**	(63 542)
Gross profit	**41 918**	34 396
Other operating income	**1 404**	1 238
Distribution expenses	**(7 060)**	(5 491)
Other operating expenses	**(23 640)**	(20,361)
Capital items	**1 500**	(323)
Operating profit	**14 122**	9 459
Finance costs	**(3 486)**	(2 624)
Income from investments	**1 491**	998
Share of profit of equity accounted companies	**290**	240
Profit before taxation	**12 417**	8 073
Taxation	**(1 954)**	(983)
Profit from continuing operations	**10 463**	7 090
Discontinued operations		
(Loss)/profit from discontinued operations	**(600)**	859
Profit for the year	**9 863**	7 949
Profit attributable to:		
Owners of the parent	**10 090**	7 296
Non-controlling interests	**(227)**	653
Profit for the year	**9 863**	7 949
Earnings per share (cents)		
Basic earnings per share		
From continuing and discontinued operations	**496.8**	385.7
From continuing operations	**510.2**	355.6
Diluted earnings per share		
From continuing and discontinued operations	**444.3**	344.3
From continuing operations	**455.2**	320.6
Headline earnings per share (cents)		
Basic headline earnings per share		
From continuing and discontinued operations	**443.5**	390.6
From continuing operations	**461.7**	359.4
Diluted headline earnings per share		
From continuing and discontinued operations	**402.0**	347.9
From continuing operations	**416.7**	323.3
Adjusted headline earnings per share from continuing operations	**479.6**	376.2
Adjusted diluted headline earnings per share from continuing operations	**430.6**	336.5

Prior year figures have been restated and re-presented. Refer to the annual financial statements.

Statement of comprehensive income
for the year ended 30 June 2014

	2014 Rm	2013# Rm
Profit for the year	**9 863**	7 949
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (losses)/gains on defined benefit plans	**(145)**	103
Deferred taxation	**43**	(25)
	(102)	78
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**5 959**	6 279
Net fair value loss on cash flow hedges and other fair value reserves	**(124)**	(41)
Deferred taxation	**32**	(3)
Other comprehensive income of equity accounted companies, net of deferred taxation	**1**	(1)
	5 868	6 234
Total other comprehensive income for the year	**5 766**	6 312
Total comprehensive income for the year	**15 629**	14 261
Total comprehensive income attributable to:		
Owners of the parent	**15 844**	13 542
Non-controlling interests	**(215)**	719
Total comprehensive income for the year	**15 629**	14 261

 # Prior year figures have been restated and re-presented. Refer to the annual financial statements.

Statement of changes in equity
for the year ended 30 June 2014

	Ordinary share capital and premium Rm	Distributable reserves Rm	Convertible and redeemable bonds reserve Rm	Foreign currency translation reserve Rm
Balance at 30 June 2012	9 898	29 616	974	1 720
Restatements	-	(42)	-	(2)
Balance at 1 July 2012	9 898	29 574	974	1 718
Net shares issued	1 518	-	-	-
Purchase of shares	(131)	-	-	-
Proceeds on sale of shares net of capital gains taxation	206	-	-	-
Capital distribution	(1 690)	-	-	-
Redemption of preference shares	-	-	-	-
Total comprehensive income for the year	-	7 296	-	6 213
Profit for the year	-	7 296	-	-
Other comprehensive income for the year	-	-	-	6 213
Preference dividends	-	(282)	-	-
Dividends paid	-	-	-	-
Discount on introduction and premium on acquisition of non-controlling interests	-	-	-	-
Net shares bought from/sold to non-controlling interests	-	-	-	-
Share-based payments	-	-	-	-
Convertible bonds issued and redeemed - equity portion net of deferred taxation	-	-	105	-
Transfers and other reserve movements	-	198	-	(66)
Balance at 30 June 2013	**9 801**	**36 786**	**1 079**	**7 865**
Net shares issued	**10 685**	**-**	**-**	**-**
Proceeds on sale of shares net of capital gains taxation	**21**	**-**	**-**	**-**
Redemption of preference shares	**-**	**-**	**-**	**-**
Total comprehensive income for the year	**-**	**10 090**	**-**	**5 947**
Profit for the year	**-**	**10 090**	**-**	**-**
Other comprehensive income for the year	**-**	**-**	**-**	**5 947**
Preference dividends	**-**	**(152)**	**-**	**-**
Dividends paid	**-**	**(1 516)**	**-**	**-**
Released on derecognition of subsidiary	**-**	**-**	**-**	**-**
Introduced and acquired on acquisition of subsidiaries	**-**	**-**	**-**	**-**
Discount on introduction and premium on acquisition of non-controlling interests	**-**	**-**	**-**	**-**
Net shares bought from/sold to non-controlling interests	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	-
Convertible bonds issued and redeemed – equity portion net of deferred taxation	**-**	**-**	**351**	**-**
Transfers and other reserve movements	**-**	**1 429**	**-**	**(28)**
Balance at 30 June 2014	**20 507**	**46 637**	**1 430**	**13 784**

Prior year figures have been restated and re-presented. Refer to the annual financial statements.

Share-based payment reserve	Other reserves	Total ordinary equity attributable to owners of the parent	Preference share capital and premium	Total equity attributable to owners of the parent	Non-controlling interests	Total
Rm	Rm	Rm	Rm	Rm	Rm	Rm
637	447	43 292	3 837	47 129	6 508	53 637
-	-	(44)	-	(44)	170	126
637	447	43 248	3 837	47 085	6 678	53 763
-	-	1 518	-	1 518	-	1 518
-	-	(131)	-	(131)	-	(131)
-	-	206	58	264	-	264
-	-	(1 690)	-	(1 690)	-	(1 690)
-	-	-	(398)	(398)	-	(398)
-	33	13 542	-	13 542	719	14 261
-	-	7 296	-	7 296	653	7 949
-	33	6 246	-	6 246	66	6 312
-	-	(282)	-	(282)	-	(282)
-	-	-	-	-	(365)	(365)
-	(55)	(55)	-	(55)	97	42
-	-	-	-	-	(442)	(442)
147	-	147	-	147	-	147
-	-	105	-	105	-	105
(148)	24	8	-	8	(32)	(24)
636	**449**	**56 616**	**3 497**	**60 113**	**6 655**	**66 768**
-	**-**	**10 685**	**-**	**10 685**	**-**	**10 685**
-	**-**	**21**	**380**	**401**	**-**	**401**
-	**-**	**-**	**(496)**	**(496)**	**-**	**(496)**
-	**(193)**	**15 844**	**-**	**15 844**	**(215)**	**15 629**
-	**-**	**10 090**	**-**	**10 090**	**(227)**	**9 863**
-	**(193)**	**5 754**	**-**	**5 754**	**12**	**5 766**
-		**(152)**	**-**	**(152)**	**-**	**(152)**
-	**-**	**(1 516)**	**-**	**(1 516)**	**(208)**	**(1 724)**
-	**-**	**-**	**-**	**-**	**(2 814)**	**(2 814)**
-	**-**	**-**	**-**	**-**	**132**	**132**
-	**228**	**228**	**-**	**228**	**(251)**	**(23)**
-	**-**	**-**	**-**	**-**	**(1 768)**	**(1 768)**
431	**-**	**431**	**-**	**431**	**-**	**431**
-	**-**	**351**	**-**	**351**	**-**	**351**
(56)	**(999)**	**346**	**-**	**346**	**10**	**356**
1 011	**(515)**	**82 854**	**3 381**	**86 235**	**1 541**	**87 776**

Statement of financial position *as at 30 June 2014*	**2014 Rm**	2013# Rm	2012# Rm
ASSETS			
Non-current assets			
Goodwill	**27 810**	18 850	15 572
Intangible assets	**38 306**	41 585	33 834
Property, plant and equipment	**53 995**	44 897	34 942
Investment property	**427**	480	472
Consumable biological assets	**-**	1 761	1 656
Investments in equity accounted companies	**4 223**	2 634	2 341
Investments and loans	**10 399**	1 124	868
Deferred taxation assets	**1 390**	730	697
Trade and other receivables	**70**	3 174	2 619
	136 620	115 235	93 001
Current assets			
Vehicle rental fleet	**534**	455	372
Inventories	**17 921**	16 447	14 539
Trade and other receivables	**18 112**	20 039	15 534
Short-term loans receivable	**5 928**	3 228	1 710
Cash and cash equivalents	**16 341**	9 249	8 057
	58 836	49 418	40 212
Assets and disposal groups classified as held for sale	**6 865**	364	98
	65 701	49 782	40 310
Total assets	**202 321**	165 017	133 311
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	**20 507**	9 801	9 898
Reserves	**62 347**	46 815	33 350
Preference share capital and premium	**3 381**	3 497	3 837
Total equity attributable to equity holders of the parent	**86 235**	60 113	47 085
Non-controlling interests	**1 541**	6 655	6 678
Total equity	**87 776**	66 768	53 763
Non-current liabilities			
Interest-bearing loans and borrowings	**55 580**	45 041	33 858
Employee benefits	**868**	722	705
Deferred taxation liabilities	**10 878**	9 652	7 763
Provisions	**1 603**	2 609	2 094
Trade and other payables	**388**	231	218
	69 317	58 255	44 638
Current liabilities			
Trade and other payables	**34 222**	29 747	25 451
Employee benefits	**750**	888	846
Provisions	**1 213**	1 012	895
Interest-bearing loans and borrowings	**6 411**	5 117	5 192
Bank overdrafts and short-term facilities	**2 436**	3 162	2 090
	45 032	39 926	34 474
Liabilities and disposal groups classified as held for sale	**196**	68	436
	45 228	39 994	34 910
Total equity and liabilities	**202 321**	165 017	133 311
Net asset value per ordinary share (cents)	**3 946**	3 102	2 463

 # Prior year figures have been restated and re-presented. Refer to the annual financial statements.

Statement of cash flows
for the year ended 30 June 2014

	2014 Rm	2013# Rm
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	**21 317**	12 698
Net movement in unsecured instalment sale and loan receivables	**(385)**	(2 090)
Net dividends paid	**(1 818)**	(696)
Net finance charges	**(1 842)**	(1 599)
Taxation paid	**(1 592)**	(1 093)
Net cash inflow from operating activities	**15 680**	7 220
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and investment property	**(4 948)**	(6 748)
Additions to intangible assets	**(381)**	(368)
Proceeds on disposal of property, plant and equipment, investment property and intangible assets	**451**	302
Acquisition of subsidiaries and businesses, net of cash on hand at acquisition	**(6 473)**	(379)
Disposal of subsidiaries and businesses, net of cash on hand at disposal	**1 955**	(13)
Increase in investments and loans	**(5 078)**	(122)
Decrease in treasury shares	**284**	65
Increase in short-term loans receivable	**(2 211)**	(969)
Net decrease in investments in equity accounted companies	**1**	47
Transactions with non-controlling interests	**29**	(465)
Net cash outflow from investing activities	**(16 371)**	(8 650)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue expenses	**(2)**	(1)
Preference shares redeemed	**(378)**	(398)
Capital distribution paid	**-**	(318)
(Decrease)/increase in bank overdrafts and short-term facilities	**(443)**	8
Increase in long-term interest-bearing loans and borrowings	**11 206**	7 325
Decrease in short-term interest-bearing loans and borrowings	**(3 722)**	(5 365)
Net cash inflow from financing activities	**6 661**	1 251
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**5 970**	(179)
Cash and cash equivalents at beginning of the year	**9 249**	8 057
Effects of exchange rate translations on cash and cash equivalents	**1 122**	1 371
CASH AND CASH EQUIVALENTS AT END OF YEAR	**16 341**	9 249

 # Prior year figures have been restated and re-presented. Refer to the annual financial statements.

Segmental reporting *for the year ended 30 June 2014*	**2014 Rm**	2013[#] Rm
REVENUE – CONTINUING OPERATIONS		
Retail activities		
- International operations	**73 262**	57 449
- African operations	**30 587**	29 153
Manufacturing, sourcing, logistics and corporate services		
- International operations	**33 381**	24 932
Properties	**2 911**	2 134
	140 141	113 668
Intersegment revenue eliminations	**(22 777)**	(15 730)
	117 364	97 938
OPERATING PROFIT BEFORE CAPITAL ITEMS – CONTINUING OPERATIONS		
Retail activities		
- International operations	**4 579**	3 040
- African operations	**862**	1 361
Manufacturing, sourcing, logistics and corporate services		
- International operations	**4 451**	3 341
- African operations	**324**	303
Properties	**2 730**	2 040
	12 946	10 085
RECONCILIATION BETWEEN OPERATING PROFIT PER INCOME STATEMENT AND OPERATING PROFIT BEFORE CAPITAL ITEMS PER SEGMENTAL ANALYSIS		
Operating profit per income statement	**14 122**	9 459
Capital items	**(1 500)**	323
Add: KAP equity accounted earnings at 45%	**324**	303
Operating profit before capital items per segmental analysis	**12 946**	10 085
TOTAL ASSETS		
Retail activities		
- International operations	**79 958**	63 164
- African operations	**13 787**	14 960
Manufacturing, sourcing, logistics and corporate services		
- International operations	**19 419**	17 221
- African operations	**4 041**	4 041
Properties	**45 401**	31 324
	162 606	130 710

 # Prior year figures have been restated and re-presented. Refer to the annual financial statements.

RECONCILIATION BETWEEN TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION AND TOTAL ASSETS PER SEGMENTAL ANALYSIS	2014 Rm	2013# Rm
Total assets per statement of financial position	**202 321**	165 017
Less: Cash and cash equivalents	**(16 341)**	(9 249)
Less: Investments in equity accounted companies[1]	**(4 223)**	(2 634)
Add: 45% investment in KAP	**4 041**	4 041
Less: Investments and loans	**(10 399)**	(1 124)
Less: Short-term loans receivable	**(5 928)**	(3 228)
Less: Assets of discontinued operations and assets held for sale[2]	**(6 865)**	(22 113)
Total assets per segmental analysis	**162 606**	130 710
GEOGRAPHICAL ANALYSIS		
Revenue - continuing operations		
Continental Europe	**73 850**	59 107
Pacific Rim	**4 094**	2 855
Southern Africa	**30 572**	29 135
United Kingdom	**8 848**	6 841
	117 364	97 938
Non-current assets		
Continental Europe	**106 627**	81 376
Pacific Rim	**2 222**	1 769
Southern Africa	**17 730**	24 879
United Kingdom	**10 041**	7 211
	136 620	115 235

 # Prior year figures have been re-presented to reflect the continuing operations of the group. Refer to the annual financial statements.
[1] The 2013 figures have been adjusted to include the 45% associate investment in KAP to provide comparability.
[2] The prior year numbers include the assets of companies discontinued and classified as held for sale during the 2014 financial year.

Selected explanatory notes

Statement of compliance

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board (IASB), the IFRS Interpretations Committee of the IASB (IFRIC), the requirements of the South African Companies Act, 71 of 2008, as amended (the Act) and have been audited in compliance with all the requirements of section 29(1) of the Act, 2008, as required.

Basis of preparation

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

Financial statements

The annual financial statements for the year have been audited by Deloitte & Touche and their unmodified audit report is available in the group's annual financial statements which are available on the group's website. Full details of the group's business combinations for the year, additions and disposals of property, plant and equipment as well as commitments and contingent liabilities are included in the group's annual financial statements.

Changes in accounting policies

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

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 27 – Consolidated and Separate Financial Statements.

IFRS 11 – Joint Arrangements and IAS 28 – Investment in Associates and Joint Ventures.

IFRS 13 – Fair Value Measurement.

IAS 19 (revised) – Employee Benefits.

During the year under review, the group adopted all of the IFRS and interpretations that were effective and deemed applicable to the group.

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

Additional information

	Continuing operations Rm	Discontinued operations Rm	Total Rm
2014			
Earnings/(loss) attributable to owners of the parent	**10 355**	**(265)**	**10 090**
Dividend entitlement on cumulative preference shares	**(269)**	**–**	**(269)**
Earnings/(loss) attributable to ordinary shareholders	**10 086**	**(265)**	**9 821**
Capital items			
Impairments	**76**	**78**	**154**
Loss on disposal of intangible assets	**45**	**–**	**45**
Profit on disposal and dilution of investments	**(1 651)**	**(94)**	**(1 745)**
Other	**30**	**10**	**40**
	(1 500)	**(6)**	**(1 506)**
Loss on disposal of discontinued operations	**–**	**229**	**229**
Total capital items	**(1 500)**	**223**	**(1 277)**
Taxation effects of capital items	**561**	**(251)**	**310**
Non-controlling interests' portion of capital items	**(11)**	**(65)**	**(76)**
Capital items of equity accounted companies (net of taxation)	**(8)**	**–**	**(8)**
Headline earnings	**9 128**	**(358)**	**8 770**
2013			
Earnings attributable to owners of the parent	6 747	549	7 296
Dividend entitlement on cumulative preference shares	(274)	–	(274)
Earnings attributable to ordinary shareholders	6 473	549	7 022
Capital items			
Impairments	336	49	385
Loss/(profit) on disposal and dilution of investments	12	(20)	(8)
Other	(25)	(2)	(27)
Total capital items	323	27	350
Taxation effects of capital items	(84)	(1)	(85)
Non-controlling interests' portion of capital items	(119)	(7)	(126)
Capital items of equity accounted companies (net of taxation)	(50)	–	(50)
Headline earnings	6 543	568	7 111

INTERNATIONAL OPERATIONS

Steinhoff manages a multi-brand retail strategy to remain relevant to its local consumers with each of its brands being well established and recognised household names in the country where these businesses operate. Retail of furniture, beds, kitchens, household appliances and electronic products, homeware, décor items and the like, are supported by the group's manufacturing, sourcing and logistics capabilities, providing efficiencies throughout the supply chain

GROSS REVENUE INCREASES BY 5% TO

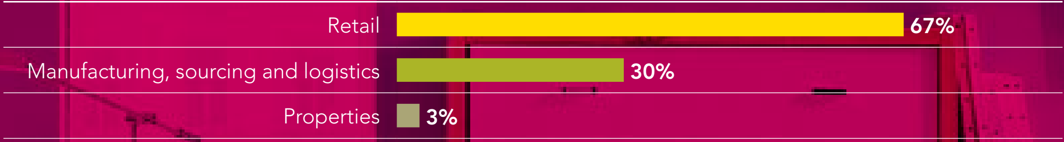
€7 757 million

OPERATING PROFIT INCREASES BY 14% TO

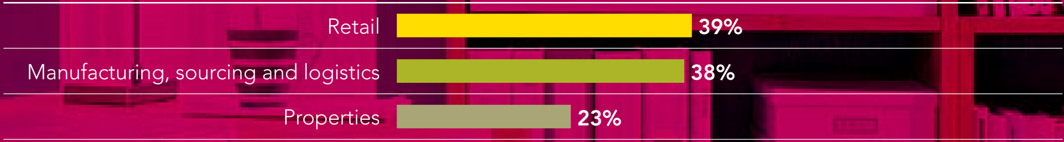
€829 million

OPERATING MARGIN INCREASES TO 10.7%

REVENUE



OPERATING PROFIT



FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	REVENUE		OPERATING PROFIT	
	2014 €m	2013 €m	**2014 €m**	2013 €m
International operations in Euro	**7 757**	7 363	**829**	729
Retail household goods	**5 192**	5 012	**325**	266
Manufacturing, sourcing and logistics	**2 366**	2 174	**315**	291
Properties	**199**	177	**189**	172
	Rm	Rm	**Rm**	Rm
International operations translated into Rand	**109 457**	84 406	**11 703**	8 355
Operating margin			**10.7%**	9.9%

CONFORAMA

During the period under review, Conforama generated good growth and managed to grow market share in each country of operation. In particular, revenue in France increased by 2.5% (at constant perimeter) in a declining market.
This success was driven by the brand's market share in bedding, traction gained by the e-commerce platform and the successful launch of a new intensified discount concept.

Conforama sells on average 3 000 beds per day and this strong position in the market presents future opportunities to grow margins by leveraging the group's vertically integrated supply chain.

The e-commerce platform, conforma.fr, contributed 6% to revenue for the year under review and is well on track to reach management's target of 10% over the next three to five years.

RETAIL SPACE 1 058 648 m²

OPERATING IN France, Switzerland, Spain, Portugal, Italy, Croatia, Luxembourg

278 STORES

Conforama | Confo DÉCO | Confo DÉPÔT MAGASIN 100% DESTOCKAGE | emmezeta.hr | Fly.

The new Confo Dépôt concept further leveraged Conforama's strong discount position by introducing an enhanced discount model to the market, capitalising on experience gained from other brands within the Steinhoff group. This concept exceeded trading expectations within months of opening, highlighting the level of consumer demand for discounted products and creating further opportunities for future expansion.

Market share gains in the furniture product category and a resilient performance in decorative items led to improved gross margins. Conforama acquired ten Atlas stores in France, all of which were closed for a period of refurbishment during the year under review. Net margins continue to rise, despite the once-off disruptive impact of the stores under refurbishment. In Switzerland, the cost impact of the Fly store integration and conversion project negatively affected margins as anticipated. Despite challenging market conditions, the Italian business improved and Spain, Portugal and Croatia reported good organic growth supplemented by new store openings during the year.

EUROPEAN RETAIL MANAGEMENT

European Retail Management (ERM), incorporates an extensive retail footprint of large scale discount value formats offering a full range of furniture and household goods. While the majority of retail trading space is located in Germany and Switzerland, the division also includes the Abra and Poco brands in Poland.

The store expansion programme in ERM continues to provide solid results and was supported by resilient economies during the year. During the year under review this division opened six stores in Germany. Trading densities are increasing due to the established national store network and a long-term successful marketing strategy that gradually established brand recognition and price proposition in this competitive discount environment. Three new and six converted Fly stores were added to the network in Switzerland, while the six new stores in Germany brought the total store network in this country to 103 stores.

OPERATING IN Germany, Switzerland, Poland

215 STORES

RETAIL SPACE 734 045 m²

UNITED KINGDOM

Harveys is a leading home retail specialist focusing on lounge and dining room furniture at value prices. It was also one of the first retailers to give its customers an online shopping alternative.

Bensons for Beds is a leading sleep solution destination offering both classical and contemporary bedroom furniture. It sells a comprehensive assortment of leading bed brands including the "Sleepmaster" range manufactured exclusively by Relyon.

Cargo sells a mix of furniture and homeware in relatively affluent locations in southeast England.

During the year under review the group's bedding retail operations benefited from sustained growth within this market segment while the remainder of the household goods market remained competitive.

The new concept store roll-out stimulated market share gains throughout the retail fascias. The division reported modest growth in revenue of 3% while profitability increased by 17%. This performance should be evaluated against the fact that various flagship stores were closed during the year to allow for renovations.

The consolidation of the supply chain and administrative functions resulted in good cost savings and a marked improvement in margins.

OPERATING IN The United Kingdom

463 STORES

RETAIL SPACE 284 351 m²

AUSTRALASIA

Freedom is one of the best known furniture brands in Australia and New Zealand.

Snooze is a franchised bed retailer positioned as a "sleep" solutions specialist.

Poco Australia is a large-format discount household goods retailer.

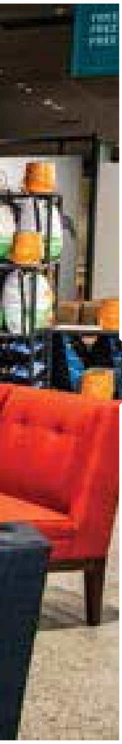
The retail operations in Australasia reported strong results for the year. This includes an increase in revenue of 37% in local currency . The turnaround in the furniture and household goods retail fascia was supported by the introduction of new concept stores, a well-accepted product range, increased trading densities and an optimised supply chain function, now managed by the central Steinhoff global sourcing and logistics division.

The bedding retail division continued to report double digit growth numbers and a healthy pipeline of potential franchisee opportunities should continue to support market share growth.

OPERATING IN Australia, New Zealand

136 STORES

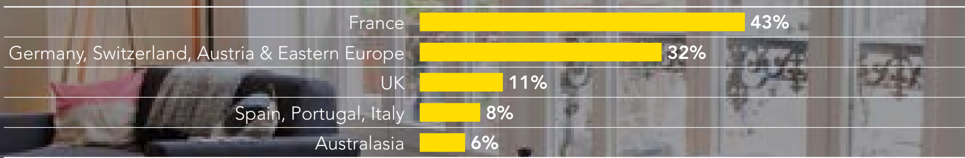
RETAIL SPACE 202 473 m^2



FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	REVENUE		OPERATING PROFIT		MARGIN	
	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	%	%
International – Retail in Euro	**5 192**	5 012	**325**	266	**6.3**	5.3
	Rm	Rm	Rm	Rm	%	%
International – Retail translated into Rand	**73 262**	57 449	**4 579**	3 040	**6.3**	5.3

REVENUE CONTRIBUTION %



PROSPECTS

RETAIL GROWTH

With its mass market positioning and critical mass through well-recognised and trusted local retail brands, supported by relevant infrastructure, efficient supply chain, and e-commerce strategy, Steinhoff Europe is in a good position to efficiently link customers to the group's price competitive product range and it continues to take market share in Europe.

INVESTMENT IN STORES

Store growth, refurbishments and conversions will continue. During the year the group acquired the entire Fly store network of 19 stores in Switzerland and ten Atlas stores in France.

E-COMMERCE

With its mass market positioning and critical mass through significant, well-recognised and trusted retail brands, Steinhoff offers customers choice with value priced products supported by reliable distribution. This puts the group in an ideal position to extend the success of Conforama's online channel to the rest of its retail brands.

MANUFACTURING, SOURCING AND LOGISTICS

16 MANUFACTURING FACILITIES

WAREHOUSE SPACE ± 1 MILLION m²

Manufacturing operations benefited from increased intra-group and external customer orders, leading to increased volumes, increased efficiencies and consequently more competitive pricing to customers.

Capitalising on the group's specialist knowledge on providing a good night's sleep, Steinhoff's integrated supply chain in bedding within the UK led the way for the rest of the group to extract more benefits from this product category. The success of the Relyon mattress sales into the Conforama retail operations and the successful integration of the brands acquired from Hilding Anders in the UK have contributed to the positive results for the year.

MANUFACTURING IN Germany, Poland, Hungary, UK

SOURCING FROM 44 COUNTRIES

The centralised supply chain operations, including Asian sourcing, centralised logistics in Europe and eastern Europe and the group's trading arm, gained traction with increased volumes by the group's retail operations. Planning permission was also received to develop a central distribution warehouse in Switzerland to service Conforama and ERM's expanding store footprint.

The groundwork of implementing common systems and processes throughout the Global Range's supply chain is now completed with the recent launch of the first 100 common products into the group's retail outlets. A dedicated Global Range team worked with the group's Asian suppliers in perfecting product design to lower the production and logistics costs of this range. Adhering to the European Union Timber regulation, the group-wide quality control system now also covers the Global Range, while a dedicated central distribution and logistics hub for this range is operational in Genk, Belgium.

FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	REVENUE		OPERATING PROFIT		MARGIN	
	2014	2013	**2014**	2013	**2014**	2013
	€m	€m	**€m**	€m	**%**	%
International – MSL in Euro	**2 366**	2 174	**315**	291	**13.3**	13.4
	Rm	Rm	**Rm**	Rm	**%**	%
International – MSL translated into Rands	**33 381**	24 932	**4 451**	3 341	**13.3**	13.4

PROSPECTS

BEDDING

Steinhoff continue to investigate opportunities of introducing the group's vertical integrated bedding model into its European retail businesses.

The next generation "Comfort station", a concept that has had huge success in Bensons for Beds, has been developed and is being trialled in the UK. Introducing the new concept will unlock the benefits of "selling the right bed to the customer" and assist to focus the entire group's attention on the bedding market. This new technology, introduced by the concept, will strengthen Steinhoff's position as the leader in providing customers with a unique retail experience.

LOGISTICS

Steinhoff continues to capitalise on its existing infrastructure and flexible supply chain. The group's history, growth and investments provide the bricks and mortar, systems and processes that today form the platform for effective inbound and outbound logistics solutions.

The group's supply chain infrastructure and buying power provides every business in the group (no matter how small), the ability to access the synergies and efficiencies of a global player, providing them with the cost benefits to successfully compete in their local markets.

GLOBAL RANGE

The Global Range will continue to the group's worldwide retail operations. This year trialled the concept and vertically integrated supply chain, while increased advantages will begin flowing in the next year. As the group increases the product mix and the number of Global Range SKUs, it will build confidence with group buyers, increase efficiencies, and ultimately, accrue gross margins.

AFRICAN OPERATIONS

Steinhoff's African retail operations includes an 86% investment in JD Group Limited, an independently listed company on the JSE Limited (JSE). JD Group is a diversified retailer of furniture, household appliances, consumer electronics and technology goods, building materials and do-it-yourself (DIY) products. It also trades in new and pre-owned motor vehicles and related services. At year-end, JD Group accepted an offer for the sale of the Consumer Finance division.

REVENUE*

R30 587 million

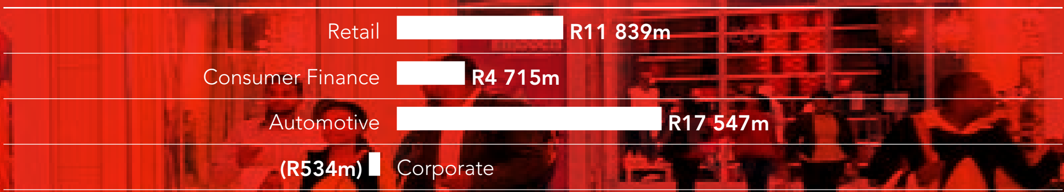
OPERATING PROFIT*

R862 million

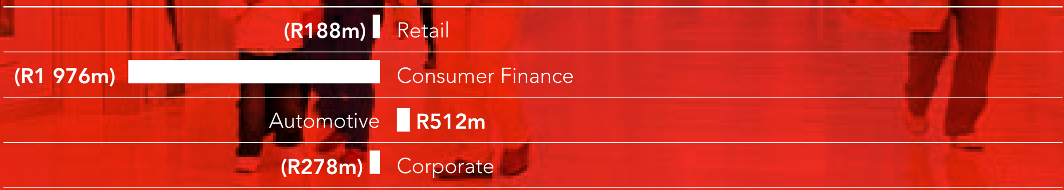
OPERATING MARGIN* 2.8%

* Continuing operations

GROSS REVENUE/LOSS*



OPERATING PROFIT/LOSS*



** Continued and discontinued operations*

FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	OPERATING PROFIT*	
	2014	2013
	Rm	Rm
Operating profit as per JD announcement	**537**	1 015
Adjusted for inter-company eliminations between JD and KAP, IFRS 3 releases and capital items	**325**	346
Total	**862**	1 361

** Continuing operations*

RETAIL

JD's retail business experienced a challenging operating environment during the year as a result of challenging market conditions.
The furniture market is reporting negative growth mainly due to consumers being over-indebted, resulting in pressure on disposable income.

In response to this, management has developed several strategies to improve efficiencies, given the prevailing market conditions. These include the consolidation of the eight furniture retail brands into four clusters, rationalisation of the store footprint and back office functions and, optimisation of the centralised distribution model.

The market for consumer electronics remained challenging with pressure on revenue. However, management's focus on the consolidation of back-office functions and cost reduction resulted in increased margins. Stock reduction programmes to reduce redundant and slow-moving stock were successfully executed by both Incredible Connection and HiFi Corp.

The building materials and DIY segment continues to grow and the successful integration of the Hardware Warehouse business has increased the scale of the SteinBuild division, placing it in a strong position to capitalise on the growing market.

1 223 RETAIL STORES

CONSUMER FINANCE OFFER ACCEPTED FOR SALE OF DIVISION

The deteriorating financial position of the target market consumer adversely affected the performance of the Consumer Finance division during the year. This resulted in a significant escalation in the provision against the debtors book. Strict lending criteria resulted in lower credit-approval rates, further contributing to disappointing trading results.

Collections are being prioritised and three new focus areas have been introduced, which should ensure improved focus and increased accountability within the collections function. These include contact centre and first-payment activations, third-party collections (which includes external debt collectors and advanced debt-recovery services) and securing debit orders and optimising post write-off recovery of outstanding amounts.

In the insurance industry, National Treasury released its Technical Report on the Consumer Credit Insurance Market (CCI) in South Africa in early July 2014 for comment. The process to collate the various stakeholders' comments has commenced and JD is leading the process to submit these to the Consumer Goods Council of South Africa.

JD Group has accepted an offer to dispose of its Consumer Finance division excluding the insurance business (JDFS division) to an international consumer finance provider, which intends to build a long-term commercial relationship with the JD Group in South Africa. Although the offer includes an interest in the performance of the insurance business, the insurance division is to be retained by JD Group.

AUTOMOTIVE

Representing 56% of JD's revenue for the year, Unitrans Auto remains the largest contributor of revenue and profits for the group. Despite a subdued automotive retail market and disruptions caused by the motor industry strikes, revenue increased by 13.2% and margins were largely maintained at 2.9%.

The new vehicles market declined by approximately 1% on a volume basis. Despite this decline, Unitrans Auto managed to grow its new vehicle sales by 1.2% on a comparable basis. The used vehicle market remains challenging due to competition in the new vehicle market. Revenue from service and parts remains under pressure as a result of strong competition for market share.

The business focuses on the traditional automotive brands such as Toyota and Volkswagen and, since the acquisition of the Reeds Group, a General Motors dealership.

Unitrans Auto expanded its footprint with two new dealerships, MAN and Mercedes-Benz/Chrysler, and two Hertz car rental outlets. The footprint includes 84 dealerships and 34 car rental outlets throughout South Africa and represents 21 passenger and commercial automotive brands.

The development of an e-commerce platform, Autoteam, is progressing well and will complement dealerships.

The Hertz car rental division reported a successful year with pleasing growth in revenue and profitability at an operating level.

Expense control and cash generation have been and remain a primary focus for management.

Hertz	84 AUTOMOTIVE DEALERSHIPS	34 CAR RENTAL OUTLETS

PROSPECTS

RETAIL

The current operating conditions within the retail consumer market are expected to continue in the short to medium term. Management is therefore focused on profitability through optimisation of the cost base.

In addition Steinbuild is now well poised to take advantage of both organic and acquisitive opportunities going forward.

CONSUMER FINANCE

JD Group has accepted an offer to dispose of the financial services business, excluding the insurance business. Confirmatory due diligence is still in progress and developments in this regard will be communicated as appropriate.

AUTOMOTIVE

In the year ahead management will evaluate opportunities in under-represented automotive brands as well as growing revenue from neighbouring South African countries.

In addition Unitrans Auto aims to better balance the economic cycle of new vehicle sales with its used vehicle segment.

PROPERTIES

Steinhoff's investment in properties is an important factor in protecting the group's long term sustainable margin. In some European countries, the license to retail household goods is attached to a particular property, further protecting the group's ability to better compete. The retail and industrial properties are located mainly in Europe, the UK and Africa.

REVENUE
R2 911 million

OPERATING PROFIT
R2 730 million

ASSETS
R45 401 million

REVENUE

2014	R2 911m
2013	R2 134m

OPERATING PROFIT

2014	R2 730m
2013	R2 040m

ASSETS

2014	R45 401m
2013	R31 324m

* Continuing operations

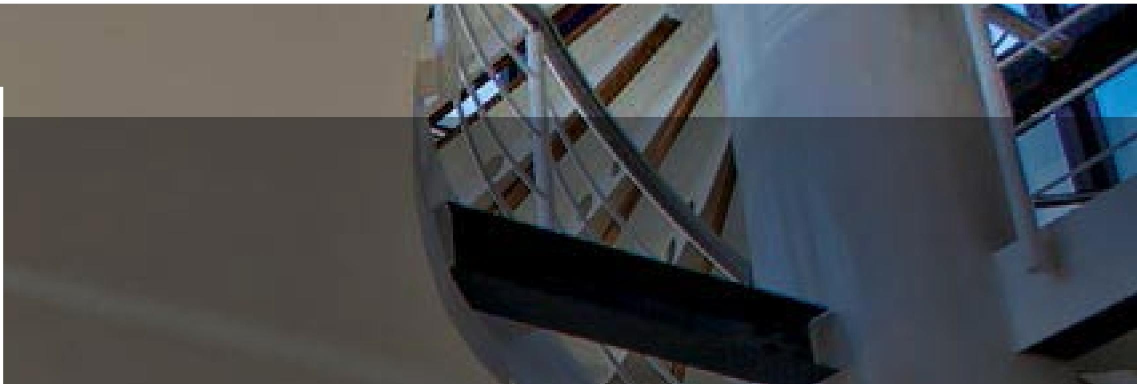
PROPERTIES

Steinhoff discloses its properties as a separate segment due to its operational significance and financial materiality. This property segment now comprises all properties managed centrally by corporate services and it demonstrates the long-term returns achievable on acquired properties. The retail and industrial properties are located mainly in Europe, the UK and Africa.

The group continued its investment in properties during the year under review, most notably acquiring the kika Leiner property portfolio in Austria. In addition, the group invested in large format retail properties from an insolvent retail estate in Germany and acquired some properties of the Atlas store network in France. In the United Kingdom the group invested in additional warehouse, distribution and office space, and made various other smaller property investments. Total investment, at cost, in property at year-end amounts to R45.4 billion.

OWNED PROPERTIES IN
United Kingdom, Europe, South Africa

OWNED PROPERTIES ±4 000 000 m²



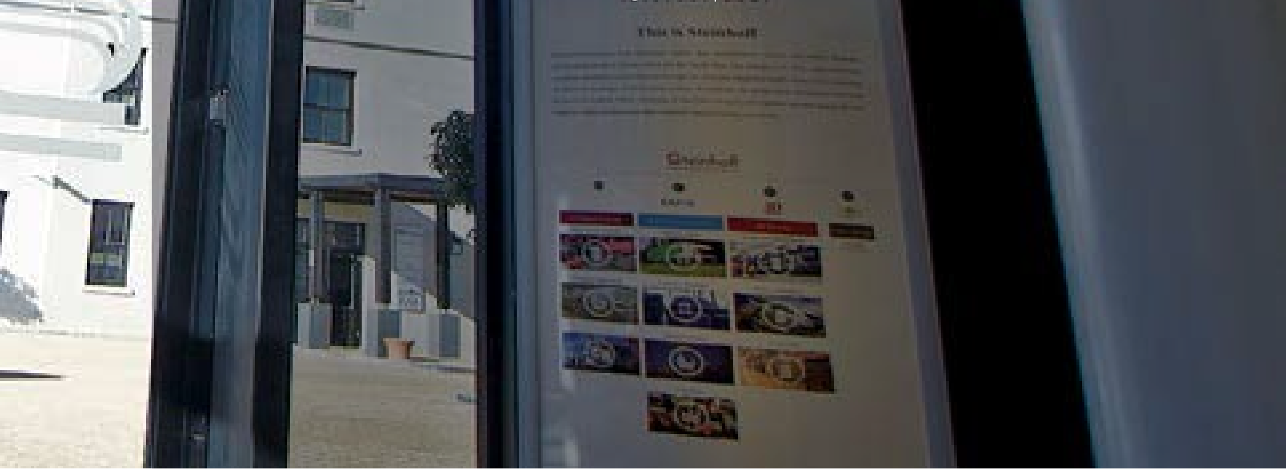
FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	REVENUE		OPERATING PROFIT		RETURN ON INVESTMENT	
	2014	2013	**2014**	2013	**2014**	2013
	€m	€m	**€m**	€m	**%**	%
International operations in Euro	**199**	177	**189**	172		
	Rm	Rm	**Rm**	Rm		
International operations translated into Rands	**2 814**	2 025	**2 673**	1 974		
South Africa	**97**	109	**57**	66		
Total property segment	**2 911**	2 134	**2 730**	2 040	**7.1**	7.5

PROSPECTS

With fixed-yield internal rental streams charged on group properties, additional property investment protect the sustainability of its cost base.

In addition, the increasing value of the group's asset base, underpinned by the property portfolio, increases the group's ability to secure long-term financing at competitive rates.



KAP INDUSTRIAL - ASSOCIATE INVESTMENT

KAP Industrial is a diversified industrial group focused on growth in emerging African markets.

REVENUE*

R14 748 million

OPERATING PROFIT BEFORE CAPITAL ITEMS*

R1 472 million

OPERATING MARGIN* 10%

* Continuing operations

GROSS REVENUE

Logistics	52%
Timber	17%
Manufacturing	31%

OPERATING PROFIT

Logistics	52%
Timber	28%
Manufacturing	20%

FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
REVENUE	**Rm**	Rm
Logistics	**7 737**	7 042
Timber	**2 585**	2 392
Manufacturing	**4 629**	4 229
Inter-segment revenue eliminations	**(203)**	(150)
Total revenue	**14 748**	13 513
OPERATING PROFIT		
Logistics	**762**	686
Timber	**412**	347
Manufacturing	**298**	276
Total operating profit	**1 472**	1 309

MANUFACTURING

Logistics

Unitrans Supply Chain Solutions (USCS) made considerable progress in realigning resources and intensifying focus on sustainable specialist opportunities in the market.

The Fuel, Agriculture and Mining division reported good revenue growth across its customer base, in line with the African growth strategy. Despite tough economic and operating conditions, the Freight and Logistics division improved revenue and profits.

The Passenger division's performance was adversely affected by the increase in fuel price and the protracted strike on the platinum mines. However, the division continues to deliver good cash flows and excellent returns on assets. Cross-border intercity activity between Zimbabwe and South Africa is increasing.

Integrated Timber

Revenue growth was achieved primarily through increased volumes from the new Medium Density Fibreboard (MDF) plant, an increased ratio of value added products and increased resin volumes to non-panel markets.

Margin improvement was achieved through the efficiency and cost benefits of the new MDF plant, a major restructuring of internal logistics and an increased ratio of value added products.

Manufacturing

During the year, the division disposed of its footwear operations. The PET resin manufacturing operation (Hosaf) again delivered good results, which offset the lower vehicle build due to a vehicle model change over in the Automotive components operation (Feltex). The Furniture and Bedding division delivered satisfactory performance, supported by key brands.

PROSPECTS

The Supply Chain Solutions and the Passenger divisions remain committed to growth in Africa in partnership with its existing strong customer base, as well as capitalising on opportunities in the South African market. The Supply Chain Solutions division will see further benefits from its restructuring, while Mozambique expansion in the Passenger division is expected to support growth.

In the Integrated Timber division, the volume and margin benefits of the new MDF plant and efficiency improvement measures are expected to continue.

The Manufacturing division has improved its focus following its disposals over the last two years. Hosaf is expected to deliver another good performance. Following a vehicle model change over of one of its customers, Feltex is expected to regain its vehicle build volumes.

The group continues to apply its strategy of focusing on its core industrial assets in emerging African markets.

REMUNERATION AND CORPORATE RESPONSIBILITY

Steinhoff's remuneration policy dictates that all employees are fairly rewarded for their individual and joint contributions in the execution of the Steinhoff business strategy and delivery of the group's operating and financial performance.

Steinhoff operates in a dynamic global environment. Its ability to react to ever-changing conditions results from a solid corporate structure, sound financial principles, strong corporate governance policies and procedures and a continued focus on the sustainability of its businesses.

EMPLOYEES

55 876

SCOPE 1 AND 2 CARBON EMISSIONS

430 402t CO_2e

NET REVENUE

International operations	74%
African operations (JD Group)	26%

GROUP EMPLOYEES

International operations	56%
African operations (JD Group)	44%

The group is aware of its responsibility towards ...

STAKEHOLDERS
To act in a responsible manner in its dealings with shareholders, customers, business partners and the surrounding communities in which it operates

EMPLOYEES
To value, uplift and create a suitable environment within which its employees can add value

NATURAL RESOURCES
To protect the sustainability of the natural resources which in turn will protect the sustainability of its business and all the stakeholders on which it depends

STEINHOFF'S REMUNERATION POLICY dictates that all employees are fairly rewarded for their individual and joint contributions in the execution of the Steinhoff business strategy and delivery of the group's operating and financial targets. Steinhoff's remuneration philosophy is to remunerate all employees in a competitive manner to attract, motivate and retain competent knowledgeable and experienced individuals.

Steinhoff is an international business with revenue earned in many countries, as summarised in the geographical segmental analysis of the annual financial statements. Steinhoff expects its executives to be internationally mobile and to have knowledge and experience across borders. As a result, Steinhoff competes for skills and talent in a global marketplace and its approach to remuneration needs to be flexible and competitive in all of the countries where the group operates.

To facilitate this, the board has established the human resources and remuneration committee (remuneration committee) which operates within defined terms of reference and authority delegated by the board.

The Steinhoff remuneration committee comprises only independent non-executive directors. Executive directors and certain members of management attend meetings by invitation.

The board has critically assessed and carefully considered the independence of Dr. Len Konar who has served as independent non-executive director for more than nine years. The board has determined that he remains independent in character and judgment and that there are no relationships or circumstances which are likely to affect or which could appear to affect his judgement or independence of character.

The remuneration committee met twice during the financial year.

The remuneration committee has the responsibility to:

- Determine and approve the group's general remuneration policy, to be presented at each annual general meeting for a non-binding advisory vote by shareholders
- Review and approve the remuneration packages of the 92 most senior executives annually, including incentive schemes and increases or adjustments, ensuring they are appropriate, and in line with the remuneration policy
- Appraise the performance of the chief executive officer annually
- Approve the appointments and promotions of key executives
- Review incidents (if any) of unethical behaviour by senior managers and the chief executive
- Review the remuneration committee's charter annually and recommend amendments thereto as required

- Approve amendments to the Steinhoff share based incentive plans, after consultation with shareholders and the JSE Limited (JSE)
- Fulfill delegated responsibilities on Steinhoff's share based incentive plans, e.g. appointing trustees and compliance officers, if required
- Undertake an annual assessment of the effectiveness of the committee, reporting these findings to the board and the committee
- Review the charters of the group's significant subsidiaries' remuneration committees annually, and their annual assessment of compliance with these charters to establish if the Steinhoff remuneration committee can rely on the work of the subsidiary companies' remuneration committees
- Prepare an annual remuneration report for inclusion in the company's integrated report

Due to the diversity of the group and the decentralised management structures in the operating divisions, the remuneration committee has established divisional subcommittees with standard terms of reference which are in line with the overseeing committee's terms of reference. These committees are responsible for all employee remuneration matters at divisional level.

The remuneration committee and divisional subcommittees are supported by established human resource departments at group and divisional level responsible for implementation and management of human resource and remuneration strategies, policies and practices.

Key considerations undertaken during the year

- A review of the remuneration structures for managerial employees
- A review of the effectiveness of the share incentive scheme as a long-term incentive plan
- Annual cash incentive scheme awards and the approval of performance targets
- The range of base salary increases
- Investigations into an appropriate country/division specific long-term incentive scheme for key management who may be excluded from the share incentive scheme
- A standardised template and agenda was introduced that would enable the group to analyse consolidated data across the group's operations dealing with:
    - Global diversity, staff turnover ratios, average age and tenure of services of the workforce
    - Measurement of the total direct payroll cost and development year-on-year. This information would also enable per-employee or per-FTE (full time equivalent) comparison in respect of operations (retail vs manufacturing), country dynamics, and employee grade comparison
    - Performance management and the effectiveness of variable incentivisation schemes
    - Talent management and succession planning across the group which are now prioritised and reported on annually
- An annual review/benchmark exercise is also undertaken of remuneration policy, strategy and disclosure of peer group companies. The peer group includes companies comparable to the group's international retail operations predominantly located in Western Europe and the United Kingdom such as:
    - Kingfisher Plc
    - Home Retail Group Plc
    - Darty Plc

Although KAP and JD Group are separately listed companies with their own remuneration committees, the group takes into account listed peer group companies comparable to Steinhoff Africa's management teams in casting its vote for their respective remuneration policies, as disclosed in their respective integrated reports.

Alignment with strategy

Steinhoff's remuneration structures remain appropriate and aligned with the group's long-term strategic priorities, namely:

Integrated retail: To create a balanced and solid footprint of household goods businesses; to develop strong and relevant local household goods retail brands that outperform competitive local businesses; sustainably raise the operating margins; leverage from the group's global scale and knowledge; exert sufficient influence over the entire supply chain; having due regard for the long-term sustainability of the business, its environmental and social impact and governance matters.

Other Investments: To exert influence on the group's associate and other investments to manage appropriate returns on investment and long-term sustainability; to develop and grow the diversified industrial business in sub-Saharan Africa; to sustain and improve its leading position in high barriers to entry markets; to sustainably increase operating profit and cash flow and to grow sustainable long-term revenue; having due regard for the sustainable longevity of the business, core environmental and social impact and governance matters.

A significant element of executives' remuneration is performance related. A substantial portion of short-term performance incentives of the executive directors and senior management is directly linked to challenging annual group performance targets. The balance of these incentives are specifically measured against individual performance objectives which are aligned with the group's strategic priorities. The targets for long-term incentives are guided by reference to industry and market benchmarked performance targets as outlined below.

Such benchmarks are determined annually by measuring operational performance against those of peer group companies (in comparable industries and markets) in local currencies. These growth targets and budgets are presented to the board and approved annually.

Remuneration for junior and middle management is governed and controlled by country specific benchmarks for similar positions and responsibility levels. A robust remuneration review process is in place which is aligned with business strategy. Employee development is encouraged through processes such as performance appraisals, counseling and career development programmes.

Remuneration and other benefits in respect of employees who are subject to bargaining council or other authorities' determination are set through a process of collective bargaining with the major labour unions active in the various countries in which the group operates.

Remuneration policy

The remuneration policy aims to follow the recommendations of the South African Code of Corporate Practices and Conduct as set out in the King III Report and is based on the following principles:

- Remuneration practices are aligned with corporate strategy
- Total rewards are set at levels that are competitive and relative within the specific market and industry
- Incentive-based awards are earned through achieving demanding performance measures and targets with due regard for the sustainable well-being of all stakeholders over the short, medium and long term
- Incentive plans, performance measures and targets are structured to operate effectively throughout the business cycle
- The design of long-term incentives is prudent and does not expose stakeholders to a position where the sustainability of the group is placed at risk

Elements of remuneration

The four elements of managerial remuneration consist of a base salary, benefits, annual incentive bonus and long-term incentives. The committee seeks to ensure an appropriate balance between the fixed and performance-related elements of managerial remuneration and between those aspects of the package linked to short-term financial performance and those aspects linked to longer-term sustainable stakeholder value creation.

A further consideration is the need to attract and retain critical international management and specialist skills in the group. The remuneration committee considers each element of remuneration relative to the market and takes into account the performance of the company and the individual executive in determining its quantum.

For further detail refer to notes 2.3 and 2.4 in the annual financial statements, available at www.steinhoffinternational.com.

Base salary

The fixed element of remuneration is referred to as a base salary. Its purpose is to provide a competitive level of remuneration for each level of manager. The base salary is subject to annual review. It is set to be competitive at the median level with reference to market practice in companies comparable in size, market sector, business complexity and international scope. Company performance, individual performance and changes in responsibilities are also taken into consideration when determining

annual base salaries. In determining the salaries of the executive management, the committee takes into consideration inflation, agreed union and bargaining council increases and the increased scale of businesses given corporate activity undertaken during the year.
The average annual increase in base salary for the group approximated the rate of consumer price inflation in the respective geographic territories.

Benefits

Benefits provide security for managerial employees and their families and include membership of retirement funds and medical aid schemes, to which contributions are made by employees and the employer company.

Annual bonus

An annual short-term incentive plan provides management throughout the group with incentives to achieve short and medium-term goals as set and approved by the applicable board of directors. The annual cash incentive is based upon the achievement of group and, where applicable, divisional operational and business growth targets. Targets are set at each operational level and include financial, operational and transformation targets, representing in excess of 80% of the potential incentive. In some cases the performance criteria is supplemented by personal performance objectives, representing on average less than 20% of the potential bonus that can be achieved.

The international group services team is responsible for the development of the group's strategic assets and liabilities centrally. Under the leadership of the international group services team, located in various regions, support is provided to divisional management in the form of corporate services. This enables local management to devote their full attention to operational issues. These teams ensure that the corporate assets and financial risks are prudently managed and that activities comprising brand management, properties, treasury, corporate activities (including mergers and acquisitions) and other functions are aligned and conducted in the best interest of the group.

In terms of strategic implementation targets, individuals in Steinhoff's group services division are incentivised on individual strategic targets and implementation of various corporate transactions (as determined by the board of Steinhoff). All targets and incentives are agreed by the remuneration and divisional committees.

Annual incentive potentials are set by the remuneration and divisional committees on an individual basis each year based on a percentage of annual base salary. The bonus plan is not contractual and is self-funded and therefore dependent on the availability of profits in excess of annual targets generated every year. The remuneration committee retains the discretion to make adjustments to bonuses earned at the end of the financial year, taking into account both company performance and the overall and specific contribution of individuals to meeting the group's objectives. Incentives are determined and recorded in the financial year following that to which the performance relates.

Measurement of performance
For the period under review the following performance criteria was achieved against targets:

1. Steinhoff reported growth of 20% in revenue to R117.4 billion (FY13: R97.9 billion). Operating profit before capital items increased to R12.6 billion, representing a 29% increase on the prior year's R9.8 billion. Earnings attributable to ordinary shareholders increased by 40% to R9.8 billion (FY13: R7.0 billion) while basic earnings per share increased by 43% to 510 cents per share. Headline earnings per share from continuing operations increased 28% to 462 cents per share, while headline earnings from continuing and discontinued operations increased by 14% to 444 cents per share. This growth exceeded that of the growth targets set by the board and that of the applicable peer group.
2. During the year cash generation as a percentage of operating profit of 169% was achieved. This is in excess of the group's hurdle of 80%.
3. Return on equity targets were exceeded during the year. The targeted returns are determined using comparable return on equity targets for European (7%) and African (15%) peer groups as discussed later in this report. During the year under review, the European business comprised in excess of 90% of earnings and 88% of assets.
4. Implementation of key strategic initiatives related to the strategic development and competitive positioning of both Steinhoff Europe and Steinhoff Africa have been achieved and include:
    - Successful conclusion and implementation of strategic mergers and acquisitions, thereby expanding the European retail footprint further.

In particular, the group successfully concluded the investment in the Austrian property portfolio of kika Leiner, as explained in detail under corporate activity.

- Successful integration of newly acquired businesses within Steinhoff International. Within the European business (representing in excess of 90% of group operating profit) margins increased to 10.7% (FY13: 9.9%), largely as a result of the group's drive to capitalise and consolidate the group's enlarged purchasing power as elaborated upon further in the operational reviews.
- Investigating and expanding the future potential of the group's integrated supply chain in particular, as it pertains to its combined logistics and sourcing platforms:
  - Increasing intra-group supply through the combined manufacturing and sourcing of product
  - Supplier consolidation
  - Introduction of the Steinhoff Global Range
  - Capitalising on central shipping and logistics knowledge to reduce global distribution charges
- Securing and maintaining an appropriate and flexible capital and debt structure in order to minimise the risk of stressed debt or equity issuance in volatile economic environments to enable the group to optimise its future corporate structure, including the listing on a major European stock exchange:
  - Financing: Extending the group's debt maturity:
    - The successful redemption and issue of convertible bonds at competitive rates during the year, which included the launch of the 2021 bond of €465 million.
    - Completion of a new five-year €1.8 billion syndicated revolving facility on improved terms
  - Capital transactions affecting the capital and debt profile of the group:
    - Steinhoff increased its shareholding in JD Group Limited from 56% to 86% through a successful tender offer made to shareholders in order for Steinhoff to enhance its ability to better support and focus the JD operations and the challenges it faces in the South African furniture retail and consumer finance business segment. Steinhoff also assumed JD Group's treasury function and structured a R3.2 billion shareholders' loan to replace existing debt.
    - Subsequent to year end an offer was accepted to dispose of, subject to due diligence and conditions precedent, its JD Group's consumer finance division, excluding its insurance operations. This will contribute to streamlining JD Group's operations and result in reduced future funding requirements and an improved balance sheet structure.
    - Steinhoff implemented an accelerated book build of 400 million of its shares held in KAP Industrial Holdings Limited (KAP), thereby raising R1.54 billion. As a result, KAP became an associate of Steinhoff following the decrease in its shareholding in KAP from 62% to 45%.
    - The assessment and structuring of a capital raising resulted in Steinhoff raising R18.2 billion through a rights issue and foreign placement that was fully subscribed, significantly reducing the group's gearing.

The committee reviews these measures and targets annually, to ensure that performance measures and targets set are appropriate, given the economic context and the performance expectations for the company or relevant division.

In line with the group's annual short-term incentive plan, which rewards executive teams for the achievement of operational and financial growth objectives including the translation of its growth into cash flow (as measured by cash generated by operations), the remuneration committee approved annual incentives in line with group and divisional performances.

Deferred bonus plan

The remuneration committee retains the discretion to defer all or part of the annual bonus payment. The terms of such deferral is agreed on an annual basis, and depends on the performance criteria applicable to such bonuses and the longer-term measurement that could be implied by such performance criteria.

Long-term share-based incentives (LTI)

Steinhoff is an international business with revenue earned in many countries as summarised in the geographical segmental analysis of the annual financial statements. As a result, Steinhoff competes for management skills and talent in a global marketplace and its approach to remuneration takes account of the need to be competitive in all of the countries where Steinhoff operates. LTIs are awarded with the primary aim of retaining key staff members and aligning performance with the interests of investors and stakeholders.

The allocation and target criteria are at the discretion of the remuneration committee which comprises only independent non-executive directors.

Allocation

The allocation of LTIs is based on the following key eligibility criteria:

- Involving individuals who are key to driving the group's long-term business strategy
- Retention of key talent/scarce skills
- Talent management strategy and succession plans

Performance criteria

The targets for long-term incentives are set with reference to industry and market benchmark performance. Such benchmarks are determined annually by measuring operational performance against those of peer group companies (in comparable industries and markets) in local currencies.

Benchmark performance criteria are aligned with the group's long-term strategic priorities, namely:

Integrated retail: To create a balanced and solid European and African footprint of household goods businesses; to develop strong and relevant local household goods retail brands that outperform competitive local businesses; sustainably raise the operating margins; leverage off the group's global scale and knowledge; exert sufficient influence over the entire supply chain; having due regard for the long-term sustainability of the business, its environmental and social impact and governance matters.

Other Investments: To exert influence on the group's associate and other investments to manage appropriate returns on investment and long term sustainability; to develop and grow the diversified industrial business in sub-Saharan Africa; to sustain and improve its leading position in high barriers to entry markets; to sustainably increase operating profit and cash flow and to grow sustainable long-term revenue; having due regard for the sustainable longevity of the business, core environmental and social impact and governance matters.

Criteria and the quantum of allocations are benchmarked annually against market practices. Furthermore, scheme rules and the application thereof are evaluated annually to ensure compliance with legislative and regulatory requirements. The targets for long-term incentives are set with reference to industry and market benchmark performance.

For more information on the group's share-based payment scheme, refer to note 20.7 of the annual financial statements and the corporate governance report published on the company's website.

Share incentive scheme: share rights 2011

Under the 2010 Share Rights Scheme, 93 participants were granted 11 334 513 rights in respect of Steinhoff shares and pursuant to remuneration committee approval, these grants were confirmed with letters issued to participants in December 2011.

These rights to Steinhoff International Holdings Limited (Steinhoff) shares are subject to certain performance conditions (vesting conditions) being met and vesting will occur on 1 December 2014.

Vesting conditions

At 30 June 2014, there were 11 067 190 outstanding rights under the 2011 grant in respect of 87 executives. The remuneration committee concluded that these shares will become eligible for vesting on 1 December 2014. The vesting due on 1 December 2014 is the second vesting under the new incentive scheme, approved by shareholders at the Annual General Meeting held on 6 December 2010.

In terms of the remuneration committee's discretion on vesting criteria, the targets listed below were taken into account in determining the vesting of the grant. It should be noted that no threshold is applicable for the meeting of targets and vesting of shares does not occur unless all targets are met. The objective of this requirement is to ensure that management applies equal focus on achieving all targets. As a result of this, vesting can occur at 0% or 100%, subject to the participant maintaining a minimum shareholding in the company as determined by the committee.

1. Growth
The remuneration committee concluded that growth in headline earnings per share (HEPS) is an appropriate measure of growth. The calculation of HEPS is determined in terms of JSE listing requirements and is subject to external assurance by way of the annual external audit of the company's financial statements. It was determined that Steinhoff's growth in HEPS should outperform, cumulatively over the relevant three-year measurement criteria, those of peer group of companies in comparable industries and markets and in local currencies.

Measurement of performance:
Steinhoff achieved a compound annual growth rate over the three-year measurement period of 12% per annum which exceeded that of the weighted combined peer group companies (mentioned previously) and as a result, this performance condition was met.

2. Cash generation
In line with Steinhoff's global incentive schemes in this regard, at least 80% of operating profit cumulatively over the relevant three-year measurement criteria should be generated in cash, as measured by cash generated from operations as a percentage of operating profit.

Measurement of performance:
Steinhoff achieved cash generation from operations as a percentage of operating profit of 140% on a cumulative basis over the measurement period, well in excess of the targeted 80%, with a minimum of 110% achieved in each of the financial years within the measurement period. As a result, this performance condition has been met.

3. Returns
An appropriate returns-based criterion remains challenging for Steinhoff as a result of the geographic diversity of operations and the inherent currency and other volatilities. In response to this, a blended and weighted targeted return on equity has been adopted by the remuneration committee. A minimum return of 7% needs to be achieved by European operations and 15% for African operations over the vesting period. The return on equity is calculated as headline earnings based on average shareholders' equity and is adjusted for currency fluctuations.

Measurement of performance:
A minimum blended return of 8% was determined based on the size of contribution by the European and African operations to the group's consolidated performance. Steinhoff achieved returns well in excess of the minimum return in each of the years within the measurement period, the lowest return during the three years being 13%. As a result, this performance condition has been met.

4. Qualification for annual bonus
In addition to the above-mentioned group measurement criteria, share scheme participants must have qualified for participation in their respective divisions' annual incentive bonus schemes, which would include meeting their respective key performance indicators. This requirement is evaluated and applied on an individual basis.

As a result of the group satisfying vesting conditions 1 to 3 above, the 2011 share allocation will vest subject to the 4th vesting condition which will be evaluated on an individual basis.

Minimum shareholding criteria
To encourage participants in the company's share incentive schemes to maintain and/or invest in the share capital of the company and to align the interests of the participants with the interests of the shareholders in the company, the committee introduced a minimum shareholding criterion.

At the discretion of the committee, the participation in any grant and/or the vesting of rights (and/or the delivery of shares in the company) will be subject to the participant maintaining a minimum shareholding in the company, as determined by the committee.

Employee share ownership plan
In accordance with its strategic transformation objectives, Steinhoff has recognised the importance of affording all of its African employees an opportunity to participate in the success of its business.

Accordingly, in December 2008, Steinhoff implemented its employee share participation scheme which effectively empowered all South African employees the majority of whom are black (as defined in the Broad-Based Black Economic

Empowerment Act, 2003 (Act 53 of 2003), as amended). The scheme is structured in such a way that employees will own Steinhoff shares after a nine-year participating period. Through a special purpose vehicle, Steinhoff Sikhulasonke Investments (RF) Proprietary Limited, there are currently approximately 13 000 employees (of which the majority are previously disadvantaged individuals) holding more than 40 million shares. Each beneficiary receives an annual dividend.

During the financial year, a dividend of R10 million was paid to participants in the ownership plan. As at the date of this report, the value created in this structure was approximately R1.1 billion.

Service contracts

Executives' contracts are generally subject to terms and conditions of employment in the local jurisdiction. Top executive and non-executive directors' contracts do not contain 'golden parachute' clauses.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act 71 of 2008.

Executive directors' contracts

There are no executive directors with a notice period of more than one year. There are also no executive director's service contracts which include predetermined compensation as a result of termination exceeding 18 month's salary and benefits.

The executive directors and senior management have indefinite employment contracts.

Non-executive directors' remuneration

The board, in reviewing non-executive directors' fees, makes recommendations to shareholders in light of, firstly, fees payable to non-executive directors of comparable companies and, secondly, the importance attached to the retention and attraction of high-calibre individuals as non-executive directors. Remuneration is reviewed annually, with reference to competitors and peer companies. Independent advice is also obtained from specialist human resources consultants. This remuneration is not linked to the company's share price or performance. Levels of fees are also set with reference to the responsibilities assumed by the non-executive directors in chairing the board and in chairing or participation in its committees.

The fees paid to non-executive board directors contain an element dedicated to the attendance of meetings (allocated per meeting depending on attendance and participation) and an annual retainer for general purposes.

To avoid a conflict of interest, the remuneration committee, which consists entirely of independent non-executive directors, takes no part in the determination of non-executive directors' fees or in the recommendation to the board and shareholders. Non-executive directors do not qualify for shares in terms of the group's share incentive schemes. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

Refer to note 34 of the annual financial statements for details on the fees earned by non-executive directors for the year ended 30 June 2014.

Executive directors' remuneration

Refer to note 34 of the annual financial statements for details on the remuneration earned by executive directors for the year ended 30 June 2014.

Sustainability

Steinhoff adheres to values of trust, respect, commitment and loyalty. The group aims to create an environment where employees, customers and business partners are encouraged to contribute towards responsible business practices with long-term sustainable benefits.

MATERIAL ISSUE

To manage the risks that threaten its ability to provide sustainable long-term benefits to stakeholders

Steinhoff's business model is based on its long-term strategy which defines key business drivers that assist in maintaining the group's focus on implementing its strategy and achieving sustainable results. To date, this proved successful in growing the business under sometimes volatile and uncertain economic and political conditions globally.

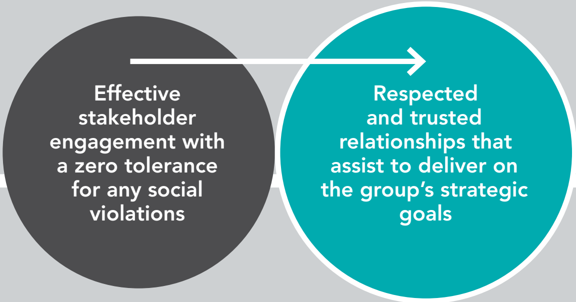
This approach continues to create value for stakeholders and is at the core of the group's sustainability efforts.

The diversity of the group's businesses and its geographical footprint influence how materiality of sustainability aspects is determined and addressed. There are many issues across the group that could be material to certain divisions but not to others, or to the group as a whole. Decisions around materiality are therefore made at divisional level and are based on the potential impact of risks and opportunities and the possible effect on stakeholders in that division.

South Africa's transformational needs drive Steinhoff's focus in terms of financial contribution towards social change. The group's environmental initiatives, on the other hand, are largely influenced by global trends. This has resulted in certain of the group's divisions being at the core of many of its sustainability initiatives, where the impact of or on the business, would be more significant.

Stakeholders

To deliver on its strategy and protect the Steinhoff brand, the group has to continue its success in attracting and retaining a loyal workforce and sustainable customer base.



MATERIAL ISSUE

To support the people who rely on the group's businesses and business practices

One of Steinhoff's core values is to address the group's social environment – both internally and externally.

Employees are the cornerstone of the group and employee wellness and development are recognised as key factors that contribute to maintaining and building a sustainable business. Over the years, this has assisted the group in consistently delivering on growth targets.

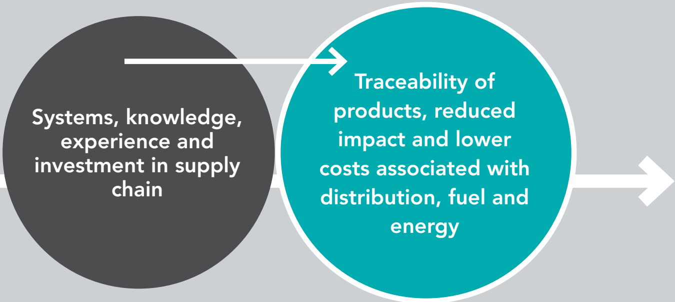
The group supports the broad-based black economic empowerment (B-BBEE) efforts of the African operations and investments. Steinhoff has made available in 2008, 40 million Steinhoff International shares for the benefit of eligible employees. Steinhoff as a group achieved a level four B-BBEE score in 2014.

The group supports the human rights principles dictated by the countries within which it operates and as set out in the ten principles of the United Nation's Global Compact. It is the social and ethics committee's responsibility to oversee and manage the group in this regard, as prescribed by the South African Companies Act. Suppliers undergo a vigorous social audit process and Steinhoff has a zero tolerance policy on any form of human rights violations.

Through various social programmes and initiatives the group's operations invest and participate in their direct communities. Most of these initiatives are focused towards childcare, education and, in Africa, HIV/Aids.

Environment

Worldwide volatility in fuel prices, pressure on natural resources, greater emphasis on sustainability and more stringent health and safety requirements have increased the barriers to entry for companies with regard to supplying products and services. In order to remain competitive in highly regulated industries and with regard to changing consumer demand, a significant degree of experience, scale and specialisation is required.



MATERIAL ISSUE

To minimise and manage its indirect and direct impact on the environment

Steinhoff participates in the Carbon Disclosure Project to measure its effect on Climate Change and has adopted the Greenhouse Gas Protocol for emission calculations, using the services of independent external consultants to calculate the group's global carbon footprint.

As a result, there is a better understanding of the group's carbon footprint from which to benchmark the group and its operational activities.

Due to the diversity of the group, appropriate and relevant targets are set and managed at divisional level in a way that is relevant and appropriate.

Throughout the group's International operations, stringent best practice guidelines, legislation and regulations are in place that govern social and environmental practices in each country of operation, including but not limited to legislation and regulations relating to carbon emissions. These guidelines and enactments have been integrated into the operational compliance frameworks and form targets for the respective international businesses.

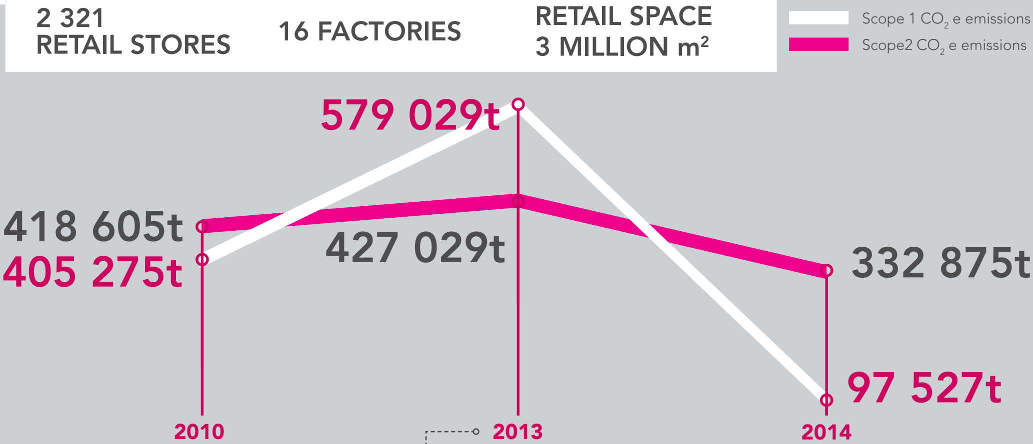
Globally there is an increased demand from consumers for ethical and sustainable products and services. Through innovation the group aims to fulfill this demand. Its vertical integration of the supply chain improves traceability of products and direct responsibility for its impacts.

Investment in key industrial and retail properties protects the group's access to its markets and its investment in environmentally responsible infrastructure.

The group will continue to measure, manage and communicate its impact on the environment.

OPERATING IN MORE THAN 50 COUNTRIES GLOBALLY

2 321 RETAIL STORES | **16 FACTORIES** | **RETAIL SPACE 3 MILLION m²**



The inclusion of the additional retail footprint of Conforama and the JD Group and the manufacturing facilities of KAP in 2011/2012, increased the group's total emissions. Despite the increase, the group showed a small, but constant decline in its intensity numbers, based on revenue, in its three major operational segments – International operations, JD Group and KAP Industrial.

Due to the reduced shareholding in KAP Industrial and it being reflected as discontinued operations, the exclusion of KAP from the group's total emissions resulted in a significant decrease. This is mainly due to the nature of KAP's operations and the higher emission factors used for calculating emissions for South African businesses compared to those in International operations.

STEINHOFF'S KEY STAKEHOLDERS HAVE BEEN IDENTIFIED THROUGH ONGOING ENGAGEMENT WITH VARIOUS INDIVIDUALS, GROUPS AND ORGANISATIONS

The group acknowledges the importance of the intelligence gained from their insights, inquiries and continuous interest in the group's business activities.

The following table provides an overview of Steinhoff's key stakeholder groups.
Various platforms and methods of communication are used to reach, listen and respond.

STAKEHOLDER GROUPS	ACHIEVING THE OUTCOME
SHAREHOLDERS, INVESTORS, FINANCIAL INSTITUTIONS EMPLOYEES, COMMUNITIES, PRESS AND MEDIA	Enhance shareholder value through delivering sustainable earnings growth and returns on investments. To achieve sustainable and profitable long-term growth through ethical and responsible business practices. To establish open, robust and trusted communication, transparency and long-term sustainability of the business. Create a fulfilling work environment with challenging work and development opportunities. Maintain constructive relationships with trade unions. Maintain effective relationships with the media, ensuring credible and accurate public communication, protecting Steinhoff's reputation.
CUSTOMERS, SUPPLIERS AND SERVICE PROVIDERS	To continuously improve on the quality of products and services, at a reasonable price to deliver on customers' expectations and to expect the same from suppliers. Maintain mutually-beneficial relationships resulting in value product offerings to customers and comprehensive after-sales service.
GOVERNMENTS, REGULATORS, INDUSTRY BODIES AND ADVISORY COUNCILS, TRADE UNIONS	Compliance with national and international legislation and regulation in operating areas and participation in development of these.

CHANNELS OF COMMUNICATION

Investor days, dedicated meetings, presentations, news and results announcements, publications and presentations

Workforce committees, newsletters, induction programmes, performance management programmes, ethics hotline, events and sponsorships, presentations, interviews and publications

Customer surveys, market research, trade fairs and conferences, relationship managers, supplier audits, tender and procurement management

Employee representative forums, trade missions, working forums on legislation and regulation, participation on bargaining councils

Stakeholder engagement is not a one way communication channel but rather a partnership that is relied upon by the group. Steinhoff continuously strives to engage in a manner that is personal, open and honest.

The group does not prioritise communicating through large or public campaigns but focuses on more direct ways of communication and other constructive ways of engaging with the people who are influenced by the group's business. Feedback is welcomed at: investors@steinhoffinternational.com.

MATERIAL ISSUE

SUSTAINABILITY
The long-term business strategy has a proven ability to create value for stakeholders and remains at the core of the group's sustainability strategy

Making a difference: STEINHOFF EXTENDED FAMILY

HIV/Aids and EDUCATION	10 YEARS	INVESTMENT R20M	300 CHILDREN

The Steinhoff Extended Family programme includes orphans and vulnerable children in the communities located on the outskirts of Soweto, a region highly affected by HIV/Aids in South Africa.

The aim of Steinhoff 's investment in this project was to make a positive impact on the lives of children who needed support and assistance and to make a real difference to them.

The programme officially started in March 2003 with an initial group of 15 beneficiaries. This was gradually rolled out to 300 beneficiaries in 2013, marking 10 years since the initiative was launched.

Investment in the programme focuses on the core objectives initiated at inception. Social programmes like these also need additional support to make them fully sustainable and successful.

The group, together with the personal involvement of employees, contribute towards the welfare of the children:

- *Basic day-to-day needs including food, clothes, social services and, where necessary, ARV treatment*
- *Education and personal development*
- *Continuous training of staff and volunteers*
- *Kitchens that comply with health and safety regulations*
- *Vehicles and on-going maintenance and repair*
- *Fun aspects like Christmas parties and special celebrations*

The partnership between Steinhoff and Abraham Kriel Child Care, the social project partner, is an example of the power of a successful collaboration.

The sharing of experience, knowledge, funds and teamwork, is clear when children grow into responsible and educated young adults.

Read more: steinhoff extended family at www.extendedfamily.co.za

PROSPECTS

PROVIDE SUSTAINABLE LONG-TERM BENEFITS

A clear long-term business strategy, with a proven ability to create value for stakeholders, is at the core of the group's sustainability strategy. Steinhoff's business model is based on its long-term strategy which defines its key strategic drivers that support its business practices.

The group will remain focused on these as it aims to deliver on its strategy while, at the same time, being a responsible corporate citizen focused on creating a sustainable future.

SUPPORT ALL STAKEHOLDERS WHO RELY ON THE GROUP

All stakeholders are equally important and contribute significantly towards the group in various ways. The group acknowledges the importance of the intelligence gained from stakeholder insights, inquiries and continuous interest in the group's business activities.

Steinhoff continuously strives to deliver on stakeholder expectations, to engage in a manner that is personal, open and honest.

MINIMISE ENVIRONMENTAL IMPACT

Steinhoff remains committed to responsible stewardship of the resources under its control and to the process of identifying, assessing and, where possible, reducing the environmental impact of its activities. Within its context of diversity and varying potential impact on the environment, the group has mandated its divisions to:

Focus on their carbon footprint by reducing and optimising energy usage and fuel consumption;

Strive to keep waste materials to a minimum and to recycle and dispose of waste in safe and responsible ways; and

To be mindful of its impact on water and other natural resources wherever possible.

IN REFERENCE

THIS INTEGRATED REPORT aims to provide stakeholders with insight into the group's performance and the way in which it manages its business. This report focuses on the group's strategy and its ability to create long-term sustainable value.

The integrated report should provide an understanding of the group's business model, its strategy, how the strategy is implemented through the strategic drivers, the results of these actions over the years and how the group is managed.

To comprehensively review the group, this report should be read together with the audited financial statements, the corporate governance and the corporate responsibility reports.
These reports are available on the group's website at www.steinhoffinternational.com.

As the concepts and practices of integrated reporting develop, management will aim to enhance disclosures and application as deemed appropriate. In preparing this report, management has considered and applied the principles of:

- *The South African Code of Corporate Practice and Conduct as set out in the King III Report*
- *The International Financial Reporting Standards (IFRS)*
- *The JSE Limited (JSE) Listings Requirements including the Socially Responsible Investment (SRI) Index*
- *The Companies Act No. 71 of 2008 as amended*
- *The International Integrated Reporting Framework as issued by the International Integrated Reporting Council (IIRC)*
- *Materiality, which determines the context and extent of disclosure of any material issues relating the businesses or the group.*

The chapter explaining the group's strategy describes the way in which the businesses address material issues and its approach to addressing these in support of the group's strategy. A responsible approach towards social, environmental and governance, or sustainability, has been part of the group's strategy for many years and still underpins the fundamental approach to business practices. Due to the diversity of the group in operational functions and geographic spread, aspects of sustainability are managed within the businesses, on a decentralised basis, based on materiality.

In determining the material issues for discussion in this report, management has considered all matters that could have a significant impact on the ability of the business to create sustainable value for stakeholders.

Reporting

The group will continue to provide information and report on material issues relevant to its strategy and in a way that aligns with global best practice.

Scope and boundary

The scope of the report includes all operating subsidiaries and covers the reporting period 1 July 2013 to 30 June 2014. The audited annual financial statements were approved on 9 September 2014. There were no significant restatements from prior periods other than those described in note 35 to the annual financial statements. This integrated report was approved for distribution on 4 November 2014 and includes reference to significant events subsequent to year-end, up to the approval date.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Financial information contained in the integrated report was extracted from the audited annual financial statements.

All references to Steinhoff, the group, the company, the business, our and we refer to Steinhoff International Holdings Limited and its underlying subsidiaries. These subsidiaries include all businesses in the International operations, and the African businesses of the JD Group. For more detailed information on JD Group, which is independently listed, refer to its integrated report which is available online at: www.jdg.co.za.

KAP Industrial, the group associate investment, is also an independently listed group and its integrated report is available online at: www.kap.co.za.

With the group's longstanding history and scale of operations in Europe, it has taken due regard of all legislation and corporate regulations in the European countries of operation. Being listed on the JSE and as a guiding principle, supplementary to South African Corporate Governance requirements, the group also reviews its business practices against the Austrian Code of Corporate Governance, which aligns in many aspects with the South African Code of Corporate Practice and Conduct as set out in the King III report.

Forward-looking information

This integrated report contains certain forward-looking statements which relate to the financial position and results of the operations of the group. These statements are solely based on the view and considerations of the directors. These statements, by nature, involve risk and uncertainty, relate to events and depend on circumstances that may occur in the future. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic and market conditions, including interest and foreign exchange rates, gross and operating margins achieved, competitive conditions and regulatory factors. These forward-looking statements have not been reviewed or reported on by the group's external auditors.

External assurance

Assurance of the contents of the integrated report was considered throughout the process. The board, assisted by the audit committee, is ultimately responsible for overseeing the integrity of the integrated report. This was achieved through setting up appropriate teams and structures to undertake the reporting process and the review and approval of the integrated report by the board.

A combined assurance approach is being considered to ensure the appropriate application of integrated reporting principles including the integrity of data contained in the report. External assurance obtained in the current year was limited to the audit opinion on the group annual financial statements.

Approval of the integrated report

The board acknowledges its responsibility to ensure the integrity of the integrated report. The directors confirm they have reviewed the content of the integrated report and believe it addresses the material issues and is a fair presentation of the integrated performance of the group presented in accordance with the international reporting framework and best practice.

Going concern

The directors report that, after making enquiries, they have a reasonable expectation that the group has adequate resources to continue its operational existence for the foreseeable future. For this reason, they continue adopting the going concern basis in preparing the annual financial statements.

		POPULATION* (MILLION)	HOUSEHOLDS* (MILLION)	GDP GROWTH 2015 (ESTIMATED %)•
EUROPE	FRANCE^	64	28	0.9
	GERMANY	82	41	1.5
	SWITZERLAND	8	4	1.8
	SPAIN AND PORTUGAL	58	22	1.9 †
	ITALY	61	25	0.4
	CROATIA	4	2**	0.5••
	POLAND	38	15	3.5
	HUNGARY	10	4	2.7
	UK	63	28	2.5
	AUSTRALIA AND NEW ZEALAND	27	10	2.7 ††
	TOTAL INTERNATIONAL			
	SOUTH AFRICA	51	15	3.4
	TOTAL			

* *The Economist: Pocket World in Figures 2015*
• *Deutsche Bank Research, National Statistical Authorities*
** *Croatian Times*
^ *France store numbers and retail space includes Luxemborg and franchises. Employee numbers include Luxembourg*

•• *IMF*
† *GDP growth 2015 estimated for Spain 1.9% and Portugal 1.1%*
†† *GDP growth 2015 estimated for Australia 2.7% and New Zealand 2.6%*

		STORE NUMBERS	RETAIL SPACE M²	RETAIL EMPLOYEES
		AS AT 30 JUNE 2014		
	Conforama	207	715 252	9 215
		103	592 177	6 566
	Conforama Fly.	27	94 629	1 108
	LIPO Einrichtungsmärkte	22	70 690	356
	Conforama	26	97 704	1 413
	Conforama	15	123 625	1 387
	emmezeta.hr	3	27 438	389
		89	65 800	562
	POCO	1	5 378	45
	QuattroMobili	5	5 322	35
	Harveys	156	136 475	830
	bensons beds	267	133 346	1 051
		40	14 530	365
	freedom	61	116 753	1 156
		74	79 720	96
	POCO	1	6 000	115
		1 097	**2 284 839**	**24 689**
	JD GROUP	1 223	705 710	14 280
	POCO	1	6 850	77
		2 321	**2 997 399**	**39 046**

CORPORATE GOVERNANCE

The aim of the corporate governance report is to provide stakeholders with an overview of the group's approach to corporate governance at both divisional and group level, and to demonstrate that the group's businesses and assets across the globe are managed responsibly.

The ultimate responsibility for ensuring full and effective control of the group's businesses rests with the board of Steinhoff International. Decisions are made by the board taking into account the legitimate interests and expectations of stakeholders and the sustainability of the group's operations.

Any changes to the board, the composition and purpose of board committees and board responsibilities are contained in the group's board charter. Information in this regard is available in the full corporate governance report.

The appointment, competence, qualifications and experience of the company secretary are considered annually by the board and reported on the corporate governance report.

Details of compliance the principles of King III are set out in the check list incorporating compliance notes to each principle are available on the group's website. Points of non- and/or partial compliance are summarised as follows.

King III principles/recommendations

1. **Principle 1.3: The board should ensure that the company's ethics are managed effectively.**

   Assessment of ethics risk profile

   Paragraph 37: *The board should ensure that the company's ethics risks and opportunities are assessed and that an ethics risk profile is obtained.*

   Comment

   Steinhoff has adopted a code of ethics that is communicated and stringently applied across the group. However, due to the diversity and geographical spread of its operations, Steinhoff has not established a formal process for obtaining assurance on ethical awareness and ethical compliance throughout the group. The board is nevertheless satisfied that it has taken all reasonable steps to promote awareness of the group's code of ethics and that its systems of internal control gives assurance that application of the code is monitored and regulated throughout the group and that any instances of noncompliance with the code are reported and dealt with appropriately. The Steinhoff code on ethics is reviewed on a regular basis.

2. Principle 5.1: The board should be responsible for Information Technology (IT) governance.

Paragraph 4: *The board should ensure that an IT governance charter and policies are established.*

Comment

Steinhoff's existing IT policy documents incorporate the essential elements of an IT charter, which has been approved by the board and IT policies have been established.

Standardisation of IT

Paragraph 5: *The board should ensure promotion of an ethical IT governance culture and awareness and a common IT language.*

Comment

Due to the diversity and geographical spread of the group's businesses, the decision has been taken not to standardise IT throughout the group. With the assistance of external advisors and group IT charters, the promotion of an ethical IT governance culture has been facilitated.

Independent assurance of IT

Paragraph 8: *The board should ensure that an IT internal control framework is adopted and implemented and that the board receives independent assurance on the effectiveness thereof.*

Comment

IT assurance forms part of internal audit and external partners are co-sourced where more technical expertise is required. An independent IT assurance function, with oversight over certain elements of IT, has been developed and independent reports generated are submitted to the relevant audit committees.

3. Principle 8.4: Companies should ensure the equitable treatment of shareholders.

Comment

The board of Steinhoff, in its capacity as the majority shareholder of the JD Group Limited ("JD Group") and as the major shareholder of KAP Industrial Holdings Limited ("KAP"), receives quarterly financial reports, including reports from JD Group and KAP on a quarterly basis. This flow of information is well regulated and robust systems are in place to prevent any possible abuse or misuse of such information. In all other respects, shareholders of Steinhoff, KAP and JD Group are treated on an equitable basis.

4. Principle 9.3: Sustainability reporting and disclosure should be independently assured.

Sustainability reporting: assurance

Paragraph 17: *A formal process of assurance with* regard *to sustainability reporting should be obtained.*

Comment

The responsibility for review and approval of the full integrated report currently rests with the audit committee and, ultimately, the board. A combined assurance framework for the group has been adopted. Within this framework a combined assurance model for independent assurance on material sustainability issues is being developed and will be implemented when the group's data collation systems and reporting on sustainability issues reach a more mature stage. The diversity and geographical spread of the group's operations are being taken into account in the formulation of the assurance process, to ensure the integrity of the data reported.

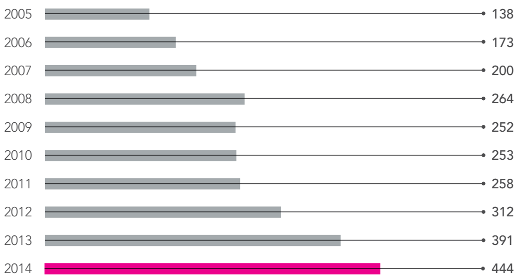
The full corporate governance report is available on the group's website at www.steinhoffinternational.com

TEN - YEAR PERFORMANCE REVIEW

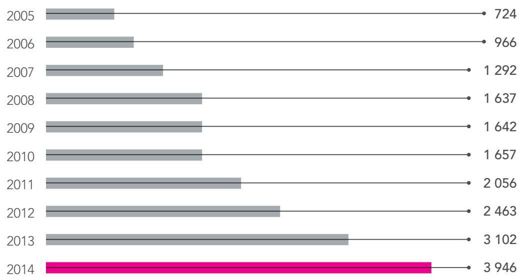
	2014 Rm	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm
***Income statement*[1,2]**										
Revenue	**117 364**	97 938	68 874	43 040	35 512	50 869	45 046	34 229	30 159	18 958
Operating profit before capital items	**12 622**	9 782	6 863	5 424	4 864	5 153	4 662	3 059	2 715	1 944
Capital items	**1 500**	(323)	(185)	(64)	(55)	49	(193)	(57)	(88)	(10)
Operating profit	**14 122**	9 459	6 678	5 360	4 809	5 202	4 469	3 002	2 627	1 934
Net finance cost	**(1 995)**	(1 626)	(1 208)	(1 162)	(986)	(1 000)	(704)	(454)	(292)	(193)
Share of profit of equity accounted companies	**290**	240	334	55	36	6	37	67	61	58
Profit before taxation	**12 417**	8 073	5 804	4 253	3 859	4 208	3 802	2 615	2 396	1 799
Taxation	**(1 954)**	(983)	(641)	(435)	(369)	(581)	(366)	(325)	(383)	(213)
(Loss)/profit from discontinued operations	**(600)**	859	880	1 526	263	-	-	684	-	-
Profit for the year	**9 863**	7 949	6 043	5 344	3 753	3 627	3 436	2 974	2 013	1 586
Attributable to:										
Owners of the parent	**10 090**	7 296	5 655	5 136	3 541	3 379	3 310	2 970	1 949	1 545
Non-controlling interests	**(227)**	653	388	208	212	248	126	4	64	41
Profit for the year	**9 863**	7 949	6 043	5 344	3 753	3 627	3 436	2 974	2 013	1 586
Statement of cash flows										
Cash generated before working capital changes	**19 039**	15 428	9 748	6 943	6 074	5 871	5 387	3 929	3 352	2 401
Net changes in working capital	**2 278**	(2 730)	620	259	(376)	(1 937)	98	(475)	134	(977)
Cash generated from operations	**21 317**	12 698	10 368	7 202	5 698	3 934	5 485	3 454	3 486	1 424
Performance indicators										
Profitability										
Return on total assets[3]	**6.9%**	6.6%	5.9%	6.9%	8.7%	9.2%	9.9%	8.8%	9.6%	10.2%
Gross margin	**35.7%**	35.1%	37.1%	38.9%	40.8%	34.8%	32.9%	31.2%	31.5%	31.6%
Operating margin	**10.8%**	10.0%	10.0%	12.6%	13.7%	10.1%	10.3%	8.9%	9.0%	10.3%
Employee statistics										
Number of employees	**55 876**	57 672	56 415	48 840	35 010	41 400	43 300	43 400	50 000	41 500
Paid to employees (R'm)	**17 929**	15 230	11 348	8 176	6 867	8 533	7 224	6 148	5 558	2 708

[1] *The 2013 figures have been restated to account for the adoption of new and revised accounting standards*
[2] *The 2013, 2012 and 2010 figures have been re-presented to reflect discontinued operations*
[3] *Operating profit before capital items ÷ average total assets*

Headline earnings per share
Cents per share: 2005 to 2014



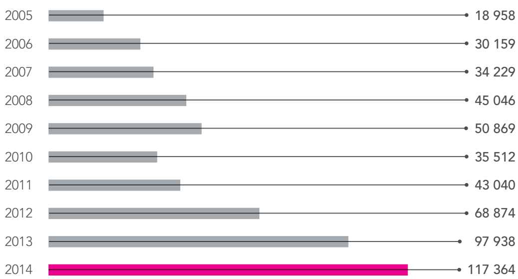
Net asset value per share
Cents per share 2005 to 2014



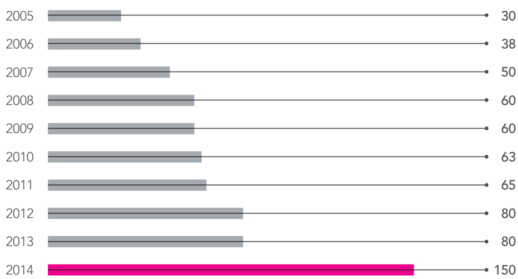
	2014 Rm	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm
***Statement of financial position*[1]**										
Goodwill and intangible assets	**66 116**	60 435	49 406	35 930	17 675	18 875	21 227	10 247	7 893	4 000
Property plant and equipment, investment properties and biological assets	**54 422**	47 138	37 070	29 696	14 853	11 277	11 288	7 999	5 652	4 909
Other non-current assets	**16 082**	7 662	6 525	9 123	5 264	5 942	5 127	3 923	3 872	1 883
Current assets	**65 701**	49 782	40 310	26 170	19 389	18 661	19 274	15 365	14 535	13 780
Total assets	**202 321**	165 017	133 311	100 919	57 181	54 755	56 916	37 534	31 952	24 572
Total equity	**87 776**	66 768	53 763	40 830	27 061	24 924	24 784	17 358	12 767	9 714
Interest-bearing debt	**64 427**	53 320	41 140	30 499	18 348	17 882	16 686	11 053	10 716	6 353
Interest-free liabilities	**50 118**	44 929	38 408	29 590	11 772	11 949	15 446	9 123	8 469	8 505
Total equity and liabilities	**202 321**	165 017	133 311	100 919	57 181	54 755	56 916	37 534	31 952	24 572
Performance indicators										
Debt leverage										
Gearing ratio (%)[2]	**34%**	49%	45%	46%	34%	35%	38%	24%	30%	21%
Borrowing cost cover (times)[3]	**6.3**	6.0	5.7	4.7	4.8	5.2	6.6	6.7	9.3	10.1
Shareholders' returns										
Earnings per share (cents)	**496.8**	385.7	309.3	341.3	249.5	254.7	249.8	241.9	165.6	137.0
Headline earnings per share (cents)	**443.5**	390.6	312.4	257.7	252.7	251.5	263.5	200.1	172.5	138.0
Distribution per share (cents)	**150.0**	80.0	80.0	65.0	63.0	60.0	60.0	50.0	37.5	30.0
Distribution cover (times)[4]	**3.0**	4.9	3.9	4.0	4.0	4.2	4.4	4.0	4.6	4.6
Net asset value per share (cents)	**3 945.6**	3 102.0	2 463.1	2 056.4	1 656.6	1 642.2	1 637.0	1 292.4	965.5	723.9
Annual increase/(decrease) in revenue	**20%**	42%	60%	21%	(30%)	13%	32%	13%	59%	79%
EBITDA to revenue	**12%**	12%	12%	15%	16%	12%	12%	11%	11%	12%
Employee cost to revenue	**15%**	16%	16%	19%	19%	17%	16%	18%	18%	14%
Depreciation and amortisation to revenue	**2%**	2%	2%	3%	3%	2%	2%	2%	2%	2%
Effective tax rate	**16%**	12%	11%	10%	10%	14%	10%	12%	16%	12%
Share statistics										
Shares in issue (net of treasury shares) (million)	**2 100**	1 825	1 756	1 641	1 408	1 280	1 269	1 256	1 141	1 131
Weighted average shares in issue (million)	**1 977**	1 820	1 728	1 461	1 387	1 283	1 281	1 188	1 133	1 128

1 The 2013 figures have been restated to account for the adoption of new and revised accounting standards
2 Net interest-bearing debt ÷ closing equity
3 Operating profit before capital items ÷ net finance cost
4 Distribution per share ÷ headline earnings per share

Revenue
Rm 2005 to 2014



Distribution to shareholders
Cents per share: 2005 to 2014



SHARE PERFORMANCE AND EXCHANGE RATES

JSE trading history
For The Year Ended 30 June 2014

	2014 Rm	2013 Rm	2012 Rm	2011 Rm	2010 Rm	2009 Rm	2008 Rm	2007 Rm	2006 Rm	2005 Rm
Closing price (cents)	**5 868**	2 452	2 465	2 299	1 781	1 340	1 592	2 421	2 135	1 540
Highest price (cents)	**5 871**	3 080	2 875	2 583	2 194	1 889	2 455	2 745	2 474	1 616
Lowest price (cents)	**2 407**	2 212	2 072	1 738	1 312	885	1 490	2 011	1 500	714
Number of shares traded	**1 590**	1 177	1 293	1 165	1 347	1 384	1 334	1 167	899	800
Value of share traded (million)	**70 522**	30 425	31 724	26 230	25 086	17 502	25 824	27 776	17 909	9 484
Average weighted traded price (cents)	**4 435**	2 586	2 454	2 251	1 862	1 265	1 936	2 380	1 992	1 186
Closing spot: Industrial 25 index (Indi 25)	**59 613**	46 078	32 415	27 749	21 110	17 230	19 127	19 522	13 644	10 383
Dividend yield (%)	**2.56**	3.26	3.25[1]	2.83[1]	3.54[1]	4.48[1]	3.77[1]	2.07[1]	1.76[1]	1.95[1]
Earnings yield (%)	**8.47**	15.90	14.12	12.92	13.79	18.87	15.70	8.88	7.92	7.53
Price earnings ratio	**11.81**	6.29	7.08	7.74	7.25	5.30	6.37	11.26	12.63	13.28
Market capitalisation (Rm)	**123 229**	44 749	43 285	37 727	25 076	17 152	20 202	30 408	24 360	17 417

[1] Calculation includes the declared cash contribution
Source: Thomson One

Exchange rates

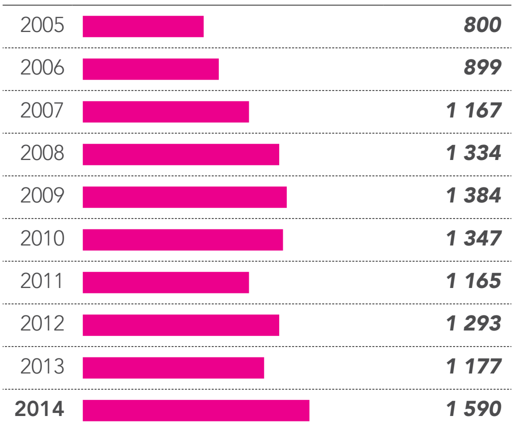
The following table sets forth, for the periods indicated, the average and period-end exchange rates in rand expressed in R per €1.00, used to convert the results and the statements of financial position of the European subsidiaries into South African rands

Year ended 30 June	Average[1]	Closing[2]
2005	**7.9091**	**8.0965**
2006	**7.8196**	**9.1600**
2007	**9.4103**	**9.5735**
2008	**10.7631**	**12.3341**
2009	**12.3503**	**10.8265**
2010	**10.5954**	**9.3781**
2011	**9.5644**	**9.8654**
2012	**10.4141**	**10.3447**
2013	**11.4635**	**12.9209**
2014	**14.1106**	**14.5721**

Note
[1] The average exchange rate was used to translate income and expenditure.
[2] The closing rate was used to translate assets and liabilities.

Shares traded

Number of shares traded (in millions)



ANALYSIS OF SHAREHOLDING FOR THE YEAR ENDED 30 JUNE 2014

	Public	%	Directors and key management	%	Other	%
Shareholders in South Africa						
Number of shareholders	23 198	99.91	19	0.09	1	-
Number of shares	1 071 519 130	88.09	138 091 220	11.35	6 800 000	0.56
Shareholders other than in South Africa						
Number of shareholders	1 089	99.45	5	0.46	1	0.09
Number of shares	698 953 570	78.23	194 503 658	21.77	13 120	-
Total						
Number of shareholders	24 287	99.89	24	0.10	2	0.01
Number of shares	1 770 472 700	83.91	332 594 878	15.77	6 813 120	0.32

	30 June 2014		30 June 2013	
	Number	%	Number	%
According to the share register of the company, the following shareholders are registered as holding in excess of 5% of the issued share capital of the company:				
Nedcor Bank Nominees Limited	**441 170 684**	**20.91**	408 676 508	22.26
Standard Bank Nominees Transvaal Proprietary Limited	**440 426 957**	**20.87**	406 747 776	22.15
SE Nominees Proprietary Limited	**271 611 146**	**12.87**	301 909 995	16.44
First National Nominees Proprietary Limited	**279 129 149**	**13.23**	199 654 698	10.87
Ferbros Nominees Proprietary Limited	**120 617 493**	**5.72**	127 019 884	6.92
CMB Nominees Proprietary Limited	**108 145 738**	**5.13**	60 754 716	3.31
	1 661 101 167	**78.73**	1 504 763 577	81.95
In addition to the above, according to the disclosure in terms of section 56 of the Companies Act, the following shareholders are registered as holding in excess of 5% of the issued share capital of the company, as compiled from the nominee disclosures:				
BS Beteiligungs und Verwaltungs GmbH	**190 616 554**	**9.03**	171 937 928	9.36
Investec Asset Management	**227 153 601**	**10.77**	241 013 144	13.13
Public Investment Commissioners	**297 777 975**	**14.11**	237 720 826	12.95
Sanlam Investment Managers	**97 341 604**	**4.61**	105 654 115	5.75

SHAREHOLDERS' DIARY

Last day to trade shares cum dividend	Friday, 7 November 2014
Record date	Friday, 14 November 2014
Payment date	Monday, 17 November 2014
Annual general meeting	Tuesday, 2 December 2014
Announcement of interim results and anticipated declaration of preference share dividend	Tuesday, 3 March 2015
Anticipated payment date for preference share dividend	Monday, 20 April 2015
Announcement of annual results and anticipated declaration of dividend and preference share dividend	Tuesday, 8 September 2015
Anticipated payment date for preference share dividend	Monday, 19 October 2015
Annual general meeting	Tuesday, 1 December 2015

CORPORATE INFORMATION

REGISTRATION NUMBER
1998/003951/06

REGISTERED OFFICE
28 Sixth Street
Wynberg
Sandton, 2090
(PO Box 1955, Bramley, 2018)

WEBSITE
www.steinhoffinternational.com

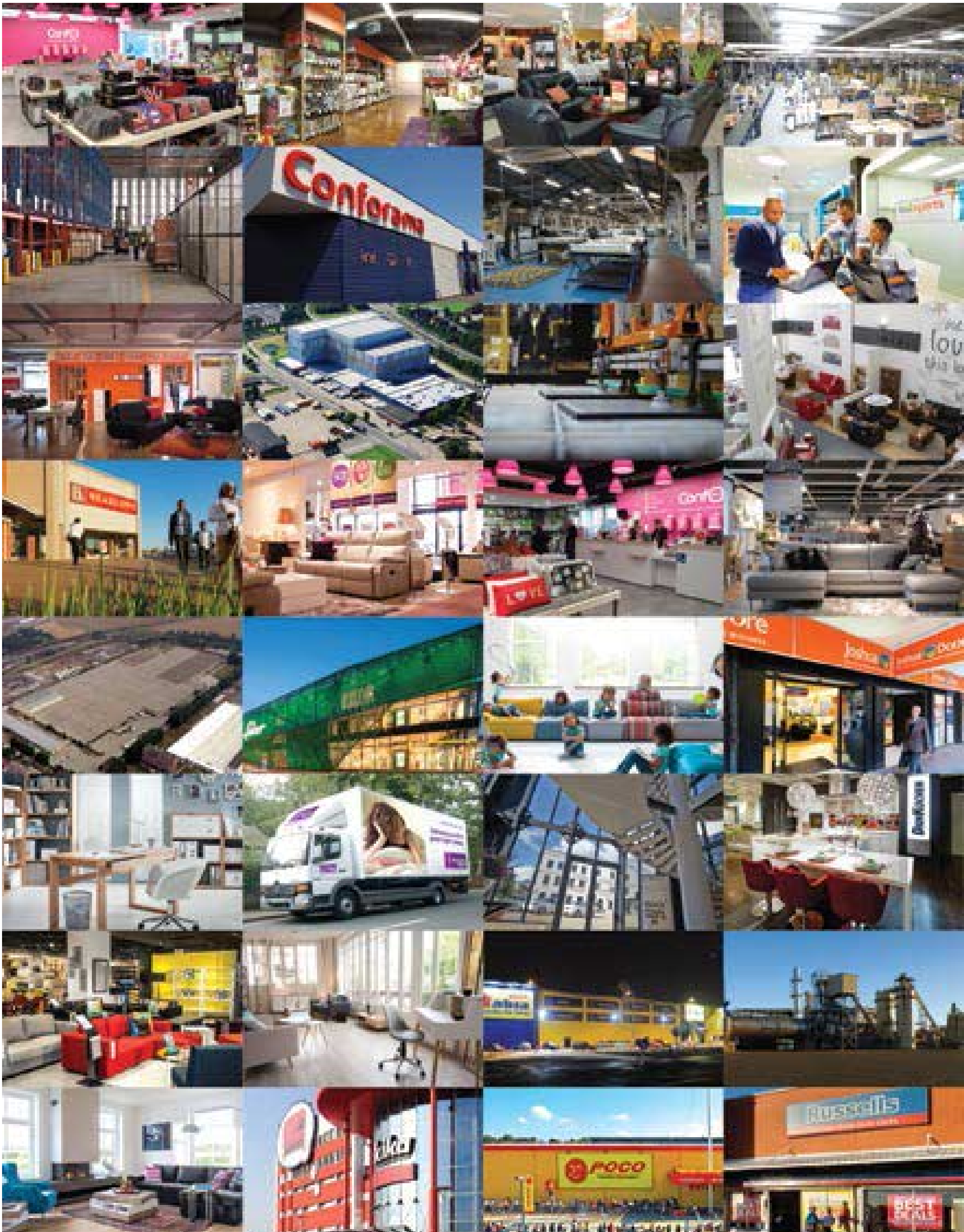
AUDITORS
Deloitte & Touche, Chartered Accountants (SA)
Riverwalk Office Park, Block B
41 Matroosberg Road
Ashlea Gardens X6
Pretoria, 0081
(PO Box 11007, Hatfield 0028)

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

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

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

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