STEINHOFF
INTERNATIONAL HOLDINGS N.V.

HALF-YEAR REPORT

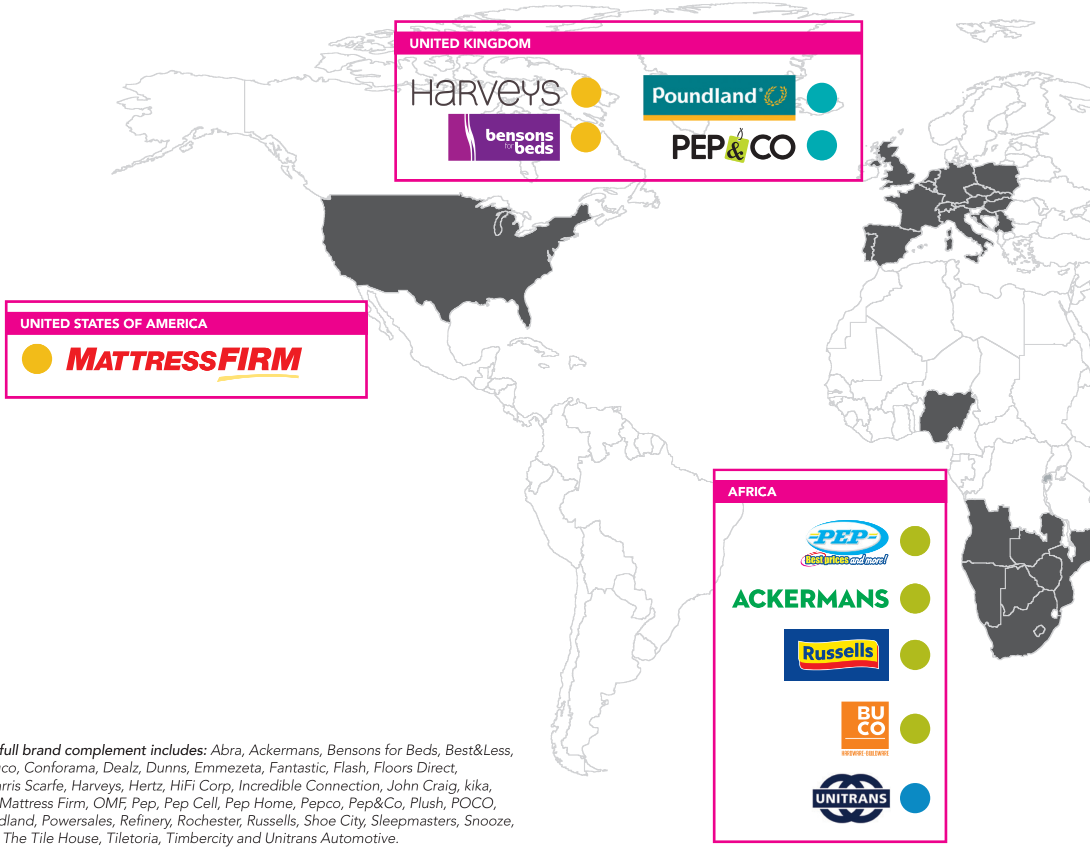
UNAUDITED HALF-YEAR RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2018

FOR LIFE AND FOR HOME . . .

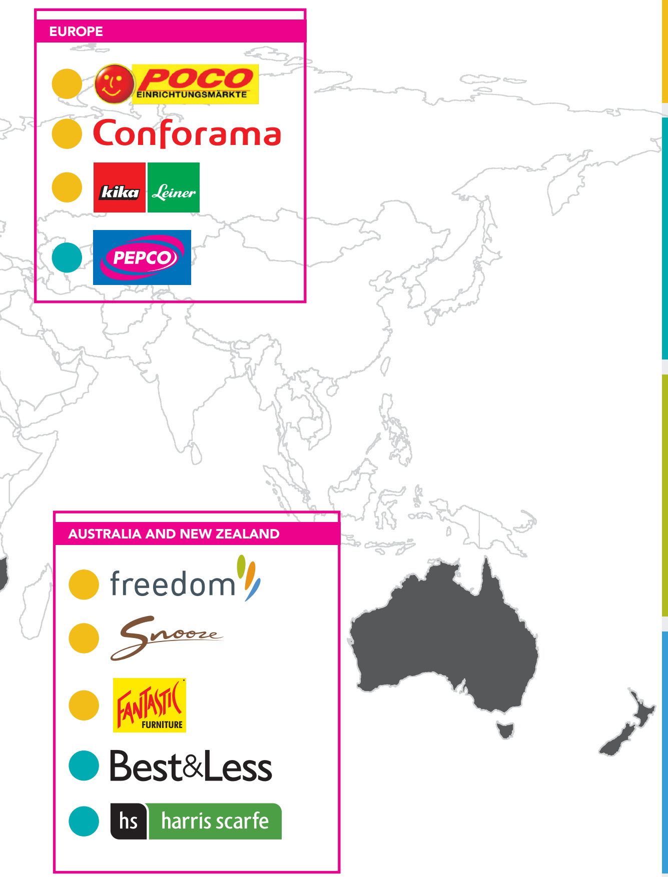
APPLIANCES
BUILDING MATERIALS AND DIY PRODUCTS
CLOTHING
CELLULAR PRODUCTS
CONSUMER ELECTRONICS
AND TECHNOLOGY PRODUCTS
FMCG
FOOTWEAR
FURNITURE AND BEDDING
GENERAL MERCHANDISE
HOUSEHOLD GOODS
HOME ACCESSORIES
PERSONAL ACCESSORIES
SELECTED FINANCIAL SERVICES
AUTOMOTIVE

STEINHOFF TODAY …

… adds value to its customers' lifestyles by providing **everyday products** at **affordable prices** and serving customers at **their convenience** with more than 40 local brands in over 30 countries


UNITED KINGDOM
HARVEYS
bensons for beds
Poundland
PEP&CO
UNITED STATES OF AMERICA
MATTRESSFIRM
AFRICA
PEP Best prices and more!
ACKERMANS
Russells
BUCO HARDWARE-BOUWWARE
UNITRANS

The group's full brand complement includes: Abra, Ackermans, Bensons for Beds, Best&Less, Bradlows, Buco, Conforama, Dealz, Dunns, Emmezeta, Fantastic, Flash, Floors Direct, Freedom, Harris Scarfe, Harveys, Hertz, HiFi Corp, Incredible Connection, John Craig, kika, Leiner, Lipo, Mattress Firm, OMF, Pep, Pep Cell, Pep Home, Pepco, Pep&Co, Plush, POCO, Postie, Poundland, Powersales, Refinery, Rochester, Russells, Shoe City, Sleepmasters, Snooze, Tekkie Town, The Tile House, Tiletoria, Timbercity and Unitrans Automotive.


EUROPE
POCO EINRICHTUNGSMÄRKTE
Conforama
kika
Leiner
PEPCO
AUSTRALIA AND NEW ZEALAND
freedom
Snooze
FANTASTIC FURNITURE
Best&Less
hs harris scarfe

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INTERNATIONAL HOLDINGS N.V.

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HOUSEHOLD GOODS

Furniture and homeware retail businesses

Product categories include: furniture, mattresses, household goods, appliances, home accessories, consumer electronics and technology goods, building materials and DIY products and accessories.

GENERAL MERCHANDISE

Clothing and footwear, accessories and homeware

Product categories include: clothing, footwear, personal accessories, cellular products, selected financial services and fast-moving consumer goods.

STAR

Separately listed general merchandise and household goods retailer in southern Africa.

STEINHOFF AFRICA RETAIL

www.star-group.co.za

AUTOMOTIVE

Dealerships and rental outlets in southern Africa provide vehicles, parts, insurance, accessories, servicing and car rental

This category includes a wide range of motor and heavy road vehicle brands at price points ranging from entry level to luxury.

LETTER OF THE CHAIRPERSON OF THE SUPERVISORY BOARD

The chairperson's letter does not form part of the half-year report.

Dear Stakeholder

It has been a challenging seven months for Steinhoff, its employees and stakeholders. The revelation of alleged accounting irregularities and the resignation of the former CEO has had a profound impact on the Group. We have, and are acting, on many fronts to respond to these events and ensure that the interests of the Group's many stakeholders are protected. In particular, and in addition to normal operating activities, we are focused on ensuring the good governance of the Group and finalising a restructuring plan with the Group's financial creditors. All of these measures will promote stability and preserve overall value and enable us to fully investigate all circumstances around the alleged accounting irregularities with a view to uncover the truth.

Governance

Ensuring the good governance of the Group has been an essential aspect of the response to the crisis, and a number of important governance changes have been made in recent months.

The Management Board has been bolstered with the appointment of Danie van der Merwe as acting CEO, Alexandre Nodale as deputy CEO, Louis du Preez as Commercial director, Theodore de Klerk as Operational director and Philip Dieperink as CFO. In addition, Richard Heis has been appointed as the Group's chief restructuring officer, Johan Geldenhuys joined the executive committee as head of treasury and the broader executive team has been strengthened.

The independence of the Supervisory Board was enhanced through the appointment (at the AGM) of five new independent supervisory directors, being Khanyisile Kweyama, Moira Moses, Hugo Nelson, Peter Wakkie and Alexandra Watson. They have joined the continuing members of the Supervisory Board, being Steve Booysen, Angela Krüger-Steinhoff and me. I have been appointed chairperson and Peter Wakkie deputy chairman. Each of these individuals are making significant contributions to the Group's governance and I thank them for their ongoing efforts.

The Supervisory Board has established a new governance, social and ethics committee, chaired by Peter Wakkie, to replace the previous governance and sustainability committee. The remit of this committee is to improve governance throughout the Group. I am delighted that Peter, a leading expert on corporate governance, agreed to join Steinhoff. Peter has an outstanding reputation in the European retail and legal industries and is doing an excellent job. Peter is supported on that committee by Steve Booysen, Khanyisile Kweyama and Alexandra Watson.

The Audit and Risk Committee now consists of four members, being Steve Booysen (chair), Moira Moses, Hugo Nelson and Alexandra Watson. The committee is playing a key role in two essential work streams – completing the financial accounts (including prior year restatements) and supporting the PwC forensic investigation.

The Human Resources and Remuneration Committee has also been reconstituted and comprises three new Supervisory Board members, namely Khanyisile Kweyama (chair), Moira Moses and Hugo Nelson.

The Nomination Committee members are Angela Krüger-Steinhoff, and Alexandra Watson and me (chair).

In determining the composition of the Supervisory Board and its committees, we have sought to balance continuity and institutional knowledge with fresh insights and perspectives from new members.

PwC investigation

PwC was appointed in December 2017 to conduct an independent forensic investigation. The task is substantial, complex and time-consuming and involves interaction with Deloitte, third parties, regulators, Steinhoff entities and employees (current and former).

PwC's scope is unrestricted and encompasses analysis of alleged accounting irregularities and/or non-compliance with laws and regulations, concerns raised by Steinhoff's external auditor, Deloitte, and any other issue brought to the attention of PwC that requires investigation. While the Company is determined to get to the bottom of the alleged accounting irregularities as quickly as possible, it is essential that PwC is allowed sufficient time to conduct a thorough investigation to determine precisely what has taken place. PwC's work therefore remains ongoing and indications are positive that they are on track to deliver a final report by the end of the 2018 calendar year.

A key focus area for the PwC investigation has been to review certain off-balance sheet structures and transactions, including those with certain specific parties. As part of the ongoing investigations, certain transactions that may not have been entered into on an arms' length basis have been identified. The Group's focus is to ensure that all related parties and non-arms' length transactions are identified and correctly accounted for in the accounting records. The Group is in the process of identifying and testing transactions that were not entered into at market-related prices, with a focus on determining the extent of the relationship and the recoverability of loans and assets. In instances where there is no security on the loans in the entity with the liability, or where the Group does not have sufficient information to perform a recoverability test, management has deemed it appropriate to impair these assets.

The Group still aims to release full-year audited group results for 2017 by end December 2018, and full-year audited group results for 2018 by end January 2019.

Litigation

As a result of matters arising from the ongoing investigations, the chair of the Audit and Risk Committee has reported the former CEO, Markus Jooste, to the South African government's Directorate for Priority Crime Investigation unit, the Hawks, under section 34(1)(b) of the Prevention and Combatting of Corrupt Practices Act 2004. This matter is now in the hands of the Hawks for further investigation and potential prosecution.

The alleged accounting irregularities have also led to a number of legal proceedings being initiated against the Group. The Management Board is in the process of assessing the merits of, and responding to, these claims.

Continued listing and regulatory investigations

Various regulators have commenced investigations into the Group in relation to the alleged accounting irregularities and related matters.

We have been in regular contact with the Company's three principal regulators (being the AFM in the Netherlands, the FSE in Frankfurt and the JSE in Johannesburg) with respect to the Company's listings and can confirm that none of the regulators are currently seeking a suspension of the listing of the Company's ordinary shares. Notwithstanding the accounting irregularities or the delay in publication of the 2017 audited consolidated financial statements, the Company's ordinary shares remain listed and traded on the FSE and the JSE and are expected to remain as such for the foreseeable future. We remain committed to maintaining open communication lines with each of our regulators.

Appreciation

We all want to see Steinhoff stabilised and are determined to pursue every available avenue to make this happen. I would like to take this opportunity to thank the members of the Supervisory and Management Board, as well as employees who have been working around the clock to keep the business running despite these challenging times.

Ms Heather Sonn
Chairperson of the Supervisory Board

29 June 2018

STEINHOFF
INTERNATIONAL HOLDINGS N.V.

MANAGEMENT BOARD REPORT

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MANAGEMENT BOARD REPORT AND RESPONSIBILTY STATEMENT

Introduction

The Management Board Report comments on the half-year report of Steinhoff International Holdings N.V. ("**Steinhoff**" and/or the "**Group**"), a public limited liability company incorporated under Dutch Law with its registered address at Herengracht 466, Amsterdam, The Netherlands.

The half-year report for the six months ended 31 March 2018 consists of the Management Board Report, the Responsibility Statement and the unaudited 2018 half-year condensed consolidated financial statements.

No audit or review

The half-year report has not been audited or reviewed by the company's external auditors, Deloitte Accountants B.V.

Status of the PwC investigation

The PwC investigation has not been completed and any PwC findings are preliminary. PwC has also not completed its accounting analysis arising from these preliminary findings. PwC has neither audited, reviewed, examined, compiled, nor applied agreed-upon procedures with respect to any of the information contained herein and, accordingly, PwC does not express an opinion or any other form of assurance on such information. PwC assumes no responsibility for this information and denies any association with the information contained herein. No reliance may be placed on any information contained in this half-year report on the basis of the PwC investigation.

Management Board Statement

The Management Board would like to draw specific attention to the following information:

Status of information presented

Since management's investigation into accounting irregularities has not yet been completed, there is a risk that disclosures made in this report could be affected or contradicted by any new facts or analyses that may arise from the ongoing investigation.

Only after:

(i) the independent investigation has been definitively concluded;

(ii) the impact of the definitive findings from the investigation of the affected financial statements has been determined by management and approved by both the Management and Supervisory Boards;

(iii) Steinhoff has prepared restated 2016 consolidated financial statements and 2017 consolidated financial statements; and

(iv) the audit of such restated financial statements has been definitively concluded,

will Steinhoff be in a position to publish audited 2017 consolidated financial statements.

Consequently, until such time the information included in this half-year report and any subsequent market communication on this subject should be used with caution.

Restatement process

The Management Board's approach to the restatement process has been to assimilate and analyse as much information as possible to place management in a position to determine the likely financial impact of all transactions under investigation. It must be stressed that management has not completed its review of all the transactions and as such there is a risk that further information may come to light, which could result in certain restatements having to be revised.

The conclusion to determine control over various transactions not at arm's length is not complete. Management has requested repayment of affected loan assets granted in respect of transactions that may not have been at arm's length prices and also requested financial information from these parties. To date, management has been unable to obtain detailed financial information on certain structures, making the assessment of any loan recoverabilities or the possible impact of consolidating such structures impossible at this stage.

The tax impact of the restatements is uncertain. For these results the Group did not include the impact of any tax corrections based on the restatements, except to reverse deferred tax liabilities relating to brands that were impaired. In a number of cases the reversal of income will also result in subsidiaries being placed in loss-making positions, which could impact on the recognition of deferred tax assets. A comprehensive tax review is currently being undertaken but has to date not been completed and could result in further restatements.

On the property valuations, the Group is in the process of considering the impairments identified by the fair value analysis and the allocation of these impairments to the relevant years. This process includes the removal of step-ups created through non-arm's length sales and buy-back transactions. The Group estimated the impact of the restatements and impairments in prior periods by applying the same methodology used by independent third party valuators to prior years. The Group also applied an average Group depreciation policy to the revised property values. A detailed exercise per property to assess useful lives, residual values and its result on depreciation is ongoing.

Management has used their current best estimate to calculate the provisional accounting for business combinations. There is a risk that further information may come to light in respect of the determination of the date of control or the amounts recognised.

The various restatements led to the forecast information used in goodwill and brand impairment models having to be revised. The Group has also revised the weighted average cost of capital ("**WACC**") rates in line with the risk profile and revised size of the Group. The impairments of goodwill and brands are substantial. The Management Board has felt it appropriate to roll-back the impairment testing to earlier years. The current assumption is that the majority of the impairments relate to the prior periods, with the exception of Mattress Firm which was impaired at the end of September 2017. As the impairment models are sensitive to any adjustment to forecast or WACC rate inputs, any new information or detailed review by management and the external auditors might lead to further adjustments.

Vendor and shareholder claims not yet provided for

The Group in consultation with its lawyers, is in the process of assessing the quantum and validity of all claims received to date and any potential settlement values. As the amount and timing of any possible settlements are not yet known, no provision is recognised. Refer to note 15 to the unaudited 2018 half-year condensed consolidated financial statements.

Responsibility Statement

Responsibility Statement pursuant to Article 5:25d Paragraph 2c of the Dutch Financial Supervision Act ("**Wet op het financieel toezicht**").

The members of the Management Board declare that, subject to the high level of uncertainty caused by the ongoing investigation into accounting irregularities and the assumption that the Group will implement a binding agreement with its financial creditors to reschedule their claims, enabling the Group to continue as a going concern, to the best of their knowledge and subject to the caveats stated above and in other parts of this report:

1. The unaudited 2018 half-year condensed consolidated financial statements included in this half-year report have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, specifically IAS 34 – Interim Financial Reporting as adopted by the EU; and
2. Give a true and fair view of Steinhoff's assets and liabilities, the financial position and profit or loss of Steinhoff and its consolidated group companies taken as a whole and the half-year Management Board Report provides a true and fair overview of the information referred to in Article 5: 25d paragraphs 8 and 9 of the Dutch Financial Supervision Act.

Herengracht 466
1017 CA Amsterdam
The Netherlands

29 June 2018
Steinhoff International Holdings N.V.

The Management Board

Danie van der Merwe
Acting chief executive officer

Alexandre Nodale
Deputy chief executive officer

Philip Dieperink
Chief financial officer

Theodore de Klerk
Operational director

Louis du Preez
Commercial director

Management Board report

Debt restructuring

Introduction

The 5 December 2017 announcement and subsequent postponement of the publication of the Group's consolidated financial statements for 2017 resulted in a significant decline in the share price and a liquidity crisis across the Group.

Moelis and AlixPartners (international financial and liquidity advisers) and Linklaters (international legal advisors) were appointed to advise on cash flow and financial and legal matters that supported a restructuring process aimed at stabilising the Group.

The operating businesses' access to group treasury disappeared overnight and banking facilities and other credit lines were severely constrained. This has had a severely negative effect on essential working capital funding, especially for businesses outside of South Africa, and they had to replace the Group centralised funding lines with alternative funding at operating company level. Furthermore, continued credit insurance to suppliers of our underlying business units came under threat, resulting in unfavourable terms with certain key suppliers.

The Group acted on many fronts to address the liquidity crisis with the aim of bringing stability to the Group.

The majority of the group's operating subsidiaries arranged their own working capital facilities, enabling these subsidiaries to operate independently from its holding company. Examples of operational financing obtained subsequent to the December events include:

- Conforama – €115 million
- Pepkor Europe – £180 million
- Mattress Firm – $150 million
- Australasia – AUD300 million

Steinhoff has successfully repaid c. €2 billion of African debt using proceeds from the sale of the Group's holdings of PSG (25.5%), KAP (17%) and STAR (6%), and €1 billion received from STAR, who repaid its intra-group loan after the period under review after successfully raising its own funding independent from Steinhoff. Save for STAR debt, working capital facilities of the automotive business, and the African property division, the Group has no remaining African debt. For the Group's European finance companies, short-term liquidity has been maintained through a release of funds from the Group's South African operations and a series of non-core asset disposals, including the sale of the Mariahilferstrasse property in Vienna and the Group's shares in Showroomprivé and Atterbury Europe.

However, the Group's liquidity position remains challenged. The Group continues to face significant ongoing funding requirements for both the European finance companies and some of the Group's international operating companies. Continued reliance on disposals to fund these requirements is not sustainable and, as a result, the Group has engaged extensively with its various financial creditor groups in Europe to develop a restructuring plan to address its current financial position.

Restructuring plan

The Group refers to earlier announcements concerning the entry into formal letters of support with certain of the creditors of Steinhoff Finance and Steinhoff Europe. As announced earlier today, the Group has received support from the requisite majorities of creditor groups to amend the support letters and extend the support period up to and included 20 July 2018.

The group has also announced today that agreement has been reached on the key commercial terms for the restructuring plan with members of ad hoc committees of third party creditors of Steinhoff Finance, Steinhoff Europe and Stripes US Holding and the coordinating committee in respect of the Group's European creditors.

The restructuring plan takes into account the features of the restructuring framework outlined in the Company's presentation to creditors on 18 May 2018 and is intended to:

(i) ensure fair treatment across the various creditor groups having regard to their existing rights and claims; and

(ii) provide stability to the Group and its stakeholders to enable:

  - management to focus on supporting and delivering value at the Group's operating businesses;
  - an extended period of time in which to achieve a deleveraging of the Group; and
  - a detailed assessment of all contingent litigation claims.

Conclusion

The recent events have created significant uncertainties for the Group's operating businesses; undermined the confidence of the Group's suppliers and customers; and severely affected the ability of certain businesses to access credit insurance and other normal credit facilities. Operations and its people were inevitably affected by these factors during the period under review, and furthermore operations have faced a difficult general retail trading environment. This is covered in more detail in the operational review.

Appreciation

We are working constantly to maintain and improve the liquidity position of the Group to enable continued trading by our operating businesses and to preserve and restore value for our stakeholders (including creditors, shareholders and our c.130 000 employees).

The past seven months has been a very challenging period for the people in our Group, and we would like to make use of this opportunity to thank the management and employees of the underlying businesses for their leadership and loyalty to keep the businesses going and retain value for the Group under extremely difficult circumstances.

We would also like to thank all Supervisory Board members who have been involved during the last seven months for their guidance and support and all the extra hours that were contributed to assist the Group through this period.

To all employees at the various central offices of the Group, our most sincere thanks for your relentless hard work and determination to assist the Group.

And lastly, to all our advisors a special word of thanks, as the Group would not have come this far without their assistance.

The Management Board
29 June 2018

OPERATIONAL REVIEW

This report covers the period 1 October 2017 to 31 March 2018 ("**reporting period**") and addresses the material events subsequent to 31 March 2018 (the "**reporting date**") up to the date of this report. This report has not been audited or reviewed by the company's auditors.

Geographical split

REVENUE (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
EUROPE			
Total revenue: Europe	**5 236**	**5 108**	**3**
Household goods Europe	**3 713**	**3 708**	**–**
Conforama	**1 831**	**1 821**	**1**
Lipo	**86**	**101**	**(15)**
ERM (including POCO)*	**1 246**	**1 258**	**(1)**
UK	**339**	**360**	**(6)**
Manufacturing	**201**	**159**	**26**
Properties (including Africa)	**10**	**9**	**11**
General merchandise Europe	**1 523**	**1 400**	**9**
AFRICA			
Total revenue: Africa	**2 913**	**2 659**	**10**
STAR (separately listed)	**2 147**	**1 957**	**10**
Automotive	**766**	**702**	**9**
UNITED STATES OF AMERICA			
Total revenue: USA	**1 255**	**1 518**	**(17)**
AUSTRALASIA			
Total revenue: Australasia	**644**	**603**	**7**
Household goods Australasia	**318**	**265**	**20**
General merchandise Australasia	**326**	**338**	**(4)**
GROUP SERVICES			
Total revenue: Group services	**1**	**8**	**(88)**
Comparable group revenue	**10 049**	**9 896**	**2**
POCO (now equity accounted)*	**(704)**	**–**	
Total group revenue as reported	**9 345**	**9 896**	**(6)**

** The arrangement where Steinhoff had a casting vote has now expired, and for accounting purposes, POCO was changed from a 50% controlling interest to a 50% equity accounted interest from 31 March 2017. Under equity accounting, no revenue for POCO will be reported, however, when measured on an earnings level the impact of 50% controlling interest when compared to a 50% equity accounting is neutral. Refer to page 36 for further details.*

Segmental breakdown

REVENUE (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
HOUSEHOLD GOODS			
Total household goods	5 286	5 491	(4)
Europe	3 713	3 708	–
Conforama	1 831	1 821	1
Lipo	86	101	(15)
ERM (including POCO)*	1 246	1 258	(1)
UK	339	360	(6)
Manufacturing	201	159	26
Properties	10	9	11
USA	1 255	1 518	(17)
Australasia	318	265	20
GENERAL MERCHANDISE			
Total general merchandise	1 849	1 738	6
Europe	1 523	1 400	9
Australasia	326	338	(4)
AUTOMOTIVE	766	702	9
STAR (SEPARATELY LISTED)	2 147	1 957	10
GROUP SERVICES	1	8	(88)
Comparable group revenue	10 049	9 896	2
POCO (now equity accounted)*	(704)		
Total group revenue as reported	9 345	9 896	(6)

** As explained on page 36, POCO is equity accounted from 31 March 2017.*

Geographical split

EBITDA (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
EUROPE			
Total EBITDA: Europe	219	267	(18)
Household goods Europe	91	167	(46)
Conforama	35	76	(54)
Lipo	2	4	(50)
ERM (including POCO)*	10	29	(66)
UK	(19)	(2)	(>100)
Manufacturing	12	7	71
Properties (including Africa)	51	53	(4)
General merchandise Europe	128	100	28
AFRICA			
Total EBITDA: Africa	239	255	(6)
STAR (separately listed)	212	225	(6)
Automotive	27	30	(10)
UNITED STATES OF AMERICA			
Total EBITDA: USA	(94)	(33)	(>100)
AUSTRALASIA			
Total EBITDA: Australasia	34	24	42
Household goods Australasia	24	20	20
General merchandise Australasia	10	4	>100
GROUP SERVICES			
Total EBITDA: Group services	(318)	(350)	(9)
Comparable group EBITDA	80	163	(51)
POCO (now equity accounted)*	(35)	–	
Total group EBITDA as reported	45	163	(72)

** As explained on page 36, POCO is equity accounted from 31 March 2017.*

SUSTAINABLE EBITDA CALCULATION (€m)*

	H1FY18 Unaudited	H1FY17 Unaudited	% change
EBITDA as reported	45	163	(72)
Loan impairments	132	324	
Unrealised foreign exchange loss/(gain)	137	(38)	
Professional fees	39	–	
(Gain)/loss on derivative	(13)	8	
Deconsolidation of POCO	–	(52)	
Sustainable EBITDA	340	405	(16)

** Refer to page 41 for further details.*

Segmental breakdown

EBITDA (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
HOUSEHOLD GOODS			
Total household goods	21	154	(86)
Europe	91	167	(46)
Conforama	35	76	(54)
Lipo	2	4	(50)
ERM (including POCO)*	10	29	(66)
UK	(19)	(2)	(>100)
Manufacturing	12	7	71
Properties (including Africa)	51	53	(4)
USA	(94)	(33)	(>100)
Australasia	24	20	20
GENERAL MERCHANDISE			
Total general merchandise	138	104	33
Europe	128	100	28
Australasia	10	4	>100
AUTOMOTIVE	27	30	(10)
STAR (SEPARATELY LISTED)	212	225	(6)
GROUP SERVICES	(318)	(350)	(9)
Comparable EBITDA	80	163	(51)
POCO (now equity accounted)*	(35)	–	
Total EBITDA as reported	45	163	(72)

** As explained on page 36, POCO is equity accounted from 31 March 2017.*

Geographical split

OPERATING LOSS BEFORE CAPITAL ITEMS# (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
EUROPE			
Total operating profit: Europe	**107**	**161**	**(34)**
Household goods Europe	9	89	(90)
Conforama	7	48	(85)
Lipo	–	1	
ERM (including POCO)*	(12)	9	(>100)
UK	(31)	(14)	>100
Manufacturing	7	3	>100
Properties (including Africa)	38	42	(10)
General merchandise Europe	98	72	36
AFRICA			
Total operating profit: Africa	**197**	**213**	**(8)**
STAR (separately listed)	176	192	(8)
Automotive	21	21	–
UNITED STATES OF AMERICA			
Total operating loss: USA	**(133)**	**(80)**	**66**
AUSTRALASIA			
Total operating profit: Australasia	**21**	**12**	**75**
Household goods Australasia	17	14	21
General merchandise Australasia	4	(2)	(>100)
GROUP SERVICES			
Total operating loss: Group services	**(320)**	**(350)**	**(9)**
Comparable group operating loss	**(128)**	**(44)**	**>100**
POCO (now equity accounted)*	**(24)**	**–**	
Total group operating loss as reported	**(152)**	**(44)**	**>100**

# Operating loss before capital items do not include profit from equity accounted companies.
** As explained on page 36, POCO is equity accounted from 31 March 2017.*

SUSTAINABLE OPERATING PROFIT CALCULATION (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
Operating loss as reported	(152)	(44)	>100
Loan impairments	132	324	
Unrealised foreign exchange loss/(gain)	137	(38)	
Professional fees	39	–	
(Gain)/loss on derivative	(13)	8	
Deconsolidation of POCO	–	(42)	
Sustainable operating profit	143	208	(31)

Segmental breakdown

OPERATING LOSS BEFORE CAPITAL ITEMS# (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% change
HOUSEHOLD GOODS			
Total household goods	(107)	23	(>100)
Europe	9	89	(>100)
Conforama	7	48	(85)
Lipo	–	1	–
ERM (including POCO)*	(12)	9	(>100)
UK	(31)	(14)	>100
Manufacturing	7	3	>100
Properties (including Africa)	38	42	(10)
USA	(133)	(80)	66
Australasia	17	14	21
GENERAL MERCHANDISE			
Total general merchandise	102	70	46
Europe	98	72	36
Australasia	4	(2)	(>100)
AUTOMOTIVE	21	21	–
STAR (SEPARATELY LISTED)	176	192	(8)
GROUP SERVICES	(320)	(350)	(9)
Comparable group operating loss	(128)	(44)	>100
POCO (now equity accounted)*	(24)	–	
Total group operating loss as reported	(152)	(44)	>100

# Operating loss before capital items do not include profit from equity accounted companies.

** As explained on page 36, POCO is equity accounted from 31 March 2017.*

Operational review for the six months ended 31 March 2018

Introduction

The Group delivered revenue of €9.3 billion (1H17: €9.9 billion) for the six months under review.

Operational results were severely impacted by the Steinhoff events and a difficult general retail trading environment (described in more detail below). The Group reported positive EBITDA of €45 million, but an operating loss before capital items of €152 million for the six months under review. Excluding certain one-off items, the Group managed to achieve a positive EBITDA of €340 million and operating profit of €143 million for the six months under review.

Steinhoff events

Due to the events at their parent company, operational management faced additional challenges and incurred extraordinary costs. These challenges include:

- Liquidity management
  - Raising working capital facilities at operating entity level to replace Group treasury funding, supported by weekly cash flow projections and reporting.
  - Change of operational processes resulting from reduced supplier credit.
  - Active engagement with suppliers and credit insurers to substantiate and maintain the limited available credit lines.
- Customer confidence
  - The negative press surrounding the Group influenced customer behaviour, and during this period enhanced communication was required. This was specifically relevant to made-to-order furniture customers (for example kitchens, upholstery and other large furniture items), as these products have a long lead time and require customers to pay a deposit upon ordering. These transactions were under pressure as a result of the uncertainty surrounding the stability of the Steinhoff Group.
- Margin and cost management
  - Margin across the Group has also been negatively impacted by the lower trading levels and additional one-off costs such as professional fees.

In the household goods business, store openings and capex projects were put on hold. Business plans of all the operations have been thoroughly interrogated and management has been tasked to focus on profitability, cash flow, inventory management and overall cost reduction.

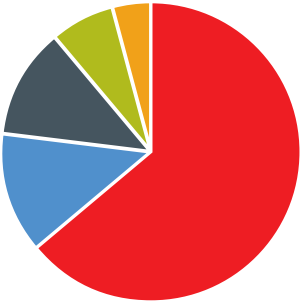
Difficult general retail trading environment

In most of the territories where the Group operates, operational divisions have experienced difficult trading environments resulting in reduced store traffic footfall and a decrease in store profitability during the last number of quarters. The trading environment was influenced in the various geographies by low economic growth rates, increased competition and overtrading, the impact of online retailers and customer indebtedness.

HOUSEHOLD GOODS /Europe

Conforama

CONFORAMA RESULTS (€m)	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue	1 831	1 821	1
EBITDA	35	76	(54)
Operating profit	7	48	(85)



64%	France
13%	Spain and Portugal (Iberia)
12%	Switzerland
7%	Italy
4%	Balkans

During the first half of the year ended 31 March 2018, the Conforama Group reported a +0.6% (+1.6% in constant currency) revenue growth.

Sales remained resilient and were underpinned by positive like-for-likes in France, Iberia and the Balkans. Switzerland reported slightly negative sales (using constant currency) in a more challenging market. Italy reported revenue growth driven by three recent store openings (one store at the end of the 2017 financial year and two in the first quarter of the 2018 financial year). Revenue in Italy, on a like-for-like basis, declined on the back of abnormally high furniture sales in the comparative period and a highly competitive market.

Digital remains a major focus area, with Conforama achieving a +7% e-commerce sales growth. In France, e-commerce accounts for more than 8% of sales.

The 'Marketplace by Confo' initiative allows Conforama to build its existing French website traffic by giving users access to a wider choice of products from external merchants. Including the 'Marketplace' business, e-commerce growth reached +14.5% over the first half of the year (€130 million of sales). In March 2018, Conforama appointed a deputy CEO to oversee digital and e-commerce in order to accelerate its digital transformation by focusing on digital marketing, customer journey, enhancement of mobile experience and creation of an in-house digital warehouse.

In terms of product mix, core product categories (i.e. furniture and home accessories) grew, while white goods were flat and brown and grey goods (TVs, mobile phones, computers, etc.) declined. The expected positive effect of the FIFA World Cup on brown goods sales (TVs) commenced in the third quarter of this financial year.

Conforama's EBITDA amounts to €35 million (H1FY17: €76 million). This EBITDA includes exceptional non-recurring costs of €6 million. For comparative purposes, there were €11 million of positive non-recurring adjustments in the prior year. Thus, Conforama's recurring EBITDA amounts to €41 million against €65 million in the comparative period.

EBITDA for the period under review was impacted by lower like-for-like sales in both Italy and Switzerland, and the launch of several projects, especially in France, which resulted in higher costs (for example significant store refurbishments, merchandising projects, supply chain and IT investments). In addition, Conforama incurred additional marketing expenses linked to the sponsorship of the first soccer league in France. While this sponsorship promotes high brand awareness, these costs were not included in the comparative period.

A full review of operating expenses, capital expenditure and projects was undertaken in December to assist Conforama with its core strategic initiatives (for example store openings, digital and e-commerce initiatives and logistics projects). Non-core projects have been postponed or cancelled. These steps are gradually assisting in reducing the like-for-like cost base, capex and working capital requirements.

In France there has been a change in the management structure and, since March 2018, the French operations report directly to the Group deputy CEO.

Lipo

LIPO

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue	86	101	(15)
EBITDA	2	4	(50)
Operating profit	–	1	

Lipo continued to restructure its product offering and store layout. Supply chain costs increased beyond budgeted level and this is being addressed by management. Margin was negatively impacted by a weakening Swiss franc.

ERM

ERM

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Comparable revenue	**1 246**	**1 258**	**(1)**
POCO	704	699	1
kika-Leiner	470	469	–
Abra	29	31	(6)
Extreme Digital	43	59	(27)
Deduct POCO revenue current period	(704)	–	
ERM reported revenue (POCO not included for the current period, but included for the comparative period)	542	1 258	

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Comparable EBITDA	**10**	**29**	**(66)**
POCO	35	52	(35)
kika-Leiner	(26)	(28)	(7)
Abra	–	2	
Extreme Digital	1	3	(67)
Deduct POCO EBITDA current period	(35)	–	
ERM reported EBITDA (POCO not included for the current period, but included for the comparative period)	(25)	29	

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Comparable operating (loss)/profit	**(12)**	**9**	**(>100)**
POCO	24	42	(43)
kika-Leiner	(37)	(37)	–
Abra	–	1	
Extreme Digital	1	3	(67)
Deduct POCO operating profit current period	(24)	–	
ERM reported operating (loss)/profit (POCO not included for the current period, but included for the comparative period)	(36)	9	

POCO

The ERM business has decreased in revenue by 1% to €1 246 million (1H17: €1 258 million) on a pro forma basis, including POCO revenue of €704 million (1H17: €699 million).

As reported during the Q1 trading update, the Amsterdam Enterprise Chamber ruled that the company was correct to consolidate POCO in its 2016 accounts. However, it has ordered that the company amend the 2016 accounts to change its accounting treatment of POCO from a 100% controlling interest to a 50% controlling interest. Furthermore, with regard to the ownership dispute in Germany, POCO ownership is in the process of being settled.

POCO's results no longer form part of the Group's operational results, as (unrelated to the Amsterdam case) the controlling vote in the POCO joint venture expired in March 2017. Historically this vote was cast after receiving Steinhoff's approval, thus effectively giving Steinhoff control. As this vote has now expired, from April 2017 and for accounting purposes, POCO has been changed from a 50% controlling interest to a 50% equity accounted interest. Under equity accounting, no revenue for POCO will be reported. It should be noted that when measured on an earnings level, the impact of a 50% controlling interest is no different to a 50% equity accounted interest.

kika-Leiner

The kika-Leiner business reported a 1% decline in constant currency revenue for the period under review, while like-for-like sales decreased by 3%. kika-Leiner reported negative operating margin of -8% (1H17: -8%), driven by the poor performance in Austria.

The Group has recently announced the sale of the kika-Leiner operational and property companies. Refer to page 40 for further details.

Other

Extreme Digital, the Group's online retail business in eastern Europe, was sold in January 2018.

UK

UK

REVENUE (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Retail and manufacturing	339	360	(6)

EBITDA (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Retail and manufacturing	(19)	(2)	(>100)

OPERATING LOSS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Retail and manufacturing	(31)	(14)	>100

Euro-reported revenue in the United Kingdom household goods division decreased by 6% to €339 million (1H17: €360 million), while constant currency revenue decreased by 3%. Like-for-like revenue declined by 0.5%.

The bedding division (Bensons for Beds) reported a strong performance. However, this was offset by a decline in trading in the loss-making furniture business (Harveys).

During the period under review, Bensons for Beds managed to maintain margin, in-store customer conversion and online sales. In addition, its store portfolio rationalisation programme continued to be successful (trading from 13 fewer stores compared to the comparative period).

The household goods division incurred one-off professional fees related to the liquidity crisis amounting to €2 million in the period under review.

Management has implemented various initiatives to support the Harveys business that will ultimately result in revenue-led profit growth, without increasing its store footprint. The key initiatives for the turnaround plan includes:

- the establishment of a new senior leadership team to support successful delivery of the business plan;
- a new marketing campaign and brand message;
- an uplift in conversion rates (sales orders per customer visit) to deliver year-on-year like-for-like sales growth; and
- a focus on efficiencies and cost savings.

GENERAL MERCHANDISE /Europe

Pepkor Europe

PEPKOR: EUROPE

REVENUE (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
	1 523	**1 400**	**9**
Pepco (Eastern Europe)	**623**	**446**	**40**
Poundland (largely UK)	**900**	**954**	**(6)**

EBITDA (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Pepkor Europe	**128**	**100**	**28**

OPERATING PROFIT (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Pepkor Europe	**98**	**72**	**36**

Pepkor Europe reported strong results for the period under review. Revenue grew by 9% to €1 523 million (1H17: €1 400 million), showing strong year-on-year growth. 137 new stores were opened (23 closures), with total stores at 2 210 as at 31 March 2018. Overall like-for-like sales were +4.8% for the period under review.

At a profit level, Pepkor Europe achieved EBITDA of €128 million in the period under review, which represented a strong +28% increase compared to last year.

Pepco

Pepco had a tough second quarter, with sales affected by significantly adverse weather conditions across central and eastern Europe and some margin impact from inventory markdown resulting from supply chain issues earlier in the season, which impacted winter stock availability and sell-through during the Christmas period.

Despite the challenging trading conditions, Pepco's sales performance remained strong, with €623 million sales in H1, up 40% compared to the previous year, and a like-for-like performance of +9.3%, reflecting the above-mentioned supply chain and weather issues, as well as a maturing Polish market. The business continues to show good growth throughout all the territories in which it operates. During the period under review, 126 new stores were added in eastern Europe, with 21% (1H17: 25%) of sales generated from stores less than 12 months old, and approximately 43% (1H17: 35%) of total sales now being generated outside of Poland. Romania is the second largest market, contributing 14% of sales. During the period, the business entered into two new countries (Lithuania and Latvia), which, along with the recently added territories (Croatia and Slovenia), are trading above expectations. The total Pepco store network as at 31 March 2018 amounted to 1 339 stores and is expected to increase to approximately 1 500 stores by the end of FY18.

Poundland

Like-for-like performance of +2.4% for the period under review remained strong against an overall UK market decline of approximately -2%. Reported sales for the period declined by 6% to €900 million (1H17: €954 million), (decreasing by 3% in constant currency) on the back of approximately 60 store closures at the end of the comparative period. Core margin rate in Poundland was flat year-on-year, despite strong currency headwinds.

During the period under review, the business successfully opened its first two stores in Poland under the Dealz banner, adding to the existing international footprint in the Republic of Ireland, Spain and France. Poundland opened four new Dealz stores in the Republic of Ireland and five new Poundland stores in the UK.

The Poundland store network consisted of 871 stores as at 31 March 2018, and PEP&CO store-in-stores were added to an additional 99 stores in H1FY18, taking the total store-in-store concepts to 210 as PEP&CO continues to build a discount fashion business of scale. This is expected to grow to approximately 280 stores by the end of FY18. Performance of the store-in-store network has been strong, with like-for-like sales of +9.4% for the period under review.

AFRICA

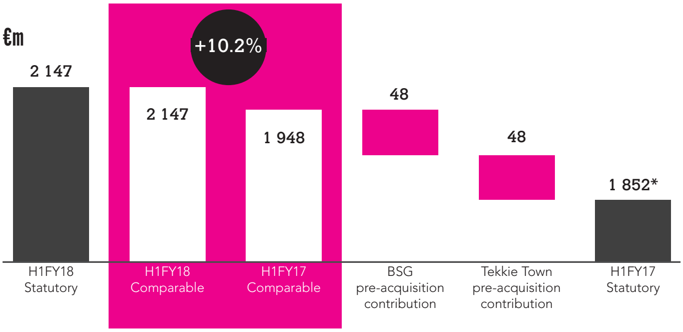
STAR

STAR

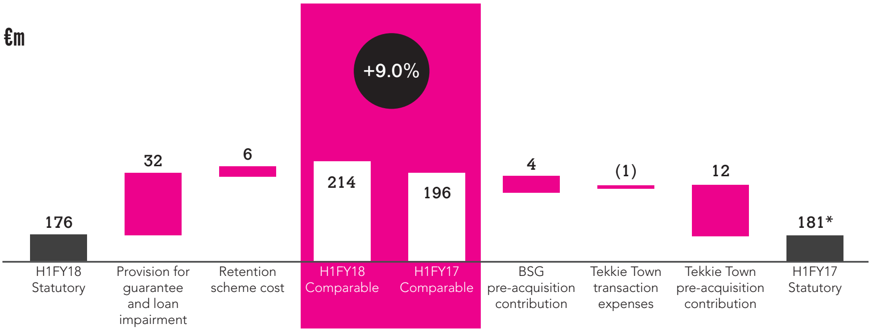
RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue	2 147	1 957	10
EBITDA	212	225	(6)
Operating profit	176	192	(8)

Comparable six-month revenue in constant exchange rates



Comparable six-month operating profit in constant exchange rates[1]



[1] *Before capital items*

* *H1FY17 statutory results calculated at constant exchange rate similar to the H1FY18 period (ZAR:EUR 0.0650)*

STAR's results were impacted by acquisitions in both the comparative and current period. In addition, the current period's results were impacted by an impairment of R590 million one-off provision for a guarantee of third-party debt related to a Pepkor management investment company and resultant loan impairments, as well as additional costs of a new employee retention scheme.

On a comparable basis, STAR delivered a satisfactory performance in a challenging retail environment characterised by slow economic growth and consumer spending that remains under severe pressure. Additionally, the challenge of deflation continued to impact sales growth within the clothing, footwear and homeware retailers, which comprise more than 65% of STAR's revenue. Action plans were implemented to mitigate the impact of deflation, resulting in a stronger sales performance during the second quarter. It is expected that the impact of deflation will dissipate gradually during the remainder of this financial year.

STAR's ability to provide the best price and value offerings in the market translated into revenue growth (on a comparable basis) of 10.2% to R33.0 billion.

STAR added 155 new stores during the period, increasing its footprint to 5 108 stores covering 2.4 million square metres.

The Pep and Ackermans brands in aggregate reported 8.9% sales growth, supported by the opening of 80 stores on a net basis. Like-for-like sales growth of 3.5% for the six months was driven by a stronger performance during the second quarter as a result of increased sales volumes and interventions to mitigate the impact of deflation.

Operating profit growth was supported by strong growth in Ackermans and the turnaround of the JD Group and Speciality Fashion and Footwear division. Challenging operating conditions in Pep Africa and Steinbuild weighed on operating profit growth. STAR reported comparable operating profit growth of 9.0% to R3.3 billion (H1FY17: R3.0 billion). Overall, STAR's comparable operating margin was maintained at 10.0% (H1FY17: 10.1%).

For more details on STAR results refer to its interim results announcement available on the website **www.star-group.co.za.**

Automotive

AUTOMOTIVE

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue	**766**	**702**	**9**
EBITDA	**27**	**30**	**(10)**
Operating profit	**21**	**21**	**–**

In a market where new vehicle sales and commercial vehicle sales volumes remain under pressure, the automotive retail division in southern Africa reported good results. Stronger pre-owned vehicle volumes, which operate counter-cyclical to those of new vehicles, supported the performance. Revenue growth of 9% to €766 million was achieved compared to the previous period, with constant currency growth of 15% on the back of the acquisition of Ford dealerships (concluded in Q2) and the Opel distributorship, which offset the loss of General Motors ("**GM**") dealerships due to GM's exit from the African market in January 2018. Like-for-like revenue increased by 9%, with margin decreasing from 3.0% to 2.8% on the back of fierce competition in the new vehicle market.

USA

Mattress Firm

MATTRESS FIRM

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth Unaudited
Revenue	1 255	1 518	(17)
EBITDA	(94)	(33)	(>100)
Operating loss	(133)	(80)	66

The USA business reported revenue of €1.3 billion for the period under review. Mattress Firm experienced significant near-term operational disruptions and increased costs from the accelerated rebranding of over 1 300 stores, combined with underperforming product transitions following the exit of Mattress Firms' supply arrangement with its largest supplier. The operating loss was driven by the like-for-like sales decline for the period, margin pressure, as well as gaps in the Mattress Firm product offering at both entry-level and luxury price. The margin pressure was due to uneconomical promotional price points and additional sourcing costs. Both these factors are being addressed.

During the second quarter management took steps to improve the product offerings at entry-level price points, along with rebuilding the marketing team and advertising strategy. Like-for-like sales during the second quarter improved to -6% from -10% in the first quarter of the 2018 financial year.

During the period under review, Mattress Firm made significant changes to its senior leadership team, inclusive of a new CEO and its operational management structure. The new management team has implemented a plan that is demonstrating early success and momentum in turning the Mattress Firm business around, as evidenced recently by strong year-on-year unit growth and positive cash flow.

There is continued focus on optimising the store network and related costs. In the first half of fiscal 2018, Mattress Firm opened 16 stores, acquired 14 franchised stores, and closed 149 stores for a net decrease of 119 stores.

During April and May indications were that initiatives are being successfully implemented with positive like-for-like sales. Year-to-date unit volumes have increased and now exceed prior year volumes, despite a decrease in the number of stores operated. Mattress Firm delivered impressive results over the US Memorial Day period, with written sales up approximately 20% and strong store traffic over the holiday weekend. In addition, management is focusing on enhancing its e-commerce offering. Mattress Firm's e-commerce sites generated record single-day sales volumes on Memorial Day, exceeding the sales volume generated on Cyber Monday in November 2017. In addition, management continues to focus on the opportunity to extract value through the integration of the acquired businesses.

AUSTRALASIA

AUSTRALASIA

REVENUE (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
	644	603	7
Household goods	318	265	20
General merchandise	326	338	(4)

EBITDA (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
	34	24	42
Household goods	24	20	20
General merchandise	10	4	>100

OPERATING PROFIT/(LOSS) (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
	21	12	75
Household goods	17	14	21
General merchandise	4	(2)	(>100)

Since October 2017, the Australasia group has worked on restructuring its operations under one CEO. The first wave of formal management restructure was executed in May 2018.

Australasia household goods

The acquisition of Fantastic Furniture became unconditional on 1 January 2017. This acquisition added revenue of €185 million for the period under review (€94 million for the three months ended 31 March 2017), resulting in constant currency growth of 36%.

Fantastic Furniture reported a strong set of results, with growth in constant currency of 7% and like-for-like sales growth of 2%, clearly illustrating the resilience of the value price segment where Fantastic is positioned.

The middle market household goods brands experienced more challenging trading conditions and achieved a negative growth of 9% in constant currency, while like-for-like sales decreased by 6%.

Manufacturing operations have experienced lower than expected volumes in H1. Newly obtained external customers and a widening internal customer base (following further integration measures in Australasia) should deliver improved throughput in H2.

Operating margin remained flat at 5%, with growth in Fantastic Furniture being offset by underperformance at Freedom.

Australasia general merchandise

Revenue in this segment increased by 5% on a constant currency basis, while like-for-like sales increased by 3%. All brands reported positive sales growth and the combined margin of the segment is trading into positive territory on the back of the continued turnaround at Postie and encouraging sales in Homewares and Bedding at Harris Scarfe.

PROPERTIES

PROPERTIES

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue (external)	**10**	**9**	**11**
EBITDA (internal and external)	**51**	**53**	**(4)**
Operating profit (internal and external)	**38**	**42**	**(10)**
Assets	**1 306**	**1 574**	**(17)**

The investment in the Group's land and buildings held in the Hemisphere property group and SA property companies amount to €1.3 billion. These properties comprise a footprint of retail, warehouse and manufacturing properties. African properties contribute €8 million of operating profit in this division and the African asset value comprises €271 million (H1FY17:€310 million).

During the period, an independent review of the property portfolio was conducted in the European portfolio which led to restatements and impairments. Full details are disclosed in note 17 to the financial statements.

On 22 June, the Group announced the sale of the kika-Leiner operational and property companies, subject to certain terms and conditions. For more details refer to page 40.

MANUFACTURING

MANUFACTURING

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited	% growth
Revenue	**201**	**159**	**26**
EBITDA	**12**	**7**	**71**
Operating profit	**7**	**3**	**>100**

This division largely comprises the manufacturing businesses of Steinpol (upholstery in Poland and Hungary), as well as the manufacturing brands Impuls (kitchens) and Puris (bathrooms). Despite the upholstery division being under pressure as a result of the Steinhoff events, the division reported solid results, driven by Impuls and Puris.

GROUP SERVICES

GROUP SERVICES

RESULTS (€m)

	H1FY18 Unaudited	H1FY17 Unaudited
Forex losses/(gains)	125	(42)
Professional fees	28	–
Loan impairments	128	324
Share-based payments (reversal)/expense	(9)	15
PSG derivative (gains)/losses	(13)	8
Head office costs	61	45
Total group services costs	**320**	**350**

Forex losses

During the period under review, forex losses were derived largely from:

- The US dollar devaluation of 4% against the euro. This resulted in a loss of €32 million on the intercompany loan of USD1 billion advanced from European to US entities.
- The strengthening by 9% of the South African rand against the euro. This resulted in a loss of c. €42 million on the intercompany payable of R7 billion from European to South African entities.

Professional fees

As a result of the December events, Steinhoff has engaged with advisors, including Linklaters and Werksmans (legal advisors); consultants such as Moelis (supporting the Group on discussions on engagement with its creditors) and AlixPartners (liquidity management and operational measures); and PwC (forensic investigation) and Deloitte (for external audit services).

In addition, the Group incurred substantial costs in terms of the financial creditor grouping's legal representatives and financial advisor groups.

Professional fees for the period 5 December 2017 to 31 March 2018 amounted to €39 million (of which €28 million relates to group service companies). The professional fees are expected to increase substantially until such time as the restructure plan has been finalised and all the relevant agreements have been concluded.

Loan impairments

Loan impairments relate largely to management's best estimate of the potential recoverability of certain loans and receivables advanced on a non-arm's length basis. More detail on these transactions and amounts can be found in note 17 of the unaudited 2018 half-year condensed consolidated financial statements.

Share-based payments

The largest portion of share-based payment expenses are carried at a group entity level. Share-based payment expenses were influenced by the non-vesting of Steinhoff share options during the period under review. Furthermore, share options were reversed for employees who had resigned. The current open schemes remain in place, but no further share rights will be granted to employees in the foreseeable future.

PSG derivative contract

In 2015 the Group made a strategic decision to increase its PSG shareholding to above 25%. In order to facilitate this increase in the PSG shareholding, it agreed with certain PSG investors to swap their PSG shares for Steinhoff shares. In two separate transactions, two of the PSG investors that took part in the swap, entered into derivative agreements with Steinhoff in which they would retain economic exposure to PSG (therefore, should the Steinhoff share price underperform to the PSG share price, Steinhoff would pay out the difference in value, and should the Steinhoff share price outperform the PSG share price, Steinhoff would receive the difference in value).

During 2017 one derivative contract was cash-settled for €0.7 million. At 30 September 2017, the balance sheet included a cumulative €13 million liability for the second PSG derivative contract. As the PSG derivative was settled by Steinhoff during the period with PSG investment shares in the Group's possession (as opposed to cash) the €13 million liability on the 2017 balance sheet was reversed in the current period, resulting in a one-off €13 million profit for the period under review.

Head office costs

Operating costs consist of head office costs such as salaries, rent, travel and audit fees. The current period also includes the impact of various retrenchment payments, costs incurred in appointment of support staff to assist with the restructure and the settlement of cancelled sponsorship deals.

FINANCIAL REVIEW

This financial review covers the period 1 October 2017 to 31 March 2018 ("**reporting period**") and addresses the material events subsequent to 31 March 2018 ("**reporting date**") up to the date of this financial review. This financial review has not been audited or reviewed by the company's auditors.

Regulatory and trading environment

Liquidity crisis

As discussed throughout the Management Board Report, the resignation of the CEO on 5 December 2017 and the subsequent postponement of the publication of the Steinhoff International Holdings N.V.'s ("**Steinhoff**" and/or the "**Group**") 2017 consolidated financial statements triggered a liquidity crisis across the Group. Access to essential working capital funding, especially in businesses outside South Africa, largely dried up as a result of the termination of the cash pooling arrangements, withdrawal of undrawn facilities, and a working capital spike as a result of, *inter alia*, a reduction in normal credit terms provided by certain trade creditors on the back of reduced credit insurance cover. The access of our operating businesses to intra group cash facilities, current banking facilities and other credit lines was also severely constrained.

The Group held several meetings in London and South Africa with its financial creditors and credit insurers during the last seven months to ensure that they remain continuously updated with the latest developments and informed of the Group's restructuring plans. Various updates have been provided since December 2017 and are available on the Group's website www.steinhoffinternational.com.

A number of the Group's operating subsidiaries have arranged their own working capital facilities. Steinhoff has successfully repaid c. €2 billion of African debt following Steinhoff Africa Retail Limited's ("**STAR**") refinancing and redemption of €1 billion intercompany loan on 23 May 2018. Save for STAR's refinanced debt, working capital facilities, and Unitrans Automotive floorplan financing, there is no remaining African debt. The domestic medium-term note programme ("**DMTN**"), issued by Steinhoff Services Limited ("**Services**"), has been settled, cancelled and delisted from the Johannesburg Stock Exchange Limited ("**JSE**"). The operations in Australasia, the United Kingdom, France and the United States of America have raised c. €750 million in secured funding lines to fund normal working capital requirements.

Non-South African net debt was €9.4 billion as at the reporting date. The Group's liquidity position remains challenged. The continued sale of assets to fund ongoing liquidity requirements is unsustainable, and the Group needs to significantly reduce these debt levels. As a result, it is critical that the Group agrees a long-term solution with its major creditors by way of a restructuring plan. As announced earlier today, the Group has agreed in principle the key terms of a restructuring plan that takes into account the features of the restructuring framework outlined in the Company's presentation to creditors on 18 May 2018 and is intended to:

(i) ensure fair treatment across the various creditor groups having regard to their existing rights and claims; and

(ii) provide stability to the Group and its stakeholders to enable:

- management to focus on supporting and delivering value at the Group's operating businesses;
- an extended period of time in which to achieve a deleveraging of the Group; and
- a detailed assessment of all contingent litigation claims.

A detailed analysis of the assets sold during the reporting period to generate cash is included under the "**Material disposals**" section of this financial review.

Cash on hand on 31 March 2018 includes proceeds from the disposal of the investment in PSG Group Limited ("**PSG**") and the partial disposal of the shares held in KAP Industrial Holdings Limited ("**KAP**").

In terms of the presentation requirements of International Financial Reporting Standards ("**IFRS**"), a liability should be classified as current if the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. As the Group is in technical breach of a number of its covenants relating to loans that are payable in future years, until a restructuring plan has finally been put in place, the financial creditors are not obligated to condone covenant breaches and therefore the liabilities are required to be presented as current liabilities. As a result of restating prior year accounts, it now appears that the Group was also in technical breach in prior years and has restated the prior years' position to reflect these as current liabilities.

When a restructuring plan is finalised with financial creditors, a substantial portion of the current interest-bearing liabilities and borrowings will be reclassified to non-current interest-bearing liabilities.

Recent developments

Following the announcement of the withdrawal of the Group's audited 2016 consolidated financial statements and the deferral of the 2017 consolidated financial statements, management is reviewing and investigating the validity and recoverability of certain Group assets. Based on the investigation's initial findings to date, it has emerged that the overstatement of profits, transactions that were not at arm's length, impairment of loans, together with increased discount rates applied in valuing goodwill and brands resulting from increased risks profiles, has resulted in material additional impairments of goodwill, intangible and other assets.

The extent of the additional impairments has provisionally been estimated by management and is disclosed in the statement of changes in equity and note 17 of the unaudited 2018 half-year condensed consolidated financial statements.

The underlying transactions are still being fully investigated by management and every effort is being made to conclude on the extent of the required adjustments by December 2018. It should therefore be noted that the attached unaudited 2018 half-year condensed consolidated financial statements are based on management's best estimate as at the date of this financial review, which estimates are subject to the caveats contained in the Management Board Report and Responsibility Statement elsewhere in this report.

Restatements identified and quantified to date

Balances have been restated in the comparative period presented in this financial review. These restatements are based on management's best estimate of the value based on available information.

The tax positions of the single entities impacted by restatements are still uncertain and detailed analyses will need to be completed in each jurisdiction to determine the correct taxation treatment to be afforded to each transaction. This is still an area which is under review and will require adjustment in the fullness of time. Consequently, there is currently a fair degree of uncertainty relating to the accuracy of the estimated taxation expense and deferred tax balances.

Management has used all the information currently available to arrive at their best estimate of the amount of restatements required. Every effort has been made to recognise the restatements in the correct period i.e. before 1 July 2015, 15-month period ending 30 September 2016 (collectively shown as prior year adjustments in these comparative half-

A reconciliation is provided between previously reported and restated total equity positions of the Group as at 31 March 2017.

	Six months ended 31 March 2017 Unaudited €m
Total equity as previously reported – 30 September 2016	16 635
Restatements to the opening balance of equity	(9 921)
Restatement of total comprehensive income for the period ended 31 March 2017	(1 015)
Restatement of treasury shares purchased during the six months ended 31 March 2017	153
Derecognition of POCO as a subsidiary at 31 March 2017	(165)
Restatement of other reserve movements	5
Restated total equity	5 692

year results) and the impact on the 2017 half-year results which had previously been published.

The restatements reflect management's best estimate of the recoverability of certain non-arm's length loans, receivables and assets. As the investigation is not yet finalised and more information could come to light in the future, the recoverability of the loans could be reassessed at future reporting periods. Note 17 to the unaudited 2018 half-year condensed consolidated financial statements gives a breakdown of the restated numbers.

Geographic context and impact of foreign currencies

As demonstrated in the geographical analysis section of the unaudited 2018 half-year condensed consolidated financial statements, the Group earns 52% of its revenue outside the Euro-zone. The Group's assets are also spread around the globe and the non-European assets are subject to various currency fluctuations including the South African rand, the Australian dollar, the US dollar and the pound sterling.

Changes impacting investments in equity accounted entities

POCO

On 19 February 2018, the Enterprise Chamber of the Amsterdam Court of Appeal ("**Enterprise Chamber**") issued its decision in respect of proceedings brought by OM-Handels GmbH and MW Holdings GmbH, the former joint venture partner of the Group ("**JV Entities**") ("**Dutch POCO Proceedings**").

The Dutch POCO Proceedings relate to the appropriate treatment under IFRS regarding the consolidation of POCO Einrichtungsmarkte GmbH ("**POCO**") in the audited 2016 consolidated financial statements.

The Dutch POCO Proceedings follow a dispute relating to the ownership of POCO, ("**German POCO Proceedings**"), the status of which is dealt with on page 40.

The Group's audited 2016 consolidated financial statements were prepared on the basis that the Group owned 100% of POCO, given that the Group's position at that stage was that the 50% interest of the JV Entities in POCO should be redeemed due to certain actions by the JV Entities. The payment to be made in consideration for the redemption of the JV Entities' 50% interest in POCO was included as a liability in the audited 2016 consolidated financial statements, to be paid once the German POCO Proceedings have been finalised.

Ruling

The Enterprise Chamber in its judgement ruled that the Group was correct to consolidate POCO as a controlled interest in its audited 2016 consolidated financial statements. However, it has ordered that the Group amend the audited 2016 consolidated financial statements as follows:

(i) the Group's consolidation treatment of POCO be changed from a 100% controlling interest to a 50% controlling interest;

(ii) it be recorded that the JV Entities hold a 50% non-controlling interest in POCO; and

(iii) it reversed the liability raised for the payment of the 50% interest.

The Enterprise Chamber also required the Group to revise the related contingent liabilities explanatory note to the audited 2016 consolidated financial statements, removing reference to the liability to the JV Entities, stating that the Group has consolidated POCO as a 50% controlled interest and that the German POCO Proceedings are ongoing. The impact of the judgement on the restated figures is detailed in note 17 of the unaudited 2018 half-year condensed consolidated financial statements.

Steinhoff retained a controlling vote in POCO until 31 March 2017, whereafter the controlling vote lapsed. The Group derecognised POCO as a subsidiary on this date and recognised its 50% interest in POCO as an investment in equity accounted companies under the recognition and measurement criteria of IAS 28 – Investments in Associates and Joint Ventures.

The assets and liabilities as well as the non-controlling interest were derecognised line by line and an investment in equity accounted company recognised at its fair value of €312 million on 31 March 2017. The derecognition of POCO as a subsidiary resulted in a loss of €106 million in the comparative period. The impact of this change is detailed in note 17 of the unaudited 2018 half-year condensed consolidated financial statements. At 30 September 2017 a further impairment to fair value of €22 million was recognised.

Habufa

Steinhoff owned a 50% interest in Van den Bosch Beheer B.V. (trading as "**Habufa**"), a wholesale facility located in the Netherlands. The balance of the shares were owned by the original family owners.

It has come to management's attention that Habufa was incorrectly consolidated in prior periods and the accounting for Habufa has been restated to reflect the accounting treatment of an equity accounted entity. Refer to note 17 of the unaudited 2018 half-year condensed consolidated financial statements.

Habufa was disposed of during the reporting period. Refer to the "**Material disposals**" section of this financial review.

Atterbury Europe

The ordinary shares held in Atterbury Europe B.V. ("**Atterbury Europe**") were disposed of during the reporting period. The remaining investment in preference shares of Atterbury Europe was reclassified to investments and loans. Refer to the "**Material disposals**" section of this financial review, and note 3 of the unaudited 2018 half-year condensed consolidated financial statements.

PSG

Steinhoff sold its 25.5% interest in PSG in three tranches during the reporting period. After the first tranche of 20.6 million shares were sold, PSG was derecognised as an investment in associate. The remaining shares were sold before the end of the reporting period.

Refer to the "**Material disposals**" section of this financial review.

KAP

Steinhoff reduced its 43% interest in KAP to 25.9% during the period. The investment in KAP continues to be recognised as an investment in associate.

Refer to the "**Material disposals**" section of this financial review.

KAP is separately listed on the JSE and its interim results are available at www.kap.co.za.

SRP

Steinhoff sold its 16.86% interest in Showroomprivé ("**SRP**") subsidiary of the group SRP Groupe during the period and derecognised this investment as an associate.

Refer to the "**Material disposals**" section of this financial review.

Activities during the reporting period

Acquisitions entered into prior to the liquidity crisis

Building Supplies Group ("BSG") – a subsidiary of STAR

On 1 October 2017, an indirect subsidiary of STAR acquired 100% of BSG (BSG is the parent company of the MacNeil, Tiletoria and Brands for Africa groups) for an enterprise value of ZAR645.7 million, subject to a clawback or 'agterskot' based on the results for the 12-month period ending September 2018.

The acquisition has been approved by the relevant regulatory authorities. BSG has been consolidated within STAR from 1 October 2017. Refer to note 11 of the unaudited 2018 half-year condensed consolidated financial statements. At the time of the conclusion of the BSG deal, JD Wiese (a former Steinhoff Supervisory Board member) declared an interest in the contract, as a director of both the seller, Invicta Holdings Limited, and the purchaser, STAR.

Acquisitions of dealerships by Unitrans Automotive

The acquisitions of the Lazarus Ford and Action Ford groups (with dealerships in South Africa) were approved by the South African Competition Commission in November 2017 and January 2018, respectively. Refer to note 11 of the unaudited 2018 half-year condensed consolidated financial statements.

Shoprite transaction and transactions with Dr Wiese's related entities

STAR entered into call option agreements whereby it obtained the right to acquire 128.2 million Shoprite ordinary shares from various parties. STAR's board exercised the call options prior to 30 November 2017 as part of the planned expansion of the STAR group, subject to the fulfilment of the Shoprite conditions precedent. This transaction was subsequently not implemented. In the process, Steinhoff made prepayments of €125 million and €200 million in October and November 2017 to entities related to Dr Wiese (a former Steinhoff Supervisory Board member). Agreements have been entered into with these entities in terms of which €125 million has been settled. The balance of €200 million plus interest will be repaid on agreed terms.

Material disposals

As stated at the outset, the Group has, since December 2017, relied on asset realisations to alleviate the immediate liquidity needs of the Group and fund debt repayments, ongoing working capital requirements, interest and the payment of professional fees.

The material disposals that were concluded during the reporting period are detailed below.

Disposals necessitated by liquidity needs in specific businesses

Mariahilferstrasse

Steinhoff sold a property in Vienna, Mariahilferstrasse, for a consideration of €69.6 million on 29 December 2017.

The Group received €60 million at the end of December 2017. A further €9.6 million is payable in future by the purchaser. This payment is dependent on certain conditions precedent which are expected to be met.

The book value of the property at the date of disposal was €125 million. This disposal resulted in a loss on disposal before taxation of €55.4 million.

SRP

An offer to sell the 16.86% interest in SRP, an equity accounted company, on 11 January 2018, to the international supermarket chain, Carrefour, was accepted. The block of shares owned by Steinhoff's subsidiary, Conforama, was sold in an off-market transaction for a total amount of c. €79 million, at €13.5 per share, corresponding to an 108% premium to the market price on the date of offer.

Steinhoff acquired its interest in SRP in July 2017 for €157.5 million, at €27.0 per share. At 30 September 2017 the carrying amount of the investment in SRP exceeded its recoverable amount and an impairment of €52 million was recognised. On disposal, the difference between the carrying amount and the fair value less transaction costs resulted in a loss on disposal of the investment in SRP of €28 million.

Habufa

Steinhoff sold its 50% interest in Habufa, back to the original family owners on 25 January 2018.

Proceeds of €10 million were received and a loss of €7 million was recognised on disposal.

Disposals necessitated to release the Group from future cash commitments

Extreme Digital

Steinhoff disposed of its 50.48% interest in Extreme Digital on 30 January 2018 for an amount of €13.0 million. A loss of €3.6 million was recognised on disposal.

Atterbury Europe

Steinhoff Europe A.G., an indirect wholly owned subsidiary of Steinhoff held an associate investment in Atterbury Europe consisting of 50% of the ordinary shares and 100% of the non-voting participating preference shares.

The investment in Atterbury Europe was recognised as an investment in associate and measured in accordance with IAS 28 – Investments in Associates and Joint Ventures.

Atterbury Europe repurchased the ordinary shares held by Steinhoff on 18 December 2017 for an amount of €20.4 million. This sale gave rise to a net loss of €130 million after the reclassification at fair value of the remaining investment in preference shares to investments and loans.

Disposal of non-core assets to raise funds to repay debt

PSG

In 2015 the Group made the strategic decision to increase its PSG shareholding to above 25%. In order to facilitate the increase in PSG shareholding, Steinhoff agreed with certain PSG investors to swap their PSG shares for Steinhoff shares. Two of the PSG investors that took part in the swap, entered into a separate derivative agreement with Steinhoff in which they would retain economic exposure to PSG (therefore should the Steinhoff share price underperform the PSG share price, Steinhoff would pay out the difference in value to these swap counterparties and should the Steinhoff share price outperform the PSG share price, Steinhoff would receive the difference in value).

Prior to disposal Steinhoff, through its indirect subsidiary Steinhoff Finance Investments (Proprietary) Ltd ("**SFI**"), held 55.5 million ordinary shares in PSG, approximately 25.5% of the externally issued share capital of PSG.

During the 2017 financial year, one of the derivative contracts were cash settled for €0.7 million.

During the reporting period Steinhoff entered into the following sale agreements of its investment in PSG:

- Block placement of 20.6 million shares on 15 December 2017 at a placement price of ZAR230.00 per share. The block placement was facilitated by PSG Capital and the shares were taken up by a consortium of bidders.
- Accelerated book build of 29.4 million shares on 23 January 2018 at a price per share of ZAR240.00.
- The remaining 3.2 million PSG shares were sold gradually on-market for an average net price of ZAR210.27 per share.

The remaining 2.3 million PSG shares were swapped for 6.2 million Steinhoff shares to settle the second PSG derivative contract.

At 30 September 2017, the unaudited statement of financial position included a cumulative €13 million liability for the second PSG derivative contract. As the PSG derivative was settled by Steinhoff delivering PSG shares (as opposed to cash), the €13 million liability on the 2017 statement of financial position is reversed in the current period resulting in a one-off €13 million profit for the reporting period.

Total proceeds for all the sales of PSG shares, net of transactions costs, of ZAR12.4 billion were received. A net profit before taxation of ZAR375 million was recognised. At a Group level this profit before taxation translated to c. €24 million. The reclassification of the cumulative foreign currency translation reserve, which arose as a result of translation of the investment in PSG at fluctuating ZAR:Euro exchange rates over the period of the investment, resulted in a €99 million loss released to the income statement during the period.

KAP

Ainsley Holdings (Proprietary) Limited ("**Ainsley**"), an indirect wholly owned subsidiary of Steinhoff held 1 144 billion shares (approximately 43%) in KAP up until 12 March 2018, with a market value of c. ZAR9.7 billion.

As part of the agreement reached with South African financial creditors, Steinhoff agreed that it would continue with a process to dispose of a portion of its interests in KAP to repay certain of its South African debt.

The Management Board approved the launch of an accelerated bookbuild of up to 450 million ordinary shares in KAP. The shares were successfully placed at a price of ZAR8.15 per share on 13 March 2018, raising total gross proceeds of ZAR3.7 billion and a net gain before taxation of €83 million was recognised.

Gulfstream jet

Rainford Isle of Man Limited ("**RIM**"), a wholly-owned subsidiary of Steinhoff acquired a company aircraft, for $21.0 million in January 2017.

RIM sold the company aircraft on 12 January 2018 for a consideration of $15.5 million. A loss of $6.3 million was recognised on disposal.

Corporate activity after the reporting date

STAR

Steinhoff successfully placed 200 million ordinary shares in STAR through an accelerated bookbuild on 19 April 2018. The shares were placed at a price of ZAR18.75 per share raising total gross proceeds of ZAR3.75 billion (c. €254 million). The book was multiple times oversubscribed. The placing price represented a discount of 2.6% to the STAR closing price of ZAR19.26 on 11 April 2018.

Following the accelerated bookbuild, the Group's interest in STAR reduced from 76.81% to 71.01% effective 17 April 2018.

kika-Leiner disposal

In January 2018, the Group took steps to assist the kika-Leiner business to formulate a restructuring plan with the objective to avoid Austrian insolvency proceedings and to set a course for it to continue as a going concern.

The kika-Leiner business has been loss-making for a number of years (operating loss in comparative period of €37 million) and has placed significant cash demands on the wider Group. The agreed support plan for kika-Leiner required a significant new investment from the Group over a number of years.

The Group considers it was making good progress with the turnaround plan since the agreement of kika-Leiner restructuring plan. At the start of June 2018, a major credit insurer in Austria decided to withdraw their credit insurance cover. This placed significant new and additional liquidity constraints on the kika-Leiner businesses, which resulted in the restructuring funds required for the restructuring plan increasing to c. €125 million.

In order to curtail the cash injection required from Steinhoff and in order to secure the future of kika-Leiner and its c. 5 500 employees, the Group's management team engaged with various third parties with a view to agreeing the terms of a sale of the kika-Leiner operating companies ("**OpCos**") and property holding companies ("**PropCos**"), (collectively the "**kika-Leiner Sale Assets**"). Agreement was reached with SIGNA Holding GmbH ("**Purchaser**") to acquire the kika-Leiner Sale Assets.

The Purchaser has completed its confirmatory due diligence with regard to the OpCos. The key terms of the disposals, which are consistent with those set out in the conditional offer are set out below:

- Disposal of OpCos: Although the consideration for each of the OpCos shall be a nominal amount, the Purchaser takes over the Group's cash commitment as per the restructuring plan. The sale of the OpCos is conditional upon merger clearance being received from the competition authorities in each of Austria, the Czech Republic and Slovakia on or before the long-stop date of 30 September 2018. It is acknowledged in the OpCos sale and purchase agreement that Steinhoff Europe AG is released from all support commitments it had to the OpCos.
- Disposal of PropCos: The consideration for the PropCos is based on an enterprise value of c. €490 million. The sale of the PropCos is conditional upon, *inter alia*, approvals being obtained from national competition authorities, due diligence by the Purchaser and closing of the sale of the OpCos.

The kika-Leiner disposal does not meet the criteria to be classified as held for sale per IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations as at 31 March 2018 as the process to dispose of the business only commenced after the reporting date. When the conditions precedent are met, the kika-Leiner business will meet the requirement to be classified as a discontinued operation. Future financial statements will include the required accounting treatment and disclosure per IFRS 5 if applicable.

Atterbury Europe

As indicated under "**Material disposals**", Atterbury Europe repurchased the ordinary shares held by Steinhoff on 18 December 2017. Steinhoff's remaining 100% interest in the non-voting participating preference shares in Atterbury Europe was also repurchased by Atterbury Europe during June 2018 for €223.5 million. No additional loss on disposal will be recognised.

Status of the German POCO Proceedings

Representatives of the Group and JV Entities attended a court hearing in Dortmund on 25 April 2018 ("**Hearing**"). At the Hearing, the parties agreed, in principle, to settle the matter on acceptable terms, to all parties. To this end, it was agreed that the Group would no longer contest the validity of the forfeiture of the JV Entities' existing 50% interest in POCO. Furthermore, the JV Entities offered to acquire the Group's remaining interest in POCO based on an agreed equity valuation of €532.5 million for 100% of the equity in POCO. In addition, the POCO business will retain debt of approximately €140 million, with no recourse to the Group. Based on the carry value at 31 March 2018 of €340 million (refer to note 8 of the unaudited 2018 half-year condensed consolidated financial statements), a settlement at the above value would lead to a further impairment, which has not been recognised at 31 March 2018.

As at the date of this financial review, the parties had not yet reached final agreement on the full terms of the settlement.

The hearing was concluded and settlement negotiations only commenced after the reporting period, POCO is not classified as a held for sale asset in terms of IFRS 5 as at 31 March 2018. Future financial statements will take into account any developments in the process to sell POCO and the accounting treatment and disclosure will be updated accordingly.

Debt repaid and restructured

Africa debt repaid during the reporting period

Repayment and delisting of the Services DMTN

A portion of the proceeds raised from the disposal of PSG was used to redeem the outstanding notes under the DMTN. The Group, through its indirect wholly own subsidiary Services, requested the noteholders to approve early settlement.

All the notes except SHS34 were settled on 23 February 2018. The noteholders of note SHS34 voted against the early settlement. As the Services 2017 annual financial statements were not published on or before 28 February 2018, the remaining note SHS34 was suspended on 1 March 2018.

Note SHS34 was settled on 2 March 2018 and the DMTN programme was deregistered with the JSE effective 9 March 2018.

Africa debt restructured after the reporting period

STAR refinancing

STAR successfully completed the refinancing of the Group's shareholder funding amounting to c. ZAR16 billion on 23 May 2018. The refinancing facilitated the repayment of the shareholder loan owing to Steinhoff Group entities. These entities used the cash to repay existing African debt, external debt and a portion of the preference share debt.

Accordingly, the Group has successfully repaid c. €2 billion of existing African debt since January 2018. Save for the new refinanced STAR debt, working capital facilities of the automotive business and the African properties division, the Group has no remaining African debt.

Financing costs

The gross debt balance of the Group increased by c.8% from March 2017. A breakdown of the gross debt balance is provided in note 13 of the unaudited 2018 half-year condensed consolidated financial statements. The increase in debt levels is largely attributable to the share buy-back of 78 million Steinhoff shares during the second half of the 2017 financial year, the cash advances to Dr Wiese related entities and to a spike in the working capital requirements following the liquidity crisis in the second quarter of the 2018 financial year.

The funding arranged by foreign subsidiaries in the midst of the liquidity crisis, was mostly at significantly higher interest rates than existing Group funding.

The Group has been required to accelerate the amortisation of all costs capitalised into debt facilities where facilities were early settled, and certain of the upfront costs of arranging new facilities impacted the net finance costs line.

The impact of all these changes resulted in the finance costs increasing by 36% when compared to the comparative reporting period.

Current trading performance

The operational review deals with the current performance of the trading divisions in the Group.

Due to the level of abnormal transactions contained therein, a table has been prepared below which adjusts reported EBITDA by certain specific expenses and impairments to arrive at management's view of sustainable EBITDA:

	Six months ended 31 March 2018 Unaudited €m	Restated Six months ended 31 March 2017 Unaudited €m
Reconciliation of the EBITDA for the period ended:		
EBITDA as reported[1]	45	163
Add back:		
Deconsolidation of POCO[2]	–	(52)
Loan impairments[3]	132	324
Unrealised foreign exchange losses/(gains)	137	(38)
Professional fees	39	–
Gain or (loss) on derivative[4]	(13)	8
Sustainable EBITDA	340	405

[1] *Refer to note 2 of the unaudited 2018 half-year condensed consolidated financial statements.*
[2] *Refer to changes impacting investments in equity accounted entities on page 36.*
[3] *Refer to page 51 of the unaudited 2018 half-year condensed consolidated financial statements.*
[4] *Refer to page 39 for details on the disposal of PSG.*

Events after the reporting date

AGM

All of the resolutions proposed in the notice of meeting made available to shareholders on the company's website on 9 March 2018 were passed by the requisite majority of votes cast by the shareholders present or represented at the AGM held in Amsterdam on 20 April 2018.

The composition of the Management Board and the Supervisory Board changed as follows:

Board member	Board	Change	Effective date
Markus Jooste	Management	Resignation	5 December 2017
Christo Wiese	Supervisory	Resignation	14 December 2017
Jacob Wiese	Supervisory	Resignation	14 December 2017
Ben la Grange	Management	Resignation	4 January 2018
Jayendra Naidoo	Supervisory	Resignation	18 January 2018
Thierry Guilbert	Supervisory	Resignation	2 February 2018
Claas Daun	Supervisory	Retirement	28 February 2018
Theunie Lategan	Supervisory	Retirement	28 February 2018
Len Konar	Supervisory	Retirement	28 February 2018
Bruno Steinhoff	Supervisory	Retirement	28 February 2018
Johan van Zyl	Supervisory	Resignation	17 April 2018
Philip Dieperink	Management	Appointment	20 April 2018
Theodore de Klerk	Management	Appointment	20 April 2018
Louis du Preez	Management	Appointment	20 April 2018
Alexandre Nodale	Management	Appointment	20 April 2018
Hugo Nelson	Supervisory	Appointment	20 April 2018
Khanyisile Kweyama	Supervisory	Appointment	20 April 2018
Moira Moses	Supervisory	Appointment	20 April 2018
Peter Wakkie	Supervisory	Appointment	20 April 2018
Alexandra Watson	Supervisory	Appointment	20 April 2018

Stefanes Booysen, Heather Sonn and Angela Krüger-Steinhoff were reappointed as members of the Supervisory Board, on 20 April 2018.

On 19 December 2017, Danie van der Merwe was designated by the Supervisory Board as the acting CEO of Steinhoff.

Related party transactions

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

As part of management's ongoing investigation, certain transactions which may not have been entered into on an arm's length basis have been identified. Management's focus is to ensure that all related parties and non-arm's length transactions are identified and correctly accounted for in the accounting records.

The Group is in the process of identifying and testing transactions that have not been entered into at market related prices with a focus on determining the extent of the relationship and the recoverability of loans and assets. In instances where there is no security on the loans in the entity with the liability or where the Group does not have sufficient information to perform a recoverability test, management has deemed it appropriate to impair these assets.

All known material intergroup transactions are eliminated on consolidation.

The Group's focus is to ensure all related parties are identified and appropriately recognised and disclosed.

Estimates and judgements

Readers' attention is drawn specifically to the summary of key areas of estimates and judgements highlighted in note 1.2.4 of the unaudited 2018 half-year condensed consolidated financial statements.

Shareholder and vendor claims

The Group, in consultation with its lawyers, is in the process of assessing the quantum of all the claims received to date. As the amount and timing of any possible settlements are unknown, no provision is recorded in terms of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets as the recognition criteria have, in management's opinion, not been met. Further details of these claims are included in the contingent liabilities note 15 of the unaudited 2018 half-year condensed consolidated financial statements. On advice from the Group's lawyers, the monetary amounts of contingent claims is not provided as such information may prejudice the Group at the current stage of the claims process.

Going concern

In all periods presented, the Group's current liabilities exceed the current assets.

Management has taken into account all information available to it as at the date of this financial review to determine whether the Group is able to continue operating as a going concern. Management considers that there are three material aspects to be considered in that regard. These are:

- Financial creditor claims
- Litigation claims and disputes
- Liquidity

Management has concluded that it is appropriate at this point to draw the accounts up on a going concern basis on the assumption that:

- they believe that there is a reasonable prospect that the Group will reach binding agreements with its financial creditors to re-schedule their claims against the Group in such a way as will ensure that the servicing costs and repayment obligations are sustainable in the context of the Group's cash flows over the next 12 months and beyond;
- the litigation claims raised against the Group are disputed and as such will take a significant period of time to resolve – management believes that there are valid defences to each claim raised but, in any event, it is highly likely that any successful legal proceedings brought against the Group would take more than 12 months to finally resolve; and
- each of the Group's financing and operating companies have considered their liquidity requirements over the next 12 months and consider that, if an appropriate restructuring plan is agreed with its financial creditors, they will have access to sufficient working capital facilities to continue to trade.

Debt restructuring

The Group's wider restructuring discussions continue. The Group announced today that it had agreed on key commercial terms of a restructuring plan and is in ongoing discussions to finalise the terms of a lock-up agreement.

These unaudited 2018 half-year condensed consolidated financial statements have been prepared on a going concern basis on the basis of management's assumption that the restructuring plan and the implementation thereof will be successful, and are subject to the caveats contained in the accompanying Management Board Report and Responsibility Statement, to the extent that the caveats may be applicable to the restructuring plan and its implementation.

Dividends

Steinhoff N.V. ordinary dividends

Given the ongoing liquidity position the Management Board with the approval of the Supervisory Board has resolved not to propose or declare an ordinary dividend until further notice.

Steinhoff N.V.'s ordinary shares remain listed and traded on the Frankfurt Stock Exchange ("**FSE**") and the Johannesburg Stock Exchange ("**JSE**").

Preference Shares

Suspension of the Steinhoff Investment Holdings Limited ("SIH") Preference Shares on the JSE

SIH is a wholly owned subsidiary of Steinhoff and is the issuer of variable rate, cumulative, non-redeemable, non-participating preference shares ("**Preference Shares**") with a capital value of ZAR1.5 billion. The Preference Shares are listed on the JSE. SIH failed to publish its 2017 consolidated annual financial statements for the year ended 30 September 2017 by 28 February 2018 and according to the JSE Listings requirements, the Preference Shares were suspended effective 1 March 2018. These Preference Shares are included as non-controlling interest: Preference Share Capital.

Preference Share dividends

On 30 April 2018, SIH published a SENS announcement notifying holders of the Preference Shares issued by SIH that a decision had been taken by the board of directors not to declare a dividend on the Preference Shares in respect of the period 1 July 2017 to 31 December 2017 ("**Preference Dividend**").

The above-mentioned decision has been reviewed by the board, which has determined that SIH is now in a position to declare the Preference Dividend. Accordingly, on 29 June 2018, the board approved the payment of a gross dividend of 427.41781 cents per Preference Share, payable on 23 July 2018 to the holders of Preference Shares recorded in the books of SIH on 20 July 2018. The Preference Dividend will be payable in the currency of South Africa and will be subject to local dividend tax of 20%.

Material risk summary

The revelations in early December 2017 have given rise to the need for management to reassess and evaluate the key risks facing the Group. Whilst the risks set out in the withdrawn audited 2016 consolidated financial statements remain relevant, the key risks facing the Group at this point are detailed below.

No	Group risk	Risk classification
1	Liquidity risk	Internal: Financial
2	Reputation and brand risk	External: Strategic risk
3	Leadership/talent management risk	Internal: Operational risk
4	Regulatory/legislative compliance risk	External: Compliance risk
5	Exchange rate/interest rate fluctuations risk	External: Financial risk
6	Risk of litigation	External: Financial and compliance risk
7	Investment in infrastructure	External: Operational risk

Risks highlighted:

1. As stated throughout this report, the Group is currently facing a liquidity crisis triggered by the alleged accounting irregularities, and the resignation of the CEO in December 2017. The uncertainty relating to the accounting irregularities and the ongoing forensic investigation has led to a withdrawal of certain of the Group's banking and other credit facilities and inability to replace loans, which has in turn resulted in liquidity concerns for the Group.

   The entire supply chain is impacted as supplier trade terms are tightened. As a result, the Group has engaged with its financial creditors and key credit insurers to ensure that sufficient liquidity is available for the underlying operations and that existing funding lines are retained. As stated throughout this report, the Group has engaged proactively with its financial creditors with a view to finalising and implementing a binding restructuring plan.

   Management believe that it is essential that this plan be implemented to ensure that the Group continues as a going concern.

   The restructuring process will in the fullness of time result in the disposal of certain assets for the benefit of all stakeholders to reduce the unsustainable levels of debt.

2. Investor confidence has been severely dented and negatively impacted by the announcements to date which has in turn significantly damaged the Group's share price and reputation. Any prolonged damage to brand/reputation will result in the Group facing increased pressure from all stakeholders and competitors who seek to capitalise on this position. The Group will seek to mitigate this risk by adopting a transparent approach to all its stakeholders to re-establish confidence. All stakeholders will be kept informed of all future material developments in a transparent and responsible manner.

3. The Group's future success will depend on its ability to manage, attract and retain skilled and qualified personnel. Competition for skilled employees in the industries in which the Group operates is intense. The reputational damage surrounding the Group has impaired the Group's ability to attract and retain personnel in the short term due to fears arising from the long term sustainability of the Group. Implementing a restructuring plan is fundamental to ensuring that the Group starts readdressing this key risk area by enabling it to create a stable foundation to attract and retain existing and required talent within the Group.

4. The Group operates in countries with varying legal and regulatory standards and rules. Failure to comply with laws or regulations will result in liability, including, but not limited to, criminal prosecutions, financial penalties and injunctive action.

   Various regulators have commenced investigations into the Group in relation to the accounting irregularities and related matters.

   There are a number of tax related disputes that have come to light and will arise as a consequence of these investigations. Appropriate advice and resource will need to be applied to this key area of risk to mitigate and manage the Group's exposure.

5. The Group and its operating entities trade in numerous countries and in different currencies. There is a need to ensure that each entity takes out appropriate hedging.

   Currency risk: Group policy is to hedge exposure to cash and future contracted transactions in foreign currencies for a range of forward periods, but not to hedge exposure for the translation of reported assets and liabilities. The Group is currently severely restricted in managing its currency exposure due to the non-availability of foreign exchange trading lines with its bankers. Various corrective measures have been implemented and are continuously considered to create an ability to do future currency hedges, but the Group may not be in a position to maintain this policy and the risk of currency exposure impacting business performance exists.

   Interest rate risk: The Group follows a policy of maintaining a balance between fixed and variable funding in order to manage the effect that different interest rate environments and consumer spending may have on it. This enables the Group to achieve a reasonable, market-related cost of borrowing. Since December 2017, the ability of the Group to act in terms of this policy has been severely impaired and its cost of borrowing has increased materially.

6. The alleged accounting irregularities have led to a number of legal proceedings being initiated against the Group. The Group is in the process of assessing the merits of, and responding to, these claims, to help manage this possible financial exposure.

7. The Group operates in a competitive and dynamic retail environment that requires continued investment in infrastructure (e.g. stores, technology, etc.). The Group's ability to fund these investments is currently constrained.

Consolidated audited financial statements

The Management Board are aiming to release the full-year audited consolidated financial statements for 2017 by the end of December 2018 and the full-year audited consolidated financial statements for 2018 by end of January 2019.

Condensed consolidated half-year income statement

for the period ended 31 March 2018

	Notes	Six months ended 31 March 2018 Unaudited €m	Restated[1] Six months ended 31 March 2017 Unaudited €m	% change
Revenue	2	9 345	9 896	(6)
Cost of sales		(5 699)	(5 829)	(2)
Gross profit		3 646	4 067	(10)
Operating income		160	184	(13)
Operating expenses		(3 958)	(4 295)	(8)
Capital items	3	(229)	(124)	85
Operating loss	2	(381)	(168)	127
Net finance costs		(224)	(165)	36
Share of profit of equity accounted companies		47	61	(23)
Loss before taxation		(558)	(272)	105
Taxation	4	(41)	(90)	54
Loss for the period		(599)	(362)	65
Loss attributable to:				
Ordinary shareholders		(621)	(380)	63
Non-controlling interests		22	18	22
Loss for the period		(599)	(362)	65
Loss per share				
Basic loss per share (cents)	5	(15.0)	(9.2)	63
Diluted loss per share (cents)[3]	5	(15.0)	(9.2)	63
Headline loss per share (cents)[2]	5	(8.9)	(6.6)	35
Diluted headline loss per share (cents)[2 & 3]	5	(8.9)	(6.6)	35
Number of ordinary shares in issue (m)	10	4 219	4 299	(2)
Weighted average number of ordinary shares in issue (m)	5	4 230	4 259	(1)

Notes:

[1] *The unaudited comparative figures have been restated following the identification of prior period errors. Refer to note 17.*

[2] *Headline earnings is required to be reported by the Johannesburg Stock Exchange Limited ("**JSE**"), where the Group has its secondary listing. Headline earnings is defined by Circular 2/2015 Headline Earnings. The starting point of the calculation is earnings as determined by IAS 33 – Earnings Per Share, and then excluding specific capital items, net of related taxation and related non-controlling interests.*

[3] *Due to the Group's net loss position, all previously dilutive instruments became anti-dilutive for both periods presented.*

Condensed consolidated half-year statement of comprehensive income

for the period ended 31 March 2018

	Six months ended 31 March 2018 Unaudited €m	Restated[1] Six months ended 31 March 2017 Unaudited €m
Loss for the period	(599)	(362)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	537	605
Release of foreign currency translation reserve to profit or loss on disposal of investment	99	–
Net fair value loss on cash flow hedges and other fair value reserves	(43)	(19)
Deferred taxation	5	6
Other comprehensive loss of equity accounted companies, net of deferred taxation	(2)	(3)
Total other comprehensive income for the period	596	589
Total comprehensive (loss)/income for the period	(3)	227
Total comprehensive (loss)/income attributable to:		
Ordinary shareholders	(103)	209
Non-controlling interests	100	18
Total comprehensive (loss)/income for the period	(3)	227

Notes:

[1] The unaudited comparative figures have been restated following the identification of prior period errors. Refer to note 17.

Condensed consolidated half-year statement of changes in equity

for the period ended 31 March 2018

	Ordinary share capital and share premium[1] Unaudited €m	Reserves[2] Unaudited €m	Non-controlling interests[3 & 4] Unaudited €m	Total Unaudited €m
Balance at 30 September 2017	21 248	(18 440)	1 274	4 082
Disposal of subsidiaries and businesses	–	–	(21)	(21)
Net treasury shares purchased	(259)	–	–	(259)
Total comprehensive (loss)/income for the period	–	(103)	100	(3)
(Loss)/profit for the period	–	(621)	22	(599)
Other comprehensive income for the period	–	518	78	596
Preference dividends paid	–	(4)	–	(4)
Ordinary dividends paid	–	–	(1)	(1)
Share-based payments	–	(4)	–	(4)
Transfers and other reserve movements	–	3	–	3
Balance at 31 March 2018	20 989	(18 548)	1 352	3 793
Previously presented balance at 1 October 2016	21 053	(5 631)	545	15 967
Restatement (note 17)	–	(10 161)	240	(9 921)
Restated balance at 1 October 2016	21 053	(15 792)	785	6 046
Disposal and derecognition of subsidiaries and businesses	–	127	(292)	(165)
Shares issued, net of share issue expenses	212	–	–	212
Net treasury shares disposed	1	–	–	1
Total comprehensive income for the period	–	209	18	227
(Loss)/profit for the period	–	(380)	18	(362)
Other comprehensive income for the period	–	589	–	589
Preference dividends paid	–	(16)	–	(16)
Ordinary dividends paid	–	(637)	(1)	(638)
Share-based payments	–	17	–	17
Transfers and other reserve movements	–	7	1	8
Restated balance at 31 March 2017	21 266	(16 085)	511	5 692

To help readers understand the significant movement in equity balances between 1 April 2017 and 30 September 2017 the following material items should be taken into account:

Impacting reserves

Goodwill and trade and brand names were assessed for impairment at 30 September 2017. Refer to notes 6 and 7. This resulted in an impairment of €1 497 million to goodwill and €144 million to trade and brand names relating to Mattress Firm Holdings Corporation ("**Mattress Firm**"). The deferred taxation impact on the impairments was €243 million resulting in a net impact after taxation of €1 398 million.

The fluctuation in the ZAR:EUR exchange rate resulted in a credit to the foreign currency translation reserve ("**FCTR**") of €432 million for the period ended 31 March 2017. For the twelve months ended 30 September 2017 this changed to a debit of €126 million resulting in a net debit of €558 million.

Impacting on non-controlling interests

The STAR listing on 20 September 2017 resulted in an increase to non-controlling interests of €764 million on that date.

Notes:

[1] The line item "net treasury shares disposed" has reduced by €153 million from a purchase of €152 million to a disposal of €1 million.

[2] The restated opening reserves balance at 1 October 2016 includes cumulative restatements relating to:

	€m
• *Impairment of historical goodwill, trade names and the related deferred taxation on the impairments. Refer notes 17.2 and 17.3.*	(2 450)
• *Impairment of property, plant and equipment. Refer note 17.4.*	(1 318)
• *Impact of recognition of 50% non-controlling interest relating to POCO. Refer note 17.5.*	(278)
• *Impairment of overstated assets and reversal of non-arm's length transactions. Refer note 17.7.*	(6 115)
	(10 161)

[3] Non-controlling interests include preference shares issued by group subsidiaries.

[4] A non-controlling interest of €278 million was recognised for the 50% interest in POCO which was not controlled by the Group at 1 October 2016 . This non-controlling interest was derecognised at 31 March 2017 when the Group reclassified its investment in POCO to an equity accounted company. Refer note 17.5. This balance was also impacted by the derecognition of Habufa (€18 million) and the Mattress Firm preference share restatement (€20 million).

Condensed consolidated half-year statement of financial position

as at 31 March 2018

	Notes	31 March 2018 Unaudited €m	Restated[1] 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
ASSETS				
Non-current assets				
Goodwill	6	6 149	8 020	5 844
Intangible assets	7	3 210	3 457	3 169
Property plant and equipment		3 471	3 749	3 467
Investments in equity accounted companies and joint ventures	8	834	2 037	2 152
Investments and loans	9	701	282	191
Deferred taxation assets		214	308	215
Trade and other receivables		3	55	–
		14 582	17 908	15 038
Current assets				
Inventories and vehicle rental fleet		2 725	2 714	2 627
Trade and other receivables		1 198	1 094	1 141
Investments and loans	9	101	–	42
Cash and cash equivalents	13	1 232	620	721
		5 256	4 428	4 531
Total assets		19 838	22 336	19 569
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital and premium	10	20 989	21 266	21 248
Reserves		(18 548)	(16 085)	(18 440)
Total equity attributable to equity holders of the parent		2 441	5 181	2 808
Non-controlling interest: Preference share capital		450	450	450
Non-controlling interest		902	61	824
Total equity		3 793	5 692	4 082
Non-current liabilities				
Interest-bearing loans and borrowings	13	274	–	–
Employee benefits		176	184	190
Deferred taxation liabilities		639	1 008	678
Provisions		278	498	304
Trade and other payables		120	132	100
		1 487	1 822	1 272
Current liabilities				
Trade and other payables		3 806	4 513	4 348
Employee benefits		146	165	144
Provisions		288	305	351
Interest-bearing loans and borrowings	13	9 133	9 247	8 441
Bank overdrafts and short-term facilities	13	1 185	592	931
		14 558	14 822	14 215
Total equity and liabilities		19 838	22 336	19 569
Net asset value per ordinary share (cents)	5	58	121	64

Notes:

[1] *The unaudited comparative figures have been restated following the identification of prior period errors. For purposes of this half-year report the cumulative impact of the restatements on equity has been calculated at 1 July 2015 and included in the opening balances of the preceding period. Refer to note 17.*

Condensed consolidated half-year statement of cash flows

for the period ended 31 March 2018

			Restated[1]
		Six months	Six months
		ended	ended
		31 March	31 March
		2018	2017
		Unaudited	Unaudited
	Notes	€m	€m
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss		(381)	(168)
Adjusted for:			
Debtors' costs		10	8
Depreciation and amortisation		197	207
Net impairment of loans receivable and other related provisions		132	324
Impairment of investment in equity accounted companies		4	–
Share based payment (reversal)/expense		(4)	17
Loss on disposal and dilution of investments		148	111
Loss on disposal of property, plant and equipment, vehicle rental fleet and intangible assets		72	11
Inventory provisions and write offs		21	23
Fair value (gain)/loss on financial assets and derivatives		(13)	17
Unrealised foreign exchange losses/(gains)		137	(38)
Other non-cash adjustments		16	(8)
		339	504
Working capital changes			
Inventories and vehicle rental fleet		(12)	(34)
Receivables		(33)	49
Payables		(748)	(130)
Changes in working capital		(793)	(115)
Cash (utilised by)/generated from operations		(454)	389
Net movement in instalment sale and loan receivables		(10)	(13)
Net dividends received/(paid)		1	(637)
Net finance charges		(210)	(159)
Taxation paid		(129)	(125)
Net cash outflow from operating activities		(802)	(545)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(289)	(414)
Additions to intangible assets		(19)	(22)
Proceeds on disposal of property, plant and equipment and intangible assets		78	11
Acquisition of subsidiaries and businesses, net of cash on hand at acquisition	11	(30)	(369)
Disposal of subsidiaries and businesses, net of cash on hand at disposal		8	(13)
Increase in long-term investments and loans		(366)	(55)
Increase in short-term investments and loans		(56)	(62)
Net decrease/(increase) in investments in equity accounted companies		1 135	(187)
Net cash inflow/(outflow) from investing activities		461	(1 111)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of ordinary shares issued		–	7
Share issue expenses		–	(1)
Net treasury shares (purchased)/sold		(260)	1
Transactions with non-controlling interests		1	–
Increase/(decrease) in bank overdrafts and short-term facilities		243	(50)
Increase in long-term interest-bearing loans and borrowings		274	–
Increase in short-term interest-bearing loans and borrowings		582	1 603
Net cash inflow from financing activities		840	1 560
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		499	(96)
Effects of exchange rate translations on cash and cash equivalents		12	31
Cash and cash equivalents at beginning of the period		721	685
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13	1 232	620

Notes:

[1] The unaudited comparative figures have been restated following the identification of prior period errors.

Notes to the condensed consolidated half-year financial statements

for the period ended 31 March 2018

1 GENERAL

These unaudited half-year condensed consolidated financial statements ("**unaudited half-year financial statements**") should be used with caution as they represent management's best estimate, based on the current facts available. Investigations into the alleged irregularities are ongoing so these results may well change as new facts come to light. These accounts have not been audited or reviewed by our external auditors, Deloitte.

Readers of these financial statements are reminded that the 2016 consolidated annual financial statements have been withdrawn and that the restated 2016 and 2017 consolidated annual financial statements have yet to be finalised and audited. As a consequence the results as well as the opening balances disclosed in this report, and allocations between periods could change.

1.1 Reporting entity

The unaudited half-year financial statements of Steinhoff International Holdings N.V. ("**Steinhoff**") for the six months ended 31 March 2018 comprise Steinhoff and its subsidiaries (together referred to as the "**Group**") and the Group's interest in associate companies and joint-venture companies.

1.2 Basis of preparation

1.2.1 Statement of compliance

The unaudited half-year financial statements have been prepared by management in compliance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union ("**EU**"). These unaudited half-year financial statements have been prepared in compliance with IAS 34 – Interim Financial Reporting. Accordingly, these unaudited half-year financial statements do not include all of the information and notes required for consolidated financial statements at financial year-ends.

As stated above, the 2016 consolidated annual financial statements of the Group were effectively withdrawn with reference to Article 2:362 (6) of the Dutch Civil Code and can no longer be relied upon.

The accounting policies applied for these unaudited half-year financial statements are unchanged from those used for the withdrawn 2016 consolidated annual financial statements and are available on the Group's website www.steinhoffinternational.com. There were no material impacts to the Group in respect of changes to IFRS or interpretations that are effective for the current reporting period. The Group adopted all IFRS and interpretations that were effective for financial years beginning on or after 1 January 2017 and 2016.

1.2.2 Restatements

In January 2018, following the appointment of PwC to investigate accounting irregularities, the Group withdrew the 2016 consolidated annual financial statements and indicated that the Group would need to restate the 2015 closing balances. The apparent overstatement of profits and the accounting treatment of non-arm's length transactions, combined with increased discount rates resulting from increased risks profiles, have resulted in material additional impairments of intangible and other assets.

Management's approach to the restatement of results has been to assimilate as much information as is available at present to place management in a position to determine the likely financial impact of all known transactions on the Group's financial position. Based on available information, restatements are required for a variety of reasons. These restatements include *inter alia*:

- Restatement as a result of the overstatements pertaining to inflated income which has resulted in both operating income and assets being overstated;
- Restatement as a result of the incorrect application of group accounting principles;
- Restatement as a result of the disposition of assets without appropriate security leading to concern regarding recoverability of these assets; and
- Restatement as a result of the incorrect classification of assets and liabilities.

Management's current best estimate of the impact on the opening balances of 2016 are set out in the notes to the unaudited half-year condensed consolidated statement of changes in equity. The impact on the comparative period is set out in note 17.

The investigation by management and PwC is not yet complete. There is a risk that disclosures made in this report, in advance of the independent investigation's conclusion could be affected or contradicted by new facts or analysis that come to light or are highlighted in future.

1.2.3 Presentation currency and going concern assumption

The unaudited half-year financial statements have been presented in millions of euros (€m) and are prepared on the historical-cost basis, except for certain assets and liabilities carried at amortised cost, and certain financial instruments which are carried at fair value.

The results of operations for the six months ended 31 March 2018 are not necessarily indicative of the results to be expected for the entire financial year.

1.2.4 Use of estimates and judgements

In light of recent events and the fact that the Group's consolidated financial statements have been withdrawn and delayed, management draws the readers' attention to the significant level of estimates and judgements used in preparing these unaudited half-year consolidated financial statements. Management highlight below the key areas in which material estimates and judgements have been applied:

- The half-year unaudited consolidated financial statements have been drafted on a going concern basis which is dependent on a successful restructuring plan being agreed and being successfully implemented with financial creditors;
- Correct identification of changes in control and relationships with related parties;
- Allocation of events, transactions and restatements to the correct reporting periods;
- Measurement of goodwill and intangible assets (refer notes 6 and 7);
- Assumption that shareholder and vendor claims do not satisfy the recognition criteria of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets ("**IAS 37**") (Refer note 15);
- Correct assessment and evaluation of transactions, the recoverability of loans and other assets relating to apparent non-arm's length transactions;
- Measurement of the carrying amounts of property, plant and equipment;
- Classification of financial instruments and presentation of liabilities as current or non-current;
- Taxation impact of restatements; and
- Impact of the withdrawal of the 2016 consolidated annual financial statements on opening balances.

Notes to the condensed consolidated half-year financial statements

for the period ended 31 March 2018 (continued)

		Six months ended 31 March 2018 Unaudited €m	Restated Six months ended 31 March 2017 Unaudited €m
2	**SEGMENTAL REPORT**		
	REVENUE		
	Household goods	4 582	5 491
	General merchandise	1 849	1 738
	Automotive	766	702
	STAR	2 147	1 957
	Corporate and treasury services	1	8
		9 345	9 896
	OPERATING PROFIT/(LOSS) BEFORE CAPITAL ITEMS, DEPRECIATION AND AMORTISATION		
	Household goods	(14)	154
	General merchandise	138	104
	Automotive	27	30
	STAR	212	225
	Corporate and treasury services	(318)	(350)
		45	163
	OPERATING (LOSS)/PROFIT BEFORE CAPITAL ITEMS		
	Household goods	(131)	23
	General merchandise	102	70
	Automotive	21	21
	STAR	176	192
	Corporate and treasury services	(320)	(350)
		(152)	(44)

	Six months ended 31 March 2018 Unaudited €m	%	Restated Six months ended 31 March 2017 Unaudited €m	%	30 Sept 2017 Unaudited €m	%
SEGMENTAL REPORT (continued)						
SEGMENTAL ASSETS						
Household goods	7 432	43	9 884	52	7 612	47
General merchandise	3 142	19	3 144	16	3 119	19
STAR	5 787	34	5 714	29	5 165	31
Automotive	492	3	475	2	398	2
Corporate and treasury services	117	1	180	1	169	1
	16 970	100	19 397	100	16 463	100
Non-current assets						
Europe and the United Kingdom	5 546	38	5 777	32	5 636	38
Africa	5 816	40	6 743	38	6 000	40
United States of America	2 465	17	4 568	25	2 602	17
Australasia	755	5	820	5	800	5
	14 582	100	17 908	100	15 038	100
GEOGRAPHICAL ANALYSIS						
Revenue						
Europe and the United Kingdom	4 529	49	5 106	52		
Africa	2 917	31	2 669	27		
United States of America	1 255	13	1 518	15		
Australasia	644	7	603	6		
	9 345	100	9 896	100		

	31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
SEGMENTAL REPORT (continued)			
RECONCILIATIONS			
Reconciliation between operating loss per income statement and operating profit before depreciation, amortisation and capital items per segmental analysis			
Operating loss	(381)	(168)	
Amortisation and depreciation	197	207	
Capital items (refer note 3)	229	124	
Operating profit before depreciation, amortisation and capital items per segmental analysis	45	163	
Reconciliation between operating loss per income statement and operating loss before capital items per segmental analysis			
Operating loss per income statement	(381)	(168)	
Capital items (refer note 3)	229	124	
Operating loss before capital items per segmental analysis	(152)	(44)	
Reconciliation between total assets per statement of financial position and segmental assets			
Total assets per statement of financial position	19 838	22 336	19 569
Less: Cash and cash equivalents	(1 232)	(620)	(721)
Less: Investments in equity accounted companies	(834)	(2 037)	(2 152)
Less: Long-term investments and loans	(701)	(282)	(191)
Less: Short-term investments and loans	(101)	–	(42)
Segmental assets	16 970	19 397	16 463

3 CAPITAL ITEMS

Capital items reflect and affect the resources committed in producing operating/trading performance, and not the performance itself. These items deal with the platform/capital base of the entity. In doing the calculation for headline earnings as required by the JSE, where the group has a secondary listing, the impact of these capital items are required to be removed.

	Six months ended 31 March 2018 Unaudited €m	Restated Six months ended 31 March 2017 Unaudited €m
Impairments of:		
Property, plant and equipment	5	2
Investments in equity accounted companies	4	–
Loss on disposal of intangible assets	–	1
Loss on disposal of property, plant and equipment and scrapping of vehicle rental fleet[1]	72	10
Loss/(profit) on disposal and dilution of investments		
Atterbury Europe sale and reclassification[2]	130	–
Profit on the sale of PSG	(24)	–
Profit on the sale of KAP	(83)	–
Foreign currency translation reserve recycled upon disposal of PSG	99	–
Loss on disposal of Showroomprivé[3]	28	–
Loss on derecognition of POCO as a subsidiary[4]	–	106
Other	(2)	5
	229	124

Notes:

[1] *Included in the loss on sale of property, plant and equipment is the loss on the sale of the Vienna property, Mariahilferstrasse totalling €55 million.*

[2] *Atterbury Europe repurchased its ordinary shares held by Steinhoff on 18 December 2017 for an amount of €20.4 million. This gave rise to a net loss of €130 million after the reclassification at fair value of the remaining investment in preference shares to investments and loans.*

[3] *A loss on disposal of €28 million was recognised in the current period relating to the sale of Showroomprivé, an equity accounted company.*

[4] *In the prior period, the assets and liabilities as well as the non-controlling interest of POCO were derecognised line by line and an investment in equity accounted company at fair value of €312 million was recognised on 31 March 2017. The derecognition of POCO as a subsidiary resulted in a loss of €106 million. Refer to note 17.5.*

		Six months ended 31 March 2018 Unaudited €m	Restated Six months ended 31 March 2017 Unaudited €m
4	**TAXATION**		
	Reconciliation of loss before taxation to adjusted loss before taxation		
	Loss before taxation	(558)	(272)
	Share of profit of equity accounted companies	(47)	(61)
	Capital items	229	124
	Adjusted loss before taxation	**(376)**	**(209)**
	Reconciliation of taxation to taxation before capital items		
	Taxation	41	90
	Taxation on capital items	(33)	2
	Taxation before capital items	**8**	**92**

The taxation positions of the single entities where restatements have been identified are still uncertain and a detailed analysis will need to be undertaken in each jurisdiction to determine the correct taxation treatment to be afforded to the restatements that have been identified. The taxation of the Group is further impacted by profitable entities in taxation paying positions and loss-making entities where deferred taxation assets have not been raised as a result of uncertainty relating to the recoverability of those deferred taxation assets.

This is still an area that is under review and will be adjusted when the detailed analysis is completed.

	Six months ended 31 March 2018 Unaudited Cents	Restated Six months ended 31 March 2017 Unaudited Cents

5 EARNINGS PER SHARE

The calculation of per share numbers uses the exact unrounded numbers, which may result in differences when compared to calculating the numbers using the rounded number of shares and earnings as disclosed below.

	Six months ended 31 March 2018 Unaudited Cents	Restated Six months ended 31 March 2017 Unaudited Cents
Basic loss per share	(15.0)	(9.2)
Diluted loss per share	(15.0)	(9.2)
Headline loss per share	(8.9)	(6.6)
Diluted headline loss per share	(8.9)	(6.6)

Due to the Group's net loss position, all previously dilutive instruments became anti-dilutive for both periods presented.

	Six months ended 31 March 2018 Unaudited Cents	Restated Six months ended 31 March 2017 Unaudited Cents	Twelve months ended 30 Sept 2017 Unaudited Cents
Net asset value per share ("NAV")	58	121	64

The NAV of the Group decreased from €2.8 billion at 30 September 2017 to €2.4 billion at 31 March 2018, which resulted in a decrease in the NAV per share from 64 cents to 58 cents per share.

	Million	Million	Million
5.1 Weighted average number of ordinary shares			
Issued ordinary shares at beginning of the period	4 310	4 254	4 254
Effect of own shares held	(80)	(11)	(11)
Effect of shares issued	–	16	35
Weighted average number of ordinary shares	4 230	4 259	4 278
Diluted weighted average number of ordinary shares*	4 230	4 259	4 278

**The effect of the convertible bonds and other potential ordinary shares on the diluted earnings per share calculation results in an anti-dilutive impact and is therefore excluded from the numerator and denominator used in the calculation of dilutive earnings per share.*

			Six months ended 31 March 2018 Unaudited €m	Restated Six months ended 31 March 2017 Unaudited €m
5	**EARNINGS PER SHARE**			
	5.2	**Earnings and headline earnings**		
		Loss for the period	(599)	(362)
		Attributable to non-controlling interests	(22)	(18)
		Dividend entitlement on cumulative preference shares	(13)	(13)
		Loss attributable to ordinary shareholders	(634)	(393)
		Capital items	229	124
		Taxation effect of capital items	33	(2)
		Capital items of equity accounted companies (net of taxation)	(3)	(12)
		Headline loss attributable to ordinary shareholders	(375)	(283)
	5.3	**Diluted earnings and diluted headline earnings per share**		
		Loss attributable to ordinary shareholders	(634)	(393)
		Dilutive loss attributable to ordinary shareholders*	(634)	(393)
		Capital items net of taxation and capital items of equity accounted companies	259	110
		Diluted headline loss attributable to ordinary shareholders	(375)	(283)

**The effect of the convertible bonds and other potential ordinary shares on the diluted earnings per share calculation results in an anti-dilutive impact and is therefore excluded from the numerator and denominator used in the calculation of dilutive earnings per share.*

		31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
6	**GOODWILL**			
	Carrying amount at beginning of the period	5 844	7 190	7 190
	Arising on business combinations	15	410	397
	Disposal of subsidiaries and businesses	–	(1)	(1)
	Impairment	–	–	(1 508)
	Exchange differences on consolidation of foreign subsidiaries	290	422	(215)
	Other	–	(1)	(19)
	Carrying amount at end of period	6 149	8 020	5 844
	The carrying amounts per cash-generating unit:			
	Household goods			
	United States of America			
	Mattress Firm	1 020	2 703	1 063
	Sherwood	49	–	51
	Australasia	225	329	225
	Other	69	77	76
		1 363	3 109	1 415
	General merchandise			
	Poundland	840	862	840
	Pepco	877	895	799
	Australasia	150	179	151
		1 867	1 936	1 790
	STAR	2 897	2 964	2 625
	Automotive	22	11	14
	Total goodwill	6 149	8 020	5 844

Goodwill is allocated to cash-generating units ("**CGU**") and is tested annually for impairment, or more frequently when there is an indication that the unit may be impaired. As part of the restatement exercise, all goodwill balances were retested at 30 June 2015, 30 September 2016 and 30 September 2017. The identified prior period errors impacted on the forecasted financial information used in the discounted cash flow models of the various CGUs. The forecasted information as well as various inputs such as weighted average cost of capital ("**WACC**") were revised. More detail is included in note 17.2. The CGU to which the Mattress Firm goodwill had been allocated was impaired at 30 September 2017 mainly due to the cancellation of a major supply contract and Mattress Firm's deteriorating profitability. Goodwill of €1.5 billion was impaired in the period ended 30 September 2017. The remaining CGUs showed no impairment indicators as at 31 March 2017 or 31 March 2018.

Sensitivity analysis

Management has adjusted the WACC to better reflect the size and investment grade of the group after taking into account the restatements. The group has also adjusted cash flows of each CGU for entity-specific risk factors to arrive at the future cash flows expected to be generated for the CGU. A stress test, based on reasonable fluctuations, performed on each of the risk factors indicated sufficient headroom exists on the remaining CGU's. The impairment of the goodwill is preliminary based on management's best estimates and will be finalised before releasing the audited 2017 and 2018 consolidated annual financial statements.

		31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
7	**INTANGIBLE ASSETS**			
	Carrying amount at beginning of the period	3 169	3 552	3 552
	Additions	19	22	54
	Disposals	–	(2)	(2)
	Arising on business combinations	1	9	144
	Derecognised on disposal or reclassification of subsidiaries	(25)	(363)	(363)
	Amortisation	(24)	(22)	(48)
	Impairment	–	–	(144)
	Exchange differences on consolidation of foreign subsidiaries	70	247	(48)
	Other	–	14	24
	Carrying amount at end of period	3 210	3 457	3 169
	Intangible assets comprise the Group's trade and brand names, software and ERP systems as well as dealership agreements.			
	Carrying amount per category of intangible assets:			
	Trade and brand names	2 908	3 170	2 888
	Software and ERP systems	153	149	157
	Other intangible assets	149	138	124
		3 210	3 457	3 169
	The group's trade and brand names per segment:			
	Household goods			
	Europe Retail			
	Conforama	153	153	153
	Lipo	28	32	28
	United Kingdom	13	13	14
	United States of America			
	Mattress Firm	1 053	1 363	1 099
	Australasia	129	60	136
	Other	–	24	27
		1 376	1 645	1 457
	General merchandise			
	Poundland	124	128	123
	Pepco	143	154	151
	Australasia	25	29	27
		292	311	301
	STAR	1 240	1 214	1 130
	Total trade and brand names	2 908	3 170	2 888

Trade and brand names were assessed for impairment at 30 June 2015, 30 September 2016 and again at 30 September 2017 using revised forecasted information and inputs following the restatements of the comparative periods. Refer to note 17.3. This resulted in an impairment of €144 million to the Mattress Firm trade names at 30 September 2017. Other impairments or restatements affected earlier periods. No further impairment indicators existed at the half-year reporting periods. The trade and brand names will be reassessed for impairment on 30 September 2018. The impairment of intangible assets is preliminary based on management's best estimates and will be finalised before releasing the 2017and 2018 audited consolidated financial statements.

8 INVESTMENTS IN EQUITY ACCOUNTED COMPANIES

				Restated	Restated		
		31 March	31 March	31 March	31 March	30 Sept	30 Sept
		2018	2018	2017	2017	2017	2017
		Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
		€m	% holding	€m	% holding	€m	% holding
Listed	**Nature of business**						
KAP Industrial Holdings Limited[1]	Diverse industrial and logistics business	252	25.9%	392	43.0%	356	43.0%
PSG Group Limited[2]	Investment company	–	–	830	25.5%	747	25.5%
Showroomprivé Group[2 & 3]	Digital retailer	–	–	–	–	107	16.9%
		252		1 222		1 210	
Unlisted							
Atterbury Europe B.V.[1]	Investment property	–	–	185	50.0%	373	50.0%
Cofel SAS[3]	Manufacturing	26	50.0%	51	50.0%	26	50.0%
GT Global Trademarks SA[3]	Portfolio of trade and brand names	–	45.0%	–	45.0%	–	45.0%
Habufa Meubelen B.V. [2 & 3]	Manufacturing	–	–	18	50.0%	17	50.0%
IEP	Investment company	205	25.4%	192	25.4%	178	25.4%
POCO Einrichtungsmarkte GmbH and POCO-Domäne Immobilien Holding GmbH, DE[3]	Household good retailer and properties	340	50.0%	352	50.0%	332	50.0%
Other		11		17		16	
		582		815		942	
		834		2 037		2 152	

[1] *17% of the investment in KAP and the entire ordinary shares held in Atterbury Europe were disposed of during the period. Refer to the "Material disposals" section in the financial review contained in the half-year report for further details. Refer to note 3 for details regarding the impact of the disposals on profit or loss.*

[2] *The entire investment in equity accounted companies was disposed of during the period. Refer to the "Material disposals" section in the financial review contained in the half-year report for further details. Refer to note 3 for details regarding the impact of the disposals on profit or loss.*

[3] *The investments in equity accounted companies were deemed to be impaired in prior periods as their carrying values exceeded their recoverable amounts. For the period ended 30 September 2017, impairments of €25 million, €52 million and €24 million were recognised for Cofel SAS, Showroomprivé and POCO, respectively. The investment in GT Global Trademarks SA was impaired in the 2015 year. Refer to note 17 for the cumulative restatements.*

		31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
9	**INVESTMENTS AND LOANS**			
	Long term investments and loans			
	Listed investments	7	13	12
	Unlisted investments	10	88	28
	Investment in preference shares	498	5	–
	Interest-bearing loans	144	62	48
	Non-interest-bearing loans and deposits	42	114	103
		701	282	191
	Short term investments and loans			
	Investment in preference shares	–	–	5
	Unlisted investments	–	–	37
	Interest-bearing loans	101	–	–
		101	–	42
		802	282	233

Steinhoff Africa Holdings Proprietary Limited ("**Steinhoff Africa**"), an indirect wholly-owned subsidiary of Steinhoff subscribed to preference shares issued by Lancaster 102 Proprietary Limited ("**Lancaster**") for a total subscription amount of R4 billion. As part of the Shoprite transaction Lancaster required funding to purchase shares from Thibault Square Financial Services Proprietary Limited ("**Thibault**"). In exchange, Thibault subscribed for preference shares in Steinhoff Africa to the value of R4 billion. These preference shares are classified as a non-current liability.

The preference shares included in this note are entitled to a dividend calculated at 80% of the South African Prime Rate, calculated daily and compounded monthly. The final redemption date is either October 2022 or if Lancaster elects October 2024 or a later date if Lancaster and Steinhoff Africa agree.

The remaining preference share investments in Atterbury Europe has been reclassified to investments and loans as the investment is no longer equity accounted. Refer to the financial review contained in the half-year report for further details on the investment in Atterbury Europe.

An increase of a €100 million in the long term interest-bearing loans and an increase of €100 million in short term interest-bearing loans relate to amounts owing by Titan Premier Investments Proprietary Limited, a company related to Dr Wiese (a former supervisory board member). These transactions related to the impending Shoprite transaction which was never implemented. The total, being €200 million plus interest, will be repaid on agreed terms.

	31 March 2018 Unaudited Million	Restated 31 March 2017 Unaudited Million	30 Sept 2017 Unaudited Million

10 ORDINARY SHARE CAPITAL

The authorised share capital comprises 17 500 000 000 ordinary shares of 50 cents par value.

	31 March 2018 Unaudited Million	Restated 31 March 2017 Unaudited Million	30 Sept 2017 Unaudited Million
Number of ordinary shares in issue	4 310	4 310	4 310
Treasury shares	(91)	(11)	(15)
	4 219	4 299	4 295

Notes to the condensed consolidated half-year financial statements

for the period ended 31 March 2018 (continued)

11 ACQUISITION OF SUBSIDIARIES AND BUSINESSES

On 1 October 2017 STAR acquired Building Supplies Group ("**BSG**") for a cash consideration of R296 million. Unitrans Automotive acquired additional dealerships. Both acquisitions are within the African geographical segment.

The value of the assets and liabilities acquired were as follows:
Intangible assets
Other assets
Liabilities
Working capital
Total assets and liabilities acquired
Goodwill
Total consideration paid
Less: cash on hand at date of acquisition
Settled through issue of shares
Net of cash on hand at acquisition

[1] The acquisition liabilities of Tekkie Town Proprietary Limited have been restated to adjust for the pre-acquisition dividend received by Steinhoff N.V. resulting in an impact to goodwill. Town Investments Proprietary Limited, a special-purpose entity has been derecognised in the comparative period. This has been included in note 17.7.

*[2] The provisional IFRS 3 purchase price adjustments for Mattress Firm and Poundland Group PLC ("**Poundland**") were included in "Other" and finalised as detailed in note 17.1*

The Group has applied provisional accounting for its business combinations, and therefore has a period of one year after the acquisition date to adjust the provisional amounts recognised.

The Group will assess, within 12 months after acquisition date, whether a restatement of the provisional amounts recognised in the prior periods is required in terms of IFRS 3 – Business Combinations ("**IFRS 3**") and IAS 8 – Changes in Accounting Policies, Changes in Accounting Estimates and Errors ("**IAS 8**").

				Restated[1]	Restated[2]	Restated
31 March	31 March	31 March	31 March	31 March	31 March	31 March
2018	2018	2018	2017	2017	2017	2017
			Fantastic	Tekkie		
BSG	Other	Total	Holdings	Town	Other	Total
Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
€m	€m	€m	€m	€m	€m	€m
–	1	1	4	3	2	9
7	2	9	48	7	11	66
(10)	–	(10)	(3)	(6)	–	(9)
14	2	16	(12)	35	2	25
11	5	16	37	39	15	91
8	7	15	225	165	20	410
19	12	31	262	204	35	501
–	(1)	(1)	(11)	(2)	–	(13)
–	–	–	–	(119)	–	(119)
19	11	30	251	83	35	369

			At fair value through profit or loss Unaudited €m
12	FINANCIAL INSTRUMENTS		
	12.1	**Total financial instruments**	
		31 March 2018	
		Non-current investments and loans	7
		Current trade and other receivables (financial assets)	3
		Current investments and loans	–
		Cash and cash equivalents	–
		Non-current interest-bearing loans and borrowings	–
		Non-current trade and other payables (financial liabilities)	(8)
		Current interest-bearing loans and borrowings	–
		Bank overdrafts and short-term facilities	–
		Current trade and other payables (financial liabilities)	(67)
		Total financial instruments	(65)
		Restated 31 March 2017	
		Non-current investments and loans	10
		Non-current trade and other receivables (financial assets)	14
		Current trade and other receivables (financial assets)	12
		Cash and cash equivalents	–
		Non-current trade and other payables (financial liabilities)	(23)
		Current interest-bearing loans and borrowings	–
		Bank overdrafts and short-term facilities	–
		Current trade and other payables (financial liabilities)	(63)
		Total financial instruments	(50)
		30 September 2017	
		Non-current investments and loans	6
		Current trade and other receivables (financial assets)	17
		Current investments and loans	–
		Cash and cash equivalents	–
		Non-current trade and other payables (financial liabilities)	(9)
		Current interest-bearing loans and borrowings	–
		Bank overdrafts and short-term facilities	–
		Current trade and other payables (financial liabilities)	(51)
		Total financial instruments	(37)

Available for sale financial assets Unaudited €m	Loans and receivables and other financial liabilities at amortised cost Unaudited €m	Total Unaudited €m
–	694	701
–	774	777
–	101	101
–	1 232	1 232
–	(274)	(274)
–	–	(8)
–	(9 133)	(9 133)
–	(1 185)	(1 185)
–	(3 390)	(3 457)
–	(11 181)	(11 246)
23	249	282
–	–	14
–	689	701
–	620	620
–	–	(23)
–	(9 247)	(9 247)
–	(592)	(592)
–	(4 089)	(4 152)
23	(12 370)	(12 397)
6	179	191
–	669	686
16	26	42
–	721	721
–	–	(9)
–	(8 441)	(8 441)
–	(931)	(931)
–	(3 907)	(3 958)
22	(11 684)	(11 699)

		Fair value hierarchy	31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
12.2	**Fair values**				
	Investments and loans	Level 1	7	13	12
	Investments and loans	Level 2	–	20	16
	Derivative financial assets	Level 2	3	26	17
	Derivative financial liabilities	Level 2	(75)	(86)	(60)

Level 1

Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed shares and unit trusts.

Level 2

Valued using techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. These inputs include published interest rate yield curves and foreign exchange rates.

The fair value calculation of the financial assets and liabilities was performed at the reporting date. Between the reporting date and the date of this report, the fair values reported may have fluctuated with changing market conditions and therefore the fair values are not necessarily indicative of the amounts the group could realise in the normal course of business after the reporting date.

There were no level 3 financial assets or financial liabilities at 31 March 2018, 31 March 2017 and 30 September 2017. There were no transfers between levels during the period.

		31 March 2018 Unaudited €m	Restated 31 March 2017 Unaudited €m	30 Sept 2017 Unaudited €m
13	**NET DEBT**			
	Non-current interest-bearing liabilities	274	–	–
	Current interest-bearing liabilities	9 133	9 247	8 441
	Bank overdrafts	1 185	592	931
	Gross debt	10 592	9 839	9 372
	Cash and cash equivalents	(1 232)	(620)	(721)
	Net debt	9 360	9 219	8 651
	Equity	3 793	5 692	4 082
	Net debt:equity	247%	162%	212%
	EBITDA	45	163	
	Net finance charges	224	165	
	EBITDA interest cover (times)	0.2	1.0	

13 NET DEBT (continued)

In terms of the presentation requirements of IFRS, a liability should be classified as current if the entity does not have an unconditional right to defer settlement of that liability for at least 12 months after the reporting date. As the Group is in technical breach of a number of its covenants relating to loans that are payable in future years until a restructuring plan has been put in place, the financial creditors are not obligated to condone covenant breaches and therefore liabilities are required to be presented as current liabilities. As a result of restating prior year accounts, it now appears the Group was also in technical breach in prior years and has restated the prior years' position to reflect these as current liabilities.

When a restructure plan is finalised with financial creditors, a substantial portion of the current interest-bearing liabilities will be reclassified to non-current interest-bearing liabilities.

14 HELD FOR SALE AND DISCONTINUED OPERATIONS ASSESSMENT

Assets and businesses disposed during the reporting period

The assets disposed during the period did not meet the requirements to be classified as discontinued operations.

Assets and businesses disposed or in the process of disposal after the reporting period

The disposals of POCO and kika-Leiner were not yet concluded as at the date of this report. The sale of the preference share investment in Atterbury Europe was concluded in June 2018. The criteria for classification as held for sale and discontinued operations were not met at 31 March 2018. The Group will assess the criteria again at 30 September 2018 and any changes to the assessment will be reflected in the financial statements as at 30 September 2018. Refer to the financial review contained in the half-year report.

15 CONTINGENT LIABILITIES

As stated in the financial review contained in the half-year report, the Group in consultation with its lawyers is in the process of establishing and assessing the quantum of all the claims received to date. As the amount and timing of any possible settlements are not yet known, no provision is recognised in terms of IAS 37 as the recognition criteria have not been met. On advice from the Group's lawyers, the monetary amounts of contingent claims are not provided as such information may prejudice the Group at the current stage of the claims process.

16 EVENTS AFTER THE REPORTING PERIOD

The material events that occurred after the end of the reporting period are listed below. Other than these events, the directors are not aware of any significant events after the reporting date that will have a material effect on the Group's results or financial position as presented in these financial statements.

- 200 million STAR shares were sold through an accelerated bookbuild in April 2018;
- The German Proceedings relating to the ongoing disposal process of POCO were concluded on 25 April 2018;
- STAR successfully concluded their debt refinancing of shareholder funding amounting to c.ZAR16 billion in May 2018;
- The definitive transaction documents relating to the sale of kika-Leiner were entered into in June 2018; and
- The sale of the Atterbury Europe preference shares was concluded in June 2018. The preference shares were repurchased by Atterbury Europe for €223.5 million. There was no impact to profit or loss on disposal of the preference shares.

Refer to the financial review contained in the half-year report for more details pertaining to the events after the reporting period.

17 RESTATEMENTS

During the period following the Group's 2017 year-end, but before the finalisation of the Group's 2017 consolidated annual financial statements, certain accounting irregularities were highlighted by the Group's external auditors, Deloitte.

Following the resignation of the CEO, Markus Jooste on 5 December 2017, management have commenced an investigation of the alleged transactions and have to date identified that fundamental adjustments are required which have resulted in the 2016 consolidated financial statements being withdrawn and the 2017 consolidated financial statements being delayed. This investigation is ongoing and it is envisaged that it will be completed in December 2018. Management's best estimate of the required adjustments are recorded in this note. These estimates could change materially if new information is uncovered in the ongoing investigation. Management is reviewing the validity and recoverability of certain assets of which the overstatement was initially estimated to be in the region of €6 billion. In addition, it has since emerged that the apparent overstatement of profits and the accounting treatment of transactions which appear to not be at arm's length, combined with increased discount rates resulting from increased risk profiles have resulted in material additional impairments of goodwill, intangible and other assets. The extent of the additional impairments has provisionally been calculated by management and disclosed in this note.

Management has identified prior period errors, the correction of which must be applied retrospectively in terms of IAS 8.

The retrospective restatement and their line by line impact on the 31 March 2017 condensed consolidated statement of financial position and the condensed consolidated statement of comprehensive income for the period ended on 31 March 2017 is contained in this note.

Included in the statement of financial position are the cumulative impact of all prior period restatements.

Notes to the condensed consolidated half-year financial statements

for the period ended 31 March 2018 (continued)

17 RESTATEMENTS (continued)

Impact of the restatements on the condensed consolidated statement of financial position as at 31 March 2017

€m	Previously reported 31 March 2017 Unaudited	Final allocation of IFRS 3 PPA (17.1)	Impairment of goodwill and trade names (17.2 & 17.3)
ASSETS			
Non-current assets			
Goodwill	10 130	208	(1 086)
Intangible assets	7 546	19	(1 735)
Property, plant and equipment	5 437	(42)	–
Investments in equity accounted companies and joint ventures	2 087	–	–
Investments and loans	308	1	–
Deferred taxation assets	294	8	–
Trade and other receivables	55	–	–
	25 857	194	(2 821)
Current assets			
Inventories and vehicle rental fleet	2 969	(21)	–
Trade and other receivables	1 816	(13)	–
Investments and loans	914	–	–
Cash and cash equivalents	3 114	–	–
	8 813	(34)	–
Total assets	34 670	160	(2 821)
EQUITY AND LIABILITIES			
Capital and reserves			
Ordinary share capital and premium	21 113	–	–
Reserves	(5 027)	(29)	(2 399)
Total equity attributable to equity holders of the parent	16 086	(29)	(2 399)
Non-controlling interest: Preference share capital	470	(20)	–
Non-controlling interests	79	–	–
Total equity	16 635	(49)	(2 399)
Non-current liabilities			
Interest-bearing loans and borrowings	9 161	–	–
Employee benefits	187	–	–
Deferred taxation liabilities	2 169	–	(422)
Provisions	443	211	–
Trade and other payables	198	(63)	–
	12 158	148	(422)
Current liabilities			
Trade and other payables	5 017	(7)	–
Employee benefits	182	1	–
Provisions	245	67	–
Interest-bearing loans and borrowings	124	–	–
Bank overdrafts and short-term facilities	309	–	–
	5 877	61	–
Total equity and liabilities	34 670	160	(2 821)
NAV per ordinary share (cents)	371		

Impairment of property, plant and equipment (17.4)	Adjustments to the accounting treatment of POCO (17.5)	Adjustments to the accounting treatment of Habufa (17.6)	Other (17.7)	Restated 31 March 2017 Unaudited
–	(414)	–	(818)	8 020
–	(363)	–	(2 010)	3 457
(1 340)	(288)	(18)	–	3 749
–	312	18	(380)	2 037
–	(1)	–	(26)	282
–	–	–	6	308
–	–	–	–	55
(1 340)	(754)	–	(3 228)	17 908
–	(208)	(26)	–	2 714
–	(77)	(24)	(608)	1 094
–	–	–	(914)	–
–	(13)	(2)	(2 479)	620
–	(298)	(52)	(4 001)	4 428
(1 340)	(1 052)	(52)	(7 229)	22 336
–	–	–	153	21 266
(1 318)	(265)	–	(7 047)	(16 085)
(1 318)	(265)	–	(6 894)	5 181
–	–	–	–	450
–	–	(18)	–	61
(1 318)	(265)	(18)	(6 894)	5 692
–	(37)	–	(9 124)	–
–	(3)	–	–	184
(22)	(144)	–	(573)	1 008
–	(3)	–	(153)	498
–	(3)	–	–	132
(22)	(190)	–	(9 850)	1 822
–	(572)	(17)	92	4 513
–	(18)	–	–	165
–	(7)	–	–	305
–	–	–	9 123	9 247
–	–	(17)	300	592
–	(597)	(34)	9 515	14 822
(1 340)	(1 052)	(52)	(7 229)	22 336
				121

17 RESTATEMENTS (continued)

Impact of the restatements on the condensed consolidated income statement for the period ended 31 March 2017

€m	Previously reported Six months ended 31 March 2017 Unaudited	Final allocation of IFRS 3 PPA (17.1)	Impairment of goodwill and trade names (17.2 & 17.3)
Revenue	10 165	–	–
Cost of sales	(6 027)	–	–
Gross profit	4 138	–	–
Operating income	241	–	–
Operating expenses	(3 476)	(26)	–
Capital items	(18)	–	–
Operating profit/(loss)	885	(26)	–
Net finance costs	(129)	–	–
Share of loss of equity accounted companies	60	–	–
Profit/(loss) before taxation	816	(26)	–
Taxation	(105)	–	–
Profit/(loss) for the period	711	(26)	–
Profit/(loss) attributable to:			
Ordinary shareholders	706	(26)	–
Non-controlling interests	5	–	–
Profit/(loss) for the period	711	(26)	–
Earnings per share			
Weighted average number of ordinary shares in issue (m)	4 251		
Basic earnings/(loss) per share (cents)	16.3		
Diluted earnings/(loss) per share (cents)	15.4		
Headline earnings/(loss) per share (cents)	16.4		
Diluted headline earnings/(loss) per share (cents)	15.5		

Impairment of property, plant and equipment (17.4)	Adjustments to the accounting treatment of POCO (17.5)	Adjustments to the accounting treatment of Habufa (17.6)	Other (17.7)	Restated Six months ended 31 March 2017 Unaudited
–	–	(78)	(191)	9 896
–	–	54	144	(5 829)
–	–	(24)	(47)	4 067
–	–	–	(57)	184
–	–	23	(816)	(4 295)
–	(106)	–	–	(124)
–	(106)	(1)	(920)	(168)
–	–	–	(36)	(165)
–	–	1	–	61
–	(106)	–	(956)	(272)
–	–	–	15	(90)
–	(106)	–	(941)	(362)
–	(120)	1	(941)	(380)
–	14	(1)	–	18
–	(106)	–	(941)	(362)
			8	4 259
				(9.2)
				(9.2)
				(6.6)
				(6.6)

Notes to the condensed consolidated half-year financial statements

for the period ended 31 March 2018 (continued)

17 RESTATEMENTS (continued)

Impact of the restatements on the condensed consolidated statement of other comprehensive income for the period ended 31 March 2017

€m	Previously reported Six months ended 31 March 2017 Unaudited	Final allocation of IFRS 3 PPA (17.1)	Impairment of goodwill and trade names (17.2 & 17.3)
Profit/(loss) for the period	711	(26)	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	547	(3)	51
Net fair value loss on cash flow hedges and other fair value reserves	(19)	–	–
Deferred taxation	6	–	
Other comprehensive loss of equity accounted companies, net of deferred taxation	(3)	–	–
Total other comprehensive income/(loss) for the period	531	(3)	51
Total comprehensive income/(loss) for the period	1 242	(29)	51
Total comprehensive income/(loss) attributable to:			
Ordinary shareholders	1 237	(29)	51
Non-controlling interests	5	–	–
Total comprehensive income/(loss) for the period	1 242	(29)	51

Impairment of property, plant and equipment (17.4)	Adjustments to the accounting treatment of POCO (17.5)	Adjustments to the accounting treatment of Habufa (17.6)	Other (17.7)	Restated Six months ended 31 March 2017 Unaudited
–	(106)	–	(941)	(362)
–	–	–	10	605
–	–	–	–	(19)
	–	–	–	6
–	–	–	–	(3)
–	–	–	10	589
–	(106)	–	(931)	227
–	(120)	1	(931)	209
–	14	(1)	–	18
–	(106)	–	(931)	227

17.1 Restatement of the statement of financial position due to retrospective post-combination adjustments

In the prior period, the accounting for the business combinations included in the annual financial statements were prepared using provisional amounts as allowed in terms of IFRS 3 due to the September 2016 effective date of the relevant acquisitions. These restatements of the statement of financial position in the current year resulted from the retrospective adjustments to the provisional amounts. The adjustments to the provisional amounts are recognised as if the accounting for the business combination had been completed at the acquisition date. These restatements are not as a result of accounting irregularities.

The post-combination accounting of the following acquisitions was finalised and the affected assets and liabilities were retrospectively restated for:

- Mattress Firm – effective acquisition date 30 September 2016, functional currency: USD
- Poundland – effective acquisition date 30 September 2016, functional currency: GBP

Purchase price adjustments ("PPA") at 31 March 2017	Mattress Firm Unaudited €m	Poundland Unaudited €m	Total Unaudited €m	Rationale for PPA
Intangible assets	20	(1)	19	Intangible assets were adjusted following the final valuation of acquired franchise rights and trade names.
Store fittings and leasehold improvements	(25)	(17)	(42)	Store fittings and leasehold improvements on the loss-making stores were assessed for impairment and resulted in a further impairments of property, plant and equipment
Deferred taxation asset	2	6	8	Deferred taxation was raised on the applicable PPA's
Inventories	5	(26)	(21)	A comprehensive stock analysis was performed during the measurement period. This exercise resulted in various adjustments to the stock obsolescence and shrinkage provision.
Other assets	(9)	(3)	(12)	Other assets were tested for recoverability and additional adjustments were mostly made to doubtful debtor provisions.
Onerous lease provisions	(255)	(23)	(278)	Onerous lease provisions were raised for stores that are loss-making, dilapidated or have above-market rentals. These amounts will be amortised over the remaining terms of the leases or until stores are closed.
Non-controlling interest: Preference share capital	20	–	20	The final valuation of the preference shares was completed in January 2017.
Other liabilities	69	–	69	The onerous lease provisions were originally allocated to the trade and other payables line and were reallocated to provisions upon finalisation of the PPA's.
Profit or loss adjustments	26	–	26	Provisional PPA amounts raised at 30 September 2016 resulted in releases to profit or loss for the six months ended 31 March 2017. On subsequent review these amounts were reversed.
Foreign currency translation reserve	3	–	3	Translation impact of converting functional currency adjustments to the Group reporting currency of euro.
Adjustments to goodwill upon finalistion of PPA	(144)	(64)	(208)	

17.2 Impairment of historical goodwill

The identified prior period errors impacted the forecasted financial information used in the discounted cash flow models of the various CGU's. The forecasted information was revised as well as the various inputs, such as the WACC and the risk premium factors to better reflect the size and investment grade of the restated Steinhoff group. It was found that the carrying amounts of the goodwill allocated to certain CGU's exceeded their recoverable amounts and resulted in impairments. As goodwill is tested annually, these impairments relate to the 30 June 2015 and 30 September 2016 balances and an impairment of €1 086 million has been processed as a restatement to the opening balance of the comparative reporting period. The CGU to which the Mattress Firm goodwill had been allocated was not considered impaired at 30 September 2016 and was retested for impairment at 30 September 2017. Due to the cancellation of a major supply contract and Mattress Firm's deteriorating profitability, goodwill of €1.5 billion was impaired for the period ended 30 September 2017.

Sensitivity analysis

Management has adjusted the WACC to better reflect the size and investment grade of the Group after taking in account the restatements. The Group has also adjusted cash flows of each CGU for entity-specific risk factors to arrive at the future cash flows expected to be generated for the CGU. A stress test, based on reasonable fluctuations, performed on each of the risk factors indicated that sufficient headroom exists on the remaining CGUs. The impairment of the goodwill is preliminary and will be finalised before releasing the 2017and 2018 audited consolidated annual financial statements.

17.3 Impairment of trade names (indefinite useful lives)

The prior period errors identified impacted the forecasted financial information used in the relief from royalty and discounted cash flow models underpinning the valuations of the various indefinite useful life trade names. The forecasted information was revised as well as the various inputs such as the WACC and the risk premium factors to better reflect the size and investment grade of the restated Steinhoff group. In some instances the carrying amounts of the CGUs exceeded their recoverable amounts and resulted in impairments. As indefinite useful life intangible assets are tested for impairment annually, these impairments relate to the 30 June 2015 and 30 September 2016 balances and an impairment of €1 786 million has been processed as a restatement to the opening balances of the comparative reporting period. These indefinite useful life intangible asset balances were also tested for impairment and, except for the Mattress Firm trade and brand name impairment of €144 million, sufficient headroom existed at 30 September 2017. No further impairments were recognised. The impairment of the trade names and other indefinite useful life intangible assets is preliminary and will be finalised before releasing the 2017 and 2018 audited consolidated annual financial statements.

The deferred taxation liabilities relating to these trade names has been restated to reflect the correct deferred taxation balance of the remaining value of the trade names post impairment.

17.4 Impairment of property, plant and equipment

Valuation of the Hemisphere property portfolio

The Hemisphere Portfolio comprises c. 140 properties (including stores, warehouses, offices, production sites and vacant land). The property portfolio includes the Group's owner-occupied properties in Germany, Poland, Netherlands, Switzerland and Hungary. It also includes most of the retail stores of the kika-Leiner group in Austria and certain group-occupied office and warehouse properties in the UK. The investigation uncovered various non-arm's length transactions where properties were sold and later repurchased at inflated values. A decision was taken by management to revert back to the initial property cost for the Group as, in substance, control of the properties has never been transferred. The Group's depreciation policy was applied to this initial cost.

Furthermore, in connection with the ongoing investigations and the strategic review being conducted by the Group, CBRE Limited ("**CBRE**") has been engaged by Hemisphere to undertake a valuation exercise in respect of the real estate interests of Hemisphere and its subsidiaries.

CBRE valued the Hemisphere Portfolio as at 1 February 2018 at approximately €1.1 billion. CBRE valued the properties on the basis of "Fair Value" and assuming vacant possession which disregarded internal leases to Group related entities and considered only leases between an external third party tenants and the relevant Hemisphere Group entity.

Management has reviewed previous valuations performed on the property portfolio which was previously relied on by the Group and has, at this point, decided to roll back the CBRE fair value methodology to all the years impacted by restatements. As the impairment resulting from the valuation exercise arose primarily, in management's opinion, from events identified in the ongoing investigation, the property write down of €1 255 million has been included as part of the restatement of opening balances.

Conforama property portfolio

During 2017, the Conforama group independently valued their entire property portfolio. The valuations were performed by various independent third party valuers.

The valuations resulted in an impairment of €85 million included in the balances at 30 September 2016.

Other

The Group is in the process of assessing the remainder of the property portfolio.

17.5 Adjustments to the accounting treatment of POCO

In preparing the 2017 half-year condensed consolidated financial statements previously published, the results of POCO were consolidated and no non-controlling interest was recognised. As a result of the Dutch POCO proceedings, a non-controlling interest of 50% should have been recognised until such time as control was lost and an equity accounted investment recognised. The September 2016 balances have been restated to recognise the 50% non-controlling interest and derecognise the liability for the settlement of the remaining 50%. The March 2017 balances have been restated to derecognise all the assets, liabilities and non-controlling interest and to recognise the equity accounted investment at fair value of €312 million following the loss of control.

The derecognition of POCO as a subsidiary resulted in a loss of €106 million.

17.5 Adjustments to the accounting treatment of POCO (continued)

Breakdown of POCO restatements:

	Recognition of 50% non-controlling interest Unaudited €m	Derecognition of subsidiary and recognition of investment in associate Unaudited €m	Total 31 March 2017 Unaudited €m
Goodwill	(414)	–	(414)
Intangible assets	–	(363)	(363)
Property, plant and equipment	–	(288)	(288)
Investment in equity accounted companies	–	312	312
Investments and loans	–	(1)	(1)
Trade and other receivables and other short term assets	(37)	(261)	(298)
Reserves	278	(13)	265
Non-controlling interest	(283)	283	–
Settlement and other liabilities	456	331	787
	–	–	–

17.6 Incorrect classification and resultant accounting treatment of van den Bosch Beheer B.V. (t/a "Habufa")

The Group owned 50% of Habufa until it was sold in January 2018. Previously published financial statements treated Habufa as a subsidiary with a 50% non-controlling interest. The ongoing investigations identified information that suggests that Habufa was never controlled and therefore should have been equity accounted and not consolidated. The impact of consolidating has been reversed on a line by line basis and the equity accounted investment recognised.

17.7 Other

Included in other restatements:

- Inflated income which has resulted in both operating profit and assets being overstated;
- Incorrect application of group accounting principles in the light of new factors;
- Disposition of assets without appropriate security, leading to concern regarding recoverability of these assets;
- Incorrect classification of assets and liabilities;
- A reduction in treasury shares and dilutive instruments becoming anti-dilutive due to an operating loss attributable to ordinary shareholders during the period; and
- Reclassification of non-current liabilities to current as a result of the impact of other restatements on debt covenants.

ANNEXURES

Annexure 1 – Exchange rates

	AVERAGE TRANSLATION RATE			CLOSING TRANSLATION RATE		
	H1FY18	H1FY17	% change	31 March 2018	31 March 2017	% change
ZAR:EUR	0.0650	0.0687	(5)	0.0685	0.0699	(2)
PLN:EUR	0.2378	0.2299	3	0.2375	0.2366	–
GBP:EUR	1.1296	1.1566	(2)	1.1430	1.1689	(2)
AUD:EUR	0.6462	0.7033	(8)	0.6236	0.7152	(13)
USD:EUR	0.8311	0.9330	(11)	0.8116	0.9354	(13)
CHF:EUR	0.8593	0.9306	(8)	0.8490	0.9349	(9)

Annexure 2 – Store network

HOUSEHOLD GOODS

			Stores			
		30 Sep 2017	Openings	Closures	31 Mar 2018	Retail area m^2 ('000)
Australia	Fantastic Furniture, Plush, OMF	141	8	(2)	147	241
	Snooze	87	3	–	90	93
Australia and New Zealand	Freedom	64	2	(2)	64	127
Austria	kika-Leiner, Lipo	50	–	–	50	545
Croatia	Emmezeta	9	–	–	9	69
Czech Republic	kika-Leiner	8	2	–	10	70
France	Conforama	206	2	–	208*	749
Germany	POCO	117	2	–	119	699
Hungary	Extreme Digital (sold in April 2018)	17	–	–	17	2
	kika-Leiner, Abra	9	1	(1)	9	59
Iberia (Spain and Portugal)	Conforama	41	1	–	42	174
Italy	Conforama	16	2	–	18	138
Netherlands	POCO	1	–	–	1	6
Poland	Abra	114	8	(1)	121	85
	POCO	1	–	–	1	5
Romania	kika-Leiner	1	1	–	2	17
Serbia	Conforama	2	–	–	2	15
Slovakia	kika-Leiner	5	–	–	5	26
Switzerland	Conforama	19	–	–	19	83
	Lipo	22	–	–	22	77
United Kingdom	Bensons for Beds	267	–	(13)	254	154
	Harveys	161	–	(18)	143	139
United States of America	Mattress Firm	3 423	30	(149)	3 304	1 589
TOTAL RETAIL OUTLETS		4 781	+62	(186)	4 657	
TOTAL RETAIL SPACE (m^2)						5 162

** Excludes 13 Mon lit et moi franchisees*

GENERAL MERCHANDISE

			Store			
		30 Sep 2017	Openings	Closures	31 March 2018	Retail area m^2 ('000)
Australia and New Zealand	Best&Less, Harris Scarfe, Postie+	323	9	(5)	327	356
France	Dealz	7	–	–	7	12
Poland, Slovakia, Czech Republic, Romania & Hungary	PEPCO	1 213	126	–	1 339	537
United Kingdom	PEP&CO*	40	–	(9)	31	10
	Poundland, Dealz#	834	13	(14)	833	441
TOTAL RETAIL OUTLETS		2 417	+148	(28)	2 537	
TOTAL RETAIL SPACE (m^2)						1 356

** Stand-alone stores*

# Dealz represents nine stores in Spain and two in Poland

STAR

			Store			
		30 Sep 2017	Openings	Closures	31 March 2018	Retail area m^2 ('000)
South Africa	POCO	2	–	–	2	11
Southern Africa	Bradlows, Rochester, Russells, Sleepmasters, Incredible Connection, HiFi Corp	864	56	(26)	894	441
	Steinbuild, BSG	121	12	(6)	127	336
	Ackermans	655	40	(2)	693	428
	Pep	2 113	55	(13)	2 155	784
	Dunns, John Craig, Shoe City, Refinery, Tekkie Town	876	34	(10)	900	223
Rest of Africa	Pep, Powersales	322	19	(4)	337	133
TOTAL RETAIL OUTLETS		4 953	+216	(61)	5 108	
TOTAL RETAIL SPACE (m^2)						2 356

AUTOMOTIVE

		30 Sep 2017	Store Openings	Store Closures	31 March 2018	Retail area m² ('000)
Southern Africa	Unitrans	98	10	(1)	107	367
	Hertz	51	2	–	53	25
TOTAL RETAIL OUTLETS		149	+12	(1)	160	
TOTAL RETAIL SPACE (m²)						392

TOTAL GROUP

	30 Sep 2017	Store Openings	Store Closures	31 March 2018	Retail area m² ('000)
TOTAL RETAIL OUTLETS	12 300	+438	(276)	12 462	
TOTAL RETAIL SPACE (m²)					9 266

Annexure 3 – Share information

Share statistics

Stock Exchange	FSE	JSE
Stock symbol	SNH Xetra	SNH SJ
Listing type	Primary	Secondary
ISIN	NL0011375019	NL0011375019
Initial listing	Dec 2015	Sep 1998[1]
Opening share price[2]	€3.77	R60.03
Closing share price[3]	€0.22	R3.30
Highest share price during period	€3.85	R61.90
Lowest share price during period	€0.22	R3.09
Market capitalisation (bn)[3]	€954	R14 061
Number of shares in issue (m)[4]	4 219	4 219

[1] Original listing of Steinhoff International Holdings Limited on the JSE Limited
[2] Closing share price as at 29 September 2017
[3] As at 29 March 2018
[4] As at 29 March 2018, net of treasury shares

Source: Thomson Eikon

Significant shareholders with holdings in excess of 3% at 31 March 2018

	Number of shares	%
Public Investment Corporation	328 108 557	7.8
Upington Investment Holdings	267 370 122	6.3
Coronation Fund Managers	255 777 931	6.1
Investec Asset Management	141 183 976	3.3
Oppenheimer Developing Markets Fund	140 289 231	3.3

FINANCIAL CALENDAR

Quarter three – Trading update	**August 2018**
Financial year 2017 – Publication of results	**December 2018**
Financial year 2018 – Publication of results	**January 2019**

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In addition, the group has commercial facilities with various other banking and financial institutions worldwide.

For further publications and additional information, please refer to the company website:

www.**steinhoff**international.com

www.steinhoffinternational.com