

STEINHOFF UK GROUP PROPERTIES LIMITED
(Formerly HOMESTYLE GROUP PROPERTIES PLC)

**ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 28 JUNE 2008**

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STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
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STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly 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 52 week period ended 28 June 2008.

On 28 June 2008 Homestyle Group Properties plc changed its name to Steinhoff UK Group Properties Limited.

Principal activity

The principal activity of the company is that of an investment holding and a property management company and there have been no significant changes in the company's principal activities during the period under review.

Results and dividends

The audited financial statements for the 52 week period ended 28 June 2008 are set out on pages 6 to 20. The loss after tax for the period was £1,371,000 (52 week period ended 30 June 2007: loss of £10,945,000).

The directors cannot recommend payment of a dividend (52 week period ended 30 June 2007: same).

Enhanced business review

The company's parent company is Steinhoff UK Retail Limited which is part of the Steinhoff International Holdings Limited group.

The company's income is primarily attributable to letting properties to group undertakings and the key performance indicators are rental income, operating profit or loss, net assets, and cash flow, all of which are shown in the accounts.

The company's income increased significantly this financial period as the company received a full years income on group properties managed. The majority of the properties managed by the company were transferred from other group companies during the prior period.

During the period under review the operating loss was £1,341,000 (52 weeks to 30 June 2007: £10,998,000 loss). The prior periods loss was adversely affected by charges of £9,501,000 in respect of onerous lease and dilapidations provisions following a change of accounting estimate.

The company continued to incur losses due to a number of vacant properties. The property portfolio is being actively managed with opportunities sought both within the UK Steinhoff group and externally. The directors expect the company to revert to a profitable position once more properties are fully sub-let or traded.

The company's net assets were £8,552,000 (30 June 2007: £9,923,000).

The net operating cash inflow totalled £9,570,000 (2007 : £5,608,000).

The directors have changed the accounting treatment of business rates resulting in a prior period adjustment to the balance sheet. This does not affect the prior period's profits or the company's reserves. More details in respect of this adjustment are given in note 16 to the financial statements.

Principal risks and uncertainties

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.

At the time of making this report the UK economy is entering recession, however the directors believe the company is in a strong position as over 85% of the income is earned from other members of the Steinhoff group.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the enhanced business review. The financial position of the company, its cash flows, and liquidity position are described in the financial statements. In addition note 11 to the financial statements includes the company's objectives, policies and processes for managing its financial risk; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
DIRECTORS' REPORT (Continued)

Directors

The directors who served during the period were:

I M Topping
P J Dieperink (Appointed 1 September 2007)
G Forsyth (Appointed 14 May 2007)
M Ashcroft
T J Kowalski (Resigned 1 September 2007)

Directors' indemnities

The Steinhoff International group has made qualifying third party indemnity provisions for the benefit of the directors of the company which were in place through out the period and remain in force at the date of this report.

Supplier payment policy

The company's policy is to agree terms of payment with suppliers and abide by them.

Auditors

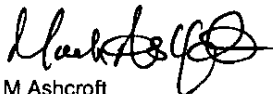
Each of the persons who is a director at the date of approval of this annual report confirms that:

- a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- b) the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. A resolution to reappoint Deloitte LLP as auditors will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



M Ashcroft
Secretary

14th April 2009

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to be properly prepared in accordance with IFRSs as adopted by the European Union and the Companies Act 1985.

International Accounting Standard 1 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 IFRSs. However, 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;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STEINHOFF UK GROUP PROPERTIES LIMITED
(Formerly HOMESTYLE GROUP PROPERTIES PLC)**

We have audited the financial statements of Steinhoff UK Group Properties Ltd (formerly Homestyle Group Properties PLC) for the 52 week period ended 28 June 2008 which comprise the income statement, the statement of recognised income and expense, the balance sheet, the cash flow statement, the statement of accounting policies and the related notes 1 to 17. 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 by 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 and are properly prepared in accordance with the Companies Act 1985. We report to you our opinion as to whether the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

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 IFRSs as adopted by the European Union, of the state of the company's affairs as at 52 week period ended 28 June 2008 and of its loss for the 52 week period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.


Deloitte LLP
Chartered Accountants and Registered Auditors
Manchester
United Kingdom

14 April 2009

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
INCOME STATEMENT
52 WEEKS TO 28 JUNE 2008

		52 weeks to 28 June 2008 £'000	52 weeks to 30 June 2007 £'000
Continuing operations	Notes		
Rental and associated property income		96,460	25,493
Operating expenses		(97,801)	(36,491)
Operating loss		(1,341)	(10,998)
Financing - bank interest receivable		636	98
Finance costs - bank overdraft interest		-	(7)
Finance costs - other interest		(576)	(38)
Total finance income		60	53
Loss before taxation	1	(1,281)	(10,945)
Taxation	2	(90)	-
Loss for the period attributable to the equity holders	9,10	(1,371)	(10,945)

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. Accordingly no statement of recognised income and expense has been presented.

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
BALANCE SHEET
AT 28 JUNE 2008

	Notes	28 June 2008 £'000	30 June 2007 £'000 (restated note 16)
Non-current assets			
Property, plant & equipment	4	7,206	6,563
Current assets			
Trade and other receivables	5	40,955	40,151
Cash at bank		9,586	60
		<u>50,541</u>	<u>40,211</u>
Current liabilities			
Trade and other payables	6	(26,787)	(17,805)
Tax liabilities		(90)	-
Bank overdraft		-	(1,607)
Short term provisions	7	(7,086)	(5,560)
		<u>(33,963)</u>	<u>(24,972)</u>
Net current assets		<u>16,578</u>	<u>15,239</u>
Total assets less current liabilities		<u>23,784</u>	<u>21,802</u>
Non-current liabilities			
Long term provisions	7	(15,232)	(11,879)
Net assets		<u>8,552</u>	<u>9,923</u>
Equity			
Share capital	8	72,720	72,720
Share premium account	9	7,867	7,867
Special capital reserve	9	-	364
Retained earnings	9	(72,035)	(71,028)
Shareholders' funds	10	<u>8,552</u>	<u>9,923</u>

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

The financial statements were approved by the board of directors on 14 April 2009 and signed on its behalf by:


P. Dieperink
Director

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
CASH FLOW STATEMENT
52 WEEKS TO 28 JUNE 2008

	52 weeks to 28 June 2008 £000	52 weeks to 30 June 2007 £000
Cash flows from operating activities		
Operating loss	(1,341)	(10,998)
Depreciation and fixed asset impairments	1,442	147
Loss/(profit) on disposal of property, plant and equipment	134	(616)
Lease surrender premiums	(3,722)	-
Landlord's inducements	385	748
Property provisions	4,879	9,305
Operating cash flows before changes in working capital	1,777	(1,414)
Taxation paid	-	(11)
Increase in trade and other receivables	(4,651)	(28,159)
Increase in trade and other payables	12,444	35,192
Net cash inflow from operating activities	9,570	5,608
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,640)	(6,773)
Lease surrender premiums received	3,722	-
Proceeds from disposal of property, plant and equipment	1,421	-
Net cash inflow/(outflow) from investing activities	1,503	(6,773)
Cash flows from financing activities		
Net interest received	60	53
Net cash flows from financing activities	60	53
Net increase/(decrease) in cash and cash equivalents	11,133	(1,112)
Opening cash and cash equivalents	(1,547)	(435)
Closing cash and cash equivalents	9,586	(1,547)

Cash and cash equivalents comprise bank credit accounts and overdrafts.

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
STATEMENT OF ACCOUNTING POLICIES
FOR THE 52 WEEKS ENDED 28 JUNE 2008

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.

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:

Long leasehold	2% per annum
Structural assets, fittings and equipment	10%-20% 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 comprises rent receivable and associated property income and is recognised in the income statement as it accrues on a day to day basis.

Financial instruments

In the current period, the company has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the related amendment to IAS 1 Presentation of Financial Statements. The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the company's financial instruments and management of capital (see note 11).

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

Derivative financial instruments

The company does not enter in to derivative financial instruments. All transactions are in sterling so there is no exposure to foreign currency risk.

Financial assets

The financial assets are all classified as loans and receivables.

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
STATEMENT OF ACCOUNTING POLICIES
FOR THE 52 WEEKS ENDED 28 JUNE 2008

Financial instruments (continued)

Financial assets - Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost less impairment.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For loans and receivables the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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. During the current period the company has changed its accounting policy in relation to cash and cash equivalents. The company now includes unpresented cheques in trade creditors and uncleared lodgements in trade debtors, where as in the prior period these amounts were included in cash and cash equivalents. The prior year balances have not been restated due to the immaterial nature of this change in policy.

Financial instruments issued by the company

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 company after deducting all of its liabilities.

Other financial liabilities

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost.

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

The following standards and interpretations have been issued but were not effective at 28 June 2008 and have not been applied in preparing these financial statements:

- IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity, or Associate (revised January 2008)
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IAS 1 Presentation of Financial Statements (revised September 2007)
- IAS 23 Borrowing Costs (revised March 2007)

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the company's financial statements in the period of initial application.

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 28 JUNE 2008

	52 weeks to 28 June 2008 £'000	52 weeks to 30 June 2007 £'000
1 Loss before taxation		
The loss before taxation is stated after charging/(crediting):		
Operating lease rentals - leasehold properties (note 12)	63,300	16,269
Loss on disposal of fixed assets	134	(616)
Lease surrender premiums	(3,722)	-
Depreciation	1,442	147
Auditors' remuneration:		
Fees payable to the company's auditors for the audit of the company's annual accounts	5	5
Non audit fees	-	-
	5	5

	52 weeks to 28 June 2008 £'000	52 weeks to 30 June 2007 £'000
2 Taxation		
<i>Current tax</i>		
UK corporation tax charge at 29.5% (June 2007: 30.0%) on loss for the period	(90)	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total taxation	(90)	-
The tax charge for the period can be reconciled to the loss per the income statement as follows:		
Loss before taxation	(1,281)	(10,945)
Tax at the current UK corporation tax rate	378	3,284
Expenses not deductible for tax purposes	(20)	161
Movement in deferred tax asset not recognised	(448)	(3,445)
Total taxation	(90)	-

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses and other short term differences as there is insufficient evidence that the asset will be recovered. The estimated value of the deferred tax asset not recognised is £6,909,000 (2007: £6,089,000).

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 28 JUNE 2008

3 Staff and other costs

	52 weeks to 28 June 2008 £'000	52 weeks to 30 June 2007 £'000
Wages and salaries	413	200
Social security costs	42	26
Pension costs	18	10
	473	236

The average number of staff was 8 (52 weeks to June 2007: 6).

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".

	52 weeks to 28 June 2008 £'000	52 weeks to 30 June 2007 £'000
Salary and short term employment benefits	146	98
Post employment benefits	12	12
	158	110

Post employment benefits reflect contributions to a defined benefit contribution scheme.

The emoluments of Messrs Topping, Dieperink, Kowalski and Ashcroft were paid by fellow subsidiaries Homestyle Operations Limited and Relyon Group Limited. It is not practicable to split their remuneration between their services to group companies. Details of their remuneration are included in the financial statements of these companies.

4 Property, plant & equipment

	Long leasehold £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 1 July 2007	1,649	7,001	120	8,770
Additions	-	3,339	12	3,351
Transferred from fellow group subsidiary	-	606	-	606
Transfers	(1,649)	1,649	-	-
Disposals	-	(2,488)	(1)	(2,489)
At 28 June 2008	-	10,107	131	10,238
Depreciation				
At 1 July 2007	100	2,091	16	2,207
Transferred from fellow group subsidiary	-	317	-	317
Disposals	-	(934)	-	(934)
Transfers	(100)	100	-	-
Charge for period	-	1,417	25	1,442
At 28 June 2008	-	2,991	41	3,032
Net book amount				
At 28 June 2008	-	7,116	90	7,206
At 1 July 2007	1,549	4,910	104	6,563

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 28 JUNE 2008

4 Property, plant & equipment (continued)

	Long leasehold £'000	Structural assets £'000	Fittings, equipment & computers £'000	Total £'000
Cost				
At 2 July 2006	-	14	61	75
Transferred from fellow group subsidiary	1,649	6,779	3	8,431
Additions	-	420	76	496
Disposals	-	(212)	(20)	(232)
At 30 June 2007	1,649	7,001	120	8,770
Depreciation				
At 2 July 2006	-	1	5	6
Transferred from fellow group subsidiary	69	2,085	-	2,154
Disposals	-	(96)	(4)	(100)
Charge for period	31	101	15	147
At 30 June 2007	100	2,091	16	2,207
Net book amount				
At 30 June 2007	1,549	4,910	104	6,563
At 2 July 2006	-	13	56	69

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 28 JUNE 2008

5 Trade and other receivables

	28 June 2008 £'000	30 June 2007 £'000 (restated note 16)
Trade receivables - amounts owed by group undertakings	2,593	1,331
Trade receivables - other	5,532	229
Less provision for impairment of other trade receivables	(479)	(97)
Trade receivables	7,646	1,463
Amounts owed by group undertakings	15,129	23,178
Other receivables	2,959	2,477
Prepayments and accrued income	15,221	13,033
	40,955	40,151

Trade receivables includes £2,593,000 (2007 - £1,331,000) due from group undertakings arising from the letting and management of properties.

The average credit period on rental and associated property income is 13 days. The provision for impairment of trade receivables is estimated by the company's management based on prior experience and the current economic environment.

Included in the company's trade receivable balance are debtors with a carrying amount of £113,000 (2007: £179,000) which are past due at the reporting date for which the company has not provided as there has not been a significant change in credit quality and the company believes that the amounts are still considered recoverable. The company does not hold any collateral over these balances. The average age of these receivables is between 1 and 3 months overdue (2007:same).

Amounts owed by group undertakings included in trade debtors are incurred in the normal course of trading. The remaining amounts owed by group undertakings are short term loans of £15,129,000 (2007 : £23,178,000) which are repayable on demand. The directors consider there to be no significant credit risk associated with these balances.

Movement in the allowance for doubtful debts

	2008 £'000	2007 £'000
At the start of the period	97	94
Increase in allowance recognised in the income & expenditure account	408	3
Amounts written off in the period	(26)	-
At the end of the period	479	97

In determining the recoverability of the trade receivable, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. £2,181,000 of the other trade receivables is due from a single company which went in to administration after the period end. The majority of this balance was subsequently recovered and the balance of £296,000 was provided for at the year end. For the remaining element of other trade receivables, the concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Included in the allowance for doubtful debts are specific trade receivables with a balance of £77,000 (2007: £nil) which have been placed under liquidation and provided for at the year end. The impairment represents the difference between the carrying amount of the specific trade receivable and present value of the expected liquidation dividend.

The ageing of receivables is:

	2008		2007	
	£'000	%	£'000	%
Neither past due nor impaired	40,842	99.7%	39,972	99.6%
Past due up to 3 months but not impaired - trade receivables	109	0.3%	179	0.4%
Past due by between 3 months and 6 months but not impaired - trade receivables	4	0%	-	-
	40,955	100%	40,151	100%

STEINHOFF UK GROUP PROPERTIES LIMITED (Formerly HOMESTYLE GROUP PROPERTIES PLC)
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE 52 WEEKS ENDED 28 JUNE 2008

	28 June 2008 £'000	30 June 2007 £'000 (restated note 16)
6 Trade and other payables		
Trade payables	9,343	9,754
Amounts owed to group undertakings	616	3,067
Accruals and deferred income	16,828	4,984
	26,787	17,805

7 Provisions

Property provisions	28 June 2008 £'000	30 June 2007 £'000
At start of period	17,439	1,913
Transferred from fellow group company	-	6,221
Costs incurred in the period	(2,427)	(196)
Charged to profit and loss account in the period	7,306	9,501
At end of period	22,318	17,439
Due less than 1 year	7,086	5,560
Due more than 1 year	15,232	11,879
	22,318	17,439

Property provisions are raised for future rental costs where properties are vacant, and for expected losses where a store is loss making. The provision is calculated based on the remaining term of the lease or estimated date of assignment if earlier. In the current year the charge to the income statement in relation to this provision was £5.1 million.

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. In the current year the charge to the income statement in relation to this provision was £2.2 million.

During the prior period, the company re-assessed its measure of standard store contribution for the purposes of assessing loss making stores. The impact of this was to increase the number of loss making stores which therefore resulted in a higher provision for onerous leases. This resulted in a charge to the income statement of £5.7 million in the period ended 30 June 2007.

During the prior period the company also re-assessed its method of calculating the dilapidations provision to a methodology whereby the calculation is based on an average estimate of the likely cost of dilapidations for each property accrued over the period of the lease. This resulted in a charge to the income statement of £3.8 million in the period ended 30 June 2007.

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28 June **30 June**
2008 **2007**
£'000 **£'000**

8 Share capital

Authorised:

1,520,000 (June 2007: 1,520,000,000) ordinary shares of 5p each

76,000 **76,000**

Allotted, called-up and fully paid:

1,454,399,850 (June 2007: 1,454,399,850) ordinary shares of 5p each

72,720 **72,720**

9 Statement of changes in shareholders equity

	Share capital £'000	Share premium account £'000	Special capital reserve £'000	Profit & Loss Account £'000	Total £'000
At 1 July 2006	62,720	7,867	364	(60,083)	10,868
Issue of ordinary shares	10,000	-	-	-	10,000
Retained loss for the period	-	-	-	(10,945)	(10,945)
At 30 June 2007	72,720	7,867	364	(71,028)	9,923

	Share capital £'000	Share premium account £'000	Special capital reserve £'000	Profit & Loss Account £'000	Total £'000
At 1 July 2007	72,720	7,867	364	(71,028)	9,923
Transfer	-	-	(364)	364	-
Retained loss for the period	-	-	-	(1,371)	(1,371)
At 28 June 2008	72,720	7,867	-	(72,035)	8,552

28 June **30 June**
2008 **2007**
£'000 **£'000**

10 Reconciliation of movements in equity shareholders' funds

Retained loss for the period	(1,371)	(10,945)
Issue of ordinary shares	-	10,000
Opening equity shareholders' funds	9,923	10,868
Closing equity shareholders' funds	8,552	9,923

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11 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policy note.

Categories of financial instruments	2008	2007
	£'000	£'000
Financial assets at amortised cost		
Cash	9,586	60
Loans and receivables - Trade and other receivables	25,734	27,118
	35,320	27,178
Financial liabilities at amortised cost		
Bank overdrafts	-	1,607
Trade and other payables	9,959	12,821
	9,959	14,428

Financial Risk Management Objectives

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

Regular management reporting and assessment of the effectiveness of controls by internal audit provide a balanced assessment of the effectiveness of key risks and controls.

The company does not speculate with derivatives or other financial instruments. The central finance function communicates with operating divisions and consolidates the company's requirements. It plays a role in the identification and management of the following risks: interest rate risk, credit risk and liquidity risk.

Market Risk

The company's activities expose it primarily to the financial risks of changes in interest rates. The Steinhoff UK group manages interest rate risk centrally through its central treasury. Individual company's cash resources are consolidated and matched with the net funding requirements sourced from three sources namely internally generated funds, the company facilities and group resources. All transactions are in sterling so there is no exposure to foreign currency risk.

Interest Rate Risk Management

Interest rate risk is managed centrally. All interest bearing assets of the company are at variable rates of interest and are structured to achieve a competitive market related cost of funding. The majority of the other interest payable relates to interest on rent reviews which are under negotiation, and interest is charged at a mixture of fixed and variable rates. Rent reviews are settled on a timely basis to minimise this risk.

The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and a stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 50 basis points lower and all other variables were held constant, the company's net profit would decrease by £5,000 (2007 decrease by £4,000).

Credit Risk Management

Potential concentration of credit risk consist principally of short-term cash and cash equivalent investments, trade and other receivables. The company deposits short-term cash surpluses with the same bank granting it overdraft facilities. The ability of group undertakings to repay trade and other amounts receivable is assessed. Other trade receivables include one major customer which was put in to administration after the year end (note 5), the remaining balance comprise a large and widespread customer base. The company performs ongoing credit evaluations on the financial condition of customers. At 30 June 2008, the company did not consider there to be any other significant concentration of credit risk which had not been adequately provided for. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment.

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11 Financial instruments (continued)

Liquidity Risk Management

Liquidity risk is the risk that an entity will encounter difficulty in meeting 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.

Liquidity risk is managed at various levels, starting at the ultimate holding company and cascading down to the UK group of companies of which this company is one. The UK group manages liquidity risk by monitoring forecast cash flows which are provided weekly and by ensuring that adequate borrowing facilities are available. The company generates its own cash to meet obligations, and additional cash is obtained from existing lines of credit and from group facilities based on forecast requirements.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities and has been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the company is entitled and intends to repay the liability before its maturity.

	0 - 3 months £000	3 months to 1 year £000	Total £000
2008			
Bank overdraft	-	-	-
Amounts payable to group companies	616	-	616
Trade and other payables	9,343	-	9,343
	<u>9,959</u>	<u>-</u>	<u>9,959</u>
2007			
Bank overdraft	1,607	-	1,607
Amounts payable to group companies	3,067	-	3,067
Trade and other payables	9,754	-	9,754
	<u>14,428</u>	<u>-</u>	<u>14,428</u>

Fair values

The fair values of the company's trade receivables, cash and cash equivalents, trade payables, short-term provisions and loans and overdrafts with a maturity of less than one year are assumed to approximate to their book value.

12 Financial commitments

The company is party to a group overdraft facility together with fellow subsidiaries Steinhoff UK Retail Limited (formerly Homestyle Group plc) and Homestyle Operations Limited. These companies assets are pledged as security for the bank borrowings under this agreement which at 28 June 2008 amounted to £31,554,000 (30 June 2007: £nil).

Lease commitments are in relation to 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.

Company as lessee:

The administration of leases for land and buildings was transferred from Homestyle Operations Limited (a fellow subsidiary) to this company during the prior period. Certain leases have been entered into by Steinhoff UK Properties which are also included in the analysis below. Steinhoff UK Group Properties Limited pays all costs arising from these leases, and recharges these costs to other Steinhoff UK companies who occupy the properties. The amount recharged in the current period is included in note 15.

At the balance sheet date the expected payments under these operating leases were as follows:

	28 June 2008 £'000	30 June 2007 £'000
Amount falling due:		
Within one year	63,607	58,406
Between two and five years	228,604	207,726
After five years	<u>407,624</u>	<u>374,058</u>
Total	<u>699,835</u>	<u>640,190</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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12 Financial commitments (continued)

Company as lessor:

At the balance sheet date the following future minimum lease payments contracted were:

	28 June 2008 £'000	30 June 2007 £'000 restated
Within one year	6,517	7,468
Between two and five years	23,076	27,511
After five years	32,473	49,037
Total (note 17)	62,066	84,016

This includes income arising from leases which the company administers on behalf of Homestyle Operations Ltd and leases entered in to by this company.

Prior period restatement

The analysis of the future minimum lease payments between within one year, between two and five years, and after five years has been restated to reflect the expected timing of this income. There is no impact on the total expected future minimum lease payments of £84,016,000.

13 Capital commitments

Capital expenditure contracted for but not provided in the accounts at 28 June 2008 amounted to £978,000 (30 June 2007: £nil).

14 Parent company and ultimate controlling party

The company is a wholly-owned subsidiary undertaking of Steinhoff UK Retail Limited, a company registered in England and Wales.

The ultimate controlling party is Steinhoff International Holdings Limited, a company incorporated in The Republic of South Africa.

The smallest and largest group for which the results of the company are consolidated is headed by Steinhoff International Holdings Limited. Copies of these consolidated financial statements may be obtained via the website www.steinhoffinternational.com.

15 Related party transactions

Transactions between the company and other companies within the group headed by Steinhoff International Holdings Limited are disclosed below.

	Property rentals and associated income £'000	Recharges for services £'000	Amounts owed by related parties £'000	Amounts owed to related parties £'000
52 weeks ended 28 June 2008				
Steinhoff UK Retail - parent company	-	-	-	616
Other companies in the Steinhoff group	83,192	529	17,722	-
	83,192	529	17,722	616
52 weeks ended 30 June 2007			(restated note 16)	
Steinhoff UK Retail - parent company	-	-	-	-
Other companies in the Steinhoff group	17,107	-	24,509	3,107
	17,107	-	24,509	3,107

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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16 Prior period restatement

The company has changed its accounting policy in relation to the treatment of business rates. Business rates are paid by the company and recharged to tenants by way of a single invoice raised in April for the coming years annual rates charge. In the previous period this resulted in an inter company debtor and an equal amount of deferred income. In addition the full year rates invoice was recorded as a liability with an equal prepayment. In the current year the accounting policy has been changed so the rates invoice is accounted for on a monthly basis.

The impact of this on the comparatives at 30 June 2007 in the current year financial statements is:

	Inter company trade debtors £000	Trade debtors £000	Accruals and deferred income £000	Trade creditors £000	Prepayments and accrued income £000
As previously reported	14,700	2,638	(20,762)	(25,033)	28,312
Prior period adjustment	(13,369)	(2,409)	15,778	15,279	(15,279)
As restated	<u>1,331</u>	<u>229</u>	<u>(4,984)</u>	<u>(9,754)</u>	<u>13,033</u>

17 Post balance sheet event

After the year end one of the non Steinhoff UK group tenants was put in to administration. This will result in a reduction in the contracted future minimum lease income shown in note 12 of £55,000,000. The company is in advanced stages of negotiation with other tenants who operate concessions in these stores and have expressed an interest in leasing a significant element of this space, and the remaining space is intended to be leased to Steinhoff UK Group companies. This will generate replacement revenue streams for the company in future.