



STEINHOFF UK HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30TH JUNE 2000



STEINHOFF UK HOLDINGS LIMITED

COMPANY INFORMATION

Directors

Bruno Steinhoff
Markus Jooste
James Moore
Frank Lewis
Paul James

Secretary

Paul James

Company Number

3738136

Registered Office

Ashchurch Parkway
Northway Lane
Ashchurch, Tewkesbury
Gloucestershire
GL20 8GY

Auditors

Freedman Ross
9 Lisbon Square
Leeds
LS1 4LY

STEINHOFF UK HOLDINGS LIMITED

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STEINHOFF UK HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30TH JUNE 2000

The directors present their report together with the audited financial statements for the period ended 30th June 2000.

Principal Activities

The company was incorporated on 23 March 1999 as SPEARHEAD (UK HOLDINGS) LTD. and changed its name to STEINHOFF UK HOLDINGS LIMITED on 27 January 2000.

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

The principal activities of the company's subsidiaries continued to be that of marketing consultants, importers, manufacturers and suppliers of furniture.

The company did not trade during the period and there are no plans for the company to trade in the foreseeable future.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

| | | Ordinary Shares | |
|--------------------|--|-----------------|-------|
| | | 30th | 23rd |
| | | June | March |
| | | 2000 | 1999 |
| Bruno Steinhoff | (appointed 27.10.99.) | - | - |
| Markus Jooste | (appointed 27.10.99.) | - | - |
| James Moore | (appointed 8.11.99.) | - | - |
| Frank Lewis | (appointed 23.3.99) | - | - |
| John McCance-Price | (appointed 27.10.99) (resigned 31.12.99) | - | - |
| David Pullan | (appointed 23.3.99) (resigned 27.10.99) | - | - |

Directors' Responsibilities

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

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

STEINHOFF UK HOLDINGS LIMITED

DIRECTORS' REPORT

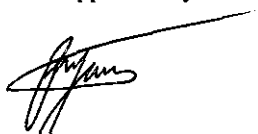
FOR THE PERIOD ENDED 30TH JUNE 2000

Auditors

A resolution to reappoint Freedman Ross Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 12th March 2001, and signed on its behalf.



Paul James, Secretary
12th March 2001

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AUDITORS' REPORT TO THE

SHAREHOLDERS OF STEINHOFF UK HOLDINGS LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of Opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Freedman Ross
Chartered Accountants and Registered Auditors
9 Lisbon Square
Leeds
LS1 4LY
Date:

Freedman Ross

6 April 2001

STEINHOFF UK HOLDINGS LIMITED

BALANCE SHEET

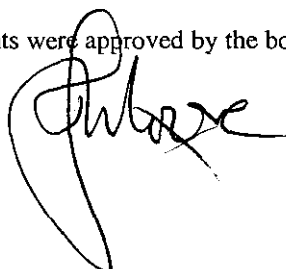
AS AT 30TH JUNE 2000

| | Notes | 2000 £ |
|---|-------|------------------|
| Fixed Assets | | |
| Investments | 2 | 342,000 |
| Creditors: Amounts Falling Due Within One Year | 4 | <u>341,900</u> |
| Net Current Liabilities | | <u>(341,900)</u> |
| Total Assets Less Current Liabilities | | <u>100</u> |
| Capital and Reserves | | |
| Share capital | 5 | <u>100</u> |
| Shareholders' Funds | 6 | <u>100</u> |

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the board on 12th March 2001 and signed on its behalf.

James Moore
Director



STEINHOFF UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

The company is exempt from the requirement to prepare group financial statements by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Investments

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

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Foreign Currencies

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

2 Fixed Assets Investments

| | Shares in Group Undertakings | Total |
|-------------------|------------------------------------|---------|
| Cost | £ | £ |
| Additions | 342,000 | 342,000 |
| At 30th June 2000 | 342,000 | 342,000 |
| Net Book Value | | |
| At 30th June 2000 | 342,000 | 342,000 |

STEINHOFF UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

3 Subsidiary Undertakings

| Name of company | Country of registration (or incorporation and operation) | Holding | Proportion of voting rights and shares held | Nature of business |
|-----------------------------|--|----------------------------|---|---|
| Spearhead Furniture Limited | England | 200 Ordinary £1 Shares | 100% | Furniture Marketing Consultants and Importers |
| Mack-Line Limited | England | 100,000 Ordinary £1 Shares | 100% | Furniture Manufacturers and Suppliers |

For the year ended 30 June 2000 Spearhead Furniture Limited sustained a loss of £870,768 and had a negative capital and reserves aggregate of £800,091.

For the year ended 30 June 2000 Mack-Line Limited sustained a loss of £258,774 and had a negative capital and reserves aggregate of £140,583.

4 Creditors: Amounts Falling Due Within One Year

| | 2000 £ |
|--------------------------------------|----------------|
| Amounts owed to associated companies | 341,900 |
| | <u>341,900</u> |

5 Share Capital

| | 2000 £ |
|--|------------|
| Authorised | |
| 100 Ordinary shares of £1.00 each | 100 |
| | <u>100</u> |
| Allotted | |
| 100 Allotted, called up and fully paid ordinary shares of £1.00 each | 100 |

During the period 100 ordinary shares were issued, allotted and fully paid for cash at par in order to incorporate the company.

STEINHOFF UK HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH JUNE 2000

| | | |
|----------|--|-------------|
| 6 | Reconciliation of Shareholders' Funds | 2000 |
| | | £ |
| | Issue of share capital | 100 |
| | Increase in the shareholders' funds | 100 |
| | Opening shareholders' funds | - |
| | Closing shareholders' funds | 100 |

7 Related Parties

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

During the year the company secured loans in the normal course of business from Steinhoff Europe AG and from its subsidiary Spearhead Furniture Limited totalling £341,900. At the balance sheet date the amount due to Steinhoff Europe AG was £241,900 and the amount due to Spearhead Furniture Limited was £100,000.