STEINHOFF

INTERNATIONAL HOLDINGS LTD

AUDITED GROUP ANNUAL FINANCIAL STATEMENTS 30 JUNE 2014

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
GROUP ANNUAL FINANCIAL STATEMENTS
30 JUNE 2014

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Preparation supervised by: Frikkie (FJ) Nel CA(SA), Financial director

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF STEINHOFF INTERNATIONAL HOLDINGS LIMITED

We have audited the consolidated annual financial statements of Steinhoff International Holdings Limited, set out on pages 10 to 110, which comprise the statement of financial position as at 30 June 2014, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Steinhoff International Holdings Limited as at 30 June 2014, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act
As part of our audit of the consolidated financial statements for the year ended 30 June 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certification for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte, Touche.

Deloitte & Touche
Registered Auditors
Per X Botha
Partner
9 September 2014

Riverwalk Office Park, Block B
41 Matroosberg Road
Ashlea Gardens X6
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The directors have pleasure in presenting the group annual financial statements of Steinhoff International Holdings Limited (Steinhoff or group), for the year ended 30 June 2014.

Steinhoff is a holding company invested predominantly in household goods and diversified related industries with interests in continental Europe, the Pacific Rim, the United Kingdom and southern Africa. With revenue from continuing operations of R117 billion (2013: R98 billion), Steinhoff employs a vertically integrated and geographically diverse business model, covering the full spectrum from raw material to retail outlet across an extensive product offering.

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

The board has declared a cash dividend from retained earnings of 150 cents per share payable to shareholders registered at the close of business on Friday, 14 November 2014.

MAJOR TRANSACTIONS

Redemption of convertible bond due 2015

On 30 October 2013, Steinhoff announced that it intended to exercise its option to redeem all of the outstanding convertible bonds due 2015.
68 million ordinary shares of Steinhoff were issued and R12.9 million was paid in cash.

Issue of convertible bond due 2021

On 23 January 2014, Steinhoff Finance Holding GmbH issued a seven-year, euro-denominated, convertible bond (the bond) to raise €465 million (before expenses). The bond pays interest semi-annually in arrears at a fixed rate of 4.00% per annum (pa) and is convertible into 117 million Steinhoff ordinary shares at an initial conversion price of R59.11 per share (representing an initial conversion premium of 30% to the prevailing underlying volume-weighted average (VWAP) share price at the date of pricing). The issue and redemption price of the bond is 100%. The bond is convertible into shares at the election of the bondholders. The company holds, subject to conditions, rights on early redemption. The bond was issued exclusively to international investors and is listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. All amounts payable in respect of the bond are guaranteed by Steinhoff and Steinhoff undertook to procure the due and punctual delivery of the shares pursuant to the terms and conditions of the bond.

Mobilier Européen

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 nineteen 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. As an integral part of this transaction a co-operation agreement was concluded in terms of which the remaining Fly, Atlas and Crozatier businesses could conduct their buying activities through the Steinhoff sourcing platform - an initiative which should significantly benefit both groups in terms of margin enhancement. In addition, Conforama obtained an option exercisable at its election to acquire the remaining Fly stores within five years at a fixed purchase price.

Offer by Steinhoff to increase its stake in JD Group Limited (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 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 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 Industrial Holdings Limited (KAP)
On 23 June 2014, Steinhoff announced the launch of a bookbuild of up to 400 million of its KAP shares. The shares were successfully placed with investors at a price of R3.85 per share. 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.

JD Group Limited Financial Services division
On 30 June 2014, the JD Group received an offer, subject to due diligence and conditions precedent, to dispose of the JD Consumer Finance division (excluding insurance companies), which provided instalment sale financing on furniture products and unsecured products. The disposal of the JD Consumer Finance division is consistent with JD Group's long-term turnaround strategy. At 30 June 2014, this division 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 which was treated in terms of IFRS 3 - *Business Combinations* (2004).

Syndicated loan facility
Steinhoff Europe refinanced its existing terms and syndicated loan facilities through the conclusion, on 26 June 2014, of a new €1.8 billion five-year syndicated revolving facility with 18 banks, at improved terms and conditions.

RESTATEMENT AND RECLASSIFICATIONS
During the 2014 financial year, the group adopted new and revised accounting standards that required retrospective application namely IFRS 10 - *Consolidated Financial Statements,* IFRS 11 - *Joint Arrangements,* IAS 28 - *Investments in Associates and Joint Ventures* and IAS 19 - *Employee Benefits (Revised).* Please refer to the accounting policies and note 35 for details and effects of the standards adopted. For the purposes of this set of financial statements the earliest date that these accounting standards were applied was 1 July 2012. The statement of financial position disclosed for 2012 has been restated to reflect the balances on 1 July 2012.

The 2013 results have been re-presented for discontinued operations. The 2013 cash flow has been re-presented to separately reflect the cash flows related to the unsecured instalment sale and loan receivables. Cash flow relating to the secured instalment sale and loan receivables is now included in changes in working capital while the unsecured instalment sales receivables are reflected separately under cash flows from operating activities.

FINANCIAL INFORMATION OF LISTED SUBSIDIARY, ASSOCIATE COMPANIES AND INVESTMENTS

Detailed disclosure of listed subsidiaries, associate companies and investments is available on their websites:
www.jdg.co.za
www.kap.co.za
www.psggroup.co.za

SHARE CAPITAL

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

	Date	Number of shares	Rm
The following ordinary shares were issued during the year:			
Redemption of convertible bond due 2015[1]	4 to 25 November 2013	68 088 254	1 770
2010 Share incentive scheme[2]	1 December 2013	9 741 951	-
Vendor consideration[3]	24 December 2013	120 000 000	5 239
Partial redemption of convertible bond due 2017[4]	24 February 2014	872 089	38
Vendor consideration[5]	17 March 2014	40 525 162	1 818
Vendor consideration[5]	20 March 2014	34 499 040	1 820

[1] *Issued under general authority: convertible instruments annual general meeting on 7 December 2007 and due to adjustments, general authority granted at annual general meetings on 1 December 2008, 7 December 2009, 6 December 2010 and 5 December 2011.*

[2] *Issued under specific authority granted on 7 December 2009.*

[3] *Issued under general authority granted on 3 December 2012.*

[4] *Issued under general authority granted at annual general meeting on 5 December 2011.*

[5] *Issued under general authority granted at annual general meeting on 3 December 2013.*

At year-end, subsidiaries and special-purpose vehicles of the group held 9 963 800 (2013: 11 053 042) shares in the company which have been netted off against issued ordinary share capital as treasury shares. In addition, the company has reserved for the allocation and potential issue on conversion 529 416 368 (2013: 481 911 689) ordinary shares under its obligations to the holders of convertible bonds. Due to the rights issue announced on 2 July 2014, an additional 12 591 744 shares have been reserved for the allocation and potential issue on conversion of the convertible bonds.

CONTRACTS

No contracts, other than those disclosed in note 33.6, in which directors and officers of the company had an interest and that significantly affected the affairs or business of the company or any of its subsidiaries or which could have resulted in a conflict of interest, were entered into during the year.

EVENTS AFTER THE REPORTING DATE

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

On 2 July 2014, Steinhoff announced a rights offer including an accelerated book build of cum rights shares to international institutional investors. The accelerated book build was fully subscribed and 150 million Steinhoff ordinary shares were issued at R52.00 per share, amounting to R7.8 billion of capital raised which was paid to Steinhoff in a combination of euro and US dollars. A further approximately 200 million rights were taken up by investors at R52.00 per share, bringing the total capital raised to R18.2 billion.

DIRECTORATE

The executive directors in office during the financial year and date of this report were:
Markus Johannes Jooste - Chief executive officer
Hendrik Johan Karel Ferreira
Stephanus Johannes Grobler
Thierry Louis Joseph Guibert (French)
Andries Benjamin la Grange - Chief financial officer
Fredrik Johannes Nel - Financial director
Daniël Maree van der Merwe - Chief operating officer

The non-executive directors in office during the financial year and date of this report were:
Dr Deenadayalen Konar[1] - Chairman
Dr Stefanes Francois Booysen[1]
David Charles Brink[1]
Yolanda Zoleka Cuba[1] (retired 3 December 2013)
Claas Edmund Daun[1] (German)
Dr Marthinus Theunis Lategan[1]
Johannes Fredericus Mouton[1]
Dr Franklin Abraham Sonn[1] (retired 3 December 2013)
Heather Joan Sonn[1] (appointed 3 December 2013)
Bruno Ewald Steinhoff (German)
Paul Denis Julia van den Bosch (Belgian)
Christoffel Hendrik Wiese[1]
[1] *Independent non-executive director*

The alternate directors in office during the financial year and date of this report were:
Johannes Nicolaas Stephanus du Plessis
Karel Johan Grové
Angela Krüger-Steinhoff [2] (German)
Mariza Nel
[2] *Non-executive director*

DIRECTORS' SHAREHOLDING

At 30 June 2014, the present directors and key management of the company held direct and indirect interests in 332 594 878 (2013: 322 032 795) or 15.8% (2013: 17.5%) of the company's issued ordinary shares.

There have been no changes to directors' shareholding between year-end and the date of this report. Details of the individual holdings are disclosed in note 34.

CORPORATE GOVERNANCE

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

SECRETARY

Steinhoff Africa Secretarial Services Proprietary Limited acts as secretary to the company. The board of directors has assessed the shareholders, directors and employees of Steinhoff Africa Secretarial Services Proprietary Limited who perform the company secretary function and have concluded that an arms' length relationship has been maintained between themselves and Steinhoff.

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2018

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

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

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

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

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

The annual financial statements for the year ended 30 June 2014, which appear on pages 3 to 110, were approved by the board and signed on its behalf on 9 September 2014.

D Konar

Dr Deenadayalen Konar	**Markus Johannes Jooste**
Independent non-executive chairman	*Chief executive officer*

SECRETARY CERTIFICATION

We certify, in accordance with section 88(2)(e) of the South African Companies Act, 71 of 2008, as amended (the Act) that the company has lodged with the Companies and Intellectual Properties Commission all such returns as are required for a public company in terms of the Act and that all such returns are true, correct and up to date.

Steinhoff Africa Secretarial Services Proprietary Limited
Company secretary

BACKGROUND

The Steinhoff audit committee is pleased to present our report for the financial year ended 30 June 2014 as recommended by the King Report on Corporate Governance and in line with the South African Companies Act, 71 of 2008, as amended (the Act).

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

OBJECTIVE AND SCOPE

The overall objectives of the committee are as follows:

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

The committee performed the following activities:

- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management resulting in their concerns being addressed.
- Made appropriate recommendations to the board of directors regarding the corrective actions to be taken as a consequence of audit findings.
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence.
- Reviewed and recommended for adoption by the board of directors such financial information that is publicly disclosed which for the year included:
    - the integrated report for the year ended 30 June 2014,
    - the consolidated results for the year ended 30 June 2014, and
    - the interim results for the six months ended 31 December 2013.
- Considered the effectiveness of internal audit, approved the one-year operational strategic internal audit plan and monitored adherence of internal audit to its annual plan.
- Meetings were held with the internal and external auditors where management was not present, and no matters of concern were raised.
- Considered the appropriateness of the experience and expertise of the group financial director and concluded that these were appropriate.
- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate.

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

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

MEMBERSHIP

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

- Dr Stefanes Francois Booysen - Chairman
- David Charles Brink
- Dr Marthinus Theunis Lategan

For the members' qualifications refer to the integrated report and the company's website.

EXTERNAL AUDIT

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

The committee, in consultation with executive management, agreed to the audit fee for the 2014 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 2.2 to the financial statements.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each request for additional services is considered in accordance with our set policy and procedure.

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

The committee has reviewed the performance of the external auditors and nominated, for approval at the annual general meeting, Deloitte & Touche as the external auditor for the 2015 financial year, and Mr Xavier Botha as the designated auditor. This will be his third year as auditor of the company.

ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the group annual financial statements for the year ended 30 June 2014 and considers that it complies, in all material aspects, with the requirements of the Act and International Financial Reporting Standards. The committee has therefore recommended the group annual financial statements for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Dr Stefanes Francois Booysen
Audit committee chairman
9 September 2014

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
INCOME STATEMENT
for the year ended 30 June 2014

	Notes	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	**1 500**	(323)
Operating profit	2	**14 122**	9 459
Finance costs	3	**(3 486)**	(2 624)
Income from investments	3	**1 491**	998
Share of profit of equity accounted companies	13	**290**	240
Profit before taxation		**12 417**	8 073
Taxation	4	**(1 954)**	(983)
Profit from continuing operations		**10 463**	7 090
Discontinued operations			
(Loss)/profit from discontinued operations	5	**(600)**	859
Profit for the year		**9 863**	7 949
Profit attributable to:			
Owners of the parent		**10 090**	7 296
Non-controlling interests	22	**(227)**	653
Profit for the year		**9 863**	7 949
Earnings per share (cents)			
Basic earnings per share			
From continuing and discontinued operations	6	**496.8**	385.7
From continuing operations	6	**510.2**	355.6
Diluted earnings per share			
From continuing and discontinued operations	6	**444.3**	344.3
From continuing operations	6	**455.2**	320.6
Headline earnings per share (cents)			
Basic headline earnings per share			
From continuing and discontinued operations	6	**443.5**	390.6
From continuing operations	6	**461.7**	359.4
Diluted headline earnings per share			
From continuing and discontinued operations	6	**402.0**	347.9
From continuing operations	6	**416.7**	323.3
Adjusted headline earnings per share from continuing operations	6	**479.6**	376.2
Adjusted diluted headline earnings per share from continuing operations	6	**430.6**	336.5

Prior year figures have been restated and re-presented. Refer to the directors' report and note 35.

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
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 directors' report and note 35.

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2014

	Ordinary share capital and premium Rm	Distributable reserves Rm
Balance at 30 June 2012	9 898	29 616
Restatements	-	(42)
Balance at 1 July 2012	9 898	29 574
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
Profit for the year	-	7 296
Other comprehensive income for the year	-	-
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	-	-
Transfers and other reserve movements	-	198
Balance at 30 June 2013	**9 801**	**36 786**
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**
Profit for the year	**-**	**10 090**
Other comprehensive income for the year	**-**	**-**
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	**-**	**-**
Transfers and other reserve movements	**-**	**1 429**
Balance at 30 June 2014	**20 507**	**46 637**

Prior year figures have been restated and re-presented. Refer to the directors' report and note 35.

Convertible and redeemable bonds reserve Rm	Foreign currency translation reserve Rm	Share-based payment reserve Rm	Other reserves Rm	Total ordinary equity attributable to owners of the parent Rm	Preference share capital and premium Rm	Total equity attributable to owners of the parent Rm	Non-controlling interests Rm	Total Rm
974	1 720	637	447	43 292	3 837	47 129	6 508	53 637
-	(2)	-	-	(44)	-	(44)	170	126
974	1 718	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)
-	6 213	-	33	13 542	-	13 542	719	14 261
-	-	-	-	7 296	-	7 296	653	7 949
-	6 213	-	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	-	105
-	(66)	(148)	24	8	-	8	(32)	(24)
1 079	**7 865**	**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)**
-	**5 947**	**-**	**(193)**	**15 844**	**-**	**15 844**	**(215)**	**15 629**
-	**-**	**-**	**-**	**10 090**	**-**	**10 090**	**(227)**	**9 863**
-	**5 947**	**-**	**(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**	**-**	**351**
-	**(28)**	**(56)**	**(999)**	**346**	**-**	**346**	**10**	**356**
1 430	**13 784**	**1 011**	**(515)**	**82 854**	**3 381**	**86 235**	**1 541**	**87 776**

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	2014 Rm	2013# Rm	2012# Rm
ASSETS				
Non-current assets				
Goodwill	8	**27 810**	18 850	15 572
Intangible assets	9	**38 306**	41 585	33 834
Property, plant and equipment	10	**53 995**	44 897	34 942
Investment property	11	**427**	480	472
Consumable biological assets	12	**-**	1 761	1 656
Investments in equity accounted companies	13	**4 223**	2 634	2 341
Investments and loans	14	**10 399**	1 124	868
Deferred taxation assets	15	**1 390**	730	697
Trade and other receivables	16	**70**	3 174	2 619
		136 620	115 235	93 001
Current assets				
Vehicle rental fleet	17	**534**	455	372
Inventories	18	**17 921**	16 447	14 539
Trade and other receivables	16	**18 112**	20 039	15 534
Short-term loans receivable	14	**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	19	**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	**20 507**	9 801	9 898
Reserves		**62 347**	46 815	33 350
Preference share capital and premium	21	**3 381**	3 497	3 837
Total equity attributable to equity holders of the parent		**86 235**	60 113	47 085
Non-controlling interests	22	**1 541**	6 655	6 678
Total equity		**87 776**	66 768	53 763
Non-current liabilities				
Interest-bearing loans and borrowings	23	**55 580**	45 041	33 858
Employee benefits	24	**868**	722	705
Deferred taxation liabilities	15	**10 878**	9 652	7 763
Provisions	25	**1 603**	2 609	2 094
Trade and other payables	26	**388**	231	218
		69 317	58 255	44 638
Current liabilities				
Trade and other payables	26	**34 222**	29 747	25 451
Employee benefits	24	**750**	888	846
Provisions	25	**1 213**	1 012	895
Interest-bearing loans and borrowings	23	**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	19	**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)	6	**3 946**	3 102	2 463

Prior year figures have been restated and re-presented. Refer to the directors' report and note 35.

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
for the year ended 30 June 2014

	Notes	2014 Rm	2013# Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	**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	28	**(6 473)**	(379)
Disposal of subsidiaries and businesses, net of cash on hand at disposal	29	**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 directors' report and note 35.

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
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 (note 1)	**(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
RECONCILIATION BETWEEN TOTAL ASSETS PER STATEMENT OF FINANCIAL POSITION AND TOTAL ASSETS PER SEGMENTAL ANALYSIS		
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

Prior year figures have been re-presented to reflect the continuing operations of the group. Refer to the directors' report and note 35.

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.*

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
SEGMENTAL REPORTING
for the year ended 30 June 2014

	2014 Rm	2013# Rm
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 restated to reflect the continuing operations of the group. Refer to the directors' report and note 35.

Basis of segmental presentation

The segmental information has been prepared in accordance with IFRS 8 - *Operating Segments* (IFRS 8) which defines requirements for the disclosure of financial information of an entity's operating segments. The standard requires segmentation based on the group's internal organisation and reporting of revenue and operating income based upon internal accounting methods.

Identification of segments

The group discloses its operating segments according to the entity components regularly reviewed by the chief operating decision-makers. The components comprise various operating segments located globally. The revenue and non-current assets are further disclosed within the geographical areas in which the group operates. Segmental information is prepared in conformity with the measure that is reported to the chief operating decision-makers. These values have been reconciled to the consolidated financial statements. The measures reported by the group are in accordance with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment revenue excludes value added taxation and includes intersegment revenue. Net revenue represents segment revenue from which intersegment revenue has been eliminated. Sales between segments are made on a commercial basis. Segment operating profit before capital items represents segment revenue less segment expenses, excluding capital items included in note 1. Segment expenses include distribution expenses and other operating expenses. Depreciation and amortisation have been allocated to the segments to which they relate.

The segment assets comprise all assets of the different segments that are employed by the segment and that are either directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

Operational segments

Retail - International operations

Revenue in this segment is derived through retailing furniture, beds, related homeware and household products in continental Europe, the United Kingdom and the Pacific Rim. This segment incorporates all the retail operations of Steinhoff Asia Pacific, Steinhoff UK Holdings in the United Kingdom and Steinhoff Retail and Conforama in the European Union.

Retail - African operations

Revenue in JD Group is derived from a differentiated retailer in furniture, household appliances, consumer electronic goods, home entertainment, office automation and building supplies, and retailer of motor vehicles, vehicle servicing and parts.

Manufacturing, sourcing, logistics and corporate services

This segment hosts Steinhoff's manufacturing and sourcing interests. In continental Europe, revenue is generated from manufactured and imported/sourced household goods and related homeware. Revenue also includes the importing operations in the Netherlands, the manufacturing and sourcing operations in Germany, the low-cost manufacturing operations in Hungary and Poland, and the manufacturing of household goods and automotive products in the United Kingdom, while in the Pacific Rim revenue is derived from the manufacturing operations in Australia and sourcing from the East.

This segment includes the specialised distribution and warehousing services delivered to the group and external parties through our distribution and warehouse companies situated in continental Europe, the United Kingdom and the Pacific Rim.

In Africa, KAP is an investment company with a portfolio of diverse industrial business. Revenue is derived from the timber operations, the manufacturing and supply of raw materials, a specialist supply chain business and a comprehensive passenger transport solution.

Steinhoff's various global corporate offices provide strategic direction and services to the decentralised operations globally, adding value through identifying and implementing our various strategies across the globe. Activities include the managing of our own brands and trademarks, all group treasury-related income in various currencies, volume rebates, trade commissions, fee income, discounts and similar activities.

Properties

Revenue is derived from property rental income from internal and external customers through properties held by Steinhoff Properties and Hemisphere.

Geographical segments

The group's operations are principally located in continental Europe, the Pacific Rim, southern Africa and the United Kingdom.

Major customers

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

Steinhoff is a South African registered company. The group annual financial statements of Steinhoff for the year ended 30 June 2014 comprise Steinhoff and its subsidiaries (together referred to as the Steinhoff Group) and the group's interest in associate companies and joint-venture companies.

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, as required.

Adoption of new and revised standards

During the current year, the group has adopted all the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 July 2013. The adoption of these new and revised standards and interpretations has resulted in changes to the group's accounting policies. The effect of these new and revised standards are disclosed in note 35.

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

IFRS 7	Financial Instruments: Disclosures: Set-off
IFRS 10	Consolidated Financial Statements including amendments to transition guidance and exception for Investment Entities
IFRS 11	Joint Arrangements including amendments to transition guidance
	Joint Arrangements: Accounting for acquisitions of interests in joint operations
IFRS 12	Disclosure of Interests in Other Entities including amendments to transition guidance and disclosure for Investment Entities
IFRS 13	Fair Value Measurement
IFRS 14	Regulatory Deferral Accounts
IAS 16	Property, Plant and Equipment: Bearer plants
	Property, Plant and Equipment: Clarification of acceptable methods of depreciation and amortisation
IAS 19	Employee Benefits (revised) including scope and Employee Contributions amendments
IAS 27	Consolidated and Separate Financial Statements (revised) including amendment for Investment Entities
IAS 28	Investments in Associates and Joint Ventures
IAS 32	Financial Instruments: Presentation
IAS 38	Intangible Assets: Clarification of acceptable methods of depreciation and amortisation
IAS 41	Agriculture: Bearer plants

The group adopted the following Annual Improvements to IFRS:2010-2012 Cycle during the year:

IFRS 2	Share-based Payment: Definition of vesting condition
IFRS 3	Business Combinations: Accounting for contingent consideration in a business combination
IFRS 8	Operating Segments: Aggregation of operating segments; Reconciliation of the total of the reportable segment's assets to the entity's assets
IFRS 13	Fair Value Measurement: Short-term receivables and payables
IAS 16	Property, Plant and Equipment: Revaluation method - proportionate restatement of accumulated depreciation
IAS 24	Related Party Disclosures: Key management personnel
IAS 38	Intangible Assets: Revaluation method - proportionate restatement of accumulated amortisation

The group adopted the following Annual Improvements to IFRS:2011-2013 Cycle during the year:

IFRS 3	Business Combinations: Scope exceptions for joint ventures
IFRS 13	Fair Value Measurement: Scope of paragraph 52 (portfolio measurement)
IAS 40	Investment Property: Clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

Basis of preparation

The annual financial statements are prepared in millions of 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.

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

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these annual financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 - *Share-based Payments,* leasing transactions that are within the scope of IAS 17 - *Leases,* and measurements that have some similarities to fair value but are not fair value such as net realisable value in IAS 2 - *Inventories* or value in use in IAS 36 - *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are defined as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can assess at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies applied by the group as well as accounting policies where IFRS allows choice, are set out below and have been applied consistently to the periods presented in these group annual financial statements, except where stated otherwise. For further information please refer to the directors' report.

The accounting policies have been applied consistently by all group entities.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the group (including structured entities). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, substantive rights relating to an investee are taken into account. For a right to be substantive, the holder must have the practical ability to exercise that right.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any difference between the cost of acquisition and the group's share of the net identifiable assets, liabilities and contingent liabilities, fairly valued, is recognised and treated in terms of the group's accounting policy for goodwill.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Subsequently, any losses applicable to the non-controlling interests are allocated to the non-controlling interests even if this results in the non-controlling interests having deficit balances.

Associate companies

An associate company is an entity over which the group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the entity, but which it does not control or jointly control. The group applies equity accounting to its associates.

Dilution gains and losses arising on the investment in associate companies are recognised in other comprehensive income.

Joint arrangements

A joint arrangement is defined as an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. There are two types of joint arrangements, namely joint operation and joint venture.

Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise and measure the assets and liabilities (and recognise the related revenues and expenses) in relation to its interest in the arrangement in accordance with the relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement whereby the parties that have control of the arrangement have rights to the net assets of the arrangement. A joint venturer recognises an investment and accounts for that investment using the equity method.

Contingent consideration

Where a structured business combination contains a puttable instrument on the interest of an apparent non-controlling shareholder, the acquirer will classify the obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as equity on the basis of the definitions of an equity instrument and financial liability in IAS 32 *Financial Instruments: Presentation.*

Contingent consideration is measured at fair value at each reporting date and changes in fair value are recognised in profit or loss.

If the puttable arrangement is not exercised and settled, the derecognition of the financial liability is treated as a disposal of the anticipated interest in the subsidiary in accordance with the group's accounting policy for common control transactions.

Common control transactions and premiums and discounts arising on subsequent purchases from, or sales to non-controlling interests in subsidiaries

When a purchase price allocation has been performed for separate financial statements it is reversed for group consolidated accounts. Any increases or decreases in ownership interest in subsidiaries without a change in control are recognised as equity transactions. The carrying amounts of the group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the company.

Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill arising on the acquisition of a subsidiary, associate company or joint-venture company represents the excess of the aggregate consideration transferred, non-controlling interest in the acquiree and in business combinations achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate company or joint-venture company recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. An impairment loss in respect of goodwill is not reversed.

Goodwill is allocated to cash-generating units (CGUs) and is tested annually for impairment or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit *pro rata* on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary, associate company or joint-venture company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Gains on bargain purchases arising on acquisition are recognised directly as capital items in profit or loss.

Intangible assets

Intangible assets that are acquired by the group are stated at cost less accumulated amortisation and impairment losses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is measured at its fair value at the acquisition date.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as an expense as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation of intangible assets is recognised in profit or loss on a straight-line basis over the assets' estimated useful lives, unless such lives are indefinite. An intangible asset is regarded as having an indefinite useful life when, based on analysis of all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually or more often when there is an indication that the asset may be impaired. Other intangible assets are amortised from the date they are available for use.

The amortisation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost to the group, less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, the initial estimate, where relevant, of the cost of dismantling and removing the items and restoring the site on which they are located, borrowing costs capitalised and an appropriate proportion of production overheads.

Leased assets

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease.

The capital element of future obligations under the leases is included as a liability in the statement of financial position. Lease payments are allocated using the effective-interest method to determine the lease finance costs, which are charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Subsequent costs

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

Depreciation

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

Land is not depreciated. Leasehold improvements on premises occupied under operating leases are written off over their expected useful lives or, where shorter, the term of the relevant lease.

The depreciation methods, estimated useful lives and residual values are reassessed annually, with the effect of any changes in estimate being accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Investment property
Investment property is land and buildings which are held to earn rental income or for capital appreciation, or both.

Investment property is initially recognised at cost, including transaction costs, when it is probable that future economic benefits associated with the investment property will flow to the group and the cost of the investment property can be measured reliably. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. The cost of a self-constructed investment property is its cost at the date when the construction development is complete.

Investment property is accounted for under the cost model and the accounting treatment after initial recognition follows that applied to property, plant and equipment.

Consumable biological assets
The group's timber plantations and livestock are classified as consumable biological assets. These assets are measured on initial recognition and at each reporting date at their fair value less estimated costs to sell. Costs to sell include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to the market. Gains and losses arising from changes in the fair value of the plantations less estimated costs to sell are recorded in profit or loss.

Taxation
Current taxation
Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised directly in other comprehensive income or equity.

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

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

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associate companies and interest in joint-venture companies, except where the group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current taxation assets and liabilities on a net basis.

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

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling and distribution expenses.

The cost of harvested timber is its fair value less estimated costs to sell at the date of harvest, determined in accordance with the accounting policy for consumable biological assets. Any change in fair value at the date of harvest is recognised in profit or loss. The cost of other inventories includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Development properties comprise land valued at cost and development expenditure attributable to unsold properties.

Where necessary, the carrying amounts of inventory are adjusted for obsolete, slow-moving and defective inventories.

Non-current assets held for sale and discontinued operations
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.

A discontinued operation is a component of the group's business that represents a separate major line of business or geographical area of operation or a subsidiary acquired exclusively with a view to resell. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale.

Share capital
Preference shares
Preference shares are classified as equity if they are non-redeemable and any dividends are discretionary, or are redeemable but only at the group's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

In order to calculate earnings attributable to ordinary shareholders, the amount of preference dividends for cumulative preference shares required for that period, whether or not declared, is deducted from profit attributable to equity holders in determining earnings per ordinary share.

The amount of preference dividends for the period used to calculate earnings per ordinary share does not include the amount of any preference dividends for cumulative preference shares paid or declared during the current period in respect of previous periods.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders or if dividend payments are not discretionary. Dividends thereon are recognised in accordance with the group's dividend policy.

Treasury shares
When shares recognised as equity are purchased by group companies in their holding company and by the employee share trusts, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from share premium.

Dividends
Non-discretionary dividends on preference shares are recognised as a liability and recognised as an interest expense using the effective-interest method. Other dividends are recognised as a liability in the period in which they are declared.

Dividends received on treasury shares are eliminated on consolidation.

Share-based payment transactions

Equity-settled

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

Group share-based payment transactions

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

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

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

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

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

Convertible bonds

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

Provisions

Provisions are recognised when the group has a present constructive or legal obligation as a result of a past event, and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring
A provision for restructuring is recognised when the group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the group from a contract are lower than the unavoidable cost of meeting the obligation under the contract.

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

Financial statements of foreign operations
The assets and liabilities of all foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at rates of exchange ruling at the reporting date. The revenues and expenses of foreign operations are translated at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and aggregated in the foreign currency translation reserve (FCTR). The FCTR applicable to a foreign operation is released to profit or loss as a capital item upon disposal of that foreign operation.

Net investment in foreign operations
Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges, are recognised in other comprehensive income and accumulated in the FCTR. They are released to profit or loss as a capital item upon disposal of that foreign operation.

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

Initial measurement
All financial instruments are initially recognised at fair value, including transaction costs that are incremental to the group and directly attributable to the acquisition or issue of the financial asset or financial liability, except for those classified as fair value through profit or loss where the transaction costs are recognised immediately in profit or loss.

Subsequent measurement
Financial instruments at fair value through profit or loss consist of items classified as held for trading or where they have been designated as fair value through profit or loss.

All financial liabilities, other than those at fair value through profit or loss, are classified as financial liabilities at amortised cost.

Loans and receivables are carried at amortised cost, with interest recognised in profit or loss for the period using the effective interest method.

Available for sale financial assets are measured at fair value, with any gains and losses recognised directly in equity along with the associated deferred taxation. Any foreign currency gains or losses, dividend income or interest revenue, measured on an effective-yield basis, are recognised in profit or loss.

Embedded derivatives
Certain derivatives embedded in financial host contracts, are treated as separate derivatives and recognised on a standalone basis, when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value, with gains and losses reported in profit or loss.

Derecognition
The group derecognises a financial asset when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognised when, and only when, the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or has expired.

Impairment of financial assets
An impairment loss for loans and receivables is recognised in profit or loss when there is evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

When there is objective evidence that an available for sale financial asset is impaired, the cumulative unrealised gains and losses recognised in equity are reclassified to profit or loss even though the financial asset has not been derecognised. Impairment losses are only reversed in a subsequent period if the fair value increases due to an objective event occurring since the loss was recognised. Impairment reversals other than available for sale debt securities are not reversed through profit or loss but through other comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When trade and other receivables (excluding JD Group's instalment sale and loan receivables) are considered uncollectible, they are written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Instalment sale and loan receivables, such as up to date and early stage delinquent trade receivables, i.e. assets that are assessed not to be impaired individually, are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the level of arrears of a customer, part payment of instalments or missed instalments, as well as observable changes in national or economic conditions that correlate with defaults on receivables.

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

Hedge accounting
The group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges in foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Fair value hedges
Changes in fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in fair value of the hedged item that are attributable to the hedged risk.

Cash flow hedges
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in other comprehensive income are recycled to profit or loss in the periods when the hedged item is recognised in profit or loss, and it is included in the same line of the income statement as the recognised hedged item.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income in the FCTR. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses deferred in the FCTR are recognised in profit or loss on disposal of the foreign operation.

Insurance contracts

Classification of contracts

Contracts under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable it is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Premiums

Written premiums comprise the premiums on contracts (including inward reinsurance) entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries and exclude value added taxation.

The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Unearned premium provision

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily *pro rata* method.

Claims

Claims incurred in respect of general business consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

The outstanding claims provision comprises provisions for the group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs represent the portion of acquisition costs incurred which correspond to the unearned premium provision.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Goods sold and services rendered

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is assessed by reference to surveys of the work performed.

Revenue is not recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods as well as continuing management involvement with goods to a degree usually associated with ownership. Where the group acts as agent and is remunerated on a commission basis, only the commission income, and not the value of the business transaction, is included in revenue.

The recovery of duties and taxes payable on imports and exports are not recognised in revenue, but netted off against the expense paid on behalf of the customer.

Insurance premiums
Insurance premiums are stated before deducting reinsurances and commissions, and are accounted for when they become due.

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

Rental income
Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

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

Royalty income
Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Operating leases
Payments and receipts under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Segmental reporting
A segment is a distinguishable component of the group that is engaged in providing products or services which are subject to risks and rewards that are different from those of other segments. The basis of segmental reporting is representative of the internal structure used for management reporting as well as the structure in which the chief operating decision-makers review the information.

The basis of segmental allocation is determined as follows:

- Revenue that can be directly attributed to a segment and the relevant portion of the profit that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments of the group.
- Total assets are those assets that are employed by a segment in its operating activities and that are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Total assets exclude investments in equity accounted companies (with the exception of KAP), investments and loans, short-term loans receivable, and cash and cash equivalents.

JUDGEMENTS AND ESTIMATES

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

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

Useful lives and residual values

The estimated useful lives for intangible assets with a finite life, property, plant and equipment and vehicle rental fleet are:

Intangible assets	
Customer relationship and trade and brand names	10 - 20 years
Contracts and licences	Over the term of the contract or project
Software	1 - 8 years

Patents, trademarks, trade names and brand names, which are considered to be well-established growing brands and product lines for which there is no foreseeable limit to the period in which these assets are expected to generate cash flows, are classified as indefinite useful life assets. The classification of such assets is reviewed annually.

Indefinite useful life intangible assets, excluding goodwill, recognised at fair value in business combinations, are expected to generate cash flows indefinitely and the carrying value would only be recovered in the event of disposal of such assets. Accordingly, deferred taxation is raised at the capital gains taxation rate on the fair value of such assets exceeding its taxation base.

Property, plant and equipment	
Buildings	5 - 80 years
Bus fleet	5 - 10 years
Computer equipment	2 - 4 years
Long-haul motor vehicles	5 - 10 years
Motor vehicles	4 - 10 years
Office equipment and furniture	3 - 16 years
Plant and machinery	3 - 60 years
Vehicle rental fleet	Over the period of the buy-back agreement or estimated holding period

The estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the specific industries where these assets are used.

Consumable biological assets

The fair value of standing timber which has become marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity.

Impairment of assets

Investments, goodwill, property, plant and equipment, investment property and intangible assets that have an indefinite useful life, and intangible assets that are not yet ready for use are assessed annually for impairment.

Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable income will be available in the future against which these can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

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

Valuation of equity compensation benefits
Management classifies its share-based payment scheme as an equity-settled scheme based on the assessment of its role and that of the employees in the transaction. In applying its judgement, management consulted with external expert advisors in the accounting and share-based payment advisory industry. The critical assumptions as used in the valuation model are detailed in note 20.7.

Post-employment benefit obligations
In applying its judgement to defined benefit plans, management consulted with external expert advisors in the accounting and post-employment benefit obligation industry. The critical estimates as used in each benefit plan are detailed in note 24.

Consolidation of special-purpose entities
Certain special-purpose entities established as part of the B-BBEE transactions have been consolidated as part of the group results. The group does not have any significant direct or indirect shareholding in these entities, but the substance of the relationship between the group and these entities was assessed and judgement was made that these are controlled entities.

Buy-back lease commitments
When a buy-back agreement is entered into, a provision is raised in respect of future reconditioning costs that may be incurred before the vehicle is made available for sale. Management based this provision on historical data and past experience.

Provision for bad debts
The provision for bad debts was based on a combination of specifically identified doubtful debtors and providing for older debtors.

A provision for bad debts held against instalment sales receivables is raised when there is objective evidence that the assets are impaired. Factors taken into account to determine impairment of an asset are the level of arrears, part payment of instalments or missed instalments. Estimated future cash flows, that are discounted at the effective interest rate, are determined utilising past payment history and probability of default.

Fair values in business combinations
Management uses valuation techniques to determine the fair value of assets and liabilities acquired in business combination. Fair value of property, plant and equipment is determined by using external valuations as well as rental return on property.

Although a comprehensive valuation exercise is performed for each business combination, the group applies initial accounting for its business combinations which will allow the group a period of one year after the acquisition date to adjust the provisional amounts recognised for a business combination.

Claims made under insurance contracts
The operations' estimates for reported and unreported losses and establishing resulting provisions are continually reviewed and updated, and adjustments resulting from this review are reflected in income. The process relies upon the basic assumption that past experience adjusted for the effect of current developments and likely trends is an appropriate basis for predicting future events.

The process used to determine the assumptions is intended to result in estimates of the most likely or expected outcome. The sources of data used as input for the assumptions are internal, using detailed studies that are carried out annually. The assumptions are checked to ensure that they are consistent with observable market prices or other published information.

The nature of the business makes it relatively easy to predict the likely outcome of claims and the ultimate cost of notified claims. Each notified claim is assessed on a separate, case-by-case basis with due regard to the claim circumstances, information available from loss adjusters and historical evidence of the size of similar claims. Case estimates are reviewed regularly and are updated as and when new information arises. The provisions are based on information currently available. However, the ultimate liabilities may vary as a result of subsequent developments.

	Gross of taxation and non-controlling interests 2014 Rm	**Net of taxation and non-controlling interests 2014 Rm**	Gross of taxation and non-controlling interests 2013# Rm	Net of taxation and non-controlling interests 2013# Rm
1. CAPITAL ITEMS				
Continuing operations				
Capital items reflect and affect the resources committed in producing operating/trading performance and are not the performance itself. These items deal with the platform/capital base of the entity.				
(Income)/expenses of a capital nature are included in the 'capital items' line in the income statement. These (income)/expense items are:				
1.1 Foreign currency translation reserve released on disposal of subsidiary	**6**	**6**	-	-
1.2 Gain on bargain purchase	**(1)**	**(1)**	-	-
1.3 Impairment/(reversal of impairment)	**76**	**71**	336	139
Goodwill	**14**	**14**	16	21
Intangible assets (including software)	**-**	**-**	323	119
Property, plant and equipment	**14**	**9**	(3)	(1)
Other	**48**	**48**	-	-
1.4 Loss on disposal of intangible assets	**45**	**31**	9	6
1.5 Loss on scrapping of vehicle rental fleet	**3**	**1**	4	2
1.6 Loss/(profit) on disposal of property, plant and equipment and investment property	**22**	**10**	(38)	(31)
1.7 (Profit)/loss on sale of investments	**(1 651)**	**(1 068)**	12	4
	(1 500)	**(950)**	323	120

All notes have been restated and re-presented where applicable.

	2014 Rm	2013# Rm
2. OPERATING PROFIT		
Continuing operations		
Operating profit is stated after taking account of the following items:		
2.1 Amortisation and depreciation		
Amortisation	**198**	281
Depreciation	**1 818**	1 512
	2 016	1 793
Recognised in:		
Cost of sales	**75**	101
Distribution expenses	**1 066**	1 016
Other operating expenses	**875**	676
	2 016	1 793
2.2 Auditors' remuneration		
Audit fees	**74**	61
Expenses	**11**	2
Fees for other services	**7**	11
Under/(over) provision in prior year	**1**	(1)
	93	73
2.3 Personnel expenses		
Retirement plans (note 2.4)	**245**	348
Salaries and wages	**17 436**	14 738
Share-based payments - equity-settled (note 20.7)	**248**	144
	17 929	15 230
2.4 Post-retirement benefit expenses		
Contributions to defined benefit plans	**91**	117
Contributions to defined contribution plans	**154**	231
	245	348
2.5 Net foreign exchange (gains)/losses		
Net loss/(gain) on forward exchange contracts	**57**	(4)
Net gain on conversion of monetary assets - realised	**(180)**	(383)
Net gain on conversion of monetary assets - unrealised	**(123)**	(521)
	(246)	(908)
2.6 Operating lease charges - properties		
Rental of properties	**3 057**	2 655
Rental recovered from third parties on long-term leases	**(80)**	(57)
	2 977	2 598
2.7 Operating lease charges - other		
Leases of plant, equipment, vehicles and other	**424**	279
2.8 Fair value (gains)/losses (excluding forward exchange contracts)		
Fair value adjustment on cross-currency and interest rate swaps	**58**	(4)
Fair value adjustment on note purchase agreements	**(136)**	46
Fair value adjustment on financial assets through profit or loss	**(10)**	(8)
	(88)	34
2.9 Number of employees	**55 876**	57 672

3. FINANCE COSTS AND INVESTMENT INCOME

	Expense Rm	Income Rm	Net Rm
Continuing operations			
2014			
Dividends received	**-**	**(3)**	**(3)**
Interest			
Banks	**652**	**(477)**	**175**
Convertible bonds	**1 562**	-	**1 562**
Loans	**961**	**(811)**	**150**
Other	**311**	**(200)**	**111**
	3 486	**(1 491)**	**1 995**
2013#			
Dividends received	-	(3)	(3)
Interest			
Banks	270	(514)	(244)
Convertible bonds	1 298	-	1 298
Loans	998	(434)	564
Other	58	(47)	11
	2 624	(998)	1 626

4. TAXATION

	2014 Rm	2013# Rm
Continuing operations		
4.1 Taxation charge		
Normal taxation		
South African normal taxation - current year	**301**	452
South African normal taxation - prior year adjustment	**72**	(6)
Foreign normal taxation - current year	**823**	494
	1 196	940
Deferred taxation		
South African deferred taxation - current year	**416**	(142)
South African deferred taxation - prior year adjustment	**(77)**	4
Foreign deferred taxation - current year	**419**	187
Foreign deferred taxation - prior year adjustment	**-**	(6)
	758	43
	1 954	983

For detail on deferred taxation assets/(liabilities) refer to note 15.

	%	%
4.2 Reconciliation of rate of taxation		
South African standard rate of taxation	**28.0**	28.0
Effect of different statutory taxation rates of subsidiaries in other jurisdictions	**(12.2)**	(16.1)
Effect of profit of equity accounted companies	**(0.7)**	(0.8)
Net	**0.1**	0.9
Perm	**0.5**	0.2
Effective rate of taxation	**15.7**	12.2

	2014 **Rm**	2013[#] Rm

5. DISCONTINUED OPERATIONS

5.1 Disposal of KAP and JD Group's Financial Services division

On 27 June 2014, Steinhoff announced that it had disposed of 400 million shares in KAP, which resulted in Steinhoff's interest decreasing to 45%. As a result, KAP is no longer controlled by Steinhoff and will be equity accounted effective 30 June 2014.

On 30 June 2014, the JD Group received an offer, subject to due diligence and conditions precedent, to dispose of the JD Consumer Finance division (excluding insurance companies), which provided instalment sale financing on furniture products and unsecured products. The disposal of the JD Consumer Finance division is consistent with JD Group's long-term turnaround strategy.

5.2 Analysis of (loss)/profit for the year from discontinued operations

The results of the discontinued operations included in the income statement are set out below.

	2014 Rm	2013[#] Rm
Revenue	**18 501**	18 227
Cost of sales	**(12 503)**	(12 393)
Gross profit	**5 998**	5 834
Other operating income	**514**	581
Distribution expenses	**(511)**	(431)
Other operating expenses	**(6 310)**	(4 422)
Capital items (note 5.3)	**6**	(27)
Operating (loss)/profit	**(303)**	1 535
Net finance costs	**(596)**	(404)
Share of (loss)/profit of equity accounted companies	**(5)**	14
(Loss)/profit before taxation	**(904)**	1 145
Taxation	**307**	(286)
	(597)	859
Loss on disposal of discontinued operations	**(229)**	-
Attributable income taxation	**226**	-
(Loss)/profit for the year from discontinued operations	**(600)**	859
(Loss)/profit from discontinued operations attributable to:		
Owners of the parent	**(265)**	549
Non-controlling interests	**(335)**	310
	(600)	859

	Gross of taxation and non-controlling interests 2014 Rm	**Net of taxation and non-controlling interests 2014 Rm**	Gross of taxation and non-controlling interests 2013# Rm	Net of taxation and non-controlling interests 2013# Rm
5.3 Capital items for the year from discontinued operations				
Profit on sale of investments	**(94)**	**(53)**	(20)	(5)
Impairment	**78**	**40**	49	25
Loss/(profit) on disposal of property, plant and equipment	**10**	**(1)**	(2)	(1)
Capital items per the income statement	**(6)**	**(14)**	27	19
Loss on disposal of discontinued operations	**229**	**(79)**	-	-
	223	**(93)**	27	19

	2014 Rm	2013# Rm
5.4 Cash flows from discontinued operations		
Net cash inflow/(outflow) from operating activities	**1 218**	(550)
Net cash (outflow)/inflow from investing activities	**(864)**	705
Net cash outflow from financing activities	**(794)**	(580)
Net cash outflow	**(440)**	(425)

	2014 Cents	2013[1 #] Cents
6. EARNINGS PER SHARE		
The calculation of per share numbers uses the exact unrounded numbers which may result in differences when compared to calculating the numbers using the rounded number of shares and earnings as disclosed below.		
Basic earnings per share		
Basic earnings per share is calculated by dividing the net earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding shares purchased by the group and held as treasury shares.		
From continuing operations	**510.2**	355.6
From discontinued operations	**(13.4)**	30.1
Basic earnings per share	**496.8**	385.7
Diluted earnings per share		
Diluted earnings per share is calculated by dividing the diluted earnings attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year. The calculation assumes conversion of all dilutive potential shares, regardless of whether the applicable market price triggers have been met. The calculation does not recognise any funds to be received from the exercise of allocated rights or any projected growth in attributable earnings arising from such additional funds, which could compensate for any dilution in earnings per share.		
From continuing operations	**455.2**	320.6
From discontinued operations	**(10.9)**	23.7
Diluted earnings per share	**444.3**	344.3
Headline earnings per share		
Headline earnings per share is calculated by dividing the headline earnings by the weighted average number of ordinary shares in issue during the year.		
From continuing operations	**461.7**	359.4
From discontinued operations	**(18.2)**	31.2
Headline earnings per share	**443.5**	390.6
Diluted headline earnings per share		
Diluted headline earnings per share is calculated by dividing the diluted headline earnings by the diluted weighted average number of shares in issue during the year.		
From continuing operations	**416.7**	323.3
From discontinued operations	**(14.7)**	24.6
Diluted headline earnings per share	**402.0**	347.9

[1] *The rights issue announced on 2 July 2014, although accounted for post 30 June 2014, led to the restatement of comparative per share numbers, none of which resulted in a deviation of more than 1%.*

	2014 Cents	2013[1 #] Cents
Adjusted headline earnings per share from continuing operations		
KAP Industrial Holdings Limited (KAP) will be equity accounted effective 30 June 2014. The full earnings from KAP were included in discontinued operations for both years presented. In future 45% of KAP's earnings will be included in continuing operations. Headline earnings per share was adjusted to disclose the effect on headline earnings per share had KAP been equity accounted as part of continuing operations for both years presented.		
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
Net asset value per share		
Net asset value per ordinary share is calculated by dividing the ordinary shareholders' equity, adjusted by the cumulative preference shares, by the number of ordinary shares in issue at year-end.		
Net asset value per share	**3 946**	3 102

	Million	Million
6.1 Weighted average number of ordinary shares		
Issued ordinary shares at beginning of the year	**1 836**	1 770
Effect of own shares held	**(11)**	(13)
Effect of capitalisation share award	**-**	31
Effect of rights issue[1]	**19**	17
Effect of shares issued	**133**	15
Weighted average number of ordinary shares at end of the year for the purpose of basic earnings per share and headline earnings per share	**1 977**	1 820
Effect of dilutive potential ordinary shares - convertible bonds[2]	**486**	464
Effect of dilutive potential ordinary shares - other	**25**	21
Weighted average number of ordinary shares for the purpose of diluted earnings per share and diluted headline earnings per share	**2 488**	2 305

[1] The rights issue announced on 2 July 2014, although accounted for post 30 June 2014, led to the restatement of comparative per share numbers, none of which resulted in a deviation of more than 1%.

[2] All the ordinary shares underlying the convertible bonds are treated as dilutive potential ordinary shares, without taking into account the probability of conversion.

	Continuing operations Rm	Discontinued operations Rm	Total Rm
6.2 Earnings and headline earnings attributable to owners of the parent			
2014			
Earnings for the year attributable to owners of the parent	**10 355**	**(265)**	**10 090**
Dividend entitlement on cumulative preference shares	**(269)**	**-**	**(269)**
Earnings attributable to owners of the parent	**10 086**	**(265)**	**9 821**
Adjusted for capital items of equity accounted companies	**(8)**	**-**	**(8)**
Adjusted for capital items (note 1 and note 5.3)	**(950)**	**(93)**	**(1 043)**
Headline earnings attributable to owners of the parent	**9 128**	**(358)**	**8 770**
2013 #			
Earnings for the year attributable to owners of the parent	6 747	549	7 296
Dividend entitlement on cumulative preference shares	(274)	-	(274)
Earnings attributable to owners of the parent	6 473	549	7 022
Adjusted for capital items of equity accounted companies	(50)	-	(50)
Adjusted for capital items (note 1 and note 5.3)	120	19	139
Headline earnings attributable to owners of the parent	6 543	568	7 111
6.3 Diluted earnings and diluted headline earnings attributable to owners of the parent			
2014			
Earnings attributable to owners of the parent	**10 086**	**(265)**	**9 821**
Dilutive adjustment on earnings - convertible bonds[1]	**1 228**	**-**	**1 228**
Dilutive effect of listed subsidiaries' and equity accounted companies' potential shares	**-**	**(5)**	**(5)**
Dilutive adjustment on earnings - other	**10**	**-**	**10**
Diluted earnings attributable to owners of the parent	**11 324**	**(270)**	**11 054**
Adjusted for capital items of equity accounted companies	**(8)**	**-**	**(8)**
Adjusted for capital items (note 1 and note 5.3)	**(950)**	**(93)**	**(1 043)**
Diluted headline earnings attributable to owners of the parent	**10 366**	**(363)**	**10 003**
2013 #			
Earnings attributable to owners of the parent	6 473	549	7 022
Dilutive adjustment on earnings - convertible bonds[1]	907	-	907
Dilutive effect of listed subsidiaries' and equity accounted companies' potential shares	-	(2)	(2)
Dilutive adjustment on earnings - other	10	-	10
Diluted earnings attributable to owners of the parent	7 390	547	7 937
Dilutive effect of listed subsidiaries' and equity accounted companies' potential shares	(5)	-	(5)
Adjusted for capital items of equity accounted companies	(50)	-	(50)
Adjusted for capital items (note 1 and note 5.3)	120	19	139
Diluted headline earnings attributable to owners of the parent	7 455	566	8 021

[1] *All the ordinary shares underlying the convertible bonds are treated as dilutive potential ordinary shares, without taking into account the probability of conversion.*

	2014 Rm	2013# Rm
6.4 Adjusted headline earnings and adjusted diluted headline earnings attributable to owners of the parent		
Headline earnings from continuing operations attributable to owners of the parent	**9 128**	6 543
Headline earnings of equity accounted KAP	**355**	305
Adjusted headline earnings attributable to owners of the parent	**9 483**	6 848
Dilutive adjustment on earnings - convertible bonds[1]	**1 228**	907
Dilutive adjustment on earnings - other	**10**	10
Dilutive effect of equity accounted companies' potential shares	**(4)**	(5)
Adjusted diluted headline earnings attributable to owners of the parent	**10 717**	7 760

[1] All the ordinary shares underlying the convertible bonds are treated as dilutive potential ordinary shares, without taking into account the probability of conversion.

	2014 Rm	2013# Rm
6.5 Net asset value		
Attributable to owners of the parent	**86 235**	60 113
Preference share capital and premium	**(3 381)**	(3 497)
Attributable to ordinary shareholders	**82 854**	56 616

	Cents	Cents
7. DISTRIBUTION TO SHAREHOLDERS		
7.1 Cash dividend to ordinary shareholders		
The board has declared a cash dividend from retained earnings of 150 cents (2013: 80 cents) per share payable to shareholders registered at the close of business on Friday, 14 November 2014.	**150**	80
7.2 Distribution to Steinhoff Investment preference shareholders		
A preference dividend in respect of the period 1 January 2013 to 30 June 2013 (2013: 1 January 2012 to 30 June 2012) was paid on 28 October 2013 (2013: 29 October 2012) to those Steinhoff Investment preference shareholders recorded in the books of the company at the close of business on 25 October 2013 (2013: 26 October 2012).	**348**	370
A preference dividend in respect of the period 1 July 2013 to 31 December 2013 (2013: 1 July 2012 to 31 December 2012) was paid on 22 April 2014 (2013: 22 April 2013) to those Steinhoff Investment preference shareholders recorded in the books of the company at the close of business on 17 April 2014 (2013: 19 April 2013).	**354**	356
The directors of Steinhoff Investment have resolved to declare and pay preference dividends on 27 October 2014 (2013: 28 October 2013) for the period 1 January 2014 to 30 June 2014 (2013: 1 January 2013 to 30 June 2013) to those Steinhoff Investment preference shareholders recorded in the books of the company at the close of business on 24 October 2014 (2013: 25 October 2013).	**365**	348

	2014 Rm	2013# Rm
8. GOODWILL		
Carrying amount at beginning of the year	**18 850**	15 572
Arising on business combinations (note 28)	**7 295**	374
Disposal of subsidiaries (note 29)	**(209)**	-
Transfer to assets classified as held for sale	**(767)**	-
Impairments	**(15)**	(21)
Exchange differences on consolidation of foreign subsidiaries	**2 656**	2 925
Carrying amount at end of the year	**27 810**	18 850
Cost	**27 976**	18 994
Accumulated impairment	**(166)**	(144)
Carrying amount at end of the year	**27 810**	18 850

When the group acquires a business that qualifies as a business combination in respect of IFRS 3 - *Business Combinations,* the group allocates the purchase price paid to the assets acquired, including identifiable intangible assets, and the liabilities assumed. Any excess of the aggregate of the consideration transferred, non-controlling interest in the acquiree and for a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, over the fair value of those net assets is considered to be goodwill. The goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit (CGU) that is expected to benefit from that business. Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment.

Review of impairment
The impairment test compares the carrying amount of the unit, including goodwill, to the value in use, or fair value of the unit. The recoverable amount of the CGU is determined from the value in use calculation. The key assumptions for the value in use calculation are those regarding the discount rates, growth rates and the expected changes to the selling prices and the direct costs during the period. The discount rates are based on the weighted average cost of capital, while growth rates are based on management's experience and expectations. Growth rates used do not exceed the long-term average growth rate for the area in which the CGU operates. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market, and are derived from the most recent financial budgets and forecasts that have been prepared by management.

Where an intangible asset, such as a trademark, trade name and brand name and/or patent has been assessed as having an indefinite useful life (see accounting policies), the cash flow of the CGU, supporting the goodwill and driven by the trademark, brand or patent is also assumed to be indefinite.

An impairment charge is required for both goodwill and other indefinite lived intangible assets when the carrying amount exceeds the recoverable amount. An impairment charge of R15 million was recorded for the year ended 30 June 2014 (2013: R21 million).

The group prepared cash flow forecasts derived from the most recent financial budgets approved by management for the next year and extrapolated cash flows for the following years based on an estimated growth rate as set out on the next page.

All impairment testing was consistent with methods applied as at 30 June 2013.

	Pre-tax discount rate	Forecasted cash flows	2014 Rm	2013# Rm
Impairment tests for CGUs containing goodwill				
The following units have significant carrying amounts of goodwill:				
Europe				
Conforama Holdings S.A.	3.96%	Budget years 1 to 3, thereafter 1.0% growth rate.	**11 076**	8 844
Steinhoff Retail GmbH (Austria)	3.65% - 3.82%	Budget years 1 to 3, thereafter 1.0% growth rate.	**9 652**	2 985
Alvaglen Estates Limited	4.59%	Budget years 1 to 3, thereafter 1.0% growth rate.	**159**	-
Pacific Rim				
Steinhoff Asia Pacific	13.65%	Budget year 1, thereafter growth for sales of 3.5% and growth of expenses of 2.5% until year 5, and thereafter zero sales growth with a reduced discount rate.	**1 412**	1 290
Southern Africa				
KAP Industrial Holdings Limited[1]			**-**	205
JD Group Limited	10.80% - 11.60%	Budget year 1, thereafter 6.0% - 7.5% growth rate until year 3 and thereafter 5.0%.	**935**	1 707
United Kingdom				
Steinhoff UK Holdings	8.47%	Budget year 1 to 3, thereafter 2.7% growth rate.	**4 339**	3 597
JWC (International) Limited	8.47%	Budget year 1, thereafter growth of 2.7% until year 3 and thereafter 1.0% growth rate.	**175**	155
Various other units	3.65% - 5.00%	Budget year 1, thereafter 1.0% to 2.0% growth rate.	**62**	67
Carrying amount at end of the year			**27 810**	18 850

[1] *Subsidiary became an associate company during the year.*

	Trade and brand names Rm	Patents and trademarks Rm	Software and ERP systems Rm	Other Rm	Total Rm
9. INTANGIBLE ASSETS					
Balance at 1 July 2012	30 031	1 111	887	1 805	33 834
Additions	52	-	306	10	368
Amortisation	(4)	-	(237)	(141)	(382)
Disposals	-	-	(28)	(1)	(29)
Acquired on acquisition of subsidiaries (note 28)	830	-	-	4	834
Impairment	-	(6)	(322)	(3)	(331)
Transfer to assets classified as held for sale	-	(24)	-	-	(24)
Transfer from property, plant and equipment	-	-	394	-	394
Reclassification	5	-	-	(5)	-
Exchange differences on consolidation of foreign subsidiaries	6 788	-	124	9	6 921
Balance at 30 June 2013	**37 702**	**1 081**	**1 124**	**1 678**	**41 585**
Additions	**-**	**-**	**369**	**10**	**379**
Amortisation	**(5)**	**-**	**(215)**	**(70)**	**(290)**
Disposals	**-**	**-**	**(52)**	**-**	**(52)**
Acquired on acquisition of subsidiaries (note 28)	**-**	**-**	**61**	**2**	**63**
Disposal of subsidiaries (note 29)	**(6 896)**	**(1 025)**	**(27)**	**(29)**	**(7 977)**
Impairment	**-**	**(18)**	**-**	**(14)**	**(32)**
Transfer to assets classified as held for sale	**-**	**-**	**(171)**	**(8)**	**(179)**
Transfer (to)/from property, plant and equipment	**(2)**	**-**	**86**	**-**	**84**
Exchange differences on consolidation of foreign subsidiaries	**4 623**	**-**	**101**	**1**	**4 725**
Balance at 30 June 2014	**35 422**	**38**	**1 276**	**1 570**	**38 306**
Cost	37 706	1 098	2 207	1 966	42 977
Amortisation and impairment	(4)	(17)	(1 083)	(288)	(1 392)
Net book value at 30 June 2013	37 702	1 081	1 124	1 678	41 585
Cost	**35 441**	**39**	**2 357**	**1 676**	**39 513**
Amortisation and impairment	**(19)**	**(1)**	**(1 081)**	**(106)**	**(1 207)**
Net book value at 30 June 2014	**35 422**	**38**	**1 276**	**1 570**	**38 306**

	2014 Rm	2013 Rm
The net book value of other intangible assets consists of:		
Customer relationships	**1**	65
Dealership agreements	**1 532**	1 532
Contracts	**-**	69
Other	**37**	12
	1 570	1 678

Review of impairment

In determining the appropriate methodology to be adopted in the valuation of the value in use of the majority of the group's intangible assets, the relief from royalty approach was considered to be the most applicable as a primary valuation methodology because it is predominantly and widely used as a basis for the structuring of licensing agreements both locally in the countries where these intangible assets originate and internationally, and this approach is generally accepted internationally as a reliable means of valuing trademarks.

IAS 38 - *Intangible Assets* (IAS 38) gives guidance on how the fair value of intangible assets can be determined. The guidance has been applied throughout the valuation of the trade names, brand names and trademarks. Impairment tests typically take into account the most recent management forecast whereafter a reasonable rate of growth is applied based on market and industry conditions. Discount rates used in the discounted cash flow models are based on a weighted average cost of capital, while royalty rates used are determined with reference to industry benchmarks.

Impairment

All intangible assets were tested for impairment during the year under review and a R32 million impairment was recognised (2013: R331 million). Included in the 2013 impairment charge is an impairment of R345 million relating to JD Group's capitalised software development costs (primarily relating to the SAP infrastructure) as the carrying value of capitalised software development costs exceeded the recoverable amount. The impairment indicator identified in this regard was the fact that the total SAP project costs to date were materially higher than initially budgeted. Management obtained a valuation from a third party within the IT industry evidencing the fact that the carrying amount exceeded the recoverable amount. This valuation formed the basis of the impairment calculation, with the fair value less costs to sell determined to be its recoverable amount.

All impairment testing was done consistently with methods used in the prior year.

Useful lives

Under IAS 38, the useful life of an asset is either finite or indefinite. An indefinite life does not mean an infinite useful life, but rather that there is no foreseeable limit to the period over which the asset can be expected to generate cash flows for the entity. Intangible assets with an indefinite useful life are not amortised; they are tested for impairment at least annually.

The majority of the group's trade names, brand names and/or trademarks have been assessed as having an indefinite useful life. The majority of these trade names and brand names were assessed independently at the time of the acquisitions, and the indefinite useful life assumptions were supported by the following evidence:

- The industry is a mature, well-established industry.
- The trade names, brand names and/or trademarks are long established relative to the market and have been in existence for a long time.
- The intangible assets relate to trade names, brand names, trademarks and patents rather than products and are therefore not vulnerable to typical product lifecycles or to the technical, technological, commercial or other types of obsolescence that can be seen to limit the useful lives of other trade names and brand names.
- There is a relatively low turnover of comparable intangible assets implying stability within the industry.

Royalty rates

The royalty rate represents the assumed amount which would be paid to the owner of the intangible asset as a royalty fee, expressed as a percentage of revenue, for the use of the intangible asset. It is necessary to look to the industry in which the brand is operational to determine an appropriate notional royalty rate.

A database search of the RoyaltySource Intellectual Property Database for comparable worldwide licensing or franchising transactions of trademarks in the retail industry, focusing on furniture and/or household goods, revealed royalty rates varying from 2.5% to 5.0%, with an average rate of 4.0%. The royalty rates used in assessing the value in use of the Steinhoff trade names and brand names all fall within or below this recommended range and vary from 0.25% to 4.0%.

10. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Plant and machinery Rm	Long-haul motor vehicles, motor vehicles, bus fleet and equipment Rm	Capital work-in-progress Rm	Leasehold improvements Rm	Office and computer equipment, furniture and other assets Rm	Total Rm
Balance at 1 July 2012	25 177	1 719	2 983	1 117	2 949	997	34 942
Additions	3 575	104	903	1 287	674	219	6 762
Reclassification of assets held for sale	(45)	(26)	(3)	(4)	4	1	(73)
Depreciation	(336)	(215)	(583)	-	(779)	(315)	(2 228)
Disposals	(32)	(17)	(109)	(3)	(37)	(9)	(207)
Impairment	(8)	(19)	(1)	-	-	(2)	(30)
Acquisition of subsidiary companies (note 28)	1	2	19	-	3	12	37
Disposal of subsidiary companies (note 29)	-	-	(27)	-	-	-	(27)
Reclassification	644	27	2	(1 139)	199	267	-
Transfer to investment property	(37)	-	-	-	-	-	(37)
Transfer to intangible assets	-	-	-	(364)	-	(30)	(394)
Exchange differences on consolidation of foreign subsidiaries	5 232	27	34	45	642	172	6 152
Balance at 30 June 2013	**34 171**	**1 602**	**3 218**	**939**	**3 655**	**1 312**	**44 897**
Additions	**1 815**	**271**	**957**	**421**	**973**	**505**	**4 942**
Reclassification of assets held for sale	**-**	**(11)**	**(1)**	**(3)**	**-**	**(17)**	**(32)**
Depreciation	**(315)**	**(225)**	**(604)**	**-**	**(822)**	**(476)**	**(2 442)**
Disposals	**(213)**	**(12)**	**(133)**	**(11)**	**(85)**	**(1)**	**(455)**
Impairment	**-**	**(27)**	**(2)**	**-**	**(39)**	**24**	**(44)**
Acquisition of subsidiary companies (note 28)	**8 760**	**4**	**-**	**155**	**70**	**8**	**8 997**
Disposal of subsidiary companies (note 29)	**(1 574)**	**(1 626)**	**(3 325)**	**(82)**	**(33)**	**(103)**	**(6 743)**
Reclassification	**(153)**	**390**	**44**	**(796)**	**384**	**131**	**-**
Transfer from/(to) intangible assets	**-**	**-**	**1**	**(94)**	**-**	**9**	**(84)**
Exchange differences on consolidation of foreign subsidiaries	**4 315**	**27**	**12**	**35**	**428**	**142**	**4 959**
Balance at 30 June 2014	**46 806**	**393**	**167**	**564**	**4 531**	**1 534**	**53 995**
Cost	35 979	2 653	5 696	939	6 627	2 758	54 652
Accumulated depreciation and impairment	(1 808)	(1 051)	(2 478)	-	(2 972)	(1 446)	(9 755)
Net book value at 30 June 2013	34 171	1 602	3 218	939	3 655	1 312	44 897
Cost	**48 829**	**970**	**351**	**564**	**7 928**	**3 778**	**62 420**
Accumulated depreciation and impairment	**(2 023)**	**(577)**	**(184)**	**-**	**(3 397)**	**(2 244)**	**(8 425)**
Net book value at 30 June 2014	**46 806**	**393**	**167**	**564**	**4 531**	**1 534**	**53 995**

Land and buildings

Details of land and buildings are available for inspection by shareholders on request at the various registered offices of the company and its subsidiaries.

Encumbered assets

Assets with a book value of R16 856 million (2013: R8 635 million) are encumbered as set out in note 23.

Insurance

Property, plant and equipment, with the exception of motor vehicles, bus fleet, long-haul motor vehicles and land, are insured at approximate cost of replacement. Motor vehicles are insured at market value. Bus fleet and long-haul motor vehicles are self-insured.

Impairment losses

Refer to 'Capital items' (note 1 and 5.3).

Useful lives

The estimated useful lives are reflected under 'Judgements and estimates' in accounting policies.

	2014 Rm	2013# Rm
11. INVESTMENT PROPERTY		
Balance at beginning of the year	**480**	472
Additions	**13**	6
Disposal of subsidiary companies (note 29)	**(19)**	-
Disposals	**(27)**	(35)
Reclassification to assets held for sale	**(20)**	-
Transfer from property, plant and equipment	**-**	37
Balance at end of the year	**427**	480

No depreciation was recognised on investment property in the current or prior years as the residual values exceeded the carrying values of all properties classified as investment property.

At 30 June 2014, investment property was valued by management at R548 million (2013: R631 million). The fair valuation of the group's investment has been carried out by Steinhoff Properties. The fair value was based on the income approach whereby the market related net income of the property is discounted at the market yield for a similar property. The market yields used in the valuation ranged between 9.00% and 11.25% (2013: 8.00% and 11.00%). In estimating the fair value of investment properties, the highest and best use for the majority of the properties is their current use. There has been no change to the valuation technique since the previous year.

The fair value of investment property is classified as level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

No restrictions exist on the sale of investment property.

There are no material contractual obligations to purchase, construct or develop investment property. There are, however, service level agreements and building maintenance contracts in place with third-party contractors for security, repairs, maintenance and minor enhancements.

	2014 Rm	2013# Rm
12. CONSUMABLE BIOLOGICAL ASSETS		
Carrying amount at beginning of the year	**1 761**	1 656
Disposal of subsidiary companies (note 29)	**(1 875)**	-
Decrease due to harvesting	**(205)**	(223)
Fair value adjustment to plantations	**319**	328
Carrying amount at end of the year	**-**	1 761
Expenses incurred in the management and operations of plantations		
Harvesting expenses	**205**	223
Other operating expenses	**204**	214
	409	437

The group owned and managed timber plantations for use in manufacturing timber products. In terms of IAS 41 - *Agriculture,* the plantations are valued at fair value less estimated costs to sell. The Faustmann formula and discounted cash flow models were applied in determining the fair value of the plantations. The principal assumptions used in the Faustmann formula include surveying physical hectares planted, age analysis and the industry mean annual incremental growth.

The fair value of mature standing timber, being the age at which it becomes marketable, is based on the market price of the estimated recoverable timber volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity.

At 30 June 2014, before being derecognised as part of the KAP disposal, consumable biological assets were valued by management at R1 875 million (2013: R1 761 million). The valuation of the group's consumable biological assets has been carried out by management. The valuation technique is consistent with the method used at 30 June 2013. The fair value of consumable biological assets is classified as level 3 based on the fair value hierarchy. There were no transfers between the levels during the year.

The Faustmann formula is sensitive to the market price and the growth rate used to determine the fair value of timber plantations. A one percent increase in the market price and growth rate would result in an increase in the fair valuation of the timber plantations of R16 million and R8 million (2013: R15 million and R3 million), respectively.

Encumbered consumable biological assets
None of the group's consumable biological assets are encumbered.

Commitments
There are no amounts committed for the development and acquisition of consumable biological assets.

	Nature of business	2014 % holding	2013# % holding
13. INVESTMENTS IN EQUITY ACCOUNTED COMPANIES			
13.1 Associate companies			
Listed			
KAP Industrial Holdings Limited[1]	Diverse manufacturing business	**44.7**	-
PSG Group Limited[2]	Investment company	-	19.6
Unlisted			
Various unlisted associate companies	Insurance, manufacturing, retail and logistics	**24.5 - 50.0**	24.5 - 50.0

[1] KAP was previously accounted for as a subsidiary and became an associate on 30 June 2014.

[2] PSG was derecognised as an associate on 13 June 2014, and the 18.6% interest held is classified as investments and loans at 30 June 2014.

No material impairments were recognised during either year presented on associate companies.

Commitments
The group's obligation in respect of losses and contingent liabilities from associate companies is limited to the extent of the carrying values of the investments.

	Nature of business	2014 % holding	2013# % holding
13.2 Joint-venture companies			
Various joint-venture companies	Automotive, insurance and manufacturing	-	33.0 - 50.0

No material impairments were recognised during either year presented on joint-venture companies.

KAP's joint ventures were derecognised when KAP became an associate.

13.3 Summarised information in respect of material associate companies
Summarised information in respect of KAP
The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS. As KAP became an associate on 30 June 2014, only the statement of financial position disclosure is included below.

	2014 Rm	2013 Rm
Non-current assets	**10 039**	-
Current assets	**5 518**	-
Non-current liabilities	**(4 519)**	-
Current liabilities	**(4 179)**	-
Non-controlling interests	**(150)**	-
Net assets	**6 709**	-

	2014 Rm	2013# Rm
Reconciliation of the above summarised financial information to the carrying amount of the interest in KAP recognised in the consolidated financial statements:		
Net assets of KAP	**6 709**	-
Proportion of the group's ownership interest in KAP	**44.7%**	-
Proportion of the group's ownership interest in the net assets of KAP	**2 999**	-
Transitory goodwill[1]	**1 042**	-
Carrying amount of the group's interest in KAP	**4 041**	-
Market value of KAP	**4 088**	-

[1] *The recognition of KAP as an associate company took place on 30 June 2014 and therefore, the fair value allocation in terms of IAS 28 -* Investments in Associates and Joint Ventures *will be completed and the final allocation done before 30 June 2015 as allowed by IFRS.*

Summarised information in respect of PSG

The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRS. PSG's financial year end is 28 February. Adjustments are made for material transactions occurring between 28 February and 30 June each year (where necessary). PSG was derecognised as an associate on 13 June 2014 (refer to the directors' report).

	2014 Rm	2013# Rm
Non-current assets	**-**	17 470
Current assets	**-**	8 388
Non-current liabilities	**-**	(9 115)
Current liabilities	**-**	(6 593)
Non-controlling interests	**-**	(4 160)
Net assets	**-**	5 990
Revenue	**-**	3 056
Profit for the year	**-**	1 516
Other comprehensive income for the year	**-**	21
Total comprehensive income for the year	**-**	1 537
Dividends received from PSG	**50**	41
Reconciliation of the above summarised financial information to the carrying amount of the interest in PSG recognised in the consolidated financial statements:		
Net assets of PSG	**-**	5 990
Proportion of the group's ownership interest in PSG	**-**	19.6%
Proportion of the group's ownership interest in the net assets of PSG	**-**	1 172
Goodwill	**-**	809
Dividend received post PSG year-end	**-**	(29)
Carrying amount of the group's interest in PSG	**-**	1 952
Market value of PSG	**-**	2 400

The 30 June 30-day volume-weighted average share prices on the JSE Limited (JSE) were used to determine the market value of listed associates. Where there were impairment indicators, discounted cash flows were used to determine the value in use of these associates. This is consistent with methods and models applied in the prior year. For listed associates, publicly available information was used to determine value in use. No impairment was recognised on listed associates during any of the years presented. The fair value of listed associates is classified as level 1 in the fair value hierarchy. There were no transfers between levels during the year for listed associates.

	2014 Rm	2013# Rm
13.4 Summarised information in respect of individually immaterial associate and joint-venture companies		
Aggregate carrying amount of the group's interests in these associate and joint-venture companies	**182**	682
13.5 Aggregate total comprehensive income from associate and joint-venture companies		
The group's share of profit	**290**	240
The group's share of other comprehensive income/(loss)	**1**	(1)
The group's share of total comprehensive income	**291**	239

14. INVESTMENTS AND LOANS

	2014 Rm	2013# Rm
Long-term investments and loans		
Listed investments	**3 769**	73
Ordinary shares[1]	**3 685**	-
Preference shares	**4**	4
Unit trusts	**80**	69
Unlisted investments	**592**	517
Ordinary shares	**206**	68
Preference shares	**386**	449
Loans receivable carried at amortised cost	**6 038**	534
	10 399	1 124
Short-term loans receivable		
Interest-bearing loans	**5 928**	3 228

[1] *This includes the investment in PSG which was reclassified from an associate company to a listed investment.*

A fair value adjustment of R220 million (2013: R1 million) on the listed shares was processed directly in other comprehensive income during the year. These fair value adjustments decreased the carrying value of the investments to equal the market value at year-end.

A fair value adjustment of R165 million (2013: R23 million) on the unlisted ordinary shares was processed directly in other comprehensive income during the year. These fair value adjustments increased (2013: decreased) the carrying value of the investments to equal the market value at year-end.

Details of investments are available at the registered office of the company for inspection by shareholders.

The unsecured long-term loans receivable consist of various loans with repayment terms ranging between 13 and 73 months unless called earlier, bearing interest at market-related interest rates and participating in profit share.

None of the loans receivable are past due or impaired at reporting date and there are no indications that any of these counterparties will not meet their repayment obligations.

The fair value of investments and loans is disclosed in note 31.

	2014 Rm	2013# Rm

15. DEFERRED TAXATION ASSETS/(LIABILITIES)

15.1 Deferred taxation movement

	2014 Rm	2013# Rm
(Liabilities)/assets		
Balance at beginning of the year	**(8 922)**	(7 066)
Deferred taxation of subsidiaries acquired	**58**	(1)
Deferred taxation of subsidiaries disposed	**1 090**	(1)
Transferred to asset/liabilities held for sale	**(279)**	-
Amounts charged directly to other comprehensive income and equity		
Actuarial reserve	**43**	(25)
Cash flow hedge and fair value adjustments	**32**	(3)
Convertible bond	**(208)**	(79)
Share-based payments	**189**	23
Other	**(16)**	(26)
Current year charge		
Continuing operations	**(758)**	(43)
Discontinued operations	**649**	(156)
Exchange differences on consolidation of foreign subsidiaries	**(1 366)**	(1 545)
Balance at end of the year	**(9 488)**	(8 922)

15.2 Deferred taxation balances

Assets

Provision for taxation on temporary differences resulting from South African normal taxation rate (28%), South African capital gains taxation (SA CGT) rate (18.6%) and foreign taxation rates:

	2014 Rm	2013# Rm
Equalisation of operating lease payments	**64**	39
Prepayments and provisions	**189**	147
Property, plant and equipment (including consumable biological assets)	**171**	(8)
Share-based payments	**185**	58
Other	**(4)**	(26)
	605	210
Taxation losses and credits		
Taxation losses	**785**	520
Total deferred taxation assets	**1 390**	730

Realisation of the deferred taxation asset is expected out of future taxable income which was assessed and deemed to be reasonable.

Liabilities

Provision for taxation on temporary differences resulting from South African normal taxation rate (28%), SA CGT rate (18.6%) and foreign taxation rates:

	2014 Rm	2013# Rm
Equity component of convertible bonds	**-**	(159)
Intangible assets	**(7 918)**	(7 153)
Investments	**(583)**	-
Prepayments and provisions	**(92)**	169
Property, plant and equipment (including consumable biological assets)	**(2 322)**	(3 330)
Share-based payments	**68**	74
Other	**(65)**	(62)
	(10 912)	(10 461)
Taxation losses and credits		
Taxation losses	**34**	809
Total deferred taxation liabilities	**(10 878)**	(9 652)

	2014 Rm	2013[#] Rm
15.3 Unrecognised deferred taxation assets		
Deferred taxation assets have not been recognised in respect of the following items:		
Taxation losses	**2 722**	3 711

The taxation losses and deductible temporary differences do not expire under current taxation legislation. Deferred taxation assets have not been recognised in respect of these items because it is not yet certain that future taxable profits will be available against which the group can realise the benefits therefrom.

	2014 Rm	2013[#] Rm
15.4 Taxation losses		
Estimated taxation losses available for offset against future taxable income	**5 479**	7 717

16. TRADE AND OTHER RECEIVABLES

	2014 Rm	2013[#] Rm
Non-current trade and other receivables		
Instalment sale and loan receivables[1]	**55**	3 087
Derivative financial assets	**-**	87
Non-current trade and other receivables (financial assets)	**55**	3 174
Equalisation of operating lease payments	**15**	-
	70	3 174
Current trade and other receivables		
Trade receivables	**13 163**	10 950
Instalment sale and loan receivables[1]	**415**	6 644
Other amounts due	**2 635**	1 141
Less: Provision for bad debts	**(890)**	(1 749)
Derivative financial assets	**13**	155
Current trade and other receivables (financial assets)	**15 336**	17 141
Prepayments	**1 275**	1 121
Taxation receivable	**451**	391
Value added taxation receivable	**1 050**	1 386
	18 112	20 039

[1] *During the year JD Group's consumer finance business was classified as a disposal group held for sale (refer to the directors' report).*

The credit terms of instalment sale and loan receivables range from 3 to 36 months.

The credit period on sales of goods is between 30 and 90 days. Where relevant, interest is charged at market-related rates on outstanding balances.

Before accepting any new customers, credit risk management uses various credit bureaux and performs credit assessments to assess the potential customer's credit potential and credit limit. The credit limits are reviewed on a regular basis as and when increased limits are required. Customers with material balances are subject to additional security requirements or are insured as appropriate.

In determining the recoverability of a customer, the group considers any change in the credit quality of the customer from the date credit was initially granted up to the reporting date.

The provision against instalment sales and loan receivables has been deducted against the current portion of the instalment sales and loan receivables. Due to the nature of the calculation of the provision, it was not split into non-current and current portions.

Given the diverse nature of the group's operations (both geographically and segmentally), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. Accordingly, the directors believe that no further credit provision is required in excess of the provision for bad debts.

No customer represents more than 5% of the total trade receivables at year-end.

In 2013, R50 million of the BCM group's (subsidiary of KAP) trade receivables, as well as the applicable insurance policies were ceded in favour of facilities with banks.

The group's exposure to currency and credit risk related to trade and other receivables is disclosed in notes 31.3 and 31.6.

	2014 Rm	2013# Rm
17. VEHICLE RENTAL FLEET		
Balance at beginning of the year	**455**	372
Additions	**800**	785
Scrapping of vehicle rental fleet	**(16)**	(16)
Transfer to inventories	**(570)**	(586)
Impairment	**(2)**	-
Depreciation	**(133)**	(100)
	534	455

Encumbered assets
Assets with a book value of R255 million (2013: R320 million) are encumbered as set out in note 23.

	2014 Rm	2013# Rm
18. INVENTORIES		
18.1 Inventories at cost less provisions		
Consumables and spares	**-**	206
Development properties	**4**	4
Finished goods and merchandise	**17 599**	15 402
Raw materials	**282**	727
Work-in-progress	**36**	108
	17 921	16 447
18.2 Amount of write-down of inventories to net realisable value included as an expense during the year	**52**	74

Included in the balances above are vehicles relating to the operations of Unitrans Automotive (subsidiary of JD Group), which were subject to a lien of R1 459 million (2013: R1 331 million) in respect of the manufacturers' floorplan financing, comprising interest-bearing and interest-free amounts and which are included in trade and other payables.

Inventories carried at net realisable value are immaterial.

	2014 Rm	2013# Rm

19. ASSETS/(LIABILITIES) AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

As described in note 5, JD Group plans to dispose of the JD Consumer Finance division (excluding insurance companies) and anticipates that the disposal will be completed within the next financial year. An impairment loss was recognised on the disposal group held for sale as at 30 June 2014.

These assets are available for immediate sale in their present condition. Management is committed to the sale, which is expected to occur within 12 months of being classified as held for sale.

The carrying amount of total assets held for sale still carried on the statement of financial position is:

	2014 Rm	2013# Rm
Assets		
Goodwill	**767**	-
Intangible assets	**180**	24
Property, plant and equipment	**2**	73
Investments and loans	**-**	4
Deferred taxation asset	**279**	-
Inventories	**-**	114
Accounts receivable (including instalment sale and loan receivables)	**7 212**	149
	8 440	364
Impairment of disposal group	**(1 575)**	-
	6 865	364
Liabilities		
Accounts payable	**(153)**	(59)
Employee benefits	**(43)**	(9)
	(196)	(68)
Net assets and disposal groups classified as held for sale	**6 669**	296

	2014 Number of shares	2013 Number of shares	2014 Rm	2013[#] Rm
20. ORDINARY SHARE CAPITAL AND PREMIUM				
20.1 Authorised				
Ordinary shares of 0.5 cents each	**3 000 000 000**	3 000 000 000	**15**	15
20.2 Issued				
Shares in issue at beginning of the year	**1 836 154 196**	1 769 701 344	**9**	9
Shares issued during the year	**273 726 496**	66 452 852	**2**	*
Shares in issue at end of the year	**2 109 880 692**	1 836 154 196	**11**	9
20.3 Share premium				
Balance at beginning of the year			**9 953**	10 079
Profit on treasury share transactions net of capital gains			**1**	57
Share premium arising on issue and utilisation of shares net of transaction costs			**10 683**	1 518
Capital distribution			**-**	(1 701)
Balance at end of the year			**20 637**	9 953
20.4 Treasury shares				
Balance at beginning of the year	**(11 053 042)**	(13 863 094)	**(161)**	(190)
Purchases of shares	**-**	(4 794 527)	**-**	(131)
Sale of shares	**1 089 242**	7 763 072	**20**	149
Capital distribution	**-**	(158 493)	**-**	11
Balance at end of the year	**(9 963 800)**	(11 053 042)	**(141)**	(161)
Total issued ordinary share capital and premium	**2 099 916 892**	1 825 101 154	**20 507**	9 801
20.5 Movement of net share capital and premium				
Balance at beginning of the year			**9 801**	9 898
Movement for the year			**10 706**	1 593
Net shares issued			**10 685**	1 518
Purchases of shares			**-**	(131)
Proceeds on sale of shares net of capital gains			**21**	206
Capital distribution			**-**	(1 690)
Balance at end of the year			**20 507**	9 801

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

** Amount is less than R500 000.*

	Number of shares	Number of shares
20.6 Unissued shares		
Reserved for bond holders	**529 416 368**	481 911 689
Shares reserved for future participation in share schemes	**104 372 913**	118 890 841
Shares reserved for current participation in share schemes	**35 885 136**	31 147 659
Shares under the control of the directors until the forthcoming annual general meeting	**87 605 581**	180 000 000
Unissued shares	**132 839 310**	351 895 615
Total unissued shares[1]	**890 119 308**	1 163 845 804

[1] On 2 July 2014, Steinhoff launched a rights offer to all its shareholders. The rights offer closed on 1 August 2014 and the group issued 350 million additional ordinary shares. This rights offer increased the shares reserved for convertible bond holders by 12.6 million shares.

At year-end the directors were still authorised, by resolutions of the shareholders and until the forthcoming annual general meeting, to issue 75 million unissued shares and in respect of convertible instruments 13 million unissued shares, subject to the listings requirements of the JSE.

20.7 Share-based payments

20.7.1 Steinhoff

20.7.1.1 *Steinhoff Share Rights Scheme*

At the annual general meeting on 1 December 2003, a share incentive scheme was approved and implemented. The share rights granted annually until 1 December 2009 fell under the rules of this scheme. Scheme rules included measurement of share price growth and headline earnings growth over a three-year period against the companies included in the INDI 25 Index, as well as reaching annual incentive bonus targets and continued service conditions.

Only one share grant remained unvested under this scheme and vesting occurred on 1 December 2012. Certain employees did not meet their annual incentive bonus targets, and the majority of rights forfeited during the prior year relate to these employees.

No rights are outstanding under this share scheme. This scheme was replaced by the Steinhoff Executive Share Right Scheme.

20.7.1.2 *Steinhoff Executive Share Right Scheme*

At the annual general meeting on 6 December 2010, a new share incentive scheme was approved and implemented. The share rights granted since December 2010 relate to the Executive Share Right Scheme, and are subject to the following conditions:

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

	2014 Number of rights	2013 Number of rights
The number of share rights, for the above schemes is:		
Outstanding at beginning of the year	**31 147 659**	37 585 134
Exercised during the year	**(9 741 951)**	(13 661 554)
Forfeited during the year[1]	**(357 992)**	(2 772 447)
Granted during the year	**14 837 420**	9 996 526
Outstanding at end of the year	**35 885 136**	31 147 659
Exercisable at end of the year[2]	**-**	38 500

[1] *Certain divisions and individuals did not meet performance targets for the share vesting and forfeited their share rights relating to these grants.*

[2] *These shares were exercisable under the vested Unitrans Share scheme.*

Assumptions

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

Fair value of share rights and assumptions:

	2013 grant	2012 grant	2011 grant	2010 grant
Fair value at measurement date	R37.78	R25.01	R21.30	R19.74
Share price at grant date	R40.42	R27.39	R23.40	R21.50
Exercise price	R0.005	R0.005	R0.005	R0.005
Expected volatility	26.33%	21.44%	28.53%	23.80%
Dividend yield	2.32%	3.08%	3.20%	2.90%
Risk-free interest rate	6.72%	5.37%	6.12%	6.41%
Option life	3 years	3 years	3 years	3 years

Refer to note 34 for directors' interests in the share incentive scheme.

20.7.2 JD Group

20.7.2.1 *The JD Group Employee Share Incentive Scheme*

The JD Group Employee Share Incentive Scheme, which was approved by the directors on 29 March 1996, amended by special resolution on 31 January 2001 and amended again on 11 August 2003, served as an incentive to current employees (including executive and non-executive directors) of JD Group to render services to JD Group by giving them the opportunity to acquire ordinary shares and enabling them to share in the wealth of JD Group. This scheme has become redundant and is being phased out. No further options will be issued under this scheme.

1 092 810 (2013: 3 129 750) JD Group shares are under option to employees of JD Group in terms of this scheme, at prices varying between R27.00 and R63.63 per share (2013: R25.20 and R79.83 per share).

20.7.2.2 *The JD Group Share Appreciation Rights Scheme (the SAR Scheme)*

The SAR Scheme, which was approved by JD Group shareholders on 12 August 2009, is a new generation incentive scheme with the overarching goal of creating value to shareholders and financial benefits for participants. The SAR Scheme is structured to optimise JD Group's interest, as only the appreciation value of the share price is settled. Compared to a normal share option scheme, this reduces the dilutive impact on JD Group's dilutive earnings per share considerably. The SAR Scheme also facilitates the attraction and retention of key talent.

At year-end, no unvested share appreciation rights exist under this scheme (2013: 5 486 000 at prices varying between 2013: R40.67 and R51.30 per share). No further rights will be granted under this scheme.

20.7.2.3 *The JD Group Long-term Share-based Incentive Scheme (LTIS)*

At the annual general meeting on 20 November 2013, the JD Group shareholders approved the LTIS in order to attract, retain and incentivise key executives and senior employees who are able to influence the performance of the JD Group. The share rights that will be granted annually since this meeting, are subject to the following rules of the LTIS:

a) Rights are granted to qualifying key executives and senior employees on an annual basis.

b) Vesting of rights occur on the third anniversary of grant date, provided performance criteria as set by JD Group's remuneration committee at or about the time of the grant date have been achieved.

c) In the event of performance criteria not being satisfied by the third anniversary of the relevant annual grant, all rights attaching to the particular grant will lapse.

At year-end, 1 959 543 (2013: nil) unvested share rights exist under this scheme.

Fair value of share rights and assumptions:

	Grant 1
Date of grant	2 December 2013
Fair value at measurement date	R18.56
Share price at grant date	R27.99
Exercise price	R0.05
Expected volatility	29.00%
Dividend yield	8.00%
Option life	3 years

	2014 Number of shares	2013 Number of shares	**2014 Rm**	2013# Rm
21. PREFERENCE SHARE CAPITAL AND PREMIUM				
21.1 Authorised				
Steinhoff				
Variable rate, cumulative, non-redeemable, non-participating preference shares of 0.1 cents each	**1 000 000 000**	1 000 000 000	**1**	1
Steinhoff Investment				
Variable rate, cumulative, non-redeemable, non-participating preference shares of 0.1 cents each	**495 000 000**	495 000 000	*****	*
Steinhoff Africa				
Variable rate, cumulative, redeemable preference shares of 1 cent each	**2 000**	2 000	*****	*
21.2 Issued				
Steinhoff Investment				
In issue at beginning and end of the year	**15 000 000**	15 000 000	*	*
Steinhoff Africa				
In issue at beginning of the year	**1 585**	1 850	*	*
Shares redeemed during the year	**(252)**	(265)	*	*
In issue at end of the year	**1 333**	1 585	*	*
21.3 Share premium				
Balance at beginning of the year			**3 877**	4 276
Share premium redeemed during the year			**(378)**	(398)
Loss on treasury share transactions net of capital gains taxation			**(118)**	(1)
Balance at end of the year			**3 381**	3 877
21.4 Treasury shares				
Balance at beginning of the year	**(3 347 393)**	(3 979 170)	**(380)**	(439)
Sale of shares	**3 347 393**	631 777	**380**	59
Balance at end of the year	**-**	(3 347 393)	**-**	(380)
Total issued preference share capital and premium	**15 001 333**	11 654 192	**3 381**	3 497

** Amount less than R500 000.*

Terms of issued Steinhoff Investment preference shares
The preference shares earn dividends on the issue price at the rate of 82.5% of the SA prime lending rate quoted by Absa Bank Limited or its successor in title in South Africa. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the board of directors of Steinhoff Investment.

Terms of issued Steinhoff Africa preference shares
The preference shares earn dividends on the issue price at the rate of 88% of the SA prime lending rate quoted by Standard Bank Group Limited or its successor in title in South Africa. Although the rights to receive dividends are cumulative, declaration of such dividends is at the discretion of the board of directors of Steinhoff Africa.

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to dispose of the unissued preference shares, subject to the listings requirements of the JSE relating to a general authority of directors to issue shares for cash.

	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2014	2013	**2014**	2013 #	**2014**	2013 #
	%	%	**Rm**	Rm	**Rm**	Rm
22. NON-CONTROLLING INTERESTS						
22.1 Details of subsidiaries that have material non-controlling interests:						
JD Group Limited[1]	**14**	44	**(598)**	336	**1 117**	3 849
KAP Industrial Holdings Limited[1 2]	**n/a**	38	**309**	292	**-**	2 536
Individually immaterial subsidiaries with non-controlling interests			**62**	25	**424**	270
			(227)	653	**1 541**	6 655

[1] Incorporated in South Africa.

[2] KAP became an associate on 30 June 2014.

	2014 Rm	2013 # Rm
22.2 Summarised financial information in respect of each of the group's subsidiaries that has material non-controlling interests:		
The summarised financial information below represents amounts before intragroup eliminations and		
22.2.1 JD Group Limited		
Non-current assets	**6 852**	9 903
Current assets	**14 183**	13 231
Non-current liabilities	**(5 726)**	(6 431)
Current liabilities	**(7 485)**	(7 562)
Revenue from continuing operations	**30 582**	29 153
Profit for the year from continuing operations	**201**	622
(Loss)/profit for the year from discontinued operations	**(2 124)**	10
(Loss)/profit for the year	**(1 923)**	632
(Loss)/profit attributable to owners of the parent	**(1 947)**	606
Profit attributable to the non-controlling interests	**24**	26
(Loss)/profit for the year	**(1 923)**	632
Total comprehensive (loss)/income attributable to owners of the parent	**(1 929)**	609
Total comprehensive income attributable to the non-controlling interests	**24**	26
Total comprehensive (loss)/income for the year	**(1 905)**	635
Dividends paid to non-controlling interests	**124**	259
Net inflow/(outflow) from operating activities	**489**	(2 238)
Net outflow from investing activities	**(212)**	(1 494)
Net (outflow)/inflow from financing activities	**(197)**	3 000
Net cash inflow/(outflow)	**80**	(732)
22.2.2 KAP Industrial Holdings Limited		
Non-current assets	**-**	9 697
Current assets	**-**	5 423
Non-current liabilities	**-**	(4 848)
Current liabilities	**-**	(3 971)
Revenue	**14 748**	13 513
Profit for the year from discontinued operations	**757**	711
Profit attributable to owners of the parent	**724**	677
Profit attributable to the non-controlling interests	**33**	34
Profit for the year	**757**	711
Total comprehensive income attributable to owners of the parent	**739**	739
Total comprehensive income attributable to the non-controlling interests	**33**	34
Total comprehensive income for the year	**772**	773
Dividends paid to non-controlling interests	**84**	71
Net inflow from operating activities	**1 238**	1 587
Net outflow from investing activities	**(838)**	(1 161)
Net outflow from financing activities	**(385)**	(476)
Net cash inflow/(outflow)	**15**	(50)

	2014 Rm	2013# Rm
23. INTEREST-BEARING LOANS AND BORROWINGS		
23.1 Analysis of closing balance		
Secured financing		
Capitalised finance lease and instalment sale agreements	**1 667**	355
Mortgage and term loans	**3 731**	2 308
Phaello senior secured notes	**-**	877
	5 398	3 540
Unsecured financing		
Convertible bonds (debt portions)	**24 198**	18 515
Steinhoff Services domestic medium-term note programme	**4 644**	3 492
JD Group domestic medium-term note programme	**2 847**	3 075
Promissory notes	**-**	306
US note purchase agreements	**3 768**	3 499
Preference shares: Micawber 455 Proprietary Limited	**153**	146
Syndicated loan facilities	**17 206**	11 880
Term loans	**3 484**	5 565
Other loans	**293**	140
	56 593	46 618
Total interest-bearing loans and borrowings	**61 991**	50 158
Portion payable before 30 June 2015 included in current liabilities	**(6 411)**	(5 117)
Total non-current interest-bearing loans and borrowings	**55 580**	45 041

The book value of assets encumbered in favour of the above mortgage and term loans and finance lease and instalment sale agreements amounts to R17 111 million (2013: R8 955 million) (note 10 and 17) together with a bank balance to the value of R nil million (2013: R519 million).

	2014 Rm	2013# Rm
23.2 Analysis of repayment		
Repayable within the next year and thereafter		
Next year	**6 411**	5 117
Within two years	**9 528**	8 024
Within three years	**10 487**	17 843
Within four years	**8 320**	9 282
Within five years	**17 764**	7 966
Thereafter	**9 481**	1 926
	61 991	50 158

Except for the 2005 note purchase agreement carried at fair value, all other loans and borrowings are carried at amortised cost. The fair values of interest-bearing loans and borrowings are disclosed in note 31.

23. INTEREST-BEARING LOANS AND BORROWINGS

23.3 Loan details

Steinhoff

Secured

Mortgage loan

Loans with various banks, repayable over various repayment terms and secured under mortgage bonds over various properties in Europe in favour of the relevant banks.

Syndicated property loan. This loan is secured by a charge over the assets financed by this loan.

Capitalised finance lease and instalment sale agreements

Secured hire purchase and lease agreements repayable in monthly or annual instalments over periods of one to five years. These leases are with various counterparties.

Unsecured

Convertible bond due 2013

The bond was fully redeemed by 31 July 2013.

Convertible bond due 2015

The bond was converted and redeemed during October and November 2013.

Convertible bond due 2016

The bond is convertible to 145.04 million ordinary shares of Steinhoff at R24.74 per ordinary share. The coupon rate is 5% per annum and the redemption price is 107.51%.

Convertible bond due 2017

The bond is convertible to 133.28 million ordinary shares of Steinhoff at R33.84 per ordinary share. The coupon rate is 6.375% per annum and the redemption price is 100%.

Convertible bond due 2018

The bond is convertible to 144.30 million ordinary shares of Steinhoff at R30.86 per ordinary share. The coupon rate is 4.5% per annum and the redemption price is 110.68%.

Convertible bond due 2021

The bond is convertible to 119.38 million ordinary shares of Steinhoff at R58.11 per ordinary share. The coupon rate is 4% per annum and the redemption price is 100%.

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

All underlying number of shares relating to the convertible bonds were adjusted for effects of the rights issue on 2 July 2014.

Facility million	Maturity date	Interest rate	2014 Rm	2013# Rm
€190	Various maturities up to June 2024	3.05% to 6.13%	**2 392**	785
€92	31 July 2016	EURIBOR plus 3.50%	**1 339**	1 478
-	-	Various	**1 378**	-
R1 500	31 July 2013	5.70%	**-**	12
R1 600	20 July 2015	9.63%	**-**	1 778
€390	22 May 2016	5.00%	**5 795**	4 994
€417	26 May 2017	6.38%	**5 780**	5 072
€468	31 March 2018	4.50%	**6 657**	5 716
€465	30 January 2021	4.00%	**5 966**	-

Steinhoff Services domestic medium-term note programme: senior unsecured

UTR40 - R250 million fixed rate note. Issued on 10 September 2010. Interest is payable semi-annually in arrears.
UTR42 - R150 million floating rate note. Issued on 19 April 2011. Interest is payable quarterly in arrears.
UTR43 - R200 million floating rate note. Issued on 19 April 2011. Interest is payable quarterly in arrears.
SHS01 - R227 million floating rate note. Issued on 15 December 2011. Interest is payable quarterly in arrears.
SHS03 - R179 million floating rate note. Issued on 29 June 2012. Interest is payable quarterly in arrears.
SHS04 - R651 million floating rate note. Issued on 29 June 2012. Interest is payable quarterly in arrears.
SHS05 - R421 million fixed rate note. Issued on 29 June 2012. Interest is payable semi-annually in arrears.
SHS06 - R580 million floating rate note. Issued on 12 December 2012. Interest is payable quarterly in arrears.
SHS07 - R150 million floating rate note. Issued on 10 April 2013. Interest is payable quarterly in arrears.
SHS08 - R200 million floating rate note. Issued on 21 June 2013. Interest is payable quarterly in arrears.
SHS09 - R100 million floating rate note. Issued on 21 June 2013. Interest is payable quarterly in arrears.
SHS10 - R200 million floating rate note. Issued on 28 June 2013. Interest is payable quarterly in arrears.
SHS11U - R300 million floating rate note. Issued on 19 November 2013. Interest is payable quarterly in arrears.
SHS12 - R100 million floating rate note. Issued on 12 December 2013. Interest is payable quarterly in arrears.
SHS13U - R100 million floating rate note. Issued on 12 May 2014. Interest is payable quarterly in arrears.
SHS14 - R200 million floating rate note. Issued on 17 June 2014. Interest is payable quarterly in arrears.
SHS15U - R50 million fixed rate note. Ceded on 30 June 2014. Interest is payable quarterly in arrears.[1]
SHS16U - R100 million floating rate note. Ceded on 30 June 2014. Interest is payable quarterly in arrears.[1]
SHS17U - R200 million floating rate note. Ceded on 30 June 2014. Interest is payable quarterly in arrears.[1]
SHS18U - R250 million floating rate note. Ceded on 30 June 2014. Interest is payable quarterly in arrears.[1]
Floating rate notes that have been repaid

Steinhoff, Steinhoff Africa and certain Unitrans subsidiaries in the KAP group have committed themselves as guarantors in respect of the Steinhoff Services (previously Unitrans Services) notes in issue. Subsequent to year-end, the Unitrans subsidiaries have been released of their guarantees by early redemption of UTR40, UTR42 and UTR43.

Steinhoff, Steinhoff Investment and Steinhoff Africa have committed themselves as guarantors in respect of the Steinhoff Services (SHS) note programme.

Promissory notes

This loan was repaid during the year.

2005 US note purchase agreement

Senior notes series B

The group has entered into a combined cross-currency interest rate swap on the series B loan (note 31). The series B loan is fair valued through profit or loss in order to eliminate the accounting mismatch arising from measuring the derivative hedging instrument through profit or loss. These notes benefit from a guarantor group of certain Steinhoff Europe subsidiaries.

[1] *These loans were ceded from JD Group.*

Facility million	Maturity date	Interest rate	2014 Rm	2013# Rm
R10 000				
	10 September 2017	10.16%	**258**	258
	19 April 2016	JIBAR plus 2.25%	**152**	152
	6 April 2015	JIBAR plus 3.00%	**204**	204
	15 December 2016	JIBAR plus 2.30%	**228**	228
	29 June 2015	JIBAR plus 1.70%	**179**	179
	29 June 2017	JIBAR plus 2.30%	**654**	655
	29 June 2017	8.75%	**428**	430
	12 December 2017	JIBAR plus 2.20%	**582**	582
	10 April 2016	JIBAR plus 1.60%	**152**	152
	21 May 2016	JIBAR plus 1.60%	**200**	200
	21 December 2014	JIBAR plus 0.85%	**100**	100
	28 July 2014	JIBAR plus 0.65%	**202**	200
	19 November 2016	JIBAR plus 1.70%	**303**	-
	12 December 2016	JIBAR plus 1.60%	**100**	-
	21 May 2015	JIBAR plus 1.00%	**101**	-
	17 June 2017	JIBAR plus 1.60%	**201**	-
	19 September 2014	8.08%	**50**	-
	29 June 2016	JIBAR plus 2.40%	**100**	-
	30 September 2016	JIBAR plus 4.75%	**200**	-
	30 November 2016	JIBAR plus 2.40%	**250**	-
	19 May 2013 to 19 April 2014	JIBAR plus 1.20% to 2.75%	**-**	152
-	6 September 2013 to 29 May 2014	5.75% to 11.53%	**-**	256
$149	15 March 2015	EURIBOR plus 0.88%	**1 594**	1 539

2012 US note purchase agreement

Senior notes series A
Senior notes series B
Senior notes series C
Senior notes series D
Senior notes series E

The group has entered into a combined cross-currency interest rate swap on the series A, B and C loans (note 31). These swaps are designated as cash flow hedges. The notes are carried at amortised cost.

Preference shares: Micawber

"A" redeemable preference shares issued by Micawber with a par value of R1 per share.

Syndicated loan facilities

Revolving credit facility[1]
Structured term loan
Term loan
Amortising term loan repayable semi-annually in €60 million instalments.
This loan was repaid during the year

Term loans

Revolving term loan
Revolving term loan
Amortising term loan repayable semi-annually in R67 million instalments
Amortising term loan repayable semi-annually in R30 million instalments
Amortising term loan repayable semi-annually in R30 million instalments
Amortising term loan
Term loan
Term loan
Amortising term loan[2]
Amortising term loan[2]
Amortising term loan[2]
Term loans that have been repaid

Other loans

[1] *The margin could vary depending on the achievement of financial covenants.*

[2] *These loans were ceded from JD Group.*

Facility million	Maturity date	Interest rate	2014 Rm	2013# Rm
$41	25 April 2015	EURIBOR plus 3.07%	**431**	395
$29	25 April 2019	EURIBOR plus 3.49%	**302**	277
$33	25 April 2022	EURIBOR plus 3.74%	**345**	316
€38	25 April 2019	5.38%	**548**	486
€38	25 April 2022	5.92%	**548**	486
-	28 January 2015	74.00% of SA prime	**153**	146
€1 800	29 June 2019	EURIBOR plus 1.75%	**16 612**	6 590
€20	31 March 2031	Structured rate of 4.10% plus 3.00%	**291**	258
£17	31 March 2016	LIBOR plus 3.00%	**303**	377
-	29 June 2016	EURIBOR plus 2.00%	**-**	4 655
R394	15 July 2016	JIBAR plus 2.45%	**401**	399
R400	17 December 2015	JIBAR plus 2.20%	**404**	505
R201	15 June 2015	JIBAR plus 2.50%	**209**	348
R180	8 May 2017	JIBAR plus 2.20%	**182**	243
R90	15 July 2015	JIBAR plus 2.85%	**92**	153
AUD19	16 May 2019	BBR plus 0.50%	**20**	168
R1 000	23 June 2017	JIBAR plus 2.00%	**1 001**	-
R450	31 August 2020	JIBAR plus 2.70%	**453**	-
R346	28 September 2017	JIBAR plus 2.45%	**346**	-
R75	24 August 2016	8.66%	**76**	-
R300	8 May 2017	9.01%	**300**	-
-	27 December 2014 to 8 May 2015	JIBAR plus 2.20% to 2.30%	**-**	604
			245	-

JD Group

Secured

Capitalised finance lease and instalment sale agreements

Secured hire purchase and lease agreements repayable in monthly or annual instalments over periods of one to five years. These leases are with various counterparties.

Unsecured

Amortising term loans

Floating rate loans that have been repaid
Fixed rate loans that have been ceded to Steinhoff
Floating rate loan that has been ceded to Steinhoff

Term loans

Floating rate term loans that have been repaid
Fixed rate term loans that have been repaid
Floating rate term loans that have been ceded to Steinhoff

Convertible bond due 2017

The convertible bond due 2017 was redeemed during the year.

JD Group domestic medium-term note programme: senior unsecured

JDG01 - listed fixed rate note
JDG03 - listed floating rate note
JDG04 - listed floating rate note
JDG02U - unlisted floating rate note
JDG03U - unlisted floating rate note
JDG07U - unlisted floating rate note
JDG08U - unlisted floating rate note
JDG09U - unlisted floating rate note
JDG10U - unlisted fixed rate note
JDG11U - unlisted floating rate note
JDG12U - unlisted floating rate note
Unlisted floating rate notes that have been repaid
The interest on the notes is payable quarterly in arrears.

Promissory notes

Floating rate note that has been repaid

Accrued interest

Facility million	Maturity date	Interest rate	2014 Rm	2013# Rm
-	-	SA prime less 2.50% to 0.90%	**289**	345
-	30 July 2013 to 30 November 2016	JIBAR plus 1.90% to 2.40%	**-**	317
-	24 August 2016 to 8 May 2017	8.66% to 9.01%	**-**	505
-	28 September 2017	JIBAR plus 2.45%	**-**	458
-	22 August 2012 to 30 May 2016	JIBAR plus 1.98% to 2.60%	**-**	765
-	31 July 2014 to 30 April 2015	8.72% to 9.19%	**-**	750
-	19 September 2014 to 30 September 2016	JIBAR plus 2.25% to 4.75%	**-**	350
R1 000	19 June 2017	7.50%	**-**	943
R8 000				
	30 October 2015	7.17%	**1 000**	1 000
	15 April 2016	JIBAR plus 1.65%	**450**	450
	15 April 2018	JIBAR plus 2.03%	**300**	300
	22 January 2015	JIBAR plus 1.25%	**100**	100
	21 February 2016	JIBAR plus 1.80%	**85**	85
	14 November 2014	JIBAR plus 0.95%	**200**	-
	28 November 2014	JIBAR plus 1.00%	**125**	-
	29 January 2015	JIBAR plus 1.00%	**203**	-
	29 January 2015	6.98%	**114**	-
	4 February 2015	JIBAR plus 1.00%	**100**	-
	18 March 2015	JIBAR plus 1.40%	**170**	-
	14 November 2013 to 15 May 2014	JIBAR plus 0.65% to 0.80%	**-**	1 140
	17 July 2013	JIBAR plus 0.41%	**-**	50
			48	74

KAP

On 30 June 2014, KAP became an associate and its interest-bearing debt was derecognised.

Secured

Capitalised finance lease and instalment sale agreements

Secured hire purchase and lease agreements repayable in monthly or annual instalments over periods of five to eight years. These leases are with various counterparties.

Phaello senior secured notes

PCF03U - unlisted floating rate note
PCF04U - unlisted floating rate note
PCF05U - unlisted floating rate note

Term loans

Loan payable in monthly instalments of R0.4 million.
Amortising term loan repayable in quarterly instalments. This loan is secured by a charge over assets with a book value of R29 million. (BIM = Banco International Mozambique prime rate)
Amortising term loan repayable in quarterly instalments of MGA624 million. The loan is secured by the assets purchased that it financed and in addition, €1.1 million guarantee from a bank. (MGA = Malagasy ariary)

Unsecured

Other loans

23.4 Convertible bonds

Balance at beginning of the year
Proceeds from issue of convertible bonds
Amount classified as equity
Redemption of Steinhoff convertible bonds due 2013 and 2015, and JD Group convertible bond due 2017
Conversion of Steinhoff convertible bonds due 2013, 2015 and 2017
Coupon interest
Market implied interest
Exchange differences on consolidation of foreign subsidiaries
Balance at end of the year

Facility million	Maturity date	Interest rate	2014 Rm	2013[#] Rm
-	-	6.50% to 7.40%	**-**	10
-	28 March 2016	JIBAR plus 1.65%	**-**	305
-	1 November 2016	JIBAR plus 1.65%	**-**	202
-	27 June 2017	JIBAR plus 1.75%	**-**	370
-	1 June 2018	SA prime minus 5.00%	**-**	23
-	9 April 2014	BIM plus 1.00%	**-**	9
-	17 August 2014	11.00%	**-**	13
-	various	various	**-**	66
			61 991	50 158
			18 515	12 423
			6 457	4 467
			(802)	(317)
			(1 050)	(1 427)
			(1 770)	(22)
			(1 101)	(941)
			1 729	1 387
			2 220	2 945
			24 198	18 515

	2014	2013#
	Rm	Rm
24. EMPLOYEE BENEFITS		
Conforama France Pension Fund	**594**	444
Other pension funds	**62**	113
Performance-based bonus accrual	**285**	372
Leave pay accrual	**331**	416
Other	**346**	265
Total liability	**1 618**	1 610
Transferred to short-term employee benefits	**(750)**	(888)
Long-term employee benefits	**868**	722

24.1 Defined contribution plans

The group has various defined contribution plans to which employees contribute. The assets of these schemes are held in administered trust funds separate from the group's assets.

24.2 Defined benefit plans

Various defined benefit plans are in operation throughout the group. The assets of these schemes are held in administered trust funds separate from the group's assets. Certain of the funds have a surplus which has not been recognised as the employer is not entitled to any of the surplus or unutilised reserves.

Conforama France Pension Fund

Under the scheme, the employees are entitled to retirement benefits based on final salary on attainment of retirement age (or earlier withdrawal or death) and the number of years worked for Conforama. No other post-retirement benefits are provided.

The fund was valued on 30 June 2012, which is in line with group policies. There are 8 406 (2013: 8 141) employees currently covered by the fund.

24.3 *The financial details of the different funds and the effect on the group's annual financial statements are:*

	Conforama Pension Fund		**Other Pension Funds**	
	2014	2013#	**2014**	2013#
	Rm	Rm	**Rm**	Rm
The amounts included in the consolidated statement of position arising from the entity's obligation in respect of its defined benefit plans are as follows:				
Present value of funded defined benefit obligation	**(631)**	(476)	**(1 342)**	(1 147)
Fair value of plan asset	**37**	32	**1 280**	1 034
Net liability arising from defined benefit obligation	**(594)**	(444)	**(62)**	(113)

	Conforama Pension Fund		Other Pension Funds	
	2014	2013#	**2014**	2013#
	Rm	Rm	**Rm**	Rm
Components of defined benefit cost recognised in comprehensive income				
Service cost	**(28)**	(23)	**-**	-
Net interest expense	**(13)**	(11)	**(5)**	(5)
Other expenses	**-**	-	**(7)**	(8)
Components of defined benefit cost recognised in profit or loss	**(41)**	(34)	**(12)**	(13)
Remeasurement on the net defined benefit liability:				
Return on plan assets (excluding amounts included in net interest expense)	**-**	-	**33**	35
Remeasurement gains/(losses) arising from changes in:				
Demographic assumptions	**(25)**	-	**9**	-
Financial assumptions	**(18)**	(14)	**(70)**	(58)
Experience adjustments	**(26)**	19	**70**	-
Components of defined benefit cost recognised in other comprehensive income	**(69)**	5	**42**	(23)
	(110)	(29)	**30**	(36)
Movements in the present value of the defined benefit obligation				
Opening defined benefit obligation	**(476)**	(363)	**(1 147)**	(927)
Current service cost	**(28)**	(23)	**-**	-
Interest cost	**(14)**	(12)	**(57)**	(46)
Remeasurement gains/(losses) arising from changes in:				
Demographic assumptions	**(25)**	-	**9**	-
Financial assumptions	**(18)**	(14)	**(70)**	(58)
Experience adjustments	**(26)**	19	**70**	-
Past service cost	**16**	-	**-**	-
Acquired on acquisition of subsidiary company	**(18)**	-	**-**	-
Benefits paid	**22**	10	**88**	51
Exchange differences on consolidation of foreign subsidiaries	**(64)**	(93)	**(235)**	(167)
Closing defined benefit obligation	**(631)**	(476)	**(1 342)**	(1 147)
Movements in the fair value of the plan assets				
Opening fair value of plan assets	**32**	25	**1 034**	829
Interest income	**1**	1	**52**	41
Return on plan assets (excluding amounts included in net interest expense)	**-**	-	**33**	35
Employer contributions	**22**	10	**41**	39
Other expenses	**-**	-	**(7)**	(8)
Benefits paid	**(22)**	(10)	**(88)**	(51)
Exchange differences on consolidation of foreign subsidiaries	**4**	6	**215**	149
Closing fair value of plan assets	**37**	32	**1 280**	1 034

	Conforama Pension Fund		Other Pension Funds	
	2014	2013#	**2014**	2013#
	Rm	Rm	**Rm**	Rm
The major categories of plan assets are:				
Equities/diversified growth fund	**-**	-	**832**	686
Bonds	**-**	-	**433**	337
Cash	**37**	32	**4**	5
Escrow account	**-**	-	**11**	6
Total market value of assets	**37**	32	**1 280**	1 034
The principal assumptions used for the purposes of the actuarial valuations are:				
Discount rate	**2.5%**	2.8%	**4.2%**	4.6%
Expected rates of salary increase	**2.0%**	2.0%	**n/a**	n/a
Inflation	**2.0%**	2.0%	**3.2%**	3.3%

24.4 Performance-based bonus and leave pay accruals

	Performance-based bonus Rm	Leave pay Rm	Total Rm
Balance at 1 July 2012	401	361	762
Additional accrual raised	304	293	597
Amounts unused reversed	(25)	(77)	(102)
Amounts utilised	(309)	(176)	(485)
Transferred to assets classified as held for sale	(1)	(3)	(4)
Net acquisition and disposal of subsidiaries and businesses	2	1	3
Exchange differences on consolidation of foreign subsidiaries	-	17	17
Balance at 30 June 2013	**372**	**416**	**788**
Additional accrual raised	**316**	**213**	**529**
Amounts unused reversed	**(23)**	**(29)**	**(52)**
Amounts utilised	**(217)**	**(180)**	**(397)**
Transferred to assets classified as held for sale	**(9)**	**(21)**	**(30)**
Net acquisition and disposal of subsidiaries and businesses	**(155)**	**(90)**	**(245)**
Exchange differences on consolidation of foreign subsidiaries	**1**	**22**	**23**
Balance at 30 June 2014	**285**	**331**	**616**

Performance-based bonus accrual
The bonus payable is fixed by applying a specific formula based on the employee's achievement of performance targets.

Leave pay accrual
The leave pay accrual relates to vesting leave pay to which employees may become entitled on leaving the employment of the group. The accrual arises as employees render a service that increases their entitlement to future compensated leave and is calculated based on an employee's total cost of employment. The accrual is utilised when employees become entitled to and are paid for the accumulated leave or utilise compensated leave due to them.

25. PROVISIONS

	Dilapidation, onerous lease and onerous contract provisions Rm	Warranty provisions Rm	Other Rm	Total Rm
Balance at 1 July 2012	2 064	367	558	2 989
Additional provision raised	1 025	14	435	1 474
Amounts unused reversed	-	(280)	(337)	(617)
Amounts utilised	(306)	(16)	(556)	(878)
Exchange differences on consolidation of foreign subsidiaries	121	54	478	653
Balance at 30 June 2013	**2 904**	**139**	**578**	**3 621**
Additional provision raised	**209**	**246**	**443**	**898**
Amounts unused reversed	**(587)**	**(14)**	**(182)**	**(783)**
Amounts utilised	**(1 063)**	**(19)**	**(516)**	**(1 598)**
Net acquisition and disposal of subsidiaries and businesses	**(5)**	**8**	**250**	**253**
Exchange differences on consolidation of foreign subsidiaries	**122**	**26**	**277**	**425**
Balance at 30 June 2014	**1 580**	**386**	**850**	**2 816**

	2014 Rm	2013 Rm
Long-term provisions	**1 603**	2 609
Short-term provisions	**1 213**	1 012
	2 816	3 621

Dilapidation, onerous lease and onerous contract provisions
Provision for dilapidation of buildings occupied by the group and provision for long-term leases containing onerous provisions or terms in comparison with average terms and conditions of leases.

Provision for unfavourable legally binding contracts where the terms of the contract are unfavourable based on market-related rates.

Warranty provisions
The warranty provision represents management's best estimate, based on past experience, of the group's liability under warranties granted on products sold.

Other provisions
Other provisions include the amounts under insurance contracts, see note 32.

	2014 Rm	2013# Rm
26. TRADE AND OTHER PAYABLES		
Non-current trade and other payables		
Derivative financial liabilities	**34**	-
Equalisation of operating lease payments	**354**	231
	388	231
Current trade and other payables		
Trade payables	**21 676**	18 438
Accruals	**2 023**	2 290
Floorplan creditors	**1 663**	1 521
Cash received in advance	**3 138**	2 497
Other payables and amounts due	**3 267**	2 752
Derivative financial liabilities	**197**	33
Trade and other payables (financial liabilities)	**31 964**	27 531
Equalisation of operating lease payments	**94**	11
Taxation payable	**745**	853
Value added taxation payable	**1 419**	1 352
	34 222	29 747

The fair value of trade and other payables is disclosed in note 31.

27. CASH GENERATED FROM OPERATIONS

	2014 Rm	2013# Rm
Operating profit	**14 122**	9 459
Adjusted for:		
Operating profit of discontinued operations including loss on disposal	**(532)**	1 535
Debtors costs	**3 258**	914
Depreciation and amortisation	**2 865**	2 710
Fair value adjustments of consumable biological assets and decrease due to harvesting	**(114)**	(105)
Fair value (profit)/loss on financial assets	**(88)**	198
Impairments	**154**	385
Inventories written-down to net realisable value and movement in provision for inventories	**308**	165
Loss on disposal of discontinued operations	**229**	-
Net loss/(profit) on disposal and scrapping of property, plant and equipment, vehicle rental fleet, intangible assets and investment property	**80**	(27)
Profit on disposal of investments	**(1 745)**	(8)
Share-based payment expense	**295**	175
Other non-cash adjustments	**207**	27
Cash generated before working capital changes	**19 039**	15 428
Working capital changes		
(Increase)/decrease in inventories	**(1 001)**	814
Increase in vehicle rental fleet	**(784)**	(773)
Increase in secured instalment sale and loan receivables	**(1 368)**	(893)
Decrease/(increase) in trade and other receivables	**1 746**	(681)
Decrease in assets held for sale	**400**	15
Movement in net derivative financial liabilities/assets	**284**	(56)
Decrease in liabilities held for sale	**(67)**	-
Decrease in non-current and current provisions	**(1 452)**	(20)
Increase/(decrease) in non-current and current employee benefits	**36**	(30)
Increase/(decrease) in trade and other payables	**4 484**	(1 106)
Net changes in working capital	**2 278**	(2 730)
Cash generated from operations	**21 317**	12 698

28. NET CASH FLOW ON ACQUISITION OF SUBSIDIARIES AND BUSINESSES

	2014 Rm	2013# Rm
The fair value of assets and liabilities assumed at date of acquisition was:		
Assets		
Intangible assets	**63**	834
Property, plant and equipment	**8 997**	37
Investments in equity accounted companies	**-**	(10)
Investments and loans	**172**	1
Deferred taxation assets	**63**	1
Short-term loans receivable	**12**	-
Cash on hand	**494**	2
Liabilities		
Non-current interest-bearing loans and borrowings	**(2 879)**	(11)
Deferred taxation liability	**(5)**	(2)
Current interest-bearing loans and borrowings	**(361)**	-
Bank overdraft and short-term facilities	**(26)**	(808)
Working capital	**335**	(36)
Existing non-controlling interests	**(132)**	(1)
Total assets and liabilities acquired	**6 733**	7
Goodwill at acquisition	**7 295**	374
Gain on bargain purchase at acquisition	**(1)**	-
Total consideration	**14 027**	381
Cash and cash equivalents on hand at acquisition	**(494)**	(2)
Purchase price settled through loan account	**(2)**	-
Purchase price settled through issue of shares	**(7 058)**	-
Net cash outflow on acquisition of subsidiaries	**6 473**	379

The goodwill arising on the acquisition of these companies is attributable to the strategic business advantages acquired, principal retail locations and leases, as well as knowledgeable employees and management strategies that did not meet the criteria for recognition as other intangible assets on the date of acquisition.

	2014 Rm	2013# Rm
The carrying value of identifiable assets and liabilities immediately prior to the acquisition was:		
Assets		
Goodwill	**-**	256
Intangible assets	**63**	834
Property, plant and equipment	**8 997**	37
Investments in equity accounted companies	**-**	(10)
Investments and loans	**172**	1
Deferred taxation assets	**63**	1
Short-term loans receivable	**12**	-
Cash on hand	**494**	2
Liabilities		
Non-current interest bearing-loans and borrowings	**(2 879)**	(11)
Deferred taxation liability	**(5)**	(2)
Current interest-bearing loans and borrowings	**(361)**	-
Bank overdraft and short-term facilities	**(26)**	(808)
Working capital	**335**	(36)
Non-controlling interests	**(132)**	(1)
Total assets and liabilities acquired	**6 733**	263

	KAP Rm	Other Rm	2014 Rm	2013# Rm
29. NET CASH FLOW ON DISPOSAL OF SUBSIDIARIES AND BUSINESSES				
The carrying values of assets and liabilities disposed of at the date of disposal were:				
Assets				
Goodwill	205	4	209	-
Intangible assets	1 085	6 892	7 977	-
Property, plant and equipment	6 614	129	6 743	27
Investment property	19	-	19	-
Consumable biological assets	1 875	-	1 875	-
Investment in equity accounted companies	145	475	620	-
Investments and loans	33	11	44	-
Deferred taxation assets	70	5	75	1
Cash on hand	898	130	1 028	18
Liabilities				
Interest-bearing loans and borrowings	(3 028)	(133)	(3 161)	-
Deferred taxation liability	(994)	(171)	(1 165)	-
Working capital	53	(5 912)	(5 859)	(5)
Non-controlling interests	(2 761)	(53)	(2 814)	(19)
Carrying value of assets and liabilities disposed	4 214	1 377	5 591	22
Investment in associate company recognised	(4 041)	-	(4 041)	(17)
Profit on disposal	1 346	87	1 433	-
Proceeds on disposal	1 519	1 464	2 983	5
Cash on hand at date of disposal	(898)	(130)	(1 028)	(18)
Net cash inflow/(outflow) on disposal of subsidiaries	621	1 334	1 955	(13)

	2014 Rm	2013# Rm
30. COMMITMENTS AND CONTINGENCIES		
30.1 Capital expenditure		
Contracts for capital expenditure authorised	1 370	1 055
Capital expenditure authorised but not contracted for	718	1 104
Capital expenditure will be financed from cash and existing loan facilities.		
30.2 Borrowing facilities		
In terms of the memorandum of incorporation, the borrowing powers of the company are unlimited.		
30.3 Unutilised borrowing facilities at 30 June	19 272	13 838

	Property Rm	Plant, equipment, vehicles and other Rm	2014 Total Rm	2013 Total Rm
30.4 Operating leases				
Amounts outstanding under non-cancellable operating lease agreements payable within the next year and thereafter:				
Next year	**3 167**	**308**	**3 475**	3 155
Within two to five years	**8 109**	**428**	**8 537**	8 475
Thereafter	**5 237**	**33**	**5 270**	4 762

Balances denominated in currencies other than South African rands were converted at the closing rates of exchange ruling at 30 June 2014.

30.5 Contingent liabilities

Certain companies in the group are involved in disputes where the outcomes are uncertain. However, the directors are confident that they will be able to defend these actions and that the potential of outflow or settlement is remote and, if not, that the potential impact on the group will not be material.

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

The group has a number of guarantees and sureties outstanding at year-end. However, the directors are confident that no material liability will arise as a result of these guarantees and sureties.

Suretyships, guarantees and indemnities in favour of funders in respect of the liabilities of the Company and/or Steinhoff Africa Holdings Proprietary Limited (Steinhoff Africa) and certain liabilities of the KAP group benefit from cross guarantees, suretyships and indemnities by the Company, Steinhoff Investment and certain subsidiaries of Steinhoff Africa and KAP respectively. Subsequent to year-end, the Unitrans subsidiaries have been released of their guarantees by early redemption of UTR40, UTR42 and UTR43.

Steinhoff Investment Holdings Limited (Steinhoff Investment) has subordinated R4 250 million of the shareholder's loan due from Steinhoff Africa in favour of all other creditors.

Steinhoff has subordinated R992 million of the shareholder's loan due from Steinhoff Investment in favour of all other creditors.

31. FINANCIAL INSTRUMENTS

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

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

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

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

	At fair value through profit or loss[1] Rm	Designated as at fair value through profit or loss Rm	Available for sale financial assets Rm	Loans and receivables and other financial liabilities at amortised cost Rm	Total carrying values Rm	Loans and receivables and other financial liabilities at fair value Rm	Total fair values Rm
31.1 Total financial assets and liabilities							
2014							
Investments and loans	80	-	3 895	6 424	10 399	6 424	10 399
Trade and other receivables (financial assets)	-	-	-	55	55	55	55
Non-current financial assets	80	-	3 895	6 479	10 454	6 479	10 454
Trade and other receivables (financial assets)	13	-	-	15 323	15 336	15 323	15 336
Short-term loans receivable	-	-	-	5 928	5 928	5 928	5 928
Cash and cash equivalents	-	-	-	16 341	16 341	16 341	16 341
Current financial assets	13	-	-	37 592	37 605	37 592	37 605
Long-term interest-bearing loans and borrowings	-	-	-	(55 580)	(55 580)	(59 548)	(59 548)
Trade and other payables (financial liabilities)	(34)	-	-	-	(34)	-	(34)
Non-current financial liabilities	(34)	-	-	(55 580)	(55 614)	(59 548)	(59 582)
Short-term interest-bearing loans and borrowings	-	(1 594)	-	(4 817)	(6 411)	(4 831)	(6 425)
Bank overdrafts and short-term facilities	-	-	-	(2 436)	(2 436)	(2 436)	(2 436)
Trade and other payables (financial liabilities)	(197)	-	-	(31 767)	(31 964)	(31 767)	(31 964)
Current financial liabilities	(197)	(1 594)	-	(39 020)	(40 811)	(39 034)	(40 825)
	(138)	(1 594)	3 895	(50 529)	(48 366)	(54 511)	(52 348)
Net (gains) and losses recognised in profit or loss	168	(143)	43	(354)	(286)		
Net (gains) and losses recognised in equity	-	-	55	69	124		
	168	(143)	98	(285)	(162)		
Total interest income from continuing and discontinued operations		-	-	(1 506)	(1 506)		
Total interest expense from continuing and discontinued operations		78	-	3 656	3 734		
		78	-	2 150	2 228		

[1] *This category includes derivative financial instruments.*

	At fair value through profit or loss[1] Rm	Designated as at fair value through profit or loss Rm	Available for sale financial assets Rm	Loans and receivables and other financial liabilities at amortised cost Rm	Total carrying values Rm	Loans and receivables and other financial liabilities at fair value Rm	Total fair values Rm
2013[#]							
Investments and loans	69	-	72	983	1 124	983	1 124
Trade and other receivables (financial assets)	87	-	-	3 087	3 174	3 087	3 174
Non-current financial assets	156	-	72	4 070	4 298	4 070	4 298
Trade and other receivables (financial assets)	155	-	-	16 986	17 141	16 986	17 141
Short-term loans receivable	-	-	-	3 228	3 228	3 228	3 228
Cash and cash equivalents	-	-	-	9 249	9 249	9 249	9 249
Current financial assets	155	-	-	29 463	29 618	29 463	29 618
Long-term interest-bearing loans and borrowings	-	(1 539)	-	(43 502)	(45 041)	(45 597)	(47 136)
Non-current financial liabilities	-	(1 539)	-	(43 502)	(45 041)	(45 597)	(47 136)
Short-term interest-bearing loans and borrowings	-	-	-	(5 117)	(5 117)	(5 128)	(5 128)
Bank overdrafts and short-term facilities	-	-	-	(3 162)	(3 162)	(3 162)	(3 162)
Trade and other payables (financial liabilities)	(33)	-	-	(27 498)	(27 531)	(27 498)	(27 531)
Current financial liabilities	(33)	-	-	(35 777)	(35 810)	(35 788)	(35 821)
	278	(1 539)	72	(45 746)	(46 935)	(47 852)	(49 041)
Net (gains) and losses recognised in profit or loss	(60)	46	-	(737)	(751)		
Net losses recognised in equity	-	-	23	-	23		
	(60)	46	23	(737)	(728)		
Total interest income from continuing and discontinued operations		-	-	(1 245)	(1 245)		
Total interest expense from continuing and discontinued operations		66	-	3 266	3 332		
		66	-	2 021	2 087		

No items were classified as 'held to maturity' during either period presented.

[1] *This category includes derivative financial instruments.*

	Fair value hierarchy	Valuation techniques and key inputs	Fair value 2014 Rm	Fair value 2013# Rm
31.2 Fair values				
Listed investments - ordinary shares, preference shares and unit trusts	Level 1	Quoted 30-day volume weighted average prices in an active market.	**3 769**	73
Unlisted investments - ordinary shares	Level 2	Adjusted quoted prices in an active market.	**206**	68
Trade and other receivables - derivative financial assets - interest rate swaps	Level 2	The fair values of interest rate swaps are based on broker quotes. Those quotes are tested for reasonability by discounting estimated future cash flows based on the terms and maturity of each contract using market interest rates for a similar instrument at the measurement date.	**-**	87
Trade and other payables - derivative financial liabilities - interest rate swaps	Level 2		**(165)**	-
Trade and other receivables - derivative financial assets - foreign currency forward	Level 2	The fair values of forward exchange contracts are based on their listed market price, if available. If a listed market price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).	**13**	155
Trade and other payables - derivative financial liabilities - foreign currency forward contracts	Level 2		**(66)**	(33)
Interest-bearing loans and borrowings - 2005 US note purchase agreement	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of the counterparty.	**(1 594)**	(1 539)

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

There were no level 3 financial assets or financial liabilities at 30 June 2014 and 30 June 2013. There were no transfers between level 1 and level 2 during the year.

31.3 Foreign currency risk

The group's manufacturing and sourcing operating costs and expenses are principally incurred in South African rand, Polish zloty, US dollars and Hungarian forint. Its revenue derived from outside southern Africa, however, is principally in euros, Swiss franc, UK pounds, US dollars and Australian dollars. The group's business model is based on the strategy of locating production in, and sourcing materials from, emerging low-cost economies and supplying finished products into developed economies.

It is group policy to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported profits or reported assets and liabilities.

Exposure to currency risk

Currency risk (or foreign exchange risk) as defined by IFRS 7, arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. For the purpose of IFRS 7, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Differences resulting from the translation of subsidiary financial statements into the group's presentation currency are not taken into consideration.

The carrying amounts of the group's material foreign currency denominated monetary assets and liabilities (excluding intragroup loan balances) that will have an impact on profit or loss when exchange rates change, at reporting date are as follows:

	Euros Rm	UK pounds Rm	US dollars Rm
2014			
Investments and loans	**1**	**-**	**-**
Trade and other receivables (financial assets excluding financial derivatives)	**187**	**146**	**52**
Cash and cash equivalents	**36**	**2**	**35**
Long-term interest-bearing loans and borrowings	**-**	**(193)**	**(646)**
Short-term interest-bearing loans and borrowings	**-**	**(160)**	**(2 025)**
Trade and other payables (financial liabilities excluding financial derivatives)	**(154)**	**(1)**	**(1 030)**
Pre-derivative position	**70**	**(206)**	**(3 614)**
Derivative effect	**146**	**-**	**(1 505)**
Open position	**216**	**(206)**	**(5 119)**
2013#			
Investments and loans	-	-	59
Trade and other receivables (financial assets excluding financial derivatives)	247	62	90
Cash and cash equivalents	36	1	25
Long-term interest-bearing loans and borrowings	(1)	(377)	(2 527)
Trade and other payables (financial liabilities excluding financial derivatives)	(339)	(33)	(1 667)
Pre-derivative position	(57)	(347)	(4 020)
Derivative effect	(290)	(32)	7 390
Open position	(347)	(379)	3 370

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

	Forecast rate[1] 30 June 2015	Forecast rate[1] 30 June 2014	**Reporting date spot rate 2014**	Reporting date spot rate 2013
Rand				
Euro	**14.1025**	12.4780	**14.5721**	12.9209
UK pound	**17.7125**	14.9799	**18.1816**	15.0735
US	**10.5950**	9.8958	**10.6697**	9.8780
Euro				
UK	**0.7962**	0.8330	**0.8015**	0.8572
US	**1.3311**	1.2609	**1.3657**	1.3080

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

Sensitivity analysis

The table below indicates the group's sensitivity at year-end to the movements in the major currencies that the group is exposed to on its financial instruments. The percentages given below represent a weighting of foreign currency rates forecasted by the major banks that the group transacts with regularly. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 2013.

	2014 Rm	2013# Rm
The impact on the reported numbers of using the forecast rates as opposed to the reporting date spot rates is set out below:		
Through (profit)/loss		
Euro weakening by 3.2% (2013: 3.4%) to the rand	**(7)**	12
UK pound weakening by 2.6% (2013: weakening by 0.6%) to the rand	**5**	2
US dollar weakening by 0.7% (2013: strengthening by 0.2%) to the rand	**36**	6

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

Foreign exchange contracts
The group uses forward exchange contracts to hedge its foreign currency risk against the functional currency of its various global operations. Most of the forward exchange contracts have maturities of less than one year after reporting date. As a matter of policy, the group does not enter into derivative contracts for speculative purposes. The fair values of such contracts at year-end, by currency, were:

	2014 Rm	2013# Rm
Short-term derivatives		
Assets		
Fair value of foreign exchange contracts		
Euro	**-**	27
Polish zloty	**13**	-
US dollar	**-**	115
Third currency embedded derivatives	**-**	13
	13	155
Liabilities		
Fair value of foreign exchange contracts		
Croatian kuna	**(1)**	-
Euro	**(1)**	(17)
New Zealand dollar	**-**	(1)
Swiss franc	**(11)**	-
UK pounds	**-**	(1)
US dollar	**(53)**	-
Interest rate swap and third currency embedded derivatives	**(131)**	(14)
	(197)	(33)
Net derivative assets	**(184)**	122
Long-term derivatives		
Interest rate swaps and cross-currency derivatives	**(34)**	87

Currency options are only purchased as a cost-effective alternative to forward currency contracts.

Cash flow hedges
The group classifies certain of its forward exchange contracts that hedge forecast transactions as cash flow hedges. The fair value of such contracts recognised as derivative assets and liabilities and adjusted against the hedging reserve at year-end was:

	2014 Rm	2013# Rm
Fair value loss for the year recognised in other comprehensive income	**(69)**	(41)

	2014 Rm	2013# Rm
The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur (this table includes the cash flows under the 2012 note purchase agreement):		
Payable in 12 months	**11**	13
Payable April 2015	**427**	401
Payable April 2019	**299**	271
Payable April 2022	**341**	310
Total expected cash flows	**1 078**	995

Changes in the fair value of forward exchange contracts of economically hedged monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied, are recognised in profit or loss.

31.4 Interest rate risk

Given the group's global footprint and its strategy of low-cost manufacturing and sourcing in emerging markets and sales in developed countries, the group follows a policy of maintaining a balance between fixed and variable rate loans to reflect, as accurately as possible, different interest rate environments, the stability of the relevant currencies, the effect which the relevant interest rates have on group operations and consumer spending within these environments. These variables are taken into account in structuring the group's borrowings to achieve a reasonable, competitive, market-related cost of funding.

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

The interest and related terms of the group's interest-bearing loans are disclosed in note 23.

At the reporting date the interest rate profile of the group's financial instruments were:

	Subject to interest rate movement					
	Variable EURIBOR Rm	**Variable JIBAR and SA prime Rm**	**Variable other Rm**	**Fixed rate Rm**	**Non-interest-bearing Rm**	**Total Rm**
2014						
Non-current financial assets	**5 173**	**62**	**-**	**1 159**	**4 060**	**10 454**
Current financial assets	**63**	**1 364**	**171**	**21 292**	**14 715**	**37 605**
Non-current financial liabilities	**(19 871)**	**(7 137)**	**(334)**	**(26 934)**	**(1 304)**	**(55 580)**
Current financial liabilities	**(5 775)**	**(2 570)**	**(1 779)**	**(614)**	**(29 942)**	**(40 680)**
	(20 410)	**(8 281)**	**(1 942)**	**(5 097)**	**(12 471)**	**(48 201)**
Effect of interest rate swaps	**(2 827)**	**-**	**-**	**2 662**	**-**	**(165)**
	(23 237)	**(8 281)**	**(1 942)**	**(2 435)**	**(12 471)**	**(48 366)**
2013#						
Non-current financial assets	-	73	-	3 766	372	4 211
Current financial assets	3 222	1 839	561	11 446	12 550	29 618
Non-current financial liabilities	(12 790)	(8 141)	(3)	(24 100)	(7)	(45 041)
Current financial liabilities	(3 465)	(3 498)	(143)	(789)	(27 915)	(35 810)
	(13 033)	(9 727)	415	(9 677)	(15 000)	(47 022)
Effect of interest rate swaps	(2 440)	-	-	2 527	-	87
	(15 473)	(9 727)	415	(7 150)	(15 000)	(46 935)

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

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

	2014 Rm	2013# Rm
Through (profit)/loss		
EURIBOR - 100 basis point increase	**232**	155
JIBAR and SA prime - 100 basis point increase	**83**	97

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

Cross-currency interest rate swap contracts
The group has entered into a number of cross-currency interest rate swap contracts to effectively convert fixed-interest US dollar borrowings into variable interest euro borrowings. The value of the group's cross-currency interest rate swaps can effectively be split into two components: a portion that is attributable to converting a US dollar-denominated borrowing liability into a euro-denominated borrowing liability (the currency portion) - the value of this portion changes as currency exchange rates change; and a portion that is attributable to converting fixed-rate US dollar interest payments into variable rate euro interest payments (the interest portion) - the value of this portion of the swap changes as US dollar fixed-interest rates, euro variable interest rates and foreign currency exchange rates change.

The swaps are dedicated to convert a total of US$242 million of the fixed-rate US dollar-denominated senior notes (note 23) to a variable rate euro liability. The maturity dates of the swaps are identical to those of the underlying series of senior notes that they effectively offset.

Under the terms of the swaps, the group receives fixed interest at rates varying from 4.49% to 6.27% and pays floating rate interest at fixed spreads above the six-month EURIBOR rate. The interest payments are due bi-annually, with reset dates being the first day of each calculation period. The embedded derivatives contained within the transactions were calculated with the assistance of major investment banks.

The fair value of the swaps entered into on 15 March 2005 was estimated as a liability of R31 million (2013: asset of R81 million) and is offset with the liability arising from the fair value of the underlying debt liability (the US dollar-denominated senior notes, see note 23) which effectively decreased (2013: increased) with a fairly similar amount. These fixed-interest rate note purchase agreement liabilities are fair valued through profit or loss in order to eliminate the potential accounting mismatch arising from measuring the derivative cross-currency interest rate swaps at fair value through profit or loss.

The fair value of the swaps entered into on 12 April 2012 was estimated as a liability of R34 million (2013: asset of R6 million). These swaps are designated as cash flow hedges of the exposure to variability in the cash flows arising from foreign currency exchange, initially on the note's US dollar nominal value to be exchanged, and subsequent to the effective date, on the repayments of US dollar interest and capital on the notes.

31.5 Other price risks
Equity price sensitivity analysis
A one percent change in the 30-day VWAP used in the valuation of the listed ordinary shares would result in a R37 million (2013: R nil) adjustment to the fair value, through other comprehensive income before taxation.

31.6 Credit risk

Potential concentration of credit risk consists principally of short-term cash and cash equivalent investments, trade and other receivables, and loans receivable. The group deposits short-term cash surpluses with major banks of quality credit standing. Trade receivables comprise a large and widespread customer base and group companies perform ongoing credit evaluations on the financial condition of their customers, and appropriate use is made of credit guarantee insurance. At 30 June 2014, the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for. The amounts presented in the statement of financial position are net of provisions for bad debts, estimated by the group companies' management based on prior experience and the current economic environment.

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

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

	2014 Rm	2013# Rm
Non-current financial assets	**10 454**	4 298
Current financial assets	**37 605**	29 618
Less: JD Group's instalment sale and loan receivables[1]	**(470)**	(9 731)
	47 589	24 185

[1] *Included in the trade and other receivables balance is the JD Group's instalment sale and loan receivables. These have been analysed separately, due to the different credit risk relating to this book. JD Group's instalment sale and loan receivables relating to the disposal group for 2014 are included in assets held for sale.*

The maximum exposure to credit risk, including JD Group's instalment sale and loan receivables, at the reporting date by segment was (carrying amounts):

	2014 Rm	2013# Rm
Retail activities		
- International operations	**13 945**	5 924
- African operations	**2 683**	2 864
Manufacturing, sourcing, logistics and corporate services - International operations	**29 616**	12 749
Properties	**1 815**	227
	48 059	21 764
Assets of companies classified as discontinued operations during the 2014 financial year	**-**	12 152
	48 059	33 916

The maximum exposure to credit risk at the reporting date by geographical region was (carrying amounts):

	2014 Rm	2013# Rm
Continental Europe	**34 581**	16 717
Pacific Rim	**355**	349
Southern Africa	**7 252**	15 636
United Kingdom	**5 688**	1 071
Other regions	**183**	143
	48 059	33 916

	2014 Rm	**2014 %**	2013# Rm	2013# %
Ageing of financial assets excluding JD Group's instalment sales and loan receivables				
Not past due or impaired	**46 596**	**97.9**	22 831	94.4
Past due 1 to 30 days but not impaired	**431**	**0.9**	696	2.9
Past due 31 to 60 days but not impaired	**96**	**0.2**	212	0.9
Past due 61 to 90 days but not impaired	**70**	**0.1**	99	0.4
Past due more than 90 days but not impaired	**362**	**0.8**	198	0.8
Past due but not impaired in full	**34**	**0.1**	149	0.6
	47 589	**100.0**	24 185	100.0

Credit exposure by class to JD Group's instalment sale and loans receivables

	Continuing operations			**Discontinued operations**		
	Secured Rm	**Unsecured Rm**	**Total Rm**	**Secured Rm**	**Unsecured Rm**	**Total Rm**
2014						
Up to date	**-**	**1**	**1**	**2 732**	**872**	**3 604**
Performing	**-**	**1**	**1**	**1 033**	**281**	**1 314**
Non-performing	**449**	**19**	**468**	**3 498**	**1 756**	**5 254**
	449	**21**	**470**	**7 263**	**2 909**	**10 172**

	Total operations		
	Secured Rm	Unsecured Rm	Total Rm
2013#			
Up to date	3 703	1 508	5 211
Performing	1 123	484	1 607
Non-performing	2 272	641	2 913
	7 098	2 633	9 731

The 'classes' have been determined on credit product sold across all retail brands

Secured	Secured against retail product sold
Unsecured	Unsecured in nature and includes personal loans

The debtors book has been analysed into the following types of accounts, reflecting the accounts in the following categories :

Up to date	These accounts have no arrears, are therefore up to date and are therefore neither past due nor impaired.
Performing	These accounts are in arrears by less than four contractual instalments and are considered to be past due. Arrears is defined as less than 95% of an instalment.
Non-performing	These accounts are in arrears by four or more contractual instalments. Arrears is defined as less than 95% of a contractual instalment. An impairment provision is raised against these accounts.

	Continuing operations			Discontinued operations		
	Secured Rm	**Unsecured Rm**	**Total Rm**	**Secured Rm**	**Unsecured Rm**	**Total Rm**
Risk analysis for up to date accounts						
2014						
Low risk	**-**	**-**	**-**	**1 066**	**521**	**1 587**
Medium risk	**-**	**1**	**1**	**1 224**	**340**	**1 564**
High risk	**-**	**-**	**-**	**442**	**11**	**453**
	-	**1**	**1**	**2 732**	**872**	**3 604**

	Total operations		
	Secured Rm	Unsecured Rm	Total Rm
2013#			
Low risk	1 255	728	1 983
Medium risk	1 243	458	1 701
High risk	1 205	322	1 527
	3 703	1 508	5 211

	2014 Rm	2013# Rm
Movement in provision for bad debts and impairments		
Balance at beginning of the year	**(1 749)**	(1 393)
Additional provision raised (including amounts acquired on acquisition of subsidiaries)	**(3 753)**	(1 179)
Amounts unused reversed	**22**	32
Amounts used during the year	**1 571**	891
Transfer to assets classified as held for sale	**3 057**	-
Eliminated on disposal of subsidiaries and businesses	**39**	-
Exchange differences on consolidation of foreign subsidiaries	**(77)**	(100)
Balance at end of the year	**(890)**	(1 749)

The group has liens over items sold until full payment has been received from customers. The fair value of collateral held against these loans and receivables is linked to the value of the liens. Furthermore the group has credit insurance to cover its exposure to risk on receivables. In the prior year, in addition to the liens over inventories, the group had collateral over other assets of counterparties valued at R294 million.

31.7 Liquidity risk

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

The group manages liquidity risk by monitoring forecast cash flows and by ensuring that adequate borrowing facilities are available. Cash surpluses and short-term financing needs of manufacturing and sales companies are mainly centralised in African and European central offices. These central treasury offices invest net cash reserves on the financial markets, mainly in short-term instruments linked to variable interest rates.

	2014 Rm	2013# Rm
The following table details the group's remaining contractual maturity for its financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows:		
0 to 3 months	**(30 417)**	(30 569)
4 to 12 months	**(11 311)**	(9 227)
Year 2	**(12 959)**	(10 286)
Years 3 to 5	**(40 164)**	(38 496)
After 5 years	**(10 321)**	(2 233)
	(105 172)	(90 811)

31.8 Treasury risk

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

31.9 Capital risk

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the statement of changes in equity.

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

32. INSURANCE AND INSURANCE RISK MANAGEMENT

32.1 Assets under insurance contracts

	2014 Rm	2013# Rm
Short term operations		
Unearned reinsurance premium	**75**	62
Claims outstanding	**58**	19
Deferred acquisition costs	**40**	40
	173	121

32.2 Liabilities under insurance contracts

32.2.1 Short term operations

	2014 Rm	2013# Rm
Provision for unearned premiums	**210**	75
Provision for outstanding claims, including the incurred but not recognised (IBNR) provision	**131**	59
Reinsurance premium due	**17**	67
	358	201

		2014 Rm	2013# Rm
32.2.2	**Long term operation**		
	Provision for unearned premiums	**54**	43
	Provision for outstanding claims, including IBNR	**76**	38
		130	81

It is expected that all insurance contract liabilities will be settled within 12 months from year-end.

The group believes that the liabilities for claims reported in the statement of financial position are adequate. However it recognises that the process of estimation is based upon certain variables and assumptions which could differ when the claims arise.

32.3 Financial assets

	2014 Rm	2013# Rm
Investments	**79**	68
Treasury bills	**218**	196
Short term deposits	**523**	370
Cash at bank	**105**	93
	925	727

32.4 Revenue
Premium income comprised the following:

		2014 Rm	2013# Rm
32.4.1	**Short-term operations**		
	Gross premiums written	**832**	734
	Provision for unearned premiums	**(56)**	(1)
	Outward reinsurance premiums	**(216)**	(103)
	Earned premiums	**560**	630
32.4.2	**Long-term operation**		
	Gross premiums written	**1 153**	951
	Provision for unearned premiums	**24**	(13)
	Earned premiums	**1 177**	938
32.4.3	**Total premium income**	**1 737**	1 568

32.5 Insurance risk management

32.5.1 African operations

Risk management objectives and policies for mitigating risk

The primary insurance activity carried out by the insurance operation assumes the risk of loss from persons that are directly subject to the risk. The insured risks are directly associated to furniture and equipment acquired by the policyholder on credit terms from furniture retailers within the JD Group.

The theory of probability is applied to the pricing and provisioning for the portfolio of insurance contracts. The principal risk to the operation is pricing for the relevant insurance contracts written. Pricing risk is considered to be low due to the low sums insured and the short duration of the indemnity period. All contracts are renewable monthly.

The operation manages its insurance risk through underwriting limits, approval procedures for transactions, and by reviewing its pricing methodology regularly. The credit risk is low due to the creditworthiness of the policyholder being assessed at point of sale by the furniture retailer.

Underwriting strategy

The operation's underwriting strategy is to ensure a balanced portfolio and is based on a large portfolio of similar risks over a large geographical area. This reduces the variability of the outcome.

Terms and conditions of insurance contracts

The short-term operation offers a single product with basic and comprehensive cover options. The insurance contract protects the policyholder against physical loss or damage of the insured movable asset.

The long-term operation offers a credit life product with basic and comprehensive cover options. The insurance contract protects the policyholder against the financial obligations from the credit sale agreement in the event of death, disability or retrenchment. The operation also reinsures a funeral product with individual, immediate family, parent and extended family cover options.

Claims development

The operation is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term, subject to pre-determined time scales dependent on the nature of insurance contract. The operation is therefore exposed to the risk that claims reserves will not be adequate to fund historic claims (run-off risk).

The majority of the operation's insurance contracts are classified as 'short-tailed', meaning that any claim is settled within a year after the loss date.

In terms of IFRS 4 - *Insurance Contracts,* an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claims payments not resolved within one year. Therefore detailed claims run-off information is not presented.

Transactions in financial instruments may result in the operation assuming financial risks. These include market risk, interest rate risk, credit risk, and liquidity risk. Each of these financial risks is described below, together with a summary of the ways in which the operation manages these risks.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the operation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The operation has no significant market risk exposure due to the nature and duration of its financial instruments. The operation does not transact in foreign currency.

Credit risk

The operation has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The operation structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparties. Such risks are subject to an annual or more frequent review.

The major concentration of credit risk arises from the operation's cash balances and trade and other receivables. Reputable financial institutions are used for investing and cash handling purposes. Management makes regular reviews to assess the degree of compliance with the operation's procedures on credit.

Liquidity risk

Liquidity risk is the risk that the operation will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The operation's liabilities are matched by appropriate assets and it has significant liquid resources to cover its obligations. The operation's liquidity and ability to meet such calls are monitored quarterly by the board and monthly by the investment and capital management committee. Trade and other payables all fall due within 12 months.

Capital management

The operation manages its capital base to achieve a prudent balance between maintaining capital ratios to support business growth and confidence, and providing competitive returns to shareholders. The capital management process ensures that the operation maintains sufficient capital levels for legal and regulatory compliance purposes. The operation ensures that its actions do not compromise sound governance and appropriate business practices and it eliminates any negative effect on payment capacity, liquidity or profitability.

Long-term operations

The capital adequacy requirement is determined according to generally accepted actuarial principles in terms of the guidelines issued by the Actuarial Society of South Africa. It is an estimate of the minimum capital that will be required to provide for future experience that is more adverse than that assumed in the calculation of policyholder liabilities. As at 30 June 2014, the operation's capital adequacy requirement was R44 million (2013: R43 million) and the ratio of excess assets to capital adequacy requirements was 12 times (2013: 11 times).

Short-term operations

The operations submit quarterly and annual returns to the Financial Services Board in terms of the Short-term Insurance Act, 53 of 1998. The operations are required at all times to maintain a statutory surplus asset ratio as defined in the Short-term Insurance Act. The quarterly return as at 30 June 2014 submitted by the operations to the regulator showed that the companies met the minimum capital requirements as at year-end.

32.5.2 International operations

Risk management objectives and policies for mitigating risk

Each line of business and each policy is underwritten individually. The risks and exposures are assessed and then mitigated using any of the following: premium, capital, reinsurance protection and collateral (e.g. letter of credit).

Underwriting strategy

The underwriting strategy is to assist the clients in managing their insurance risk by providing cost effective bespoke solutions. The insurance operations are unable to underwrite compulsory insurance.

Terms and conditions of insurance contracts

The terms and conditions of the insurance contracts reflect the usual market cover for the risks being insured. The policies also include specific conditions reflecting the structure of the insurance operations.

Claims development

The claims function is largely outsourced to third party adjusters. Based on their assessment of the loss a claims reserve is created on behalf of the relevant client. The claim reserve is then adjusted to reflect claim payments or additional claim costs as the claim develops.

Market risk, credit risk, liquidity risk and capital management

The risks are continually monitored by the insurance managers with oversight ultimately provided by the White Rock board of directors at the quarterly meetings.

Market risk is minimised by holding funds in local currency in order to match the expected claims.

Reinsurance is used to mitigate insurance risk but a credit risk remains. The creditworthiness of the reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

All assets are held in cash using current bank accounts. The cash is deposited with European banks with a minimum Standard & Poor's credit rating of "A-" (or equivalent).

33. RELATED-PARTY TRANSACTIONS

Related-party relationships exist between shareholders, subsidiaries, joint-venture companies and associate companies within the group and its company directors and group key management personnel.

These transactions are concluded at arm's length in the normal course of business and include transactions as a result of the group-wide treasury management of foreign currency movements. All material intergroup transactions are eliminated on consolidation.

33.1 Significant subsidiaries

	Country of incorporation	2014 Ownership %	2013# Ownership %
Steinhoff Investment Holdings Limited	South Africa	**100**	100
Steinhoff Africa Holdings Proprietary Limited	South Africa	**100**	100
Ainsley Holdings Proprietary Limited	South Africa	**100**	100
KAP Industrial Holdings Limited[1]	South Africa	**45**	62
JD Group Limited	South Africa	**86**	56
Steinhoff Services Limited	South Africa	**100**	100
Steinhoff Finance Holdings GmbH	Austria	**100**	100
Steinhoff Möbel Holdings Alpha GmbH	Austria	**100**	100
Steinhoff Europe AG	Austria	**100**	100
Pat Cornick International BV	The Netherlands	**100**	100
Steinhoff Asia Pacific Holdings Proprietary Limited	Australia	**100**	100
Steinhoff Asia Pacific Limited	Australia	**100**	100
Steinhoff Germany GmbH	Germany	**100**	100
Steinhoff Europe AG	Switzerland	**100**	100
Steinhoff Retail GmbH	Austria	**100**	100
Conforama Holdings S.A.	France	**99**	99
Steinhoff UK Holdings Limited	United Kingdom	**100**	100
Homestyle Operation Limited	United Kingdom	**100**	100
Steinhoff UK Beds Limited	United Kingdom	**100**	100
Tau Enterprises GmbH	Germany	**100**	-
Hemisphere International Properties BV	The Netherlands	**100**	100

A full list of subsidiaries of the company is available for inspection by members on request at the registered office of the company.

[1] *Subsidiary became an associate company.*

	2014 Rm	2013# Rm
33.2 Trading transactions		
Key management personnel did not have any material transaction with the group. All transactions were at market related prices.		
The following is a summary of material transactions with associate companies and joint-venture companies during the year and receivables and payables balances at year-end:		
Goods and services purchased from:		
Associate and joint-venture companies of KAP Industrial Holdings Limited	**93**	200
Goods and services sold to:	**33**	73
Associate and joint-venture companies of KAP Industrial Holdings Limited	**33**	71
Associate and joint-venture companies of JD Group Limited and its subsidiaries	**-**	2
Dividend received from:	**50**	43
Associate and joint-venture companies of JD Group Limited and its subsidiaries	**-**	2
PSG Group Limited	**50**	41
Receivables from:		
KAP Industrial Holdings Limited	**91**	30
Payables to:		
KAP Industrial Holdings Limited	**35**	37
Loans to/(from) associate companies	**(116)**	284
KAP Industrial Holdings Limited	**(116)**	5
Wanchai Property International Limited	**-**	279
33.3 Compensation of key management personnel		
Key management personnel are defined as directors of the company, executive directors of the company's major subsidiaries (as defined in the JSE Listing Requirements) as well as top executive management members.		
Key management personnel compensation		
- Short-term employee benefits	**198**	185
- Share-based payments - related expense	**183**	103
	381	288
Number of members	**30**	30

The three top earners received R34.9 million (2013: R24.9 million) and share vestings to the value of R36.2 million (2013: R22.6 million) in compensation during the year. The employees of listed subsidiaries as well as the directors of Steinhoff have been excluded from this calculation.

33.4 Directors

Details relating to directors' emoluments, shareholding in the company and interest of directors and officers are disclosed in note 34.

33.5 Shareholders

The principal shareholders of the company are detailed in the analysis of shareholders in the integrated report.

Directors' shareholdings are detailed in note 34.

33.6 Interest of directors and officers in contracts

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

During the year under review, contracts were concluded with the following companies:

- Hoffman Attorneys (of which SJ Grobler is a partner) provided legal services to group companies and was reimbursed for expenses to the amount of approximately R8.3 million (2013: R9.3 million).
- PSG Capital Limited and associate companies (of which JF Mouton is a director) (a subsidiary of PSG Group Limited of which JF Mouton and MJ Jooste are directors) acted as sponsor and advisor to the group, in respect of which fees were paid totalling approximately R1.3 million (2013: R0.2 million).
- MJD Aviation Partnership (of which MJ Jooste, KJ Grové and DM van der Merwe are partners) provided aviation services to the group to the amount of R0.2 million (2013: R0.3 million).
- During the 2013 financial year, KAP Manufacturing purchased a property for R19.9 million from Soundprops 123 Proprietary Limited which is a subsidiary of the Courthiel Holdings Proprietary Limited of which CE Daun is a director.
- During the year, Mayfair Speculators Proprietary Limited (of which MJ Jooste is a director) made short term deposits with a subsidiary of the group. Interest paid during the year amounted to R3.4 million. Subsequent to year end, the deposit of R186 million was repaid.

All the agreements were concluded at arm's length in the normal course of business and are no more favourable than those arranged with third parties.

34. REMUNERATION REPORT

34.1 Remuneration

	Basic foreign remuneration €'000	Basic remuneration R'000	Company contribution and expense allowances R'000	Annual bonus '000	Deferred bonus[1] R'000	Company directors' fees[2] R'000	Remuneration and fees (including foreign amounts converted to rand for reporting purposes) R'000
Executive directors							
2014							
HJK Ferreira	**150**	**3 192**	**474**	**R 3 000**	**-**	**744**	**9 527**
SJ Grobler[3]	**180**	**2 930**	**346**	**R 3 000**	**-**	**744**	**9 560**
TLJ Guibert[4]	**901**	**-**	**-**	**€ 450**	**-**	**744**	**19 811**
MJ Jooste	**1 744**	**-**	**825**	**R 11 306**	**-**	**744**	**37 481**
AB la Grange	**279**	**2 353**	**278**	**R 3 000**	**-**	**744**	**10 310**
FJ Nel	**90**	**1 568**	**228**	**R 1 750**	**-**	**744**	**5 560**
DM van der Merwe	**850**	**-**	**719**	**R 3 230**	**-**	**744**	**16 692**
						5 208	**108 941**
2013							
HJK Ferreira	150	3 328	467	R 2 750	2 500	705	11 469
SJ Grobler[3]	180	3 154	341	R 2 750	2 500	705	11 513
TLJ Guibert[4]	839	-	-	€ 400	-	705	14 903
MJ Jooste	1 617	-	825	R 7 500	8 500	705	36 061
AB la Grange[5]	263	2 392	278	R 2 250	2 500	705	11 134
FJ Nel	87	1 644	281	R 1 625	-	705	5 252
DM van der Merwe	790	-	560	R 3 000	2 500	705	15 817
						4 935	106 149
Alternate directors and officers							
2014							
JNS du Plessis	**60**	**2 716**	**-**	**R 2 000**	**-**	**744**	**6 307**
KJ Grové	**-**	**3 405**	**621**	**R 4 500**	**-**	**744**	**9 270**
A Krüger-Steinhoff[6]	**-**	**-**	**-**	**-**	**-**	**344**	**344**
M Nel	**50**	**2 283**	**323**	**R 1 750**	**-**	**744**	**5 806**
						2 576	**21 727**
2013							
JNS du Plessis	60	2 695	-	R 1 750	-	705	5 838
KJ Grové	-	3 226	569	R 3 072	3 000	705	10 572
A Krüger-Steinhoff[6]	-	-	-	-	-	326	326
M Nel	50	2 022	273	R 1 375	-	705	4 948
						2 441	21 684

1 Refer to the remuneration report in the integrated report.

2 Directors' fees were paid with basic remuneration.

3 Includes fees and remuneration in respect of professional services rendered.

4 Paid to an entity as management fees.

5 AB la Grange changed from an alternate director to an executive director on 5 March 2013.

6 Non-executive director.

	Fees as director Basic R'000	Fees as director Committees R'000	Fees for services R'000	Total R'000
Non-executive directors				
2014				
SF Booysen	**390**	**364**	**-**	**754**
DC Brink	**390**	**360**	**-**	**750**
YZ Cuba[1]	**195**	**17**	**-**	**212**
CE Daun	**390**	**-**	**-**	**390**
D Konar	**1 560**	**-**	**-**	**1 560**
MT Lategan	**390**	**204**	**-**	**594**
JF Mouton[2]	**390**	**34**	**-**	**424**
FA Sonn[1]	**195**	**65**	**-**	**260**
HJ Sonn[3]	**273**	**-**	**-**	**273**
BE Steinhoff	**390**	**-**	**5 960**	**6 350**
PDJ van den Bosch	**390**	**34**	**3 866**	**4 290**
CH Wiese	**390**	**34**	**-**	**424**
	5 343	**1 112**	**9 826**	**16 281**
2013				
SF Booysen	368	343	-	711
DC Brink	368	339	-	707
YZ Cuba	295	32	-	327
CE Daun	294	-	-	294
D Konar	1 470	-	-	1 470
MT Lategan	368	192	-	560
JF Mouton[2]	368	32	-	400
FA Sonn	368	122	-	490
BE Steinhoff	368	-	4 791	5 159
PDJ van den Bosch	368	32	3 108	3 508
CH Wiese[4]	98	10	-	108
	4 733	1 102	7 899	13 734

[1] *YZ Cuba and FA Sonn retired on 3 December 2013.*

[2] *Paid to various entities as management fees.*

[3] *HJ Sonn was appointed as an independent non-executive director on 3 December 2013.*

[4] *CH Wiese was appointed as an independent non-executive director on 5 March 2013.*

Directors' fees and remuneration	**2014 R'000**	2013 R'000
Remuneration paid by:		
- Company	**5 985**	5 394
- Subsidiary companies	**140 964**	136 173
	146 949	141 567

	Offer date	Number of rights as at 30 June 2013	Number of rights (exercised)/awarded during the year	Number of rights as at 30 June 2014
34.2 Share rights				
Executive directors				
HJK Ferreira	December 2010[1]	464 684	(464 684)	-
	December 2011	392 487	-	392 487
	December 2012	393 250	-	393 250
	December 2013	-	442 919	442 919
		1 250 421	**(21 765)**	**1 228 656**
SJ Grobler	December 2010[1]	464 684	(464 684)	-
	December 2011	392 487	-	392 487
	December 2012	393 250	-	393 250
	December 2013	-	442 919	442 919
		1 250 421	**(21 765)**	**1 228 656**
TLJ Guibert	December 2011	568 281	-	568 281
	December 2012	610 207	-	610 207
	December 2013	-	858 437	858 437
		1 178 488	**858 437**	**2 036 925**
MJ Jooste	December 2010[1]	1 266 034	(1 266 034)	-
	December 2011	1 056 504	-	1 056 504
	December 2012	1 186 514	-	1 186 514
	December 2013	-	1 669 183	1 669 183
		3 509 052	**403 149**	**3 912 201**
AB la Grange	December 2010[1]	354 045	(354 045)	-
	December 2011	321 126	-	321 126
	December 2012	393 250	-	393 250
	December 2013	-	487 490	487 490
		1 068 421	**133 445**	**1 201 866**
FJ Nel	December 2010[1]	265 534	(265 534)	-
	December 2011	231 924	-	231 924
	December 2012	229 396	-	229 396
	December 2013	-	258 369	258 369
		726 854	**(7 165)**	**719 689**
DM van der Merwe	December 2010[1]	486 812	(486 812)	-
	December 2011	428 168	-	428 168
	December 2012	610 207	-	610 207
	December 2013	-	858 437	858 437
		1 525 187	**371 625**	**1 896 812**
Total executive directors		**10 508 844**	**1 715 961**	**12 224 805**

[1] *The market price of share rights exercised was R40.15 for 1 December 2013.*

	Offer date	Number of rights as at 30 June 2013	Number of rights (exercised)/awarded during the year	Number of rights as at 30 June 2014
Alternate directors				
JNS du Plessis	December 2010[1]	292 087	(292 087)	-
	December 2011	249 765	-	249 765
	December 2012	262 166	-	262 166
	December 2013	-	295 279	295 279
		804 018	**3 192**	**807 210**
KJ Grové	December 2010[1]	309 789	(309 789)	-
	December 2011	267 605	-	267 605
		577 394	**(309 789)**	**267 605**
M Nel	December 2010[1 2]	141 618	(141 618)	-
	December 2011	196 597	-	196 597
	December 2012	229 396	-	229 396
	December 2013	-	278 565	278 565
		567 611	**136 947**	**704 558**
Total alternate directors and officers		**1 949 023**	**(169 650)**	**1 779 373**
Share rights in associate company: KAP				
KJ Grové	December 2012	2 377 036	-	2 377 036
	December 2013	-	2 818 191	2 818 191
		2 377 036	**2 818 191**	**5 195 227**

Some of the exercised share rights were sold by directors during the year. Refer to note 34.3 for directors' interest in share capital.

All the share rights granted were granted on 1 December 2013. The purchase price for Steinhoff shares is 0.5 cents per share and KAP shares is 20 cents per share.

[1] *The market price of share rights exercised was R40.15 for 1 December 2013.*

[2] *Granted prior to being a director.*

	2014 Number of rights exercised	**2014** Value of rights exercised R'000	2013 Number of rights exercised	2013 Value of rights exercised R'000
Value of share rights exercised during the year				
Executive directors				
HJK Ferreira	**464 684**	**18 657**	601 348	16 471
SJ Grobler	**464 684**	**18 657**	601 348	16 471
MJ Jooste	**1 266 034**	**50 831**	1 957 602	53 619
AB la Grange	**354 045**	**14 215**	398 202	10 907
FJ Nel	**265 534**	**10 661**	366 720	10 044
DM van der Merwe	**486 812**	**19 546**	626 776	17 167
	3 301 793	**132 567**	4 551 996	124 679
Alternate directors				
JNS du Plessis	**292 087**	**11 727**	398 218	10 907
KJ Grové	**309 789**	**12 438**	427 978	11 722
M Nel	**141 618**	**5 686**	180 267	4 938
	743 494	**29 851**	1 006 463	27 567

	Direct interest Beneficial	Indirect interest Beneficial	Indirect Non-beneficial	Total
34.3 Interest in Steinhoff share capital				
Executive directors				
2014				
HJK Ferreira	**-**	**2 663 090**	**-**	**2 663 090**
SJ Grobler	**-**	**4 281 816**	**-**	**4 281 816**
MJ Jooste	**-**	**65 527 209**	**-**	**65 527 209**
AB la Grange	**968 250**	**-**	**-**	**968 250**
FJ Nel	**1 950 181**	**2 554**	**-**	**1 952 735**
DM van der Merwe	**-**	**5 283 814**	**-**	**5 283 814**
	2 918 431	**77 758 483**	**-**	**80 676 914**
2013				
HJK Ferreira	-	2 848 406	-	2 848 406
SJ Grobler	-	4 244 369	-	4 244 369
MJ Jooste	-	71 913 617	-	71 913 617
AB la Grange	747 641	-	-	747 641
FJ Nel	1 791 441	399 634	-	2 191 075
DM van der Merwe	-	5 639 814	-	5 639 814
	2 539 082	85 045 840	-	87 584 922
Non-executive directors				
2014				
SF Booysen	**-**	**213 907**	**-**	**213 907**
DC Brink	**-**	**200 000**	**-**	**200 000**
CE Daun	**-**	**2 399 856**	**-**	**2 399 856**
D Konar	**356 271**	**-**	**-**	**356 271**
ML Lategan	**142 247**	**194 759**	**39 815**	**376 821**
JF Mouton	**-**	**7 000 000**	**-**	**7 000 000**
BE Steinhoff	**7 923 741**	**182 692 813**	**-**	**190 616 554**
PDJ van den Bosch	**669 561**	**-**	**-**	**669 561**
CH Wiese	**-**	**44 729 337**	**-**	**44 729 337**
	9 091 820	**237 430 672**	**39 815**	**246 562 307**
2013				
SF Booysen	-	213 907	-	213 907
DC Brink	-	125 803	-	125 803
YZ Cuba	103 417	-	-	103 417
CE Daun	-	2 399 856	-	2 399 856
D Konar	351 008	-	-	351 008
ML Lategan	82 733	72 491	36 196	191 420
JF Mouton	-	7 000 000	-	7 000 000
FA Sonn	-	67 574	-	67 574
BE Steinhoff	2 497 198	169 440 730	-	171 937 928
PDJ van den Bosch	669 561	-	-	669 561
CH Wiese[1]	-	42 739 037	-	42 739 037
	3 703 917	222 059 398	36 196	225 799 511

[1] *CH Wiese in addition to his shareholding has one million single stock futures which is an indirect interest beneficial.*

	Direct interest Beneficial	Indirect interest Beneficial	Indirect Non-beneficial	Total
Alternate directors				
2014				
JNS du Plessis	**-**	**688 723**	**-**	**688 723**
KJ Grové	**-**	**1 272 678**	**2 068**	**1 274 746**
A Krüger-Steinhoff[1]	**746 112**	**63 500**	**-**	**809 612**
M Nel	**309 310**	**-**	**-**	**309 310**
	1 055 422	**2 024 901**	**2 068**	**3 082 391**
2013				
JNS du Plessis	-	513 676	-	513 676
KJ Grové	-	1 087 022	2 068	1 089 090
A Krüger-Steinhoff[1]	746 112	63 502	-	809 614
M Nel	237 153	-	-	237 153
	983 265	1 664 200	2 068	2 649 533

[1] *Non-executive director.*

35. RESTATEMENTS AND RECLASSIFICATIONS

35.1 New Accounting Standards Adopted

The following are a list of standards adopted during the year which resulted in restating the prior year figures.

35.1.1 IFRS 10 - *Consolidated Financial Statements*

IFRS 10 provides a new definition of control which requires the investor to assess control by referring to the investor's exposure or rights to variable returns from its involvement with the investee and the ability to affect those returns through its power over the investee.

The group has reassessed the control conclusion for its investees at 1 July 2013. As a consequence, the group has determined that it has control of Van Den Bosch Beheer BV which was previously accounted for as a joint venture using the proportionate method of consolidation. The group has determined that it has control over White Rock Insurance, which was previously not accounted for. The group has applied the transitional provisions and the 2012 opening statement of financial position and 2013 results have been restated accordingly.

35.1.2 IFRS 11 - *Joint Arrangements* and IAS 28 - *Investments in Associates and Joint Ventures*

IFRS 11 has removed the option to account for joint ventures using proportionate consolidation and instead joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method.

The group previously accounted for joint ventures using the proportionate consolidation method. The group has applied IFRS 11 retrospectively in accordance with the transitional provisions and the 2012 opening statement of financial position and 2013 results have been restated accordingly.

35.1.3 IFRS 12 - *Disclosure of Interests in Other Entities*

IFRS 12 requires an entity to disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities; and the effects of those interests on its financial position, financial performance and cash flows. The group has adopted IFRS 13 and has included additional disclosures as required by this standard.

35.1.4 IFRS 13 - *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. IFRS 13 provides for a revised definition of fair value, being the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date. It replaces and expands the disclosure requirement about fair value measurements on other IFRSs, including IFRS 7 - *Financial Instruments - Disclosures* . The group has included additional disclosure as required by this standard.

35.1.5 IAS 19 - *Employee Benefits (Revised)*

IAS 19R includes a number of amendments to the accounting for defined benefit plans. The principal impact arises from the requirement to replace the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost/income based on the net benefit liability/asset, calculated using the discount rate used to measure the defined benefit obligation. This has increased the income statement charge as the discount rate now applied to the assets is lower than the expected return on plan assets. There is a limited effect on total comprehensive income as the decreased charge in the income statement is offset by a debit in other comprehensive income. The group has applied the standard retrospectively in accordance with the transitional provisions and the 2012 opening statement of financial position and the 2013 results have been restated accordingly. The group has early adopted Defined Benefit Plans: Employee contributions which was issued in November 2013.

35.2 Discontinued operations

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

On 23 June 2014, Steinhoff announced the launch of a bookbuild of up to 400 million of its KAP shares. The shares were successfully placed with investors at a price of R3.85 per share. Effective 30 June 2014, Steinhoff's shareholding in KAP decreased to 45% 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 45% interest has been recognised on 30 June 2014 as an investment in an associate. From 30 June 2014, KAP will be equity accounted.

35.3 Effect of the restatement on the financial statements

	As previously reported Rm	IFRS 10 and 11 Rm	IAS 19R Rm	Discontinued operations Rm	Restated Rm
INCOME STATEMENT					
Year ended 30 June 2013					
Continuing operations					
Revenue	115 486	679	-	(18 227)	97 938
Cost of sales	(75 401)	(534)	-	12 393	(63 542)
Gross profit	40 085	145	-	(5 834)	34 396
Other operating income	1 801	18	-	(581)	1 238
Distribution expenses	(5 868)	(54)	-	431	(5 491)
Other operating expenses	(24 703)	(69)	(11)	4 422	(20 361)
Capital items	(350)	-	-	27	(323)
Operating profit	10 965	40	(11)	(1 535)	9 459
Finance costs	(3 267)	(2)	(11)	656	(2 624)
Income from investments	1 250	-	-	(252)	998
Share of profit/(loss) of equity accounted companies	260	(6)	-	(14)	240
Profit before taxation	9 208	32	(22)	(1 145)	8 073
Taxation	(1 268)	(6)	5	286	(983)
Profit from continuing operations	7 940	26	(17)	(859)	7 090
Discontinued operations					
Profit from discontinued operations	-	-	-	859	859
Profit for the year	7 940	26	(17)	-	7 949
Profit attributable to:					
Owners of the parent	7 300	13	(17)	-	7 296
Profit for the year from continuing operations	7 300	13	(17)	(549)	6 747
Profit for the year from discontinued operations	-	-	-	549	549
Non-controlling interests	640	13	-	-	653
Profit for the year from continuing operations	640	13	-	(310)	343
Profit for the year from discontinued operations	-	-	-	310	310
Profit for the year	7 940	26	(17)	-	7 949

	Basic earnings per share Cents	**Diluted earnings per share Cents**	**Basic headline earnings per share Cents**	**Diluted headline earnings per share Cents**
Earnings per share reconciliation				
As previously reported	389.9	347.5	394.8	350.8
Rights offer	(3.9)	(2.8)	(3.9)	(2.8)
Dilutive potential shares no longer dilutive	-	(0.2)	-	(0.1)
IFRS 10 and 11	0.6	0.5	0.6	0.7
IAS 19R	(0.9)	(0.7)	(0.9)	(0.7)
Continuing and discontinued operations	385.7	344.3	390.6	347.9
Discontinued operations	(30.1)	(23.7)	(31.2)	(24.6)
Continuing operations	355.6	320.6	359.4	323.3

	As previously reported Rm	IFRS 10 and 11 Rm	IAS 19R Rm	Restated Rm
STATEMENT OF COMPREHENSIVE INCOME				
Year ended 30 June 2013				
Profit for the year	7 940	26	(17)	7 949
Other comprehensive income/(loss)				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gains on defined benefit plans	82	-	21	103
Deferred taxation	(20)	-	(5)	(25)
	62	-	16	78
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	6 245	34	-	6 279
Net fair value loss on cash flow hedges and other fair value reserves	(41)	-	-	(41)
Deferred taxation	(3)	-	-	(3)
Other comprehensive loss of equity accounted companies, net of deferred taxation	-	(1)	-	(1)
	6 201	33	-	6 234
Total other comprehensive income for the year	6 263	33	16	6 312
Total comprehensive income for the year	14 203	59	(1)	14 261
Total comprehensive income attributable to:				
Owners of the parent	13 536	7	(1)	13 542
Non-controlling interests	667	52	-	719
Total comprehensive income for the year	14 203	59	(1)	14 261

	As previously reported Rm	IFRS 10 and 11 Rm	IAS 19R Rm	Restated Rm
STATEMENT OF FINANCIAL POSITION				
As at 30 June 2013				
ASSETS				
Non-current assets				
Goodwill	18 850	-	-	18 850
Intangible assets	41 585	-	-	41 585
Property, plant and equipment	44 811	86	-	44 897
Investment property	480	-	-	480
Consumable biological assets	1 761	-	-	1 761
Investments in equity accounted companies	2 659	(25)	-	2 634
Investments and loans	1 157	(33)	-	1 124
Deferred taxation assets	729	-	1	730
Trade and other receivables	3 174	-	-	3 174
	115 206	28	1	115 235
Current assets				
Vehicle rental fleet	455	-	-	455
Inventories	16 320	127	-	16 447
Trade and other receivables	19 878	161	-	20 039
Short-term loans receivable	3 228	-	-	3 228
Cash and cash equivalents	9 188	61	-	9 249
	49 069	349	-	49 418
Assets classified as held for sale	364	-	-	364
	49 433	349	-	49 782
Total assets	164 639	377	1	165 017
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital and premium	9 801	-	-	9 801
Reserves	46 854	(37)	(2)	46 815
Preference share capital and premium	3 497	-	-	3 497
Total equity attributable to equity holders of the parent	60 152	(37)	(2)	60 113
Non-controlling interests	6 467	188	-	6 655
Total equity	66 619	151	(2)	66 768
Non-current liabilities				
Interest-bearing loans and borrowings	45 041	-	-	45 041
Employee benefits	722	-	-	722
Deferred taxation liabilities	9 652	(1)	1	9 652
Provisions	2 608	1	-	2 609
Trade and other payables	231	-	-	231
	58 254	-	1	58 255
Current liabilities				
Trade and other payables	29 614	133	-	29 747
Employee benefits	887	(1)	2	888
Provisions	1 008	4	-	1 012
Interest-bearing loans and borrowings	5 027	90	-	5 117
Bank overdrafts and short-term facilities	3 162	-	-	3 162
	39 698	226	2	39 926
Liabilities classified as held for sale	68	-	-	68
	39 766	226	2	39 994
Total equity and liabilities	164 639	377	1	165 017
Net asset value per ordinary share (cents)	3 104	(2)	-	3 102

	As previously reported Rm	IFRS 10 and 11 Rm	IAS 19R Rm	Restated Rm
STATEMENT OF FINANCIAL POSITION				
As at 1 July 2012				
ASSETS				
Non-current assets				
Goodwill	15 572	-	-	15 572
Intangible assets	33 834	-	-	33 834
Property, plant and equipment	34 878	64	-	34 942
Investment property	472	-	-	472
Consumable biological assets	1 656	-	-	1 656
Investments in equity accounted companies	2 353	(12)	-	2 341
Investments and loans	884	(16)	-	868
Deferred taxation assets	697	-	-	697
Trade and other receivables	2 619	-	-	2 619
	92 965	36	-	93 001
Current assets				
Vehicle rental fleet	372	-	-	372
Inventories	14 431	108	-	14 539
Trade and other receivables	15 475	59	-	15 534
Short-term loans receivable	1 710	-	-	1 710
Cash and cash equivalents	8 011	46	-	8 057
Trade and other receivables	39 999	213	-	40 212
Assets classified as held for sale	98	-	-	98
	40 097	213	-	40 310
Total assets	133 062	249	-	133 311
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital and premium	9 898	-	-	9 898
Reserves	33 394	(43)	(1)	33 350
Preference share capital and premium	3 837	-	-	3 837
Total equity attributable to equity holders of the parent	47 129	(43)	(1)	47 085
Non-controlling interests	6 508	170	-	6 678
Total equity	53 637	127	(1)	53 763
Non-current liabilities				
Interest-bearing loans and borrowings	33 858	-	-	33 858
Employee benefits	705	-	-	705
Deferred taxation liabilities	7 765	(1)	(1)	7 763
Provisions	2 093	1	-	2 094
Trade and other payables	218	-	-	218
	44 639	-	(1)	44 638
Current liabilities				
Trade and other payables	25 392	59	-	25 451
Employee benefits	845	(1)	2	846
Provisions	885	10	-	895
Interest-bearing loans and borrowings	5 136	56	-	5 192
Bank overdrafts and short-term facilities	2 092	(2)	-	2 090
	34 350	122	2	34 474
Liabilities classified as held for sale	436	-	-	436
	34 786	122	2	34 910
Total equity and liabilities	133 062	249	-	133 311
Net asset value per ordinary share (cents)	2 466	(3)	-	2 463

	As previously reported Rm	IFRS 10 and 11 Rm	Restated Rm
STATEMENT OF CASH FLOWS			
Year ended 30 June 2013			
Net cash inflow from operating activities	7 230	(10)	7 220
Net cash outflow from investing activities	(8 656)	6	(8 650)
Net cash inflow from financing activities	1 230	21	1 251
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(196)	17	(179)
Cash and cash equivalents at beginning of the year	8 011	46	8 057
Effects of exchange rate translations on cash and cash equivalents	1 373	(2)	1 371
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	9 188	61	9 249

		Effective date - annual periods commencing on or after

36. NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these annual financial statements, there are standards and interpretations in issue but not yet effective. These include the following standards and interpretations that have not been early adopted and may have an impact on future financial statements:

IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 36	Impairment of Assets: Recoverable amount disclosures for non-financial assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement: Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

36.1 IFRS 9

In July 2014, the IASB issued the completed version of IFRS 9 - *Financial Instruments* (IFRS 9). The statement addresses the classification and measurement of financial assets and financial liabilities. The new standard enhances the ability of investors and other users of financial information to understand the accounting of financial assets and financial liabilities and aims to reduce complexity. The group is in the process of evaluating the impact the standard will have on the group. This standard will be adopted by the effective date.

36.2 IFRS 15

In June 2014, the IASB issued IFRS 15 - *Revenue from Contracts with Customers* (IFRS 15). The standard is aimed at improving the financial reporting of revenue and improving the comparability of the top line in financial statements globally. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The group is in the process of evaluating the impact the standard will have on the group. This standard will be adopted by the effective date.

36.3 IAS 36 (revised)

In May 2013, the IASB issued amendments to IAS 36 - *Impairment of Assets* (IAS 36). The amendments published clarify the IASB's intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal. The group does not expect any changes upon the adoption of this standard. This standard will be adopted during the 2015 financial year.

36.4 IAS 39 (revised)

In June 2013, the IASB issued amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* (IAS 39). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. This relief has been introduced in response to legislative changes across many jurisdictions that would lead to the widespread novation of over-the-counter derivatives. The group is in the process of evaluating the impact the amendments will have on the group. This standard will be adopted during the 2015 financial year.

36.5 IFRIC 21

In May 2013, the IASB issued a new interpretation which clarifies that the obligating event (as defined in IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets)* that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The group is in the process of evaluating the impact the interpretation will have on the group. This standard will be adopted during the 2015 financial year.

STEINHOFF INTERNATIONAL HOLDINGS LIMITED
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 Number	%	30 June 2013 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
Save for 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	Tuesday, 3 March 2015
Anticipated declaration of preference share dividend by Steinhoff Investment Holdings Limited	Tuesday, 3 March 2015
Anticipated payment date for preference share dividend by Steinhoff Investment Holdings Limited	Monday, 20 April 2015
Announcement of annual results	Tuesday, 8 September 2015
Anticipated declaration of dividend	Tuesday, 8 September 2015
Anticipated declaration of preference share dividend by Steinhoff Investment Holdings Limited	Tuesday, 8 September 2015
Anticipated payment date for preference share dividend	Monday, 19 October 2015
Annual general meeting	Tuesday, 1 December 2015

REGISTRATION NUMBER
1998/003951/06

REGISTERED OFFICE
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SECRETARY
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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
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(Registration number 2004/003647/07)
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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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