

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
COMPANY INFORMATION

Directors	M Elliott A Bond P Erasmus S Cardinaal	(Appointed 28 April 2017)
Secretary	M Ankers	(Appointed 1 July 2016)
Company number	09127609	
Registered office	Unit 4.1 The Leather Market Weston Street London SE1 3ER	
Independent Auditor	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH	

**PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
CONTENTS**

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Income statement	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 23

**PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
DIRECTORS' REPORT**

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

The directors present their annual report and financial statements for the period ended 30 September 2016. The company name was changed from Pepkor UK Limited to Pepkor Europe Limited on 8 March 2016.

Principal activities

The principal activity of the company is that of a holding company.

Directors

The directors who held office during the period and up to the date of signature of the financial statements were as follows:

M Elliott
A Bond
P Erasmus
S Cardinaal

(Appointed 28 April 2017)

M. Ankers was appointed as company secretary on 1 July 2016.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 Section 1A). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS102 Section 1A have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS102 Section 1A used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

Statement of disclosure to auditors'

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors' are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors' are aware of that information.

**PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
DIRECTORS' REPORT (CONTINUED)**

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have received confirmation that Pepkor Holdings (Pty) Limited intend to support the company for at least one year after these financial statements are signed.

Restructuring

During the period, some restructuring was done within the Pepkor Group. As a result Pepkor Europe Limited now has 100% shareholding in Konpacka Holdings B.V., Pepco Poland Sp z.o.o., Pepco Properties Sp z.o.o., Pepkor Europe GmbH, Pepkor Imports B.V., Pepkor Retail Espana S.L. and Rawska Holdings B.V. Further details of subsidiary companies are provided in note 21 of the financial statements.

The company also issued 949,999 A Ordinary shares of 0.1p and 50,000 B Ordinary shares of 0.1p in the company.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



M Ankers

Secretary

30 June 2017

**PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF PEPKOR EUROPE LIMITED**

Report on the financial statements

Our opinion

In our opinion, Pepkor Europe Limited's (formerly Pepkor UK Limited) financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its loss for the period from 28 June 2015 to 30 September 2016 (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, including within the Annual Report, comprise:

- the Statement of financial position as at 30 September 2016;
- the Income statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption in preparing the Directors' Report. We have no exceptions to report arising from this responsibility.

**PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE MEMBERS OF PEPKOR EUROPE LIMITED**

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider this report to include the disclosures required by applicable legal requirements.



Adri Loubser (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2017

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
INCOME STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2016

		Period from 28 June 2015 to 30 September 2016 £	Period from 11 July 2014 to 27 June 2015 £
	Notes		
Revenue	2	1,080,500	258,849
Administrative expenses		(4,373,638)	(970,469)
Operating loss	3	(3,293,138)	(711,620)
Interest receivable and similar income	7	666,486	199,929
Share based payments	16	(925,783)	-
Finance costs	8	(668,048)	(204,931)
Loss before taxation on ordinary activities		(4,220,483)	(716,622)
Tax on loss on ordinary activities	9	629,363	-
Loss for the financial period		(3,591,120)	(716,622)

The income statement has been prepared on the basis that all operations are continuing operations.

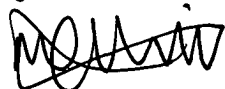
There are no recognised gains and losses other than those passing through the income statement.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Notes	30 September 2016		27 June 2015	
		£	£	£	£
Non current assets					
Tangible assets	10	-		1,852	
Investments	11	3,238,590		16,506	
		<u>3,238,590</u>		<u>18,358</u>	
Current assets					
Debtors falling due after one year	12	-	4,960,486		
Debtors falling due within one year	12	28,521,651	432,114		
Cash at bank and in hand		360,292	267,833		
		<u>28,881,943</u>	<u>5,660,433</u>		
Creditors: amounts falling due within one year	13	<u>(3,720,806)</u>	<u>(1,190,482)</u>		
Net current assets		<u>25,161,137</u>		<u>4,469,951</u>	
Total assets less current liabilities		<u>28,399,727</u>		<u>4,488,309</u>	
Creditors: amounts falling due after more than one year	14	<u>(22,224,257)</u>		<u>(5,204,931)</u>	
Net assets		<u><u>6,175,470</u></u>		<u><u>(716,622)</u></u>	
Capital and reserves					
Called up share capital	15	1,000	-		
Share premium account		11,831,429	-		
Other reserves		925,783	-		
Treasury shares		(2,275,000)	-		
Profit and loss account		(4,307,742)	(716,622)		
Total equity		<u><u>6,175,470</u></u>		<u><u>(716,622)</u></u>	

The financial statements on pages 5 to 21 were approved by the Board of directors and authorised for issue on 30 June 2017.

Signed on its behalf by:



M Elliott
Director

Company Registration No. 09127609

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

	Notes	Share capital £	Share premium account £	Treasury shares £	Other reserves £	Retained earnings £	Total £
Balance at 11 July 2014		-	-	-	-	-	-
Period ended 27 June 2015:							
Loss and total comprehensive expense for the period		-	-	-	-	(716,622)	(716,622)
Balance at 27 June 2015		-	-	-	-	(716,622)	(716,622)
Period ended 30 September 2016:							
Loss and total comprehensive expense for the period		-	-	-	-	(3,591,120)	(3,591,120)
Issue of share capital	15	1,000	11,831,429	-	-	-	11,832,429
Treasury shares	15	-	-	(2,275,000)	-	-	(2,275,000)
Credit to equity for equity settled share-based payments		-	-	-	925,783	-	925,783
Balance at 30 September 2016		1,000	11,831,429	(2,275,000)	925,783	(4,307,742)	6,175,470

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

Company information

Pepkor Europe Limited (formerly Pepkor UK Limited) is a private company limited by shares incorporated in England and Wales. The registered office is Unit 4.1 The Leather Market, Weston Street, London, SE1 3ER.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The accounting policies have been applied consistently, other than where new policies have been adopted.

The company has taken advantage of the exemptions under FRS102 The Financial Reporting Standard (sections 1.8 to 1.13) from the requirement to produce a cash flow statement and the disclosure of related party information, on the basis that it is a wholly owned subsidiary undertaking, and its results are included in the consolidated financial statements of Steinhoff International Holdings Limited, which are publicly available.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have received confirmation that Pepkor Holdings (Pty) Limited intend to support the company for at least one year after these financial statements are signed.

1.3 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue during the period related to management fees charged to subsidiary companies.

1.4 Tangible assets

Tangible assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	3 years straight line
Fixtures and fittings	5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.5 Non-current investments

Investments in subsidiaries are measured at cost less accumulated impairment.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Trade receivables, loans 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 using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end 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 have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. 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 reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. 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, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

The company participates in a share-based payment arrangement granted to its employees and employees of its subsidiaries. The directors consider the number of unvested options granted to the company's employees compared to the total unvested options granted under the group plan to be a reasonable basis for allocating the expense.

The expense in relation to options over the company's shares granted to employees of a subsidiary is recognised by the company as a capital contribution, and presented as an increase in the company's investment in that subsidiary.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.14 Employee Benefit Trust

Special purpose vehicles under the control of the entity are consolidated as part of the results of the company.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

2 Revenue

An analysis of the company's revenue is as follows:

	2016	2015
	£	£
Management charge	1,080,500	258,849
	<u> </u>	<u> </u>
Other significant income		
Interest income	666,486	199,929
	<u> </u>	<u> </u>

3 Operating Loss

Operating loss for the period is stated after charging:

	2016	2015
	£	£
Depreciation of property, plant and equipment		
- owned assets	2,171	110
Operating lease charges	71,552	-
	<u> </u>	<u> </u>

4 Auditors' remuneration

Fees payable to the company's auditors' and associates:

	2016	2015
	£	£
For audit services		
Audit of the company's financial statements	10,000	3,000
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the period was 10 (2015 - 5).

	2016	2015
	Number	Number
Administration	10	5
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	1,717,644	122,035
Social security costs	277,764	16,840
	<u> </u>	<u> </u>
	1,995,408	138,875
	<u> </u>	<u> </u>

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

6 Directors' remuneration

	2016	2015
	£	£
Remuneration paid to directors	358,916	-
Share based payment allocated to directors	654,822	-
	<u>1,013,738</u>	<u>-</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2016	2015
	£	£
Remuneration for qualifying services	170,833	-
Amounts receivable under long term incentive schemes	564,502	-
	<u>735,335</u>	<u>-</u>

7 Interest receivable and similar income

	2016	2015
	£	£
Interest receivable from group companies	<u>666,486</u>	<u>199,929</u>

8 Finance costs

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest payable	<u>668,048</u>	<u>204,931</u>

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

9 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	(629,363)	-

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2016	2015
	£	£
Loss before taxation	(4,220,483)	(716,622)
Expected tax charge based on a corporation tax rate of 20.00% (2015 - 20.75%)	(844,097)	(148,699)
Tax effect of expenses that are not deductible in determining taxable profit	185,157	-
Unutilised tax losses carried forward	29,577	-
Unutilised pre-trading losses	-	148,699
Tax expense for the period	(629,363)	-

10 Non current assets

	Plant and equipment	Fixtures and fittings	Total
	£	£	£
Cost			
At 28 June 2015	1,034	928	1,962
Additions	319	-	319
At 30 September 2016	1,353	928	2,281
Accumulated depreciation and impairment			
At 28 June 2015	102	8	110
Depreciation charged in the period	1,251	920	2,171
At 30 September 2016	1,353	928	2,281
Carrying amount			
At 30 September 2016	-	-	-
At 27 June 2015	932	920	1,852

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

11 Fixed asset investments

	2016	2015
	£	£
Investments	3,238,590	16,506

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 28 June 2015	16,506
Additions	3,222,084
At 30 September 2016	3,238,590
Carrying amount	
At 30 September 2016	3,238,590
At 27 June 2015	16,506

During the period, the company acquired subsidiaries in Poland, Switzerland, Netherlands and Spain as detailed in the Directors' Report and on Note 21 of the financial statements.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

12 Trade and other receivables

	2016	2015
	£	£
Amounts falling due within one year:		
Corporation tax recoverable from related parties	629,363	-
Loans receivable from related parties	27,780,921	339,782
Other receivables	111,367	92,332
	<u>28,521,651</u>	<u>432,114</u>
Amounts falling due after one year:		
Loans receivable from related parties	-	4,960,486
	<u>-</u>	<u>4,960,486</u>
Total debtors	<u>28,521,651</u>	<u>5,392,600</u>

Trade receivables disclosed above are measured at amortised cost.

Corporation tax will be recovered by way of group relief.

A loan of £5,457,207 receivable from a related party incurs an interest charge of 8% per annum, the loan plus interest accrued is repayable on demand. A further loan of £20,552,600 receivable from a related party incurs an interest charge of 2.35% + base rate per annum, the loan plus interest accrued is repayable on demand. A loan receivable from related parties of £1,771,114 is interest free and repayable on demand.

13 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade payables	224,030	13,452
Amounts owed to group undertakings	3,399,556	1,124,556
Other taxation and social security	-	20,415
Other payables	97,220	32,059
	<u>3,720,806</u>	<u>1,190,482</u>

The intercompany loan is interest free and repayable on demand.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

14 Creditors: amounts falling due after one year

	2016	2015
	£	£
Amounts due to group undertakings	22,224,257	5,204,931

A loan of £5,712,792 (2015: £5,204,931) due to group company incurs an interest charge of 8% per annum, the loan plus interest accrued is repayable on 31 December 2021.

A loan of £16.511m (2015: £Nil) due to group company incurs an interest charge of 2.35% over base rate per annum, the loan plus interest accrued is repayable on 31 December 2021.

15 Called up share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
950,000 Ordinary A share of 0.1p each (2015: 1 Ordinary share of 0.1p)	950	-
50,000 Ordinary B share of 0.1p each	50	-
	<u>1,000</u>	<u>-</u>

The Ordinary A and Ordinary B shares rank parri passu in all respects except that dividends may be declared on one class but not the other.

Reconciliation of movements during the period:

	A Ordinary	B Ordinary
	Number	Number
At 28 June 2015	1	-
Issue of fully paid shares	949,999	50,000
At 30 September 2016	<u>950,000</u>	<u>50,000</u>

During the period the 1 Ordinary share of 0.1p was re-designated as 1 A Ordinary share of 0.1p.

During the period 949,999 A Ordinary shares of 0.1p and 50,000 B Ordinary shares of 0.1p were issued.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

16 Share-based payment transactions

During the period ended 30 September 2016, the company had one share-based payment arrangement. The scheme is an employee share option plan scheme which was granted on 1 July 2015. 50,000 share options were granted but only 41,000 of these have been allocated at the period end. The contractual life of the share options is seven years.

The estimated fair value of each share option granted in the employee share plan is £8.02.

The estimated fair value was calculated by applying a Black-Scholes option pricing model.

The model inputs were:

Share price at grant date of £8.02;

Exercise price of £12.89 for a 3 year vest, £20.40 for a 5 year vest and £21.45 for a 7 year vest;

Expected volatility of 45%;

Expected dividend of £0;

Contractual life of 7 years; and

Risk free interest rate of 0.90% for a 3 year vest, 1.33% for a 5 year vest and 1.65% for a 7 year vest.

All options granted vest over a 7 year period as follows:

- up to 3/7 of the options granted after 3 years;
- up to 5/7 of the options granted after 5 years; and
- up to 100% of the options granted after 7 years.

	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 £	2015 £
Outstanding at 28 June 2015	-	-	-	-
Granted	41,000	-	17.48	-
Outstanding at 30 September 2016	41,000	-	17.48	-
Exercisable at 30 September 2016	41,000	-	-	-

No share options were exercised during the period.

All shares issued under the scheme are held by the Employee Benefit Trust.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

17 Related party transactions

Transactions with related parties

During the period the company entered into the following transactions with related parties:

	Management fees			
	2016		2015	
	£		£	
Entities over which the entity has control, joint control or significant influence	1,080,500		258,849	
	Interest received		Interest paid	
	2016	2015	2016	2015
	£	£	£	£
Entities with control, joint control or significant influence over the company	-	-	668,048	204,931
Entities over which the entity has control, joint control or significant influence	666,486	199,929	-	-
	666,486	199,929	668,048	204,931

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2016	2015
	£	£
Entities with control, joint control or significant influence over the company	23,348,813	6,329,487
	23,348,813	6,329,487

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed by related parties	
	2016		2015	
	Balance	Net	Balance	Net
	£	£	£	£
Entities over which the entity has control, joint control or significant influence	27,780,921	27,780,921	5,300,268	5,300,268

No guarantees have been given or received.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

18 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016	2015
	£	£
Within one year	30,250	-
	<u>30,250</u>	<u>-</u>

19 Directors' transactions

During the period, the company received consultancy services amounting to £Nil (2015 £110,863) from Ebonymile Limited and £495,522 (2015 £107,413) from Woodcliffe Associates Limited, companies in which A. Bond is materially interested as director and shareholder. The company also received consultancy services amounting to £Nil (2015 £49,472) from Blakehurst Limited, a company in which M Elliott is materially interested as shareholder and director. All transactions were made on a normal commercial basis.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

20 Subsidiaries

Consolidated financial statements for the Pepkor UK Group are prepared and publicly available.

Details of the company's subsidiaries at 30 September 2016 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Pepkor Limited	England	Holding company	Ordinary	100.00
Pepkor UK Retail Limited*	England	Clothing retailer	Ordinary	89.00
Sapphire 117 Limited	England	Dormant	Ordinary	100.00
GHM Stores Limited*	England	General merchandise retailer	Ordinary	100.00
Konopacka Holdings B.V.*	Netherlands	Holding company	Ordinary	100.00
Pepco Poland Sp. z.o.o.	Poland	General merchandise retailer	Ordinary	100.00
Pepco Properties Sp. z.o.o.	Poland	Real Estate	Ordinary	100.00
Pepkor Europe GmbH	Switzerland	Holding company	Ordinary	100.00
Rawska Holdings B.V.*	Netherlands	Holding company	Ordinary	100.00
Pepco Marketing Sp. z.o.o.*	Poland	Holding company	Ordinary	100.00
Cardina Investments Sp. z.o.o.*	Poland	Property holding	Ordinary	100.00
Evarts Investments Sp. z.o.o.*	Poland	Holding company	Ordinary	100.00
Pepco Retail s.a.*	Romania	General merchandise retailer	Ordinary	100.00
Pepco Slovakia s.r.o.*	Slovakia	General merchandise retailer	Ordinary	100.00
Pepco Hungary Kft.*	Hungary	General merchandise retailer	Ordinary	100.00
Pepco Czech republic S.r.o.*	Czech Republic	General merchandise retailer	Ordinary	100.00
Pepco Adriatic d.o.o.*	Croatia	General merchandise retailer	Ordinary	100.00
Pepco Solovenia d.o.o.*	Slovenia	General merchandise retailer	Ordinary	100.00
Pepkor Imports B.V.	Netherlands	Holding company	Ordinary	100.00
Pepkor France SAS*	France	Holding company	Ordinary	100.00
Vaulcluse Diffusion SAS*	France	General merchandise retailer	Ordinary	100.00
Multi Diffusion SARL*	France	General merchandise retailer	Ordinary	100.00
Pepkor Retail Espana S.L.	Spain	Dormant	Ordinary	100.00

The investments in subsidiaries are all stated at cost.

Those group interests marked "*" are held through subsidiary undertakings. All other Group interests are held directly by the company.

21 Parent company

At the period end the ultimate parent company is Steinhoff International Holdings N.V., an entity listed on the Frankfurt Stock Exchange. No one person has overall control.

The largest group into which the company is consolidated is Steinhoff International Holdings N.V., listed on the Frankfurt Stock Exchange. The financial statements can be obtained from Steinhoff International Holdings N.V., Block D, De Wagenweg Office Park, Stellantia Road, Stellenbosch 7600.

The smallest group into which the company is consolidated is Pepkor Holdings (Proprietary) Limited, 36 Stellenberg Road, Parow Industria 7493, PO Box 6100, Parow East 7501.

PEPKOR EUROPE LIMITED
(FORMERLY PEPKOR UK LIMITED)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2016

22 Subsequent events

In April 2017 Poundland UK and Europe Limited acquired Poundland Limited from Steinhoff UK Holdings Limited. In addition, Pepkor UK Retail Limited and GHM Stores Limited were acquired by Poundland Limited from Pepkor Europe Limited.