

Steinhoff UK Holdings Limited

Directors' report and financial statements

Year ended 30 June 2001

Registered number 3738136



Steinhoff UK Holdings Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	2
Report of the auditors	3
Profit and loss account	4
Balance sheet	5
Notes	6 - 8

Steinhoff UK Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2001.

Principal activities

The company's principal activity is that of a holding company.

Directors and directors' interests

The directors who held office during the year were as follows:-

B E Steinhoff

F E J Lewis

M J Jooste

P M James (appointed 4 September 2001)

J M Moore

None of the directors who held office at the end of the year had a beneficial interest in the ordinary share capital of the company.

Messrs Steinhoff and Jooste are directors of Steinhoff International Holdings Limited, the ultimate parent company, and details of their beneficial interests in the ordinary share capital are shown in the published accounts of that company. No other director who held office at the end of the year had a beneficial interest in the ordinary share capital of Steinhoff International Holdings Limited.

No director had a financial interest in any contract to which the parent company or a subsidiary was a party during the financial year.

Mr J M Moore resigned as a director 8 November 2001.

Mr I M Topping was appointed as a director 20 February 2002.

Creditor payment policy

The policy is to negotiate terms of payment with suppliers on an individual basis and that remittances should then be made within those mutually agreed terms.

Auditors

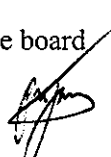
The current auditors of the company, Freedman Ross, will not be put forward for re-election at the Annual General Meeting. Accordingly and in accordance with S.385 of the Companies Act 1985, a resolution for the appointment of BKR Haines Watts as auditors of the company at a fee to be fixed by the directors is to be proposed at the Annual General Meeting.

By order of the board

P M James

Secretary

13 June 2002



Steinhoff UK Holdings Limited

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the auditors to the members of Steinhoff UK Holdings Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out at note 1 on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable law and United Kingdom Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Accounting Standards.

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 also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 misstatements, whether caused by fraud or other irregularity or error.

However, attention is drawn to note 4 regarding exceptional income receivable in Steinhoff UK Furniture Limited and Spearhead Upholstery Limited. The evidence available to us in respect of this income receivable was limited. The directors represented to us that this was in respect of a warranty agreement, but we were unable to obtain sufficient documentary evidence in relation to £7,074,529 and £243,991 of exceptional income in Steinhoff UK Furniture Limited and Spearhead Upholstery Limited respectively.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of disclosures made in the financial statements concerning the accounting concept – going concern. As referred to in note 1, the financial statements have been prepared on a going concern basis, on the assumption of the continued support of the parent company and the creditors. Our opinion is not qualified in this respect.

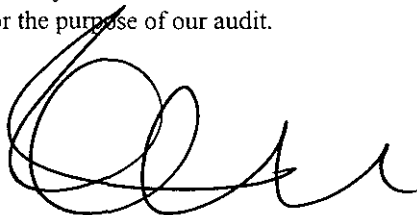
Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of our work relating to exceptional income receivable in Steinhoff UK Furniture Limited and Spearhead Upholstery Limited we have not obtained all the information and explanations that we consider necessary for the purpose of our audit.

Freedman Ross
Chartered Accountants
Registered Auditor

Freedman Ross
9 Lisbon Square
LEEDS LS1 4LY



13 June 2002

Steinhoff UK Holdings Limited

Profit and loss account
for the year ended 30 June 2001

	<i>Note</i>	2001 £	2000 £
Administrative expenses		<u>(12,000)</u>	-
Operating loss	2	<u>(12,000)</u>	-
Interest payable and similar charges		<u>(11,133)</u>	-
Loss on Ordinary Activities before Taxation		<u>(23,133)</u>	-
Tax on profit on ordinary activities		<u>-</u>	-
Loss for the financial period		<u><u>(23,133)</u></u>	<u><u>-</u></u>

Steinhoff UK Holdings Limited

Balance sheet as at 30 June 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Investments	3		434,000		434,000
			<u>434,000</u>		<u>434,000</u>
Current assets					
Debtors	5	22	-	-	-
Cash at bank and in hand		(10,022)	-	-	-
		<u>(10,000)</u>			
Creditors: amounts falling due within one year	6	(2,000)		(433,900)	
Net current liabilities			<u>(12,000)</u>		<u>(433,900)</u>
Total assets less current liabilities			<u>422,000</u>		<u>100</u>
Creditors: amounts falling due after more than one year	7		(445,033)		-
			<u>(23,033)</u>		<u>100</u>
Capital and reserves					
Share capital	8		100		100
Profit and loss account			<u>(23,133)</u>		<u>-</u>
Shareholders' funds	9		<u>(23,033)</u>		<u>100</u>

The financial statements were approved by the board on 13 June 2002 and signed on its behalf by:



P M James
Director

The attached notes on pages 6 - 8 form part of these financial statements.

Steinhoff UK Holdings Limited

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

Consolidation

The financial statements contain information about STEINHOFF UK HOLDINGS LIMITED as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a medium group.

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investment are treated as part of the result from ordinary activities.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Where exchange differences result from the translation of foreign currency borrowing raised to acquire foreign assets they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

Accounting concept – going concern

The financial statements have been prepared on a going concern basis on the assumption of the continued support of the company's creditors which mainly relate to companies within the group.

Should the going concern basis not be appropriate, adjustments would be necessary to reduce the value of assets to their recoverable amount, to provide for any further liabilities which may crystallise and to re-classify fixed assets and long term liabilities as current assets and liabilities.

2 Operating loss

	2001	2000
The operating loss is stated after charging:	£	£
Auditors' remuneration	2,000	-

Steinhoff UK Holdings Limited

Notes (continued)

3 Fixed asset investments

	2001	2000
	Shares in group undertakings £	Total £
Cost	-	-
At 1 July 2000	434,000	434,000
At 30 June 2001	434,000	434,000
Net book value		
At 30 June 2001	434,000	434,000

4 Shares in group undertakings

Name of company and registered office	County of incorporation	Details of investments	Proportion held by company	Nature of business
Steinhoff UK Furniture Limited	England	200 Ordinary £1 shares	100%	Importers and distributors of furniture
Spearhead Upholstery Limited	England	100,000 ordinary £1 shares	100%	Upholstery manufacturer

For the year ended 30 June 2001 Steinhoff UK Furniture Limited made a profit of £877,399 (2000: loss of £878,768) and had a positive capital and reserves aggregate of £77,308 (2000: (£800,091)).

For the year ended 30 June 2001 Spearhead Upholstery Limited made a profit of £240,459 (2000: loss of £258,774) and had a positive capital and reserves aggregate of £99,876 (2000: (£140,583)).

Included in the profits reported by the subsidiary companies Steinhoff UK Furniture Limited and Spearhead Upholstery Limited were amounts of £7,074,529 and £243,991 relating to exceptional operating income.

The exceptional operating income was received from two non-group companies. The amounts related to the refund of costs, expenses and loan interest incurred by the company in establishing its business in the UK. The amounts are payable by two companies, BS Beteiligungs-und Verwaltungs GmbH and Bruno Steinhoff Immobilien Verwaltungs-und Beteiligungs GmbH, established and owned by Mr Steinhoff the former owner of Steinhoff Germany GmbH under a warranty agreement relating to the sale of that organisation to Steinhoff International Holdings Limited and its subsequent flotation on the Johannesburg Stock Exchange. Mr Steinhoff is now the Chairman of Steinhoff International Holdings Limited.

5 Debtors

	2001 £	2000 £
Other debtors	22	-
	22	-

Steinhoff UK Holdings Limited

Notes (continued)

6 Creditors: amounts falling due within one year

	2001 £	2000 £
Amounts owed to group undertakings	-	433,900
Other creditors	2,000	-
	<u>2,000</u>	<u>433,900</u>

7 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Amounts owed to group undertakings	445,003	-

8 Share capital

	2001 £	2000 £
Authorised:		
100 (2000: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted and fully paid:		
100 (2000: 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

9 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(23,133)	-
Issue of share capital	-	100
Decrease in the shareholders' funds	(23,133)	100
Opening shareholders' funds	100	-
Closing shareholders' funds	<u>(23,033)</u>	<u>100</u>

10 Related parties

In the directors' opinion the company's ultimate parent company and controlling related party is Steinhoff International Holdings Limited, which is incorporated in South Africa. Copies of its group accounts, which include the company, are available from 22 Dacres Avenue, Epping 2, Cape Town 7460, PO Box 461, Eppindust 7475. This company has pledged its continued support to Steinhoff UK Furniture Limited and Spearhead Upholstery Limited.

During the year the company secured loans in the normal course of business from Steinhoff Europe AG and from its subsidiary Steinhoff UK Furniture Limited totalling £445,033. At the balance sheet date the amount due to Steinhoff Europe AG was £345,033 and the amount due to Steinhoff UK Furniture Limited was £100,000.