

HOMESTYLE GROUP PROPERTIES PLC
(Formerly A G Stanley Holdings Plc)

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 1 JULY 2006

Registered number: 01024575



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HOMESTYLE GROUP PROPERTIES PLC
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HOMESTYLE GROUP PROPERTIES PLC **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the 61 week period ended 1 July 2006.

On 17 May 2006 the company changed its name from A G Stanley Holdings PLC to Homestyle Group Properties PLC.

Principal activity

The principal activity of the company is that of an investment holding company.

Results and dividends

The audited financial statements for the 61 week period ended 1 July 2006 are set out on pages 6 to 16. The loss after tax for the period was £1,693,000(12 months to April 2005: £2,908,000).

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) until 30 April 2005. UK GAAP differs in some areas from IFRS. Management have determined however that there is no impact on the financial statements previously prepared under UK GAAP.

The company continued to incur a loss due to a number of vacant properties. The directors' expect the company to perform satisfactorily once all properties are fully sub-let.

On 17 June 2005 the parent company raised £100 million (net of costs) from a Placing and Open Offer of new ordinary shares. The proceeds were applied to repay parent company debt and to provide funds for a fellow subsidiary to settle its VAT structural guarantee liability and for future working capital requirements.

The directors do not recommend payment of a dividend (12 months to April 2005: £nil).

Subsequent to the year end, the Company issued 200,000,000 shares to its parent company, Homestyle Group PLC, for consideration of £10,000,000. A pro forma balance sheet setting out the effect of the share issue is set out in note 18.

Enhanced business review

The company's ultimate parent company is Homestyle Group plc. The company's principal business activity is that of an investment holding company and there have been no significant changes in the company's principal activities during the period under review.

Following a loss of £1,693,000 during the 14 month period under review, the company's net assets were £10,868,000.

The company's income arises from rent receivable from other members of the Homestyle Group and external tenants. The principal risks facing the company are the risks of external tenants defaulting or properties remaining vacant. This is mitigated through a programme of active property portfolio management by the company's management team.

Directors and their interests

The directors who served during the period and their interests in the shares of the ultimate parent company, Homestyle Group PLC, were:

	Ordinary shares		Share options	
	1 July 2006	30 April 2005	1 July 2006	30 April 2005
I. Topping (appointed 21 November 2005)*				
T. J. Kowalski*				
S. Morrison (resigned 30 June 2006)	73,700	73,700	-	-
M. Ashcroft (appointed 30 June 2006)	-	-	-	-

*I. Topping and T. J. Kowalski are also directors of the ultimate parent company, Homestyle Group PLC and their interests are declared within that company's financial statements.

The options over the ordinary shares of the ultimate parent company have been granted in accordance with the rules of various share option schemes disclosed in the financial statements of Homestyle Group PLC.

The directors had no other interests requiring disclosure under section 234 of the Companies Act 1985.

HOMESTYLE GROUP PROPERTIES PLC
DIRECTORS' REPORT (Continued)

Directors and their interests (continued)

In accordance with s234ZA of the Companies Act 1985, each director confirms that:

- a) So far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) The directors have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

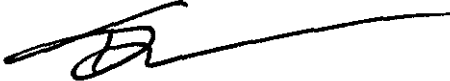
Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. At the year end the number of creditor days for the company was 111 (2005 - 62). *This figure was adversely affected by the change of company year end which coincides with property quarter ends resulting in an unusually high creditor balance at this date.*

Auditors

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



T. J. Kowalski
Director

HOMESTYLE GROUP PROPERTIES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements. The directors have prepared accounts for the company in accordance with International Financial Reporting Standards ("IFRS"). Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 1985. IAS 1, 'Presentation of financial statements' requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

After making enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report that complies with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements differs from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HOMESTYLE GROUP PROPERTIES PLC

We have audited the financial statements of Homestyle Group Properties PLC for the 14 month period ended 1 July 2006 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense, the statement of accounting policies and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

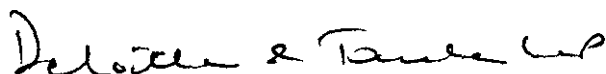
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view in accordance with those IFRSs as adopted for use in the European Union, of the state of the company's affairs as at 1 July 2006 and of its loss for the 14 month period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Manchester

29 January 2007

HOMESTYLE GROUP PROPERTIES PLC
INCOME STATEMENT
FOR THE 61 WEEKS TO 1 JULY 2006

	61 weeks to 1 July 2006 £'000	52 weeks to 30 April 2005 £'000
Notes		
Rental income	12,148	11,090
Operating expenses	<u>(13,301)</u>	<u>(10,853)</u>
Operating (loss)/profit	(1,153)	237
Finance costs - bank overdraft interest	(540)	(302)
Loss on sale of discontinued operations	2 -	(2,843)
Loss on ordinary activities before and after taxation and retained for the period/year	1,11 <u>(1,693)</u>	<u>(2,908)</u>

The operating (loss)/profit arises from continuing operations.

The accompanying notes are an integral part of these financial statements.

The company had no recognised gains or losses in either period other than the loss for the financial period/year. Accordingly no statement of recognised income and expense has been presented.

HOMESTYLE GROUP PROPERTIES PLC
BALANCE SHEET
AT 1 JULY 2006 AND 30 APRIL 2005

	Notes	1 July 2006	30 April 2005
		£'000	£'000
Non-current assets			
Property, plant & equipment	5	69	22
Receivables: amounts falling due after more than one year	7	-	15,000
		<u>69</u>	<u>15,022</u>
Current assets			
Trade and other receivables	6	26,828	14,195
Current liabilities			
Trade and other payables	8	(13,670)	(9,255)
Tax liabilities		(11)	(11)
Bank overdraft		<u>(435)</u>	<u>(5,460)</u>
		<u>(14,116)</u>	<u>(14,726)</u>
Net current assets		<u>12,712</u>	<u>(531)</u>
Total assets less current liabilities		12,781	14,491
Non-current liabilities			
Provisions for liabilities and charges	9	<u>(1,913)</u>	<u>(1,930)</u>
Net assets		<u>10,868</u>	<u>12,561</u>
Equity			
Share capital	10	62,720	62,720
Share premium account	11	7,867	7,867
Special capital reserve	11	364	364
Retained earnings	11	<u>(60,083)</u>	<u>(58,390)</u>
Equity Shareholders' funds	12	<u>10,868</u>	<u>12,561</u>

The accompanying notes are an integral part of these financial statements

The financial statements were approved by the board of directors on 26 January 2007 and signed on its behalf by:



T. J. Kowalski
 Director

HOMESTYLE GROUP PROPERTIES PLC
CASH FLOW STATEMENT
FOR THE 61 WEEKS TO 1 JULY 2006

	61 weeks to 1 July 2006 £000	52 weeks to 30 April 2005 £000
Cash flows from operating activities		
Operating (loss)/profit	(1,153)	237
Depreciation and fixed asset impairments	6	-
Property provisions	(17)	1,224
Operating cash flows before changes in working capital	(1,164)	1,461
 (Increase)/decrease in trade and other receivables	 2,367	 (8,979)
Increase/(decrease) in trade and other payables	4,415	6,166
 Net cash inflow/(outflow) from operating activities	 5,618	 (1,352)
 Cash flows from investing activities		
Purchase of property, plant and equipment	(53)	(22)
Disposal of investments	-	(2,843)
 Net cash outflow from investing activities	 (53)	 (2,865)
 Cash flows from financing activities		
Interest paid	(540)	(302)
 Net cash flows from financing activities	 (540)	 (302)
 Net increase/(decrease) in cash and cash equivalents	 5,025	 (4,519)
Opening cash and cash equivalents	(5,460)	(941)
 Closing cash and cash equivalents	 (435)	 (5,460)

Cash and cash equivalents comprised of bank overdrafts.

HOMESTYLE GROUP PROPERTIES PLC
STATEMENT OF ACCOUNTING POLICIES
FOR THE 61 WEEKS ENDED 1 JULY 2006

The financial statements of the company have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) until 30 April 2005. UK GAAP differs in some areas from IFRS. Management have determined however that there is no impact on the financial statements previously prepared under UK GAAP.

The principal accounting policies are set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable IFRS.

The company's accounting period historically ended on the Saturday nearest to the end of April. Following the re-financing of the company's parent, Homestyle Group plc, in June 2005 by the Steinhoff International Holdings Limited group, the company has aligned its year end with Steinhoff resulting in a 61 week period to 1 July 2006. As a result, comparative amounts reported for the prior period of 52 weeks are not entirely comparable.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any recognised impairment loss. They are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office equipment	10% per annum
Computer equipment	20% per annum

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement.

Revenue recognition

Revenue mainly comprises rent received and is recognised in the income statement as it accrues on a day to day basis.

HOMESTYLE GROUP PROPERTIES PLC
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE PERIOD ENDED 1 JULY 2006

Financial instruments

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is object evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Critical judgements and estimates in applying the accounting policies

In the process of applying the accounting policies described above, management has made the following judgements and estimates that have the most significant effect on the amounts recognised in the financial statements.

Property provisions

Provisions for property related costs require management to make judgements and estimates in relation to amounts and lengths of time for which provisions may be required. The provisions are reviewed regularly in the light of the most current information available.

Standards and interpretations

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective. The directors anticipate that the adoption of these standards and interpretations will have no material impact on the Group's financial statements. The directors anticipate that the Group will adopt these standards and interpretations on their effective dates:

- IAS 1 Amendment 'Capital disclosures', is effective for periods commencing on or after 1 January 2007;
- IAS 39 Amendment 'Cashflow hedge accounting of forecast intragroup transactions', issued in April 2005, is effective for periods commencing on or after 1 January 2006;
- IAS 39 Amendment 'Financial guarantee contracts', issued in August 2005, is effective for periods commencing on or after 1 January 2006;
- IAS 21 Amendment 'The effects of changes in foreign exchange rates – net investment in a foreign operation', issued in December 2005 is effective for periods commencing on or after 1 April 2006;
- IFRS 7 'Financial instruments: disclosures', issued in August 2005, is effective for periods commencing on or after 1 January 2007 and introduces new disclosures to improve the information about financial instruments;
- IFRIC 4 'Determining whether an arrangement contains a lease', issued in December 2004, is effective for periods commencing on or after 1 January 2006 and requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement;

HOMESTYLE GROUP PROPERTIES PLC
STATEMENT OF ACCOUNTING POLICIES (continued)
FOR THE PERIOD ENDED 1 JULY 2006

Standards and interpretations (continued)

- IFRIC 8 'Scope of IFRS 2', issued in January 2006, is effective for periods commencing on or after 1 May 2006;
- IFRIC 9 'Reassessment of embedded derivatives', issued in March 2006, is effective for periods commencing on or after 1 June 2006; and
- IFRIC 10 'Interim Financial Reporting and Impairment', issued in July 2006, is effective for periods commencing on or after 1 November 2006.

Interpretations in issue but not considered relevant to the activities of the Group are as follows:

- IFRIC 1 'Changes in existing decommissioning, restoration and similar liabilities';
- IFRIC 2 'Members' shares in cooperative entities and similar instruments';
- IFRIC 5 'Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds';
- IFRIC 6 'Liabilities arising from participating in a specific market – waste electrical and electronic equipment'; and
- IFRIC 7 'Applying the restatement approach under IAS 29' "Financial reporting in hyperinflationary economies".

HOMESTYLE GROUP PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2006

61 weeks	52 weeks to
to 1 July	30 April
2006	2005
£'000	£'000

1 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting):-

Operating lease rentals - leasehold properties	9,160	8,048
Profit on disposal of property, plant & equipment	368	-
Depreciation	6	-

Auditors' remuneration has been met by another group company in both periods.

61 weeks	52 weeks to
to 1 July	30 April
2006	2005
£'000	£'000

2 One-off item

The one-off item relates to amounts payable under property leases following default by AG Stanley Limited, a subsidiary which was sold in the year ended 3 March 2000 and property leases vacated by Rosebys (a trading division of a fellow subsidiary) following its disposal by Homestyle Group, which had previously been occupied by AG Stanley Limited. In the current period the costs have been accounted for within operating losses.

Property lease rentals and associated costs	-	2,843
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The impact of the one-off items reported after operating loss was to reduce the tax charge by £nil (12 months to April 2005: £853,000).

61 weeks	52 weeks to
to 1 July	30 April
2006	2005
£'000	£'000

3 Taxation

Current tax

UK corporation tax at 30.0% (April 2005: 30.0%) on loss for the period

Deferred tax

Origination and reversal of timing differences

Total taxation

-	-
-	-
-	-

The tax charge for the period can be reconciled to the loss per the income statement as follows:

Loss before taxation	(1,693)	(2,908)
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Tax at the current UK corporation tax rate

Expenses not deductible for tax purposes

Movement in deferred tax asset not recognised

Losses surrendered for no consideration

(508)	(872)
38	38
104	204
366	630
-	-

The company has tax losses available for carrying forward against future taxable profits of £4,529,450 (April 2005: £4,529,450). A deferred tax asset has not been recognised in respect of timing differences relating to trading losses, as there is insufficient evidence that the asset will be recovered. The estimated value of the deferred tax asset not recognised is £1,358,835 (2005: £1,358,835).

HOMESTYLE GROUP PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2006

4 Staff and other costs

Wages and salaries
Social security costs
Pension costs

61 weeks to 1 July 2006
£'000

52 weeks to 30 April 2005
£'000

123	120
14	14
-	-
137	133

The average number of staff was 3 (12 months to April 2005: 3).
The Directors did not receive any emoluments in respect of services to the company in either period.

Key management personnel

The remuneration of executive directors together with that of senior executives, who are the key management personnel of the company, is set out in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures".

Salary and short term employment benefits
Post employment benefits

61 weeks to 1 July 2006
£'000

52 weeks to 30 April 2005
£'000

74	72
9	9
83	81

Post employment benefits reflect contributions to a defined benefit contribution scheme. The costs were borne by a fellow subsidiary.

5 Property, plant & equipment

Cost

At start of period
Additions

At end of period

Depreciation

At start of period
Charge for period

At end of period

Net book amount

At end of period

At start of period

Office equipment & computers 1 July 2006	Office equipment & computers 30 April 2005
£'000	£'000
22	-
53	22
75	22
-	-
6	-
6	-
69	22
22	-

HOMESTYLE GROUP PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2006

1 July 2006 **30 April**
2005
£'000 **£'000**

6 Trade and other receivables

Trade receivables	2,014	1,902
Amounts owed by group undertakings	19,307	6,173
Other receivables	382	-
Prepayments and accrued income	5,125	6,120
	26,828	14,195

The directors consider that the carrying amount of trade and other receivables approximate to their fair value.
Trade receivables are shown net of debt provisions of £100,000 (April 2005: £nil).

1 July 2006 **30 April**
2005
£'000 **£'000**

7 Receivables

Amounts owed by group undertakings	-	15,000
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The amount owed by group undertaking in the prior year was due from Homestyle Group plc.

1 July 2006 **30 April**
2005
£'000 **£'000**

8 Trade and other payables: Amounts falling due within one year

Trade payables	4,061	1,836
Amounts owed to group undertakings	3,067	3,067
Accruals and deferred income	6,542	4,352
	13,670	9,255

The directors consider that the carrying amount of trade and other payables approximate to their fair value.

9 Provisions for liabilities and charges

Property provisions

At 1 May 2005	£'000
Released to profit and loss account in the period	1,930
	(17)
At 1 July 2006	1,913

Property provisions are made for future rental costs where properties are vacant or for expected losses where a store is loss making. The provision is made for the remaining term of the lease or estimated date of assignment if earlier. The company also provides for dilapidations where expenditure is expected to be incurred to restore leasehold premises to the condition required under individual lease agreements at the end of their term.

The provision is expected to be payable over the next two years.

HOMESTYLE GROUP PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2006

1 July 2006 **30 April**
2005
£'000 **£'000**

10 Share capital

Authorised:

1,320,000,000 ordinary shares of 5p each

66,000 **66,000**

Allotted, called-up and fully paid:

1,254,399,850 ordinary shares of 5p each

62,720 **62,720**

11 Statement of changes in shareholders equity

	Share capital £'000	Share premium account £'000	Special capital reserve £'000	Profit & Loss Account £'000	Total £'000
At start of period	62,720	7,867	364	(58,390)	12,561
Retained loss for the period	-	-	-	(1,693)	(1,693)
At end of period	62,720	7,867	364	(60,083)	10,868

1 July 2006 **30 April**
2005
£'000 **£'000**

12 Reconciliation of movements in equity shareholders' funds

Retained loss for the period

(1,693) **(2,908)**

Opening equity shareholders' funds

12,561 **15,469**

Closing equity shareholders' funds

10,868 **12,561**

13 Financial commitments

The company, together with other subsidiaries in the group, has guaranteed the bank borrowings of the ultimate parent company and its subsidiaries which at 1 July 2006 amounted to £11,445,000 (April 2005: £62,982,000).

Lease commitments are on short and long term leases in respect of certain land and buildings. Leases are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

1 July 2006 **30 April**
2005
£'000 **£'000**

Company as lessee:

Within one year

10,613 **10,786**

Between two and five years

41,068 **41,261**

After five years

77,508 **79,120**

Total

129,189 **131,167**

Company as lessor:

Within one year

52 **-**

Between two and five years

507 **841**

After five years

77,445 **84,121**

Total

78,004 **84,962**

HOMESTYLE GROUP PROPERTIES PLC
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 30 JUNE 2006

14 Capital commitments

Capital expenditure contracted for but not provided in the accounts at 1 July 2006 amounted to £nil (April 2005: £nil).

15 Related party transactions

Transactions between the company and its associates in the Homestyle group are disclosed below. There are no transactions with companies in the Steinhoff International Holdings Limited group.

	Sales of goods/ services	Purchase of goods/ services	Amounts owed by related parties	Amounts owed to related parties
	£'000	£'000	£'000	£'000
Parent company	-	-	14,019	-
Fellow subsidiaries	5,918	-	5,287	3,067

All transactions are made on an arms length basis. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

16 Ultimate parent company

The company is a wholly-owned subsidiary undertaking of Homestyle Group PLC, registered in England and Wales. Following the re-financing of the Homestyle Group in June 2005, the ultimate parent company is Steinhoff International Holdings Limited.

The smallest group in which the results of the company are consolidated is that headed by Homestyle Group PLC, the largest is that headed by Steinhoff International Holdings Limited.

The consolidated financial statements of Homestyle Group PLC are available to the public and may be obtained from the Company Secretary, Homestyle Group PLC, 520 Europa Boulevard, Westbrook, Warrington, Cheshire WA5 7TP.

17 Reconciliation of company net assets at 30 April 2005 (date of last GAAP financial statements)

There was no net effect on the net assets of the company from the transition to IFRS (May 2004: £nil).

18 Post Balance Sheet event

Subsequent to the year end, the Company issued 200,000,000 shares to its UK parent company, Homestyle Group PLC, for consideration of £10,000,000. A pro forma balance sheet setting out the effect of the share issue is set out below.

	1 July 2006	Issue of shares	Pro forma 1 July 2006
	£'000	£'000	£'000
Non-current assets	69	-	69
Current assets	26,828	10,000	36,828
Current liabilities	(14,116)	-	(14,116)
Non-current liabilities	(1,913)	-	(1,913)
Net assets	10,868	10,000	20,868
Equity Shareholders' funds	10,868	10,000	20,868

The pro forma balance sheet has been produced for illustrative purposes only and no account has been taken of any change in the financial position of the company since 1 July 2006.