

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION AND SHOULD BE READ IN CONJUNCTION WITH THE CIRCULAR ISSUED TO SHAREHOLDERS OF KAP INTERNATIONAL HOLDINGS LIMITED ON 17 DECEMBER 2011, ACCOMPANYING THIS CIRCULAR

The definitions as set out on pages 4 to 7 of this Circular apply *mutatis mutandis* throughout this Circular, including its cover page.

Actions required

Shareholders are referred to pages 8 and 9 of this Circular, which set out the action required with regard to the Partial Offer, full details of which are set out in this Circular.

If you are in any doubt as to the action that you should take, please consult your broker, CSDP, banker, legal adviser, accountant or other professional adviser immediately.

If you have disposed of all your JD Group Shares, please forward this Circular to the purchaser of such shares or to the broker, CSDP or agent through whom the disposal was effected.



(Incorporated in the Republic of South Africa)
Registration number 1998/003951/06
Share code: SHF ISIN: ZAE000016176
(“Steinhoff”)



(Incorporated in the Republic of South Africa)
Registration number 1981/009108/06
Share code: JDG ISIN: ZAE000030771
(“JD Group”)

CIRCULAR TO JD GROUP SHAREHOLDERS

relating to:

- the proposed Partial Offer by Steinhoff to all Independent JD Group Shareholders to acquire 26.2% of their JD Group Shares on a *pro rata* basis in exchange for KAP Shares on the basis of 16 KAP Shares for every JD Group Share held at the Record Date; and
- the approval of the Partial Offer by Independent JD Group Shareholders in terms of section 125(3)(b)(ii) of the Companies Act,

incorporating:

- a notice convening the JD Group General Meeting;
- a form of proxy (*pink*) (for use by Certificated Shareholders and Dematerialised Shareholders with Own-Name registration only); and
- a form of acceptance and surrender (*blue*) (for use by Certificated Shareholders and Dematerialised Shareholders with Own-Name registration only).

Investment bank and transaction sponsor to Steinhoff in relation to the Partial Offer



Investment bank and transaction sponsor to Steinhoff in relation to the KAP Transaction



Legal adviser to Steinhoff



Sponsor to Steinhoff



Sponsor to JD Group



Legal adviser to JD Group



Independent reporting accountants to JD Group



Independent Expert



Date of issue: 11 February 2012

This Circular is available in English only, and copies may be obtained from the registered offices of Steinhoff and JD Group at the addresses set out in the “Corporate information and advisers” sections of this Circular between 11 February 2012 and the Closing Date.

STEINHOFF CORPORATE INFORMATION AND ADVISERS

Company secretary and registered office

Steinhoff Africa Secretarial Services
Proprietary Limited
Steinhoff International Holdings Limited
(Registration number 1998/003951/06)
28 Sixth Street, Wynberg
Sandton, 2090
(PO Box 1955, Bramley, 2018)

Investment bank and transaction sponsor in relation to the Partial Offer

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
Johannesburg, 2001
(PO Box 61344, Marshalltown, 2107)

Investment bank and transaction sponsor in relation to the KAP Transaction

Investec Corporate Finance
Investec Bank Limited
(Registration number 1969/004763/06)
Second Floor, 100 Grayston Drive
Sandown
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Legal adviser

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
1 Protea Place, Sandown
Sandton, 2196
(Private Bag X40, Benmore, 2010)

Transfer secretaries

Computershare Investor Services
Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
Ground Floor, DM Kisch House
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands, 2121)

and at

1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

JD GROUP CORPORATE INFORMATION AND ADVISERS

Company secretary and registered office

J M W R Pieterse
JD Group Limited
(Registration number 1981/009108/06)
JD House
27 Stiemens Street
Braamfontein
Johannesburg, 2001
(PO Box 4208, Johannesburg, 2000)

Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
Ground Floor, DM Kisch House
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton, 2196
(PO Box 987, Parklands, 2121)
and at
1st Floor, Ou Kollege Building
35 Kerk Street
Stellenbosch, 7600
(PO Box 7403, Stellenbosch, 7599)

Transfer secretaries

Computershare Investor Services
Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Reporting accountants

Deloitte & Touche
Registered Auditors
Deloitte Place, The Woodlands
20 Woodlands Drive
Woodmead, Sandton, 2146
(Private Bag X6, Gallo Manor, 2052)

Independent Expert

PricewaterhouseCoopers Corporate Finance
Proprietary Limited
(Registration number 1970/003711/07)
2 Eglin Road
Sunninghill
Johannesburg, 2157
(Private Bag X36, Sunninghill, 2157)

Legal adviser

Fluxmans Inc.
(Registration number 2000/024775/21)
11 Biermann Avenue
Rosebank
Johannesburg, 2196
(Private Bag X41, Saxonwold, 2132)

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DEFINITIONS

In this Circular, unless the context indicates a contrary intention, the words in the first column have the meanings assigned to them in the second column; the singular includes the plural and *vice versa*; an expression which denotes one gender includes the other genders; a natural person includes a juristic person and *vice versa*, and cognate expressions bear corresponding meanings.

“Acceptance Level”	Independent JD Group Shareholders tendering 26.2% of their JD Group Shares to Steinhoff, equating to 38.2 million JD Group Shares;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Share”	a JD Group Share represented by a share certificate or other physical document of title, which has not been surrendered for dematerialisation in terms of the requirements of Strate and which may no longer be traded freely on the JSE;
“Certificated Shareholder”	an Independent JD Group Shareholder who holds Certificated Shares;
“Circular”	this circular dated 11 February 2012 relating to the Partial Offer, including its annexures and the Notice of General Meeting, together with the attached form of proxy (<i>pink</i>) and form of surrender (<i>blue</i>) and the enclosed KAP Circular;
“Closing Date”	the closing date of the Partial Offer, expected to be 12:00 on Friday, 30 March 2012, which date may be extended by Steinhoff, provided that any amended date shall: (i) not be earlier than 10 business days after the date of the announcement that the Partial Offer has become unconditional in all respects; and (ii) be a Friday (unless the Friday is a public holiday, in which case it will be the previous day);
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, 71 of 2008, as amended;
“Companies Regulations”	the regulations published by the Minister of Trade and Industry in terms of section 223 of the Companies Act, and which include regulations relating to the powers and functioning of the TRP;
“Competition Act”	the Competition Act, 89 of 1998, as amended;
“Competition Authorities”	the commission established pursuant to Chapter 4, Part A of the Competition Act and/or the Tribunal established pursuant to Chapter 4, Part B of the Competition Act and/or the Appeal Court established pursuant to Chapter 4, Part C of the Competition Act, as the case may be;
“Conditions Precedent”	the conditions precedent to which the Partial Offer is subject, as set out in paragraph 4.3 of this Circular;
“Consideration Shares”	the KAP Shares to which an Independent JD Group Shareholder is entitled in consideration for its JD Group Shares tendered in acceptance of the Partial Offer;

“CSDP”	a Central Securities Depository Participant in terms of the Securities Services Act;
“Deloitte”	Deloitte & Touche, Reporting Accountants to JD Group in respect of the <i>pro forma</i> financial information presented in this Circular, and JD Group’s appointed auditors;
“Dematerialisation”	the process whereby physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, as contemplated in the Securities Services Act;
“Dematerialised Shares”	JD Group Shares that have been dematerialised;
“Dematerialised Shareholder”	an Independent JD Group Shareholder who holds Dematerialised Shares;
“EPS”	earnings per share;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, made in terms of section 9 of the Currency and Exchanges Act, 9 of 1933;
“Excess Applications”	the right of Independent JD Group Shareholders to tender more than 26.2% of their JD Group Shares in terms of the Partial Offer, as detailed in paragraph 4, to the extent that other Independent JD Group Shareholders do not tender 26.2% of their JD Group Shares;
“Excess Allocations”	such number of JD Group Shares tendered in terms of the Excess Applications as are accepted by Steinhoff in terms of paragraph 4.2.3;
“Fair and Reasonable Opinion”	the opinion by the Independent Expert as to whether the terms and conditions of the Partial Offer are fair and reasonable to the Independent JD Group Shareholders, as required by regulation 90 and 110(1) of the Companies Regulations, a copy of which is set out in Annexure VII;
“HEPS”	headline earnings per share;
“IAM”	Investec Asset Management Proprietary Limited (Registration number 1984/011235/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“IFRS”	International Financial Reporting Standards;
“Independent Board”	the independent directors on the JD Group Board who are required in terms of the Companies Regulations to evaluate the Partial Offer comprising V P Khanyile, M J Shaw, M P Matlwa and J H Schindehütte;
“Independent Expert” or “PwC”	PricewaterhouseCoopers Corporate Finance Proprietary Limited (Registration number 1970/003711/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Independent JD Group Shareholders”	all JD Group Shareholders, other than Steinhoff;
“Independent Reporting Accountant”	Deloitte, whose details are set out in the “JD Group corporate information and advisers” section of this Circular;
“Investec Bank”	Investec Bank Limited (Registration number 1969/004783/06), a public company duly registered and incorporated in accordance with the laws of South Africa;
“JD Group”	JD Group Limited (Registration number 1981/009108/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the shares of which are listed on the JSE;
“JD Group Board”	the board of directors of JD Group;

“JD Group Call Options”	call options granted by the JD Group Call Option Grantors in respect of 27.2 million JD Group Shares in terms of which Steinhoff has the right to acquire such JD Group Shares in exchange for KAP Shares based on an exchange ratio of 16 KAP Shares for each JD Group Share acquired;
“JD Group Call Option Grantors”	collectively IAM and Investec Bank;
“JD Group Directors”	the directors of JD Group;
“JD Group General Meeting”	the general meeting to be held at 12:00 on Monday, 12 March 2012 at the David Sussman Auditorium, Ground Floor, JD House, 27 Stiemens Street, Braamfontein, Johannesburg for the purpose of considering and if deemed fit, passing the ordinary resolutions required to approve the Partial Offer in terms of section 125(3)(b)(ii) of the Companies Act;
“JD Group Incentive Schemes”	the JD Group Employee Share Incentive Scheme and the JD Group Share Appreciation Rights Scheme;
“JD Group Scheme Participants”	participants under the JD Group Incentive Schemes;
“JD Group Shares”	ordinary shares in the issued share capital of JD Group with a par value of 5 cents each;
“JD Group Shareholder/s”	means a registered holder of JD Group Shares;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa, which is licensed as an exchange under the Securities Services Act;
“KAP”	KAP International Holdings Limited (Registration number 1978/000181/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the shares of which are listed on the JSE;
“KAP Circular”	the circular issued to shareholders of KAP on 17 December 2011 in relation to the KAP Transaction, a copy of which is enclosed with this Circular for information purposes;
“KAP Shares”	ordinary shares in the issued share capital of KAP of no par value, 611 200 000 of which are to be delivered by Steinhoff or its nominated subsidiary to Independent JD Group Shareholders in settlement of the Partial Offer;
“KAP Transaction”	the transaction announced on 18 October 2011 in terms of which Steinhoff will sell its South African Industrial Assets to KAP in exchange for, <i>inter alia</i> , 1 912 781 011 KAP Shares, as set out in detail in the KAP Circular;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Wednesday, 8 February 2012;
“Listings Requirements”	the listings requirements of the JSE;
“Memorandum of Incorporation”	either a company's Memorandum of Incorporation or a company's current Memorandum of Association and Articles of Association which are referred to jointly as its “Memorandum of Incorporation” in terms of the Companies Act;
“Net Issued Share Capital”	215 856 337 issued JD Group Shares, excluding treasury shares;
“Notice of General Meeting”	the notice of the JD Group General Meeting incorporated and forming part of this Circular;
“Opening Date”	the opening date of the Partial Offer, being 13 February 2012;

“Offer Period”	the period from 26 January 2012, being the date when the firm intention to make the Partial Offer was first announced by Steinhoff, to the Closing Date;
“Own-Name”	JD Group Shares held in a JD Group Shareholder’s own name on the sub-register (being the list of shareholders maintained by the relevant CSDP and forming part of the Register);
“Partial Offer”	Steinhoff’s Partial Offer to the Independent JD Group Shareholders to acquire 26.2% of their JD Group Shares in exchange for KAP Shares at a ratio of 16 KAP Shares for each JD Group Share held at the Record Date, as set out in further detail in this Circular;
“PIC”	Public Investment Corporation SOC Limited (Registration number 2005/009094/06) a State-owned corporation duly registered and incorporated in accordance with the laws of South Africa;
“Rand” or “R”	South African Rand, being the official currency of South Africa;
“Record Date”	the record date of the Partial Offer, expected to be Friday, 30 March 2012;
“Register”	the register of Certificated Shareholders maintained by Computershare on behalf of JD Group and the sub-register of Dematerialised Shareholders maintained by the relevant CSDPs in terms of the Companies Act;
“SARB”	the South African Reserve Bank;
“Securities Services Act”	the Securities Services Act, 36 of 2004, as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Steinhoff”	Steinhoff International Holdings Limited (Registration number 1998/003951/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the shares of which are listed on the JSE, or where applicable, Steinhoff’s nominated subsidiary;
“Steinhoff Board”	the board of directors of Steinhoff;
“Steinhoff Directors”	the directors of Steinhoff;
“Steinhoff Industrial Assets” or “South African Industrial Assets”	collectively, Unitrans Logistics, PG Bison, SHF Raw Materials, Toolplast and Roadway Transport, as more fully defined in the KAP Circular;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the laws of South Africa, being a registered central securities depository in terms of the Securities Services Act;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa, being JD Group’s transfer secretaries;
“TRP”	the Take-over Regulation Panel, established in terms of section 196 of the Companies Act; and
“VWAP”	the volume weighted average traded price.

ACTIONS REQUIRED BY INDEPENDENT JD GROUP SHAREHOLDERS

The definitions as set out on pages 4 to 7 of this Circular apply *mutatis mutandis* to this section setting out the actions required by Independent JD Group Shareholders.

Please take careful note of the following provisions regarding the actions required by Independent JD Group Shareholders:

1. If you have disposed of all of your JD Group Shares, this Circular should be handed to the purchaser of such JD Group Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
2. If you are in any doubt as to what action you should take arising from this Circular, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.
3. This Circular and the KAP Circular contain information relating to the Partial Offer. You should carefully read through this Circular and the KAP Circular and decide how you wish to vote on the ordinary resolutions to be proposed at the JD Group General Meeting, as contained in the Notice of General Meeting as set out on page 78.
4. The JD Group General Meeting, convened in terms of the notice incorporated in this Circular, will be held on Monday, 12 March 2012 at 12:00 at the David Sussman Auditorium, Ground Floor, JD House, 27 Stiemens Street, Braamfontein, Johannesburg.
5. **JD Group General Meeting**

5.1 If you hold Dematerialised Shares:

5.1.1 Own-Name registration

You are entitled to attend in person, or be represented by proxy, at the JD Group General Meeting.

If you are unable to attend the JD Group General Meeting but wish to be represented at such meeting, you must complete and return the attached form of proxy (*pink*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 12:00 on Thursday, 8 March 2012.

5.1.2 Other than Own-Name registration

You are entitled to attend, or be represented by proxy, at the JD Group General Meeting. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the JD Group General Meeting, as your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the JD Group General Meeting. In this instance you must **not** complete the attached form of proxy.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your original mandate furnished to them.

5.2 If you hold Certificated Shares:

5.2.1 You are entitled to attend in person, or be represented by proxy, at the JD Group General Meeting.

5.2.2 If you are unable to attend the JD Group General Meeting, but wish to be represented at such meeting, you must complete and return the attached form of proxy (*pink*), in accordance with the instructions contained therein, to be received by the Transfer Secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 12:00 on Thursday, 8 March 2012.

6. Procedure for acceptance of the Partial Offer

- 6.1 All Independent JD Group Shareholders recorded in the Register at the Closing Date will be afforded the opportunity to participate in the Partial Offer. If you wish to tender your JD Group Shares in terms of the Partial Offer, you can either choose to:
 - 6.1.1 tender 26.2% of your JD Group Shares in terms of the Partial Offer; or
 - 6.1.2 tender more than 26.2% (up to 100%) of your JD Group Shares in terms of an Excess Application as detailed in paragraph 4 of this Circular. Should the Partial Offer be undersubscribed, your Excess Application will be accepted on a *pro rata* basis up to a maximum of 38.2 million JD Group Shares in aggregate; and
 - 6.1.3 should you **not** wish to participate in the Partial Offer, then **no** action is required.
- 6.2 **If you are a Certificated Shareholder and wish to accept the Partial Offer:**
 - 6.2.1 You need to specifically make the choice outlined above by completing the attached form of acceptance and surrender (*blue*) in accordance with the instructions contained therein and return it to the Transfer Secretaries to be received by no later than 12:00 on the Closing Date.
 - 6.2.2 If the Transfer Secretaries do not receive your completed form of acceptance and surrender by 12:00 on the Closing Date, you will be deemed to have elected **not** to accept the Partial Offer.
- 6.3 **If you are a Dematerialised Shareholder with or without Own-Name registration and wish to accept the Partial Offer:**
 - 6.3.1 Your CSDP or broker should contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to find out what choice you wish to make in terms of the Partial Offer.
 - 6.3.2 If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker by the cut-off time provided by them in terms of the original mandate between you and your CSDP or broker. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your original mandate furnished to them.
 - 6.3.3 You must **not** complete the attached form of acceptance and surrender (*blue*).

IMPORTANT DATES AND TIMES

Important dates and times in respect of the JD Group General Meeting 2012

Record date to be eligible to receive the Circular on	Friday, 3 February
Circular posted to Independent JD Group Shareholders on	Saturday, 11 February
Salient dates and times released on SENS on	Monday, 13 February
Salient dates and times to be published in the South African press on	Tuesday, 14 February
Last day to trade in order to be eligible to participate and vote at the JD Group General Meeting	Friday, 24 February
Record date in order to be eligible to participate and vote at the JD Group General Meeting	Friday, 2 March
Forms of proxy (<i>pink</i>) for the JD Group General Meeting to be received by 12:00 on	Thursday, 8 March
JD Group General Meeting to be held at 12:00 on	Monday, 12 March
Results of the JD Group General Meeting to be released on SENS on	Monday, 12 March
Results of the JD Group General Meeting to be published in the South African press on	Tuesday, 13 March
KAP Transaction anticipated to be declared unconditional on	Thursday, 15 March

Important dates and times in respect of the Partial Offer 2012

Circular posted to Independent JD Group Shareholders on	Saturday, 11 February
Salient dates and times released on SENS	Monday, 13 February
Salient dates and times to be published in the South African press on	Tuesday, 14 February
Partial Offer opens on	Monday, 13 February
KAP Transaction anticipated to be declared unconditional	Thursday, 15 March
Last day to trade in JD Group Shares on the JSE to be eligible to participate in the Partial Offer	Friday, 23 March
Record Date to participate in the Partial Offer on	Friday, 30 March
Forms of acceptance and surrender (<i>blue</i>) to be received by the Transfer Secretaries by 12:00 on	Friday, 30 March
Partial Offer closes at 12:00 on	Friday, 30 March
Results of the Partial Offer to be released on SENS on	Monday, 2 April
Results of the Partial Offer to be published in the South African press on	Tuesday, 3 April
Dematerialised shareholders will have their accounts at their CSDP or broker updated in terms of note 2 below	
Share certificates in KAP and balance share certificates in JD Group (where applicable) will be posted in terms of note 3 below	Monday, 2 April

Notes:

1. The above dates and times are subject to amendment by Steinhoff and are dependent on the date on which approval of the KAP Transaction and the change of control of JD Group pursuant to the Partial Offer is received from the Competition Authorities and the fulfilment of the remainder of the Conditions Precedent. Any such amendment will be released on SENS and published in the South African press.
2. The Consideration Shares due to Dematerialised Shareholders, excluding any Excess Allocations, will not be posted to such Independent JD Group Shareholders but will be transferred, at his/her risk, to his/her CSDP or broker on or within six business days after the Partial Offer becomes wholly unconditional.
3. The Consideration Shares due to Certificated Shareholders, excluding any Excess Allocations, will be posted within six business days after the Partial Offer becomes wholly unconditional.
4. All times indicated above are South African times.
5. This Circular is available in English only, and copies hereof may be obtained from the registered offices of Steinhoff and JD Group at the addresses set out in the "Corporate information and advisers" sections of this Circular between 11 February 2012 and the Closing Date.
6. Share certificates may not be dematerialised or re-materialised between Friday, 23 March 2012 and Friday, 30 March 2012.



(Incorporated in the Republic of South Africa)
Registration number 1998/003951/06
Share code: SHF ISIN: ZAE000016176
(“Steinhoff”)



(Incorporated in the Republic of South Africa)
Registration number 1981/009108/06
Share code: JDG ISIN: ZAE000030771
(“JD Group”)

Steinhoff Directors

Executive

M J Jooste (*Chief Executive Officer*)
H J K Ferreira
S J Grobler
T L J Guibert (French)
F J Nel
D M van der Merwe

Non-executive

Dr D Konar (*Chairman*)
D C Brink
S F Booyesen
Y Z Cuba
C E Daun (German)
M T Lategan
J F Mouton
F A Sonn
B E Steinhoff (German)
P D J van den Bosch (Dutch)

Alternate

J N S du Plessis
K J Grové
A Krüger-Steinhoff # (German)
A B la Grange
M Nel

Non-executive

JD Group Directors

Executive

I D Sussman (*Executive Chairman*)
A G Kirk (*Chief Executive Officer*) (Irish)
K R Chauke
Dr H P Greeff
I D Thompson
B J van Rooy (*Group Financial Director*)

Non-executive

V P Khanyile (*Lead Independent Director*)
N Bodasing
Dr D Konar
M Lock
M P Matlwa
J H Schindehütte
M J Shaw
G Z Steffens (German)

Independent Board

V P Khanyile (*Chairman*)
M P Matlwa
J H Schindehütte
M J Shaw

CIRCULAR TO INDEPENDENT JD GROUP SHAREHOLDERS

1. INTRODUCTION AND BACKGROUND

JD Group Shareholders are referred to the announcement of the KAP Transaction released on SENS on 18 October 2011, in which it was announced that Steinhoff's South African Industrial Assets would be disposed of to KAP in exchange for, *inter alia*, shares in KAP and furthermore, that Steinhoff had been granted the JD Group Call Options in respect of 27.2 million JD Group Shares in terms of which Steinhoff has the right to acquire such JD Group Shares in exchange for KAP Shares at a ratio of 16 KAP Shares for each JD Group Share. In addition, Steinhoff received indications from other JD Group Shareholders of their intention to make available to Steinhoff for purchase, a further 11 million JD Group Shares, on the same basis and on the same terms as the JD Group Call Options.

All resolutions required to give effect to the KAP Transaction were approved by KAP shareholders on 18 January 2012. Accordingly, the only outstanding condition precedent to the KAP Transaction is the approval by the Competition Authorities, which is anticipated to be received during March 2012.

It is in this context, and in line with the rationale as outlined in the abovementioned KAP Transaction announcement, that Steinhoff issued a firm intention letter to the JD Group Board (as announced on SENS on 26 January 2012) outlining Steinhoff's firm intention to extend a Partial Offer to all Independent JD Group Shareholders, including the JD Group Call Option Grantors. In terms of the Partial Offer, Independent JD Group Shareholders will be entitled to sell 26.2% of their JD Group Shares to Steinhoff based on an exchange ratio of 16 KAP Shares for each JD Group Share held at the Record Date and tendered. The terms and conditions of the Partial Offer are set out in more detail in paragraph 4 below.

On completion, the Partial Offer will result in Steinhoff acquiring an additional 38.2 million JD Group Shares (being 17.7% of the current Net Issued Share Capital), which together with Steinhoff's existing 32.4% shareholding, will result in Steinhoff holding 50.1% of JD Group's current Net Issued Share Capital.

If the Partial Offer is implemented, the listings of KAP and JD Group on the Main Board of the JSE will be retained. KAP and JD Group will both become listed operating subsidiaries of Steinhoff, in which Steinhoff will hold approximately 62% and 50.1%, respectively.

Steinhoff has no immediate intention to change the existing business operations of JD Group and may consider appointments to the JD Group Board following the implementation of the Partial Offer.

The Independent Board, having received the Fair and Reasonable Opinion, is of the opinion that the Partial Offer is fair and reasonable to Independent JD Group Shareholders. The Independent Board recommends that Independent JD Group Shareholders vote in favour of the ordinary resolutions proposed at the JD Group General Meeting. The resolutions allow the Partial Offer to be approved.

2. PURPOSE OF CIRCULAR

The purpose of this Circular and the KAP Circular is to provide Independent JD Group Shareholders with detailed information regarding the Partial Offer and to convene the JD Group General Meeting. The JD Group General Meeting is being convened in terms of the Notice of General Meeting as set out on page 78, which forms part of this Circular. The ordinary resolutions to approve and implement the Partial Offer are contained in such notice and are for consideration and voting upon at such meeting.

3. OVERVIEW OF STEINHOFF, JD GROUP AND KAP

3.1 Steinhoff

Steinhoff is an active investment holding company listed on the JSE. Since inception, its investment strategy has been focused on investing in complementary assets that could provide benefits to, or derive benefits from, the existing businesses within its portfolio.

Steinhoff is primarily invested in listed or listable operating subsidiaries and associates. These businesses operate independently, each with its own investment and growth focus, namely:

- 3.1.1 Steinhoff Europe, an integrated mass-market retailer of furniture and household goods, predominantly serving the discount segment in Europe and the Pacific Rim. Steinhoff Europe is wholly owned by Steinhoff;
- 3.1.2 KAP, which after the implementation of the KAP Transaction, will be a listed diversified industrial operating subsidiary of Steinhoff, operating in the logistics, integrated timber, industrial raw materials and other industrial industries;
- 3.1.3 JD Group, currently an associate of Steinhoff, which will, upon the implementation of the Partial Offer, become a subsidiary of Steinhoff, distributing furniture and household goods, motor vehicles and DIY products, supported by a consumer finance business;
- 3.1.4 a 20% interest in PSG Group Limited, an investment company listed on the JSE, with investments in 35 underlying companies. The underlying companies have a combined market value of approximately R71 billion, and operate across a number of complementary industries that include: financial services, banking, agriculture, education, construction, manufacturing, mining and renewable energy; and

3.1.5 a world-wide property portfolio consisting of retail, industrial and commercial real estate assets. Steinhoff's audited consolidated revenue and headline earnings for the year ended 30 June 2011 from continuing operations were R43.040 billion and R3.766 billion respectively. Its current market capitalisation amounts to R43.6 billion.

3.2 **JD Group**

JD Group is currently strategically positioned in South Africa, Botswana, Swaziland and Namibia as:

- a diversified retailer of motor vehicles, vehicle servicing and parts;
- a differentiated furniture, household appliance, consumer electronic goods, home entertainment, office automation and building supplies retailer; and
- a leading diversified mass consumer financier.

JD Group primarily targets the mass middle-market with a secondary focus on the entry and top-end market segments. Positioning of the various brands is driven by a differentiation strategy and allows customers to enter at the lower end and migrate to the upper end as their diverse needs, aspirations and requirements change over time.

In 2008, JD Group embarked on a fundamental strategic shift, separating its furniture retail and its financial services operations in order to move from an integrated furniture business to a retail and financial services entity, with the ability to further diversify its retail and financial services businesses.

On 30 June 2011, and in line with this diversification strategy, JD Group acquired from Steinhoff:

- Unitrans Motor Enterprises Proprietary Limited ("Unitrans Auto"), a retailer of new and pre-owned vehicles, parts and accessories, servicing and insurance, complemented by the Hertz car rental division; and
- Steinhoff Doors and Building Materials Proprietary Limited ("Steinbuild") which owns and operates the Timbercity and Pennypinchers building supplies and DIY businesses.

Unitrans Auto and Steinbuild complement JD Group's retail and consumer finance strategy.

Currently, JD Group operates in southern Africa through five operating business divisions. The respective markets are served through a multibranded channel network representing 12 retail brands, with a footprint of 1 143 retail stores and 84 motor dealerships in southern Africa. Each retail brand is positioned to focus on a specific market segment based on brand identity, store layout, merchandise range and market profile.

JD Group's audited consolidated revenue and headline earnings for the year ended 31 August 2011 were R15.741 billion and R0.7 billion respectively. On a *pro forma* basis and disregarding the difference in financial year-ends, its revenue and headline earnings would have been R27.2 billion and R0.9 billion respectively, had the acquisition of Unitrans Auto and Steinbuild been effective for the full financial year ended 31 August 2011. JD Group's current market capitalisation amounts to approximately R11 billion.

3.3 **KAP**

KAP is an investment company with a portfolio of diverse manufacturing businesses, primarily producing bottle resin, automotive products, leather products and, to a lesser extent, consumer products such as textile goods, food products and footwear. KAP is operationally-focused through an industrial segment consisting of Feltex Automotive, Hosaf and Industrial Footwear and a consumer segment consisting of Glodina, Brenner Mills, Bull Brand Foods and Jordan & Co.

In terms of the KAP Transaction, KAP will acquire Steinhoff's South African Industrial Assets. These assets represent an opportunity to enlarge KAP's industrial presence in Africa by acquiring leading industrial assets to complement KAP's existing portfolio of industrial assets. This will establish KAP as one of the largest South African-listed industrial portfolios in southern Africa. As a focussed industrial group of scale, KAP will be well-positioned to capitalise on numerous growth opportunities that may present themselves after the implementation of the KAP Transaction. Please refer to the KAP Circular, in particular to paragraphs 3 and 4.1 to 4.3, in which are set out a comprehensive overview of KAP's businesses as reconstituted after the KAP Transaction, including its prospects and the rationale for the KAP Transaction. In addition, Independent JD Group Shareholders

are referred to the financial information on KAP and the Steinhoff Industrial Assets as set out in Annexure I (Historical financial information of the Steinhoff Industrial Assets) and Annexure III (*Pro forma* financial information of KAP detailing the effects of the KAP Transaction), as set out in the KAP Circular as well as KAP's Revised Listing Particulars:

- Appendix III – Material Borrowings, commitments and/or contingent liabilities of KAP as reconstituted; and
- Appendix VIII – Extracts from the Audited profit history of KAP for the 3 years ended 30 June of each of 2009, 2010 and 2011.

The KAP Transaction was approved by KAP shareholders on 18 January 2012 and the only remaining condition for implementation of this transaction is the approval of the Competition Authorities, which is expected to be received during March 2012.

KAP's revenue and headline earnings for the year ended 30 June 2011 would have been R13.08 billion and R0.66 billion respectively, on the assumption that the KAP Transaction becomes unconditional and had been in effect for the full financial year. Based on KAP's current share price and the number of shares that will be in issue after the implementation of the KAP Transaction, its market capitalisation would be approximately R7.25 billion.

4. THE PARTIAL OFFER

4.1 Rationale

Steinhoff is an active investment holding company focusing on investing in complementary assets that could provide benefits to, or derive benefits from, the existing businesses within its portfolio. The Partial Offer represents such an investment opportunity and will be a major step towards Steinhoff formalising its strategic positioning as a listed investment holding company which has listed or listable operating subsidiaries and associates, as distinct business units, each with its own investment and growth focus.

4.2 Terms of the Partial Offer

4.2.1 Offer consideration

Steinhoff currently holds 69 852 995 JD Group Shares representing 32.4% of JD Group's current Net Issued Share Capital. In order to ensure equal treatment of all JD Group Shareholders, and in compliance with the Companies Act and the Companies Regulations, Steinhoff will, subject to the Conditions Precedent, offer Independent JD Group Shareholders the right to sell to Steinhoff 26.2% of their JD Group Shares based on an exchange ratio of 16 KAP shares for each JD Group Share held at the Record Date. Steinhoff will have the KAP Shares available to discharge full acceptance of the Partial Offer, upon the KAP Transaction being implemented.

4.2.2 Period of the offer

The Partial Offer will open from commencement of business on the Opening Date and is expected to close at 12:00 on Friday, 30 March 2012, save in the event that Steinhoff extends the Offer Period prior to Friday, 30 March 2012, having received the approval of the TRP, in which event an announcement will be released on SENS and published in the South African press prior to such Closing Date.

4.2.3 Excess Applications

All Independent JD Group Shareholders have the right to tender more than 26.2% of their JD Group Shares in the Partial Offer in terms of Excess Applications. To the extent applicable, at the close of the Partial Offer, all Excess Applications will be proportionately reduced on an equitable basis, to ensure that Steinhoff acquires 38.2 million JD Group Shares in consideration for a total of 611 200 000 KAP Shares.

4.3 **Conditions Precedent**

The Partial Offer is subject to the fulfilment of the following Conditions Precedent by no later than Friday, 30 March 2012:

- 4.3.1 the KAP Transaction becoming unconditional and being implemented;
- 4.3.2 the approval of the change of control of JD Group pursuant to the Partial Offer by the Competition Authorities;
- 4.3.3 Steinhoff receiving acceptances from Independent JD Group Shareholders in respect of 38.2 million JD Group Shares representing 26.2% of the shares held by the Independent JD Group Shareholders as contemplated by section 125(3)(b)(i) of the Companies Act;
- 4.3.4 the Partial Offer being approved as contemplated by section 125(3)(b)(ii) of the Companies Act, by Independent JD Group Shareholders at the JD Group General Meeting; and
- 4.3.5 the JSE giving effect to the listing of the KAP Shares to be received by Steinhoff in terms of the KAP Transaction, which listing was approved on 14 December 2011.

The date for the fulfilment of the Conditions Precedent may be extended by Steinhoff at its election for a period not exceeding 90 days.

4.4 **Approval of the Partial Offer**

- 4.4.1 Steinhoff's current shareholding in JD Group amounts to 32.4% of JD Group's current Net Issued Share Capital. Accordingly, the Partial Offer will be extended as a Partial Offer contemplated in terms of section 125 of the Companies Act.
- 4.4.2 The TRP has issued an opinion to the effect that Steinhoff is allowed to extend the Partial Offer, subject to approval by Independent JD Group Shareholders at the JD Group General Meeting controlling more than 50% of the general voting rights of the JD Group Shares present or represented, and voting at the JD Group General Meeting.
- 4.4.3 Independent JD Group Shareholders are advised that Steinhoff has received indications of support for approval of the Partial Offer from more than 50% of the Independent JD Group Shareholders, to the extent that the relevant shareholders hold their respective JD Group Shares at the date of the JD Group General Meeting. JD Group Call Option Grantors have granted Steinhoff the JD Group Call Options in terms of which they will make available to Steinhoff up to 27.2 million JD Group Shares representing approximately 18.7% of the JD Group Shares held by the Independent JD Group Shareholders to the extent that they hold such JD Group Shares on the Closing Date. Under the terms of the JD Group Call Options, Steinhoff has the right to require the JD Call Option Grantors to tender a sufficient number of JD Group Shares under the Partial Offer to ensure Steinhoff attains the Acceptance Level. In addition, Steinhoff has received indications of support from other Independent JD Group Shareholders, including the PIC and IAM, who hold a further 11 million JD Group Shares representing 7.6% of the JD Group Shares held by the Independent JD Group Shareholders to accept the Partial Offer to the extent that those JD Group Shares continue to be held by them on the Closing Date.
- 4.4.4 There are no special arrangements, undertakings or agreements relating to the Partial Offer between Steinhoff, JD Group, the JD Group Directors or with persons who were holders of JD Group Shares, entered into in the preceding 12 months from the date of this Circular, other than the JD Group Call Options and the indications of support set out in paragraph 4.4.3 above.
- 4.4.5 The Partial Offer will result in Steinhoff holding more than 35% in JD Group. Accordingly, no further action in terms of a mandatory offer as set out in section 123 of the Companies Act would be required.

4.5 **Interests in KAP and JD Group by IAM and PIC as providers of irrevocable undertakings**

The interests of IAM and PIC in KAP and JD Group as at the Last Practicable Date are as follows:

4.5.1 IAM: 33 439 000 JD Group Shares and 38 611 326 KAP Shares; and

4.5.2 PIC: 17 222 027 JD Group Shares and 1 121 296 KAP Shares.

4.6 **Dealings in KAP and JD Group by the JD Group Call Option Grantors and PIC as providers of irrevocable undertakings**

The share dealings of the JD Group Call Option Grantors and PIC during the six-month period preceding the date of announcement of the Partial Offer (being 26 January 2012) and the interim period from 26 January 2012 to the Last Practicable Date are set out below:

4.6.1 Save for IAM, Investec Bank had no proprietary trading in any of the ordinary shares of KAP or JD Group during the abovementioned period.

4.6.2 IAM's dealings in the ordinary shares of KAP and JD Group during the abovementioned period are set out in Annexure IV.

4.6.3 PIC's dealings in the ordinary shares of KAP and JD Group during the abovementioned period are set out in Annexure IV.

5. **PROCEDURE FOR ACCEPTANCE OF THE PARTIAL OFFER**

5.1 All Independent JD Group Shareholders recorded in the Register at the Closing Date will be afforded the opportunity to participate in the Partial Offer. If you wish to tender your JD Group Shares in terms of the Partial Offer, you can either choose to:

5.1.1 tender 26.2% of your JD Group Shares in terms of the Partial Offer; or

5.1.2 tender more than 26.2% (up to 100%) of your JD Group Shares in terms of the Excess Applications as detailed in paragraph 4 of this Circular. Should the Partial Offer be undersubscribed, your Excess Application will be acquired on a *pro rata* basis up to a maximum of 38.2 million JD Group Shares in aggregate; and

5.1.3 should you **not** wish to participate in the Partial Offer, then **no action** is required.

5.2 **To accept the Partial Offer**

If you are a Certificated Shareholder and wish to accept the Partial Offer

You need to specifically make the choice outlined above by completing the attached form of acceptance and surrender (*blue*) in accordance with the instructions contained therein and return the form of acceptance and surrender, as well as the document(s) of title, to the Transfer Secretaries to be received by no later than 12:00 on the Closing Date.

If the Transfer Secretaries do not receive your completed form of acceptance and surrender by 12:00 on the Closing Date, you will be deemed to have elected **not** to accept the Partial Offer.

If you are a Dematerialised Shareholder with or without Own-Name registration and wish to accept the Partial Offer

Your CSDP or broker should contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to find out what choice you wish to make in terms of the Partial Offer.

If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker by no later than close of business on Wednesday, 7 March 2012. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your original mandate furnished to them.

In this instance, you must **not** complete the attached form of acceptance and surrender (*blue*).

5.3 **Validity of forms of acceptance and surrender**

In respect of Certificated Shares, Steinhoff reserves the right, in its sole and absolute discretion, to:

- 5.3.1 treat as invalid forms of acceptance and surrender not accompanied by valid document(s) of title;
- 5.3.2 require proof of the authority of the person signing the form of acceptance and surrender (*blue*) where such proof has not yet been lodged with, or recorded by, the Transfer Secretaries.

5.4 **Acceptances irrevocable**

Subject to regulation 105(2) of the Companies Regulations, all acceptances of the Partial Offer received by the Transfer Secretaries and treated as valid by them, shall be irrevocable.

5.5 **Certificated transfers**

Where physical document(s) of title have been surrendered, no receipts will be issued to accepting Independent JD Group Shareholders for the form of acceptance and surrender (*blue*) and the document(s) of title lodged with the Transfer Secretaries, unless specifically requested by such Independent JD Group Shareholders. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the document(s) of title lodged.

5.6 **Lost or destroyed document(s) of title in respect of Certificated Shareholders**

If document(s) of title relating to the JD Group Shares have been lost or destroyed, Independent JD Group Shareholders who wish to accept the Partial Offer should nevertheless return the form of acceptance and surrender (*blue*) duly signed and completed. Provided that the properly completed form of acceptance and surrender and evidence has been received on or before the Closing Date, and such evidence is satisfactory to Steinhoff or the Transfer Secretaries in their sole and absolute discretion, indicating that they have been lost or destroyed, the Transfer Secretaries shall issue a suitable indemnity form to such Independent JD Group Shareholder. Such indemnity shall be in a form and substance acceptable to Steinhoff in its sole and absolute discretion. Steinhoff shall consider the Partial Offer to have been validly accepted upon receipt of such indemnity form duly completed and signed by such Independent JD Group Shareholder.

5.7 **Settlement of the Partial Offer**

- 5.7.1 The Consideration Shares due to Dematerialised Shareholders will not be posted to such Independent JD Group Shareholders, but will be transferred, at his/her risk, to his/her CSDP or broker within six business days from the receipt of a valid acceptance and the Partial Offer becoming unconditional, provided that such acceptances have been received before 12:00 on the Closing Date by the Transfer Secretaries, and dealt with in terms of the custody agreement entered into between the Independent JD Group Shareholder and his/her broker.
- 5.7.2 The Consideration Shares due to Certificated Shareholders will be posted by ordinary mail, to such Independent JD Group Shareholders, at such Independent JD Group Shareholders' risk, to his/her address reflected on the attached form of acceptance and surrender (*blue*), or if there is no address on the form of acceptance and surrender, to the address reflected in the Register of Shareholders. This will take place within six business days from the receipt of the valid form of acceptance and surrender together with the relevant document(s) of title (in negotiable form) and the Partial Offer becoming unconditional, provided that such acceptances have been received before 12:00 on the Closing Date.
- 5.7.3 Steinhoff will not deliver the Consideration Shares for any JD Group Shares tendered by the Independent JD Group Shareholders in respect of Excess Applications until the final *pro-rated* numbers have been determined. The Consideration Shares due in terms of the Excess Allocations shall be settled five business days after the Closing Date.

- 5.7.4 If the Consideration Shares are not sent to Independent JD Group Shareholders entitled thereto because the relevant document(s) of title have not been properly surrendered or if the Consideration Shares are returned undelivered to the Transfer Secretaries, the Consideration Shares will be held by the Transfer Secretaries for the benefit of the Certificated Shareholders concerned, pending receipt of the necessary information or instructions.

6. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations insofar as they have application to Independent JD Group Shareholders. In the event of any doubts, Independent JD Group Shareholders are advised to consult their professional advisers as soon as possible.

6.1 Residents of the Common Monetary Area

In the case of:

- 6.1.1 Certificated Shareholders whose registered addresses in the Register are within the Common Monetary Area and whose document(s) of title are not restrictively endorsed in terms of the Exchange Control Regulations, the Consideration Shares will be posted to such Independent JD Group Shareholders, in accordance with the "Actions required by Independent JD Group Shareholders" section of this document as set out on page 8; or
- 6.1.2 Dematerialised Shareholders whose registered addresses in the Register are within the Common Monetary Area and have not been restrictively endorsed in terms of the Exchange Control Regulations, the Consideration Shares will be transferred directly to the accounts nominated for the relevant Independent JD Group Shareholders by their duly appointed CSDP or broker in terms of the provisions of the custody agreement with their CSDP or broker.

6.2 Emigrants from the Common Monetary Area

In the case of Independent JD Group Shareholders who are emigrants from the Common Monetary Area, the Consideration Shares will:

- 6.2.1 in the case of Certificated Shareholders whose document(s) of title have been restrictively endorsed under the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. The attached form of acceptance and surrender (*blue*) makes provision for details of the authorised dealer concerned to be given; or
- 6.2.2 in the case of Dematerialised Shareholders, be transferred to the account of the Independent JD Group Shareholders' CSDP or broker who shall arrange for the same to be credited directly to the Independent JD Group Shareholders' blocked Rand bank account held by the Independent JD Group Shareholders' authorised dealer in foreign exchange in South Africa controlling such Dematerialised Shareholder's blocked assets in terms of Exchange Control Regulations.

6.3 All other non-residents of the Common Monetary Area

The Consideration Shares accruing to non-resident Independent JD Group Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will:

- 6.3.1 in the case of Certificated Shareholders, whose document(s) of title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Independent JD Group Shareholders concerned, unless written instructions to the contrary are received and an address provided. The attached form of acceptance and surrender (*blue*) and transfer makes provision for a substitute address; or
- 6.3.2 in the case of Dematerialised Shareholders, be credited by their duly appointed CSDP or broker directly to the accounts nominated by the Independent JD Group Shareholders in terms of the provisions of the custody agreement with his/her CSDP or broker.

6.4 **Information not provided**

If the information regarding the authorised dealer is not given or instructions are not given as required, the Consideration Shares will be held by the Transfer Secretaries for the benefit of the Certificated Shareholders concerned, pending receipt of the necessary information or instructions.

7. **PARTIAL OFFER NOT MADE WHERE ILLEGAL**

The legality of the Partial Offer to persons resident in jurisdictions outside of South Africa may be affected by laws of the relevant jurisdiction. Such persons should satisfy themselves as to any applicable legal requirements that they are obliged to observe. It is the responsibility of any such person wishing to accept the Partial Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith.

In particular, the Partial Offer is not being made, directly or indirectly, in or into any jurisdiction where it is illegal for the Partial Offer to be made or accepted.

8. **INTERESTS IN SECURITIES**

8.1 **Interest in Steinhoff**

As at the Last Practicable Date, neither JD Group nor KAP had any interests in any of the listed securities of Steinhoff.

8.2 **Interest in JD Group**

As at the Last Practicable Date, Steinhoff's interest in JD Group amounted to 69 852 995 JD Group Shares, equivalent to 32.4% of JD Group's current Net Issued Share Capital.

Independent JD Group Shareholders are referred to the circular dated 24 May 2011 regarding the acquisition by JD Group of all the South African retail interests of Steinhoff. This transaction, together with open market purchases by Steinhoff of JD Group Shares, resulted in Steinhoff's current shareholding in JD Group.

8.3 **Interest in KAP**

As at the Last Practicable Date, Steinhoff's interest in KAP amounted to 144 321 043 KAP Shares, equivalent to 34% of KAP's issued share capital of 424 473 657 shares (net of treasury shares). Post the completion of the KAP Transaction, Steinhoff's interest in KAP will increase to 2 057 102 054 KAP Shares, equivalent to 88% of KAP's enlarged share capital post the KAP Transaction. After the completion of the Partial Offer, Steinhoff's interest in KAP will decrease to 1 445 902 054 KAP Shares, equivalent to 62% of KAP's enlarged share capital.

9. STATEMENT OF DIRECTORS' INTERESTS AND DIRECTORS' REMUNERATION

9.1 Steinhoff Directors' interests in Steinhoff

As at the Last Practicable Date, the following Steinhoff Directors had direct and indirect beneficial interests in Steinhoff shares:

Name	Direct beneficial	Indirect beneficial	Cap share award acceptance	Trades since KAP Circular		Total
				Direct beneficial	Indirect beneficial	
H J K Ferreira	–	2 101 165	71 860	–	–	2 173 025
S J Grobler	–	3 359 426	114 892	–	–	3 474 318
M J Jooste	–	34 818 207	1 190 783	–	31 635 884 ¹	67 644 874
F J Nel	5 528	1 837 515	63 032	–	–	1 906 075
D M van der Merwe	–	4 921 535	168 316	–	–	5 089 851
S F Booysen	–	200 000	6 840	–	–	206 840
D C Brink	–	117 624	4 023	–	–	121 647
C E Daun	–	373 860	12 786	–	–	386 646
D Konar	328 188	–	11 224	–	–	339 412
J F Mouton	–	6 000 000	205 200	–	–	6 205 200
F A Sonn	–	63 181	2 161	–	–	65 342
B E Steinhoff	363 200	167 332 210	5 735 183	2 039 077 ²	–	175 469 670
P D J van den Bosch	626 031	–	21 410	–	–	647 441
J N S du Plessis	–	107 952	3 692	–	–	111 644
K J Grové	–	199 714	6 830	–	–	206 544
A Krüger-Steinhoff	645 661	59 374	24 112	–	–	729 147
A B la Grange	475 646	–	16 267	–	–	491 913
M Nel	120 606	–	4 125	–	–	124 731
M T Lategan	–	15 167	519	60 000 ²	–	75 686
	2 564 860	221 506 930	7 663 255	2 099 077	31 635 884	265 470 006

Note:

(1) Issue of new shares as announced on SENS on 30 January 2012.

(2) As announced on SENS in December 2011.

Full details of Steinhoff's Directors' participation in Steinhoff's share incentive schemes are set out in pages 104 to 107 of its Annual Financial Statements as at, and for the year ended, 30 June 2011.

9.2 Steinhoff Directors' interests in JD Group

As at the Last Practicable Date, the following Steinhoff Directors had indirect and direct beneficial interests in JD Group:

Name	Direct beneficial	Indirect beneficial	Total
S J Grobler	988	–	988
D Konar	10 000	–	10 000
	10 988	–	10 988

9.3 Steinhoff Directors' interests in KAP

As at the Last Practicable Date, the following Steinhoff Directors had direct and indirect beneficial interests in KAP Shares:

Name	Direct beneficial	Indirect beneficial	Total
C E Daun	–	175 524 828	175 524 828
S F Booysen	12 986	–	12 986
A B la Grange	2 000	–	2 000
F A Sonn	–	25 900	25 900
	14 986	175 550 728	175 565 714

Save for the reduction of Steinhoff's shareholding in KAP as a result of the implementation of the Partial Offer, the implementation of the Partial Offer will not affect the above interests of the Steinhoff Directors in the share capital of the said companies.

9.4 **JD Group Directors' interests in JD Group**

As at the Last Practicable Date, the following JD Group Directors had direct and indirect beneficial interests in JD Group Shares:

Name	Direct beneficial	Indirect beneficial/ Share Schemes	Total
I D Sussman	750 000	900 000	1 650 000
Dr D Konar	10 000		10 000
A G Kirk		974 903	974 903
K R Chauke		280 000	280 000
Dr H P Greeff		300 000	300 000
I D Thompson		305 000	305 000
B J van Rooy		100 000	100 000
	760 000	2 859 903	3 619 903

9.5 **JD Group Incentive Schemes**

In terms of the Companies Act and the Companies Regulations, Steinhoff is required to make a comparable offer to the JD Group Scheme Participants under the JD Group Incentive Schemes. As a result, JD Group Scheme Participants will, after the implementation of the Partial Offer, be offered the right, in respect of 26.2% of the JD Group Shares underlying their options or share appreciation rights, as the case may be, to elect to exchange their rights in respect of such JD Group Shares for rights in respect of KAP Shares on the basis of 16 KAP Shares for each underlying JD Group Share. This election will be offered to the JD Group Scheme Participants within a reasonable period after the Closing Date and will not in any way affect the maturity dates, performance criteria and other terms and conditions attaching to the JD Group Incentive Schemes.

9.6 **JD Group Directors' interests in Steinhoff**

As at the Last Practicable Date, none of the JD Group Directors had direct or indirect beneficial interests in the listed securities of Steinhoff other than Dr D Konar as disclosed in paragraph 9.1 above.

9.7 **JD Group Directors' interests in KAP**

As at the Last Practicable Date, none of the JD Group Directors had direct or indirect beneficial interests in KAP Shares.

9.8 **Remuneration of the JD Group Directors**

The remuneration of the JD Group Directors in their capacity as JD Group Directors will in no way be affected as a result of the Partial Offer.

10. **AGREEMENTS IN RELATION TO THE PARTIAL OFFER**

Other than the support in respect of the Partial Offer as referred to in paragraph 4.4 above and the JD Group Call Options, no other agreements have been entered into between Steinhoff and/or the Steinhoff Directors and/or the Steinhoff shareholders and any of JD Group, the JD Group Directors or JD Group Shareholders in relation to the Partial Offer.

Independent JD Group Shareholders are referred to the circular dated 24 May 2011 regarding the agreements concluded between Steinhoff and JD Group regarding the acquisition by JD Group of Steinhoff's South African retail interests. JD Group has further entered into an agreement whereby it would be able to use Steinhoff's logistics, distribution and procurement expertise to the benefit of JD Group.

11. SERVICE AGREEMENTS OF JD GROUP DIRECTORS

There are no material provisions of an abnormal nature in respect of JD Group Directors' service contracts which require specific disclosure. No service agreements have been entered into or amended within the six month period prior to the commencement of the Partial Offer.

12. FINANCIAL INFORMATION

12.1 JD Group

12.1.1 *Historical financial information*

Extracts from the published audited financial results of JD Group, for the three financial years ended 31 August of each of 2009, 2010 and 2011, are included in Annexure III to this Circular.

12.1.2 *Pro forma financial information*

The *pro forma* financial information of the Partial Offer as it relates to JD Group and to an Independent JD Group Shareholder is set out in Annexure I to this Circular.

12.1.3 *Trading history*

Independent JD Group Shareholders are referred to Annexure V that sets out the trading history of JD Group on the JSE.

12.1.4 *Pro forma financial effects of accepting the Partial Offer*

The table below sets out the *pro forma* financial effects on an Independent JD Group Shareholder in respect of 100 JD Group Shares held before the Partial Offer.

The *pro forma* financial effects are presented for illustrative purposes only and, because of its nature, may not fairly present the actual financial effects on an Independent JD Group Shareholder.

	JD Group Shares held Before ¹ 100	JD Group Shares held After ² 73.8	KAP Shares held After ³ 419.2	Total	% Change
Notes	1	2	3		
Number of shares	100.0	73.8	419.2		
Headline Earnings from Continuing Operations (cents per share)	407.7	288.0	124.5	412.5	1.2%
Net Asset Value (cents per share)	3,688.0	2,715.1	940.7	3,655.8	(0.9%)

Note 1

The JD Group financial effects "Before" are based on the financial information extracted, without adjustment, from the JD Group's audited results for the year ended 31 August 2011.

Note 2

The JD Group financial effects "After" are based on the JD Group's audited results for the year ended 31 August 2011, as adjusted in this Circular to take into account the *pro forma* effects of the Partial Offer (Annexure 1).

Note 3

The KAP financial effects "After" is based on the *pro forma* results of KAP after the KAP Transaction for the year ended 30 June 2011 as contained in the KAP Circular.

12.2 **KAP**

12.2.1 **Historical financial information**

Independent JD Group Shareholders are referred to the KAP Circular which sets out the audited financial information of KAP for the three years ended 30 June of each of 2009, 2010 and 2011.

12.2.2 **Trading history**

Independent JD Group Shareholders are referred to Annexure VI that sets out the trading history of KAP Shares on the JSE.

13. **RECOMMENDATIONS AND UNDERTAKINGS**

- 13.1 The Independent Board has been tasked to consider whether the terms and conditions of the Partial Offer are fair and/or reasonable to Independent JD Group Shareholders. In discharging its obligations, the Independent Board undertook an independent assessment of the terms and conditions of the Partial Offer and engaged the Independent Expert to provide a Fair and Reasonable Opinion in this regard.
- 13.2 PwC, acting as Independent Expert to the Independent Board, has advised the Independent Board that it has considered the terms and conditions of the Partial Offer and is of the opinion that these terms and conditions are fair and reasonable to Independent JD Group Shareholders. The text of the letter from PwC is included in Annexure VII to this Circular and such letter has not been withdrawn prior to the publication of this Circular.
- 13.3 The Independent Board, taking into account the Fair and Reasonable Opinion of the Independent Expert, has considered the terms and conditions of the Partial Offer and is of the opinion that the terms and conditions thereof are fair and reasonable to Independent JD Group Shareholders. In particular the Independent Board has considered the fair value range determined by the Independent Expert and is in agreement with the fair value range so determined and has placed reliance on the valuation performed by the Independent Expert. In formulating its opinion the Independent Board has considered the price and the value of JD Group Shares relative to the price and value per KAP share. There were no factors considered to be too difficult to quantify or unquantifiable by the Independent Board when formulating its opinion. Accordingly, the Independent Board recommends that Independent JD Group Shareholders vote in favour of the ordinary resolutions to be proposed at the JD Group General Meeting. The resolutions allow the Partial Offer to be approved.
- 13.4 I D Sussman has indicated that he will be voting in favour of the Partial Offer but that he will not be exchanging his JD Group Shares for KAP Shares.
- 13.5 Dr D Konar has indicated that he will be voting in favour of the Partial Offer but that he will not be exchanging his JD Group Shares for KAP Shares.
- 13.6 In terms of regulation 106(6)(b) of the Companies Regulations, the Steinhoff Board is of the opinion that the Partial Offer is fair and reasonable to Independent JD Group Shareholders.

14. **RESPONSIBILITY STATEMENTS**

14.1 **Independent Board**

The Independent Board, individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular which relates to the Partial Offer as well as the extracts of information relating to JD Group and certifies that, to the best of their knowledge and belief, such information is true and this Circular does not omit any facts that would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Independent Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law.

14.2 **Steinhoff**

The Steinhoff Board, individually and collectively, accepts full responsibility for the accuracy of the information contained in this Circular which relates to Steinhoff and certifies that, to the best of its knowledge and belief, such information that relates to Steinhoff is true and this Circular does not omit any facts which would make any of the information false or misleading or would be likely to affect the importance of any information contained in this Circular. The Steinhoff Board has made all reasonable enquiries to ascertain that no facts have been omitted and this Circular contains all information required by law.

15. **STEINHOFF LITIGATION STATEMENT**

As at the Last Practicable Date, the Steinhoff Board is not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that have or may have had a material effect on Steinhoff's financial position in the previous 12 months.

16. **JD GROUP LITIGATION STATEMENT**

As at the Last Practicable Date, the Independent Board is not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that have or may have had a material effect on JD Group's financial position in the previous 12 months.

17. **NO SET-OFF OF OFFER CONSIDERATION**

Delivery of the Consideration Shares to Independent JD Group Shareholders will be effected in full in accordance with the terms of the Partial Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which Steinhoff may otherwise be, or claim to be, entitled.

18. **AMENDMENT OR VARIATION OF THE PARTIAL OFFER**

No amendment or variation of the Partial Offer shall be valid unless it is agreed to by Steinhoff in writing and approved by the TRP, provided that Steinhoff shall not agree to any amendment or variation that has the effect of reducing the consideration in terms of the Partial Offer.

There will furthermore not be an alternative offer.

19. **GOVERNING LAW**

This Circular will be governed by and construed in accordance with the laws of South Africa and shall be subject to the exclusive jurisdiction of the South African courts.

20. **TAX IMPLICATIONS**

The tax implications of the Partial Offer on the Independent JD Group Shareholders will depend on the individual circumstances of each Independent JD Group Shareholder. Accordingly, Independent JD Group Shareholders are advised to obtain independent tax advice in relation to the tax implications of the Partial Offer.

21. **MATERIAL CHANGES**

There have been no material changes in the affairs or financial position of JD Group from its financial year ended 31 August 2011 to the Last Practicable Date.

22. **COSTS**

All costs pertaining to the Partial Offer shall be borne and paid by Steinhoff.

The cost pertaining to the Fair and Reasonable Opinion by the Independent Expert and legal advice provided to the Independent Board shall be borne and paid for by JD Group.

23. ADVISERS' CONSENTS

Each of the advisers has provided its written consent to act in the capacity stated and to its name being used in this Circular and has not withdrawn its consent prior to publication of this Circular.

24. JD GROUP GENERAL MEETING

24.1 Notice of General Meeting

A notice convening the JD Group General Meeting is contained in this Circular on page 78. The JD Group General Meeting will be held at the David Sussman Auditorium, Ground Floor, JD House, 27 Stiemens Street, Braamfontein, Johannesburg on 12 March 2012, commencing at 12:00.

24.2 Dematerialised Shareholders other than Own-Name Dematerialised Shareholders

If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP or broker and furnish them with your instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your original mandate furnished to them. Such holders of Dematerialised Shares, other than Own-Name Dematerialised Shareholders, must **not** complete the attached form of proxy (*pink*). Unless you advise your CSDP or broker in the manner and before the cut-off time stipulated by your CSDP or broker, that you wish to attend the JD Group General Meeting or send a proxy to represent you at the JD Group General Meeting, your CSDP or broker will assume that you do not wish to attend the JD Group General Meeting or send a proxy. If you wish to attend the JD Group General Meeting in person, you must request your CSDP or broker to issue the necessary letter of representation to you, to enable you to attend or be represented at the JD Group General Meeting.

24.3 Own-Name Dematerialised Shareholders and Certificated Shareholders

If your JD Group Shares have been dematerialised, but are recorded in the Register of JD Group in your own name or if your JD Group Shares have not been dematerialised, you may attend and vote at the JD Group General Meeting. If you are unable to attend the JD Group General Meeting, and wish to be represented thereat, you must complete the attached form of proxy (*pink*) in accordance with the instructions therein and lodge it with or post it to the Transfer Secretaries, to be received by no later than 12:00 on Thursday, 8 March 2012 (or 48 hours before any adjourned JD Group General Meeting which date, if necessary, will be released on SENS and published in the South African press). A form of proxy (*pink*) for use by JD Group Own-Name Shareholders and Independent JD Group Certificated Shareholders only, at the JD Group General Meeting is included with this Circular. Instructions for its completion and lodging with the Transfer Secretaries are contained on such form.

24.4 Shareholder approval

As provided in terms of Section 125(3)(b)(ii) of the Companies Act, because the Independent JD Group Shareholders control more than 50% of the general voting rights of all the issued JD Group Shares, Ordinary Resolution Number 1 must be passed by the Independent JD Group Shareholders in terms of a simple majority of the general voting rights exercised at the JD Group General Meeting. Steinhoff shall not be entitled to vote on Ordinary Resolution Number 1.

24.5 Voting rights

All the issued JD Group Shares rank *pari passu*.

Voting for JD Group General Meeting will be held by poll and, not by a show of hands.

JD Group Shares held by Steinhoff will be taken into account in determining a quorum at the JD Group General Meeting. However, Steinhoff will not vote its shares at the JD Group General Meeting in relation to the ordinary resolutions as set out in the Notice of the JD Group General Meeting on page 78.

25. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered offices of Steinhoff and JD Group from the date of posting of this Circular until the end of the Offer Period:

- 25.1 a signed copy of this Circular;
- 25.2 a signed copy of the report of the Independent Expert;
- 25.3 copies of the support referred to in paragraph 4.4.3 above;
- 25.4 a copy of the KAP Circular;
- 25.5 the constitutional documents (including the Memoranda of Incorporation) of Steinhoff and JD Group;
- 25.6 the circular to JD Group Shareholders, dated 24 May 2011;
- 25.7 the audited annual financial statements of JD Group for the three years ended 31 August 2011, 31 August 2010 and 31 August 2009;
- 25.8 the audited annual financial statements of Steinhoff for the three years ended 30 June 2011, 30 June 2010 and 30 June 2009;
- 25.9 the audited annual financial statements of KAP for the three years ended 30 June 2011, 30 June 2010 and 30 June 2009;
- 25.10 the report of the Independent Reporting Accountant on the *pro forma* financial information of JD Group; and
- 25.11 copies of the irrevocable undertakings received from IAM and PIC.

Signed on behalf of Steinhoff

H J K Ferreira

Executive Director

Signed on behalf of the Independent Board

V P Khanyile

Lead Independent Non-executive Director

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF JD GROUP

The unaudited *pro forma* consolidated statement of comprehensive income for the year ended 31 August 2011 and *pro forma* consolidated statement of financial position of JD Group as at 31 August 2011 (jointly the “unaudited *pro forma* financial information”) have been prepared to reflect the impact of the Partial Offer as if the Partial Offer had occurred on, firstly, 1 September 2010 for purposes of adjusting the *pro forma* consolidated statement of comprehensive income, and, secondly, on 31 August 2011 for purposes of adjusting the *pro forma* consolidated statement of the financial position of JD Group.

The unaudited *pro forma* financial information is presented for illustrative purposes only and because of its nature may not fairly present JD Group’s financial position, changes in equity, results of operations or cash flows going forward.

The unaudited *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and the basis on which the historical financial information has been prepared in terms of the accounting policies adopted by JD Group.

The Board is responsible for the compilation, contents, accuracy and presentation of the unaudited *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared.

The Board’s responsibility includes determining that the unaudited *pro forma* financial information has been properly compiled on the basis stated, that the basis is consistent with the accounting policies of JD Group and that the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the JSE Listings Requirements and the Companies Act.

The detailed unaudited *pro forma* financial information is set out below. The Independent Reporting Accountants’ limited assurance report on the unaudited *pro forma* financial information is set out in Annexure II to this Circular.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'million	Unadjusted information JD GROUP Audited year ended 31 August 2011	Pro forma adjustments	Notes	Pro forma after adjustments
Continuing operations				
Revenue	15 741			15 741
Cost of sales	8 550			8 550
Operating expenses	5 457	30	2, 3	5 487
Operating profit before debtors' costs	1 734	(30)		1 704
Debtors' cost	677			677
Operating profit	1 057	(30)		1 027
Investment income	5			5
Finance income	65			65
Finance costs	(160)			(160)
Share of profit of associate	2			2
Profit before taxation	969	(30)		939
Taxation	264			264
Profit for the year from continuing operations	705	(30)		675
Loss after tax for the year from discontinued operations	(1)			(1)
Profit for the year	704	(30)		674
Profit attributable to:				
Shareholders	699	(30)		669
Minorities	5			5
Profit for the year	704	(30)		674
Exchange differences on translating foreign operations	(1)			(1)
Total comprehensive income for the year	703	(30)		673

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'million	Unadjusted information JD GROUP Audited year ended 31 August 2011	Pro forma adjustments	Notes	Pro forma after adjustments
ASSETS				
Non-current assets	4 630	–		4 630
Property, plant and equipment	1 440			1 440
Vehicle rental fleet	17			17
Goodwill	1 324			1 324
Intangible assets	1 658			1 658
Investments and loans	84			84
Interest in associate	6			6
Deferred taxation	101			101
Current assets	11 887	(16)		11 871
Inventories	3 059			3 059
Trade-, loan- and other receivables	6 704			6 704
Vehicle rental fleet	352			352
Financial assets	1			1
Taxation	395			395
Bank balances and cash	1 376	(16)	4	1 360
Assets classified as held for sale	217			217
Total assets	16 734	(16)		16 718
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital and premium	4 245			4 245
Treasury shares	(263)			(263)
Non-distributable and other reserves	231	(33)	3, 4	198
Retained earnings	3 644	14	2, 3	3 658
Reserves of the discontinued operation classified as held for sale	34			34
Shareholders for dividend	216			216
Shareholders' equity	8 107	(19)		8 088
Minority shareholders' interest	58			58
Total equity	8 165	(19)		8 146
Non-current liabilities	2 448			2 448
Interest-bearing long-term liabilities	1 717			1 717
Non-interest-bearing long-term liability	202			202
Deferred taxation	529			529
Current liabilities	6 030	3		6 033
Trade and other payables	4 933	3	2	4 936
Provisions	41			41
Interest-bearing liabilities	946			946
Taxation	82			82
Bank overdraft	28			28
Liabilities classified as held for sale	91			91
Total equity and liabilities	16 734	(16)		16 718

	Unadjusted information JD GROUP Audited year ended 31 August 2011	Pro forma adjustments	Pro forma after adjustments	% change
Earnings attributable to owners of the parent	699	(30)	669	(4.3)
Diluted earnings attributable to owners of the parent	699	(30)	669	(4.3)
Headline earnings attributable to owners of the parent	702	(30)	672	(4.3)
Diluted headline earnings attributable to owners of the parent	702	(30)	672	(4.3)
Net asset value per share (cents)	3 688	(9)	3 679	(0.2)
Tangible net asset value per share (cents)	2 331	(9)	2 322	(0.4)
Number of ordinary shares in issue ('000)	219 830		219 830	–
Weighted number of ordinary shares in issue ('000)	172 142		172 142	–
Weighted number of ordinary shares in issue (diluted) ('000)	173 932		173 932	–
Headline earnings per ordinary shares (cents)				
Basic	407.7	(17.5)	390.2	(4.3)
Diluted	403.5	(17.3)	386.2	(4.3)
Earnings per ordinary shares (cents)				
Basic	406.2	(17.3)	388.9	(4.3)
Diluted	402.0	(17.1)	384.9	(4.3)

Note 1

The JD Group financial information has been extracted, without adjustment, from JD Group's audited results for the year ended 31 August 2011.

The *pro forma* income statement and statement of comprehensive income have been based on the assumption that the transaction was implemented on 1 September 2010.

The *pro forma* consolidated statement of financial position has been based on the assumption that the transaction was implemented on 31 August 2011.

Note 2

The effect of the expected once-off transaction costs of approximately R3 million.

Note 3

The estimated additional cost amounting to R27 million due to the acceleration of 68% of the unamortised IFRS 2 charge relating to the share appreciation rights scheme at 1 September 2010, which is once-off by nature. The acceleration assumes that all share appreciation rights vest and are apportioned on a time elapsed basis. The dilutive effect on HEPS and EPS are negligible.

For purposes of the statement of financial position, the acceleration is assumed to have occurred on 31 August 2011 and amounts to R32 million. The residual portion of the Share Based Payments Reserve of R49 million is transferred to distributable reserves.

The taxation effects are expected to be negligible.

Note 4

Effect of the settlement of accelerated share appreciation rights, assuming shares are purchased from the market at R49.50 amounts to R16 million.

Note 5

There are no post-balance sheet events that require adjustment to the *pro forma* financial information.

REPORTING ACCOUNTANTS' REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION OF JD GROUP

"The Directors

JD Group Limited
11th Floor, JD House
27 Stiemens Street
Braamfontein
Johannesburg
2001

9 February 2012

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION OF JD GROUP LIMITED ("JD GROUP")**Introduction**

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects of the statement of financial position and statement of comprehensive income (collectively "the *pro forma* financial information") of JD Group set out in Annexure I to the circular to be issued on or about 11 February 2012 ("the Circular"), issued in connection with the Partial Offer by Steinhoff International Holdings Limited to the independent shareholders of JD Group to acquire 26.2% of their shares in JD Group in exchange for 16 shares in KAP International Holdings Limited for every JD Group Share tendered ("the Transaction"), as set out in further detail in the Circular.

The *pro forma* financial information has been prepared for purposes of complying with the JSE Listings Requirements and the Companies Act, for illustrative purposes only, to provide information about how the Transaction might have affected the reported financial information, had the Transaction been undertaken on 1 September 2010 for statement of comprehensive income purposes and 31 August 2011 for statement of financial position purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position or results of operations after the Transaction.

Directors' responsibility

The Directors of JD Group are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared.

Their responsibility includes determining that, the *pro forma* financial information contained in the Circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of JD Group and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the JSE Listings Requirements and the Companies Act.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in the Circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and *the Revised Guide on Pro Forma Financial Information* issued by The South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information, beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of JD Group with the source documents, considering the *pro forma* adjustments in light of the accounting policies of JD Group, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of JD Group.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of JD Group and other information from various public, financial and industry sources.

Whilst our work performed has involved an analysis of the historical published financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and, accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of JD Group;
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to Sections 8.17 and 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in the Circular in the form and context in which it appears.

Yours faithfully

DELOITTE & TOUCHE

Registered Auditors

Per **B Escott**

Partner

The Woodlands
20 Woodlands Drive
Woodmead
2146

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Risk Advisory & Legal Services, N B Kader Tax, L Geeringh Consulting, L Bam Corporate Finance, J K Mazzocco Human Resources, C R Beukman Finance, T J Brown Chairman of the Board, M J Comber Deputy Chairman of the Board."

HISTORICAL FINANCIAL INFORMATION OF JD GROUP FOR THE THREE YEARS ENDED 31 AUGUST 2011, 31 AUGUST 2010 AND 31 AUGUST 2009

EXTRACTS OF THE AUDITED HISTORICAL FINANCIAL INFORMATION OF JD GROUP FOR THE YEAR ENDED 31 AUGUST 2011 (Complete sets of the Financial Statements are available on the JD Group website – www.jdgroup.co.za)

ACCOUNTING POLICIES

JD Group Limited is a South African registered company. The consolidated annual financial statements of JD Group Limited for the year ended 31 August 2011 comprises JD Group Limited and its subsidiaries (together referred to as the JD Group) and the Group's interest in associate companies and joint ventures.

Statement of compliance

The consolidated and company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB), the AC 500 standards as issued by the Accounting Practices Board or its successor and the requirements of the Companies Act of South Africa (as amended).

Adoption of new or revised IFRS

The Group has adopted all applicable IFRS statements and interpretations issued or revised and effective up to the annual reporting date of 31 August 2011.

The accounting policies applied in the preparation of the annual financial statements are consistent with those applied in the previous financial year ended 31 August 2010, except for the adoption of the following revised accounting standards and interpretations:

Amendment to IAS 1	Presentation of Financial Statements
IAS 1	Presentation of Financial Statements: Current/Non-Current Classification of Convertible Instruments
IAS 7	Statement of Cash Flows: Classification of Expenditures on Unrecognised Assets
IAS17	Leases: Classification of Leases on Land and Buildings
IAS 18	Revenue: Determining Whether an Entity is Acting as a Principal or as an Agent
IAS 27	Consolidated and Separate Financial Statements: Transitional Provisions
IAS 32	Financial Instruments: Presentation – Classification of Rights Issue
IAS 36	Impairment of Assets: Allocation of Goodwill to Cash-Generating Units
IAS 39	Financial Instruments: Recognition and Measurement: Scope Exemptions of Business Combination Contracts and Cash from Hedge Accounting
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of these revised accounting standards and interpretations had no significant effect on the financial results of the Group for the year ended 31 August 2011 or the financial position of the Group as at that date, other than certain additional disclosures.

Basis of preparation

The annual financial statements are presented in South African Rand on the historical cost basis, except for financial assets and liabilities which are stated at fair value or amortised cost as appropriate. South African Rand is the currency in which the majority of the Group's transactions are denominated. Unless otherwise stated, all amounts in the annual financial statements are shown rounded off to the nearest R million.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by all Group entities.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the company (including special purpose entities). Control exists when the company has the power to, directly or indirectly, govern the financial and operating policies of an entity in order to obtain benefits from its activities and when the entity depends solely on JD Group for its funding requirements.

On acquisition, the assets and liabilities and contingent liabilities of the subsidiary are measured at fair value at the acquisition date. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent, unless the minority has a binding obligation to fund the losses and is able to make an additional investment to cover their losses. The results of subsidiaries are included from the effective dates of acquisition and up to the effective dates of disposal. All material inter-group transactions and balances between Group companies are eliminated on consolidation.

Associate companies

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in the financial and operating policy decisions of the investee, but which it does not control.

The results of associates are incorporated in these financial statements using the equity method of accounting based on their most recent financial statements. If the most recent available financial statements are for an accounting period which ended more than six months prior to the Group's year-end, the most recent available management accounting results have been brought into account. The carrying value of such interests is reduced to recognise any decline, other than a temporary decline, in the individual investments.

Where a Group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate company, except where unrealised losses provide evidence of an impairment of the asset transferred.

Any difference between the cost of acquisition and the Group's share of the net identifiable assets, liabilities and contingent liabilities, fairly valued, is recognised and treated according to the Group's accounting policy for goodwill and included in the carrying value of the investment.

Joint venture companies

A joint venture is defined as a contractual arrangement whereby two or more entities undertake an economic activity, which is subject to joint control. Joint control implies that neither of the contracting parties is in a position to unilaterally control the assets of the venture. Joint venture companies are accounted for using the equity method of accounting based on their most recent financial statements as described in the policy above relating to interest in associate companies.

Intangible assets and goodwill

Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 31 March 2004, goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the net identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or sooner if an impairment indicator exists. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or joint venture company, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Where the Group's interest in the fair value of the net assets and liabilities acquired exceeds the cost of acquisition, the amount is directly recognised in profit or loss.

Research and development

Research costs are recognised as an expense in the period in which they are incurred.

Expenditure on development activities is charged to income in the year in which it is incurred, except where a clearly-defined project is undertaken and it is reasonably anticipated that development costs will be recovered through future commercial activity. Such development costs are capitalised as an intangible asset and amortised on a straight-line basis over the life of the project from the date of commencement of commercial operation.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. If an intangible asset is acquired in a business combination, the cost of that intangible asset is measured at its fair value at the acquisition date.

Expenditure on internally-generated goodwill and brands is recognised in the income statement as an expense, when incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed, as incurred.

Amortisation

Amortisation of intangible assets is recognised in the income statement on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. Goodwill, intangible assets with an indefinite useful life and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that the asset may be impaired. Other intangible assets are amortised from the date they are available for use.

The amortisation methods, estimated useful lives and residual values are reassessed annually.

Property, plant and equipment

Owned assets

Property, plant and equipment is stated at historical cost to the Group, less accumulated depreciation and impairment losses.

The gross carrying amount of property, plant and equipment is initially measured using the historical cost basis of accounting. Subsequent expenditure relating to an item of property, plant and equipment is capitalised to the carrying value of the asset when it is probable that future economic benefits, in excess of the originally

assessed standard of performance of the item concerned, will flow to the Group. All other subsequent expenditures are recognised as expenses in the period in which they are incurred.

Depreciation is provided on the straight-line basis at rates that will reduce the book values to estimated residual values over the expected useful lives of the assets. The method and rates used are determined by conditions in the industry. The estimated useful lives and residual values are reviewed annually. Depreciation rates vary between 3% and 25% per annum as disclosed in Note 2. Land is not depreciated. Lease improvements on capitalised leased premises are written off over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the lease.

The recorded value of depreciated assets is periodically compared to the anticipated recoverable amount if assets were to be sold. Where an asset's recorded value has declined below the recoverable amount, and the decline is expected to be of a permanent nature, the asset is written down to its recoverable amount and the decline is recognised as an expense.

Surplus or loss arising on disposal of assets is determined as the difference between the sale proceeds and carrying value of the asset and is recognised in net profit or loss for the period.

Vehicle fleet rental

The vehicle rental fleet is depreciated over the period of the buy-back agreement of estimated holding period.

Leased assets

Lease agreements which transfer substantially all the risks and rewards associated with ownership of an asset to the lessee are regarded as finance leases. Assets subject to finance lease agreements are capitalised at the lower of the present value of the minimum lease payments and their cash cost equivalent and the corresponding liability to the lessor is raised.

Lease payments are allocated using the effective interest method to determine the lease finance cost, which is charged against operating profit and the capital repayment, which in turn reduces the liability to the lessor. These assets are depreciated on the same basis as the property, plant and equipment owned by the Group over the period of the lease.

Other leases, which merely confer the right to the use of an asset, are treated as operating leases, with lease payments charged against operating profit on a straight-line basis over the period of the lease.

Subsequent costs

The Group recognises in the carrying value of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred, if it is probable that additional future economic benefits embodied within the item will flow to the Group and the cost of such item can be measured reliably. Costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense, when incurred.

Impairment of tangible and intangible assets (excluding goodwill)

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

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit, except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised in the income statement immediately.

Operating leases

Payments and receipts under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received or granted are recognised in the income statement as an integral part of the total lease expense or revenue.

Inventories

Inventories comprise merchandise for resale and are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling and distribution expenses.

Where necessary, the carrying value of inventory is adjusted for obsolete, slow-moving and defective inventories.

Share capital

Treasury shares

Shares purchased by wholly-owned Group companies in their holding company and by the employee share trust are classified as treasury shares, held at cost. For presentation purposes treasury shares are netted off against the Group's share capital in the consolidated balance sheet and the premium attached to them is netted off against the share premium account.

Dividends received on treasury shares are eliminated on consolidation. Treasury shares are taken into account in the calculation of earnings per share.

Dividends

Dividends declared to equity holders are included in the statement of changes in equity in the year in which they are declared. Taxation costs incurred on dividends are dealt with in the income statement in the year in which they are paid.

Repurchase of issued shares

When issued shares are repurchased, the consideration paid is accounted for as a set-off against equity and reserves in the Group's consolidated balance sheet.

Share-based payment transactions

Equity settled

The fair value of share options and share appreciation rights granted to employees is recognised in profit and loss with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which employees are required to provide services in order to become unconditionally entitled to equity instruments. The fair value of the instruments granted is measured using the "binomial" option pricing model, taking into account the terms and conditions upon which the instruments are granted. The amount recognised as an expense is adjusted to reflect the actual number of share options or share appreciation rights that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

Taxation

Current taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences. Temporary differences arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base. In general, deferred tax liabilities are recognised for all

taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities (other than a business combination) which affects neither taxable profit nor the accounting profit. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Secondary Taxation on Companies

Secondary Taxation on Companies (STC) arising from the distribution of dividends is recognised in the income statement in the year that dividends are paid in accordance with the Group dividend cycle.

Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in currency units (CUs), which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise, except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- exchange differences on monetary items receivable from or payable to a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in CUs using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Instalment sales

Consideration from transactions under instalment sales are included in revenue when goods are delivered and title has passed. Finance charges, calculated on the effective interest rate method, are accounted for over the period of the agreements as instalments become due. This method approximates the net present value of anticipated future cash flows.

Sale of merchandise

Revenue from the sale of merchandise is recognised when substantially all the risks and rewards of ownership have been transferred to the buyer and the enterprise does not retain continuing managerial control of the goods to a degree usually associated with ownership, when the amount of revenue and costs incurred or to be incurred in respect of the sale transactions can be measured reliably and when the collectability of the consideration in respect of the sale is reasonably assured.

Financial services

Initiation fees and insurance income is deferred and recognised over the term of the contract.

Interest

Interest revenue is recognised on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Car rental

Revenue from car rental is recognised when the significant risks and rewards of the service have been transferred, the cost incurred or to be incurred in respect of the transaction can be reliably measured and the entity returns neither managerial involvement nor effective control over the assets rented.

Revenue from car rental is further only recognised to the extent that future economic benefits will follow to the company and the amount of revenue can be reliably measured.

Revenue from car rental from partially completed rentals is based on the percentage of completion method for contracts, determined with reference to the uninvoiced number of days to the year-end, at the average rate per day for each vehicle in the group for the month.

Rendering of service relating to motor vehicles

Revenue from services is recognised as they are provided.

Revenue from extended guarantees

Revenue from extended guarantees is recognised when the guarantee is sold and a provision is made for estimated claims.

Insurance contracts

Classification of insurance contracts

Contracts under which the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable it is not specific to a party to the contract. Insurance contracts may also transfer some financial risk.

Principles of valuation and profit recognition – long-term insurance contracts

Assets and liabilities in respect of insurance contracts are valued according to the requirements of the professional guidance notes (PGNs) issued by the Actuarial Society of South Africa (ASSA). Of particular relevance to the insurance asset and liability calculation is PGN 104: Life Offices – Valuation of Long-term Insurers.

The insurance contracts are valued in terms of the financial soundness valuation (FSV) basis contained in PGN 104 issued by the ASSA. An asset or liability for contractual benefits that are expected to be realised or incurred in the future is recorded in respect of the existing policy book when the premiums are recognised. The liability consists of both an incurred but not reported (IBNR) provision and an unearned premium (UPR) provision component.

Compulsory margins to adverse deviations are included in the assumptions as required in terms of PGN 104.

Premiums

Written premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period. Premiums are disclosed gross of commission payable to intermediaries and exclude taxes and levies based on premiums. Premiums written include adjustments to premiums written in the prior accounting period and an estimate for 'pipeline' premiums.

An estimate is made at the reporting date to recognise retrospective adjustments to premiums or commissions. The earned portion of premiums received is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Unearned premium provision

The provision for unearned premiums comprises the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily *pro rata* method.

Claims

Claims incurred in respect of general business consist of claims and claims-handling expenses paid during the financial year together with the movement in the provision for outstanding claims.

Outstanding claims comprise provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date, whether reported or not, and related internal and external claims handling expenses and an appropriate margin.

Deferred acquisition costs

Acquisition costs comprise all direct and indirect costs arising from the conclusion of insurance contracts. Deferred acquisition costs represent the proportion of acquisition costs incurred which correspond to the unearned premium provision.

Contingency reserve

In terms of the Short-term Insurance Act in South Africa, a contingency reserve of 10% of premiums written less approved reinsurance (as defined in Short-term Insurance Act, 1998) is required. This reserve can only be utilised with prior permission of the Registrar of Insurance. Transfers to and from this reserve are treated as appropriations of retained earnings.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised as part of the cost of those assets. The capitalisation rate applied is the weighted average of the net borrowing costs applicable to the net borrowings of the Group. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits are recognised during the period in which the employee renders the related service. The provisions for employee entitlements to salaries, performance bonuses

and annual leave represent the amounts which the Group has a present obligation to pay as a result of the employees' services provided. The liabilities have been calculated at undiscounted amounts based on current salary levels.

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense in the income statement as incurred. Obligations to state-managed pension schemes are dealt with as defined contribution plans where the Group's obligation under the schemes are equivalent to those arising in a defined contribution benefit plan.

Defined benefit plans

For defined retirement benefit plans the cost of providing the benefit is determined using the projected unit credit method. The scheme is actuarially valued for financial reporting purposes at each reporting date. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average remaining working lives of members.

The amount recognised in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses, past service costs, and as reduced by the fair value of plan assets. Any asset resulting from the calculation is limited to the unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

Provisions

Provisions are recognised when the Group has a present, constructive or legal obligation as a result of a past event and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

An onerous contract is a contract under which the unavoidable costs of meeting the obligation exceeds the economic benefit expected to be received under it. When a contract becomes onerous, the present obligation under a contract is recognised and measured as a provision.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct operating expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

If the effect is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits on call with banks and investment banks and other short-term, highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in value. Bank overdrafts are only included where the Group has a legal right of set-off due to cash management.

Financial instruments

Initial recognition and measurement

Financial instruments include all financial assets and liabilities held for liquidity, investment or trading. Financial instruments are initially recognised at fair value plus transaction costs, except those carried at fair value through profit and loss (FVTPL), where transaction costs are recognised immediately through the income statement. Financial instruments are recognised on trade date.

Subsequent measurement

Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost, depending on their classification.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets and liabilities are classified as FVTPL where the financial instrument is either held for trading or designated at FVTPL.

A financial asset or liability is held for trading if:

- it has been acquired or incurred principally for the purpose of selling or repurchasing in the near future; or
- it is part of an identified portfolio that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

The Group has designated foreign exchange contracts as financial instruments at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates interest earned on the financial asset.

Available-for-sale (AFS) financial assets

Unlisted shares held by the Group that are traded in an active market are classified as being AFS and are stated at fair value.

For AFS investments, gains and losses arising from changes in fair value are recognised directly in equity, in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market, other than those classified by the Group as FVTPL or AFS, are classified as loans and receivables. Loans and receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For unlisted shares classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the level of arrears of a customer, part payment of instalments or missed instalments, as well as observable changes in national or economic conditions that correlate with defaults on receivables.

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Derivative financial instruments

The Group uses derivative financial instruments to manage its risk associated with foreign currency and interest rate fluctuations relating to certain firm commitments and forecasted transactions, including foreign exchange forward contracts. Such derivatives are initially recorded at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately.

A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Fair value of derivatives and other financial instruments

The directors use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of unlisted shares includes some assumptions not supported by observable market prices or rates.

Offsetting financial assets and liabilities

Financial assets and liabilities are set-off where the Group has a legal and enforceable right to set-off and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis.

Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recoverable principally through a sale transaction, not through continuing use. The condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. These assets may be a component of an entity, a disposal group or an individual non-current asset. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair values less cost to sell.

A discontinued operation is a significant distinguishable component of the Group's business that is abandoned or terminated pursuant to a single formal plan, and which represents a separate major line of business or geographical area of operation. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. A disposal group that is to be abandoned may also qualify as a discontinued operation, but not as assets held for sale.

The profit or loss on sale or abandonment of a discontinued operation is determined from the formalised discontinuance date. Discontinued operations are separately recognised in the financial statements once management has made a commitment to discontinue the operation without a realistic possibility of withdrawal which should be expected to qualify for recognition as a completed sale within one year of classification.

Segment reporting

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance.

Segment accounting policies are consistent with those adopted for the preparation of the financial statements of the consolidated Group. A segment is a distinguishable component of the Group that is engaged in providing products or services which are subject to risks and rewards that are different from those of other segments.

The primary basis for reporting segment information are the five autonomous business divisions. The secondary basis is by significant geographical region, which is based on the location of assets. These bases are consistent with internal reporting for management.

Contingencies and commitments

Transactions are classified as contingencies where the Group's obligation depends on uncertain future events. Items are classified as commitments where the Group commits itself to future transactions or if the items will result in the acquisition of assets.

Related party transactions

The Group does not have one single controlling shareholder. All subsidiaries and associated companies of the Group are related parties, however Steinhoff Africa Holdings (Pty) Ltd exercises significant control and holds 28,8% of the issued share capital.

Group statement of comprehensive income for the year ended 31 August

	Notes	2011 (R'm)	2010 (R'm)	2009 (R'm)
Revenue		15 741	12 590	12 922
Cost of sales		8 550	6 307	6 428
Operating expenses		5 457	4 770	4 739
Administration and other expenses		1 207	1 188	1 102
Depreciation and amortisation		229	187	197
Employees		2 550	2 158	2 103
Marketing		363	321	361
Occupancy		824	696	706
Share-based payment		35	26	24
Transport and travel		246	198	249
Surplus on disposal of property, plant and equipment		3	(4)	(3)
Operating profit before debtors costs		1 734	1 513	1 755
Debtors costs		677	753	1 109
Operating profit		1 057	760	646
Investment income		5	4	9
Finance income		65	73	184
Finance costs		(160)	(181)	(272)
Share of losses of associates		2	–	(12)
Profit before taxation		969	656	555
Taxation		264	163	475
Profit for the year		705	493	80
Attributable to				
Shareholders		699	501	75
Minorities		5	7	5
Profit for the year		704	508	80
Headline earnings	1	702	499	73
Earnings per share (cents)				
– Basic	1	406.2	304.9	45.8
– Diluted	1	402.0	301.4	45.6
Cash equivalent dividends per share (cents)		200	150.0	41.0
Group statement of other comprehensive income				
Profit for the year		704	508	80
Exchange differences on translating foreign operations		(1)	(31)	(38)
Total comprehensive income for the year		703	477	42
Attributable to shareholders		698	470	37
Minorities		5	7	5
		703	477	42

Group balance sheet at 31 August

	Notes	2011 (R'm)	2010 (R'm)	Restated 2009 (R'm)
ASSETS				
Non-current assets				
		4 630	1 617	1 673
Property, plant and equipment	2	1 440	767	756
Vehicle rental fleet		17	–	–
Goodwill		1 324	493	493
Intangible assets		1 658	212	256
Investments and loans	3	84	30	92
Interest in associate	4	6	–	–
Deferred taxation		101	115	76
Current assets				
		11 887	7 664	7 249
Inventories		3 059	1 575	1 491
Trade and other receivables	5	6 704	5 276	4 910
Vehicle rental fleet		352	–	–
Financial assets		1	–	8
Taxation		395	34	104
Bank balances and cash		1 376	779	736
Assets classified as held for sale				
		217	–	–
Total assets				
		16 734	9 281	8 922
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital and premium	6	4 245	1 779	1 779
Treasury shares	7	(263)	(378)	(411)
Non-distributable and other reserves	8	231	158	166
Retained earnings		3 644	3 464	3 230
Reserves of the discontinued operation classified as held for sale		34	–	–
Shareholders for dividend		216	131	67
Shareholders' equity				
		8 107	5 154	4 831
Minority shareholders' interest		58	34	27
Total equity				
		8 165	5 188	4 858
Non-current liabilities				
		2 448	1 057	1 299
Interest-bearing long-term liabilities	9	1 717	922	878
Non-interest-bearing long-term liability		202	75	83
Deferred taxation		529	60	338
Current liabilities				
		6 030	3 036	2 765
Trade and other payables		4 933	2 424	2 141
Provisions		41	–	12
Interest-bearing liabilities	9	946	502	486
Financial liabilities		–	4	3
Taxation		82	84	112
Bank overdraft				
		28	22	11
Liabilities classified as held for sale		91	–	–
Total equity and liabilities				
		16 734	9 281	8 922

Group cash flow statement for the year ended 31 August

	Notes	2011 (R'm)	2010 (R'm)	Restated 2009 (R'm)
Cash flows from operating activities		343	62	(15)
Cash generated by trading	a	1 322	980	871
Increase in working capital	b	(313)	(334)	(325)
Cash generated by operations		1 009	646	546
Investment income		5	4	9
Finance costs – net	c	(92)	(92)	(109)
Taxation paid	d	(282)	(314)	(393)
Cash available from operating activities		640	244	53
Dividends paid	e	(297)	(182)	(68)
Cash flows from investing activities		(622)	(99)	(431)
Acquisition of subsidiary companies	f	128	–	(234)
Investment and loan receipts		–	62	1
Proceeds on disposal of property, plant and equipment		12	27	20
Additions to property, plant and equipment		(722)	(188)	(218)
Proceeds on disposal of rental fleet vehicles		43	–	–
Additions to rental fleet vehicles		(83)	–	–
Cash flows from financing activities		1 008	69	36
Proceeds on disposal of treasury shares by share incentive trust		65	27	16
Acquisition of shares by share incentive trust		(12)	(18)	–
Proceeds from minority shareholders' loans		–	–	2
Settlement of minority interest in business combination		(7)	–	–
Long-term borrowings raised		1 632	633	929
Long-term borrowings repaid		(588)	(527)	(762)
Finance lease liabilities repaid		(82)	(46)	(149)
Net increase/(decrease) in cash and cash equivalents		729	32	(410)
Cash and cash equivalents at beginning of year		757	725	1 135
Cash and cash equivalents at end of year		1 486	757	725
Included in disposed business held for sale		(138)	–	–
Cash and cash equivalents at end of year from continuing operations	g	1 348	757	725

Notes to the Group cash flow statement for the year ended 31 August

	2011	2010	Restated
	(R'm)	(R'm)	2009
			(R'm)
a Cash generated by trading			
Operating profit	1 051	772	646
Non-cash items			
Depreciation	199	149	155
Amortisation – intangible assets	36	44	42
Operating lease costs adjustments	(3)	(9)	(1)
Share-based payment	35	26	24
Surplus on disposal of property, plant and equipment	4	(3)	(3)
Revaluation of financial assets/liabilities	–	1	8
	1 322	980	871
b Increase in working capital			
Increase in inventories	(3)	(84)	(43)
Increase in trade and other receivables	(632)	(494)	(279)
Increase in trade and other payables	317	272	32
Unrealised foreign currency translation	5	(28)	(35)
	(313)	(334)	(325)
c Finance costs – net			
Interest paid (Note 4)	(160)	(181)	(272)
Interest received (Note 4)	65	80	184
Fair value adjustments of financial assets and liabilities	3	9	(21)
	(92)	(92)	(109)
d Taxation paid			
Amount (payable)/receivable at beginning of year	(50)	(8)	95
Per income statement (Note 6)	80	(356)	(490)
Acquisition of subsidiary companies	1	–	(6)
Amount payable at end of year	(313)	50	8
	(282)	(314)	(393)
e Dividends paid			
Amount in equity at beginning of year	(131)	(67)	(67)
Declared during the year	(382)	(246)	(67)
Payable to minority shareholders	–	–	(1)
Amount in equity at end of year	216	131	67
	(297)	(182)	(68)

	2011	2010	Restated
	(R'm)	(R'm)	2009
			(R'm)
f Acquisition of subsidiary companies			
Property, plant and equipment	162	–	61
Vehicle rental fleet	341	–	–
Deferred taxation	(137)	–	11
Trade and other receivables	794	–	128
Financial liabilities	54	–	(19)
Inventories	1 546	–	–
Life reserve fund	–	–	(1)
Taxation	1	–	(6)
Interest-bearing liabilities	(277)	–	(53)
Non-interest-bearing liabilities	(147)	–	(7)
Trade and other payables	(2 284)	–	(47)
Bank overdraft	830	–	(77)
Minority interest	(28)	–	(21)
	855	–	(31)
Intangible assets	1 482	–	42
Goodwill	831	–	146
Cost of investment	3 168	–	157
Bank overdraft acquired	(830)	–	77
Cash flow from acquisition of subsidiaries	(128)	–	234
g Cash and cash equivalents			
Bank balances and cash (net of overdraft)	1 348	757	725

Group statement of changes in equity for the year ended 31 August

(R'm)	Share capital	Share premium	Treasury shares	Non distributable and other reserves	Retained earnings	Shareholders for dividend	Minority shareholders' interest	Discontinued operations	Total
Balance at 31 August 2008	9	1 770	(435)	245	3 157	67	–		4 813
Profit attributable to shareholders					75		5		80
Translation of foreign entities				(38)					(38)
Arising on acquisition of subsidiary companies							21		21
Distribution to shareholders					(70)	70			–
Distribution to share incentive trust					3	(3)			–
Paid to shareholders – 15 December 2008						(70)			(70)
Paid to share incentive trust – 15 December 2008						3			3
Paid to minority shareholders							(1)		(1)
Funding received from minority shareholders							2		2
Proceeds on disposal of treasury shares by share incentive trust			16						16
Loss on disposal of treasury shares included in attributable profit			8						8
Share-based payment				24					24
Transfer to retained earnings of vested share options				(69)	69				–
Transfer to statutory reserve				4	(4)				–

(R'm)	Share capital	Share premium	Treasury shares	Non distributable and other reserves	Retained earnings	Shareholders for dividend	Minority shareholders' interest	Discontinued operations	Total
Balance at 31 August 2009 – restated	9	1 770	(411)	166	3 230	67	27		4 858
Profit attributable to shareholders					501		7		508
Translation of foreign entities				(31)					(31)
Distribution to shareholders					(255)	255			–
Distribution to share incentive trust					9	(9)			–
Paid to shareholders 14 December 2009						(70)			(70)
Paid to share incentive trust 14 December 2010							3		3
Paid to shareholders – 28 June 2010							(119)		(119)
Paid to share incentive trust 28 June 2010							4		4
Shares purchased by the share incentive trust			(18)						(18)
Proceeds on disposal of treasury shares by share incentive trust			27						27
Loss on disposal of treasury shares included in attributable profit			24		(24)				–
Share-based payment				26					26
Transfer to retained earnings of vested share options				(23)	23				–
Transfer to statutory reserve				20	(20)				–
Balance at 31 August 2010	9	1 770	(378)	158	3 464	131	34		5 188
Balance at 31 August 2010 restated	9	1 770	(378)	158	3 464	131	34		5 188

(R'm)	Share capital	Share premium	Treasury shares	Non distributable and other reserves	Retained earnings	Shareholders for dividend	Minority shareholders' interest	Discontinued operations	Total
Profit attributable to shareholders					699		5		704
Translation of foreign entities				(1)					(1)
Distribution to shareholders					(391)	391			-
Distribution to minorities							(4)		(4)
Distribution to share incentive trust					9	(9)			-
Paid to 13 December 2010 shareholders:						(136)			(136)
Paid to share incentive trust – 13 December 2010						5			5
Paid to shareholders – 27 June 2011						(171)			(171)
Paid to share incentive trust – 27 June 2011						5			5
Reserves in discontinued operation				19	(53)			34	-
Share issue	2	2 464							2 466
Acquisition of subsidiaries							28		28
Net disposal of JV's				(2)			(5)		(7)
Increase in shareholding in subsidiary					(12)				(12)
Proceeds on disposal of treasury shares by share incentive trust			65						65
Loss on disposal of treasury shares included in attributable profit			50		(50)				-
Share-based payment				35					35
Transfer to statutory reserve				22	(22)				-
Balance at 31 August 2011	11	4 234	(263)	231	3 644	216	58	34	8 156

1. Earnings per share and headline earnings per share	2011	2010	2009
Reconciliation of headline earnings:			
Profit attributable to shareholders	699	501	75
Surplus on disposal of property, plant and equipment	4	(3)	(3)
Taxation thereon	(1)	1	1
Headline earnings	702	499	73
Basic			
Weighted average number of shares in issue during the year ('000)	172 142	164 314	163 245
	Cents	Cents	Cents
Earnings per share	406.2	304.9	45.8
Surplus on disposal of property, plant and equipment	2.0	(1.8)	(1.9)
Taxation effect thereon	(0.5)	0.5	0.5
Headline earnings per share	407.7	303.6	44.4
Diluted			
Dilutive effect of bonus element in share options ('000)	1 790	1 939	869
Diluted weighted average number of shares in issue during the year ('000)	173 932	166 253	164 114
	Cents	Cents	Cents
Diluted earnings per share	402.0	301.4	45.6
Surplus on disposal of property, plant and equipment	2.0	(1.8)	(1.9)
Taxation effect thereon	0.5	0.5	0.5
Diluted headline earnings per share	403.5	300.1	44.2

The above are calculated based on R'000 amounts.

(R'm)	Property	Leasehold improvements	Vehicles and forklift trucks	Computer hardware	Computer software	Capitalised under construction	Office equipment, furniture and fittings	Year-end
2. Property, plant and equipment								
2011								
At beginning of year								
Cost	275	371	224	110	108		168	1 256
Accumulated depreciation	(8)	(173)	(99)	(65)	(65)		(79)	(489)
Net book value	267	198	125	45	43		89	767
Movement for the year								
Reclassified as held for sale								
Cost		(21)	(4)	(15)			(1)	(41)
Accumulated depreciation		13	2	11			1	27
Acquisition of subsidiaries								
Cost	5	66	42	60	3		231	407
Accumulated depreciation		(38)	(27)	(45)	(2)		(133)	(245)
Additions	14	104	23	27	9	512	33	722
Depreciation	(2)	(72)	(27)	(33)	(8)		(45)	(187)
Disposals – cost	–	(32)	(39)	–	(42)		(12)	(125)
Accumulated depreciation	–	32	38	–	27		12	109
Foreign currency translation – cost		(2)	2	2			2	4
Accumulated depreciation		(3)	2	(1)	2		2	2
At end of year								
Cost	294	486	248	184	78	512	421	2 223
Accumulated depreciation	(10)	(241)	(111)	(133)	(46)		(242)	(783)
Total net book value	284	245	137	51	32	512	179	1 440
Depreciation rates (%)	3–5.5	20	12.5–20	25	25	–	10–25	
Directors' valuation of property								488
2010								
At beginning of year								
Cost	275	355	229	109	65		173	1 206
Accumulated depreciation	(7)	(170)	(94)	(57)	(54)		(68)	(450)
Net book value	268	185	135	52	11		105	756
Movement for the year								
Additions	–	74	27	29	45		13	188
Depreciation	(1)	(53)	(26)	(29)	(12)		(28)	(149)
Disposals – cost	–	(54)	(29)	(27)	(2)		(17)	(129)
Accumulated depreciation	–	49	19	21	–		16	105
Foreign currency translation – cost	–	(4)	(3)	(1)	–		(1)	(9)
Accumulated depreciation	–	1	2	–	1		1	5
At end of year								
Cost	275	371	224	110	108		168	1 256
Accumulated depreciation	(8)	(173)	(99)	(65)	(65)		(79)	(489)
Total net book value	267	198	125	45	43		89	767
Depreciation rates (%)	3–5.5	20	12.5–20	25	25		10–25	
Directors' valuation of property	463							
2009								
At beginning of year								
Cost	230	323	275	55	47		130	1 060
Accumulated depreciation	(5)	(161)	(109)	(17)	(39)		(76)	(407)
Net book value	225	162	166	38	8		54	653
Movement for the year								
Acquisition of subsidiaries during the year								
Cost	–	8	1	56	27		26	118
Accumulated depreciation	–	(2)	–	(24)	(19)		(12)	(57)
Additions	45	87	12	32	8		34	218
Category reclassification	–	–	–	(27)	–		27	–
Depreciation	(2)	(65)	(32)	(21)	(10)		(25)	(155)
Disposals – cost	–	(59)	(57)	(5)	(13)		(44)	(178)
Accumulated depreciation	–	56	47	3	11		44	161
Foreign currency translation – cost	–	(4)	(2)	(2)	(4)		–	(12)
Accumulated depreciation	–	2	–	2	3		1	8
At end of year								
Cost	275	355	229	109	65		173	1 206
Accumulated depreciation	(7)	(170)	(94)	(57)	(54)		(68)	(450)
Total net book value	268	185	135	52	11		105	756
Depreciation rates (%)	3–5.5	20	12.5–20	25	25		10–25	
Directors' valuation of property								460

A register of property is available for inspection by members at the registered office of the company. There was no change in the nature of property, plant or equipment or in the policy regarding their use. Assets with a net book value of R287 million are encumbered under finance lease liabilities.

3. Investments and loans	2011	2010	2009
3.1 Unlisted			
Shares at cost, which approximates fair value	84	30	92
Investment in non-consolidated subsidiaries	–	–	–
Shares at cost	1	1	1
Loans to non-consolidated subsidiaries	24	24	33
	25	25	34
Impairment	(25)	(25)	(34)
	84	30	92
Directors' valuation of unlisted investments	84	30	92
3.2 Abridged aggregated balance sheet of non-consolidated subsidiaries			
Equity	1	1	1
Distributable reserves	27	26	25
Opening balance	26	25	(46)
Movement	1	1	71
Non-distributable reserves	(51)	(50)	(58)
Opening balance	(50)	(58)	15
Movement	(1)	8	(73)
Shareholders' equity	(23)	(23)	(33)
Net current assets	1	1	1
Loans from consolidated subsidiaries less amounts written off	(24)	(24)	(32)
Total assets	(23)	(23)	(32)
Reconciliation of estimated recoverable portion of loans:			
Net asset value	(23)	(23)	(32)
Loans from consolidated subsidiaries after amounts written off	24	24	33
	1	1	1

4. Interest in associate and joint venture companies

4.1 Interest in associate company

Shares at cost	–	–	–
Attributable share of post-acquisition retained earnings			
– Prior year equity accounted profits	–	–	13
– Current year equity accounted profit/(loss)	3	–	(4)
– Current year taxation credit	(1)	–	1
– Adjusted on conversion to subsidiary company	4	–	(10)
Carrying value	6	–	–

Nature of business

Blake and Associates (Pty) Ltd, a subsidiary of the Group, acquired 37.5% interest in Censeo (Pty) Ltd, an insurance claims investigation business.

5. Trade and other receivables	2011	2010	2009
Instalment sale receivables ¹	5 921	5 224	4 985
Trade receivables	629	69	70
Total instalment sale and trade receivables	6 550	5 293	5 055
Less: Impairment provision	(598)	(586)	(761)
Net instalment sale and trade receivables	5 952	4 707	4 294
Other receivables	752	569	616
Total trade and other receivables	6 704	5 276	4 910
Provisions as a percentage of instalment sale and trade receivables (%)	9.1	11.1	15.1
The maturity profile of instalment sale receivables is as follows:			
– Receivable within one year	4 705	4 127	3 851
– Receivable thereafter	1 216	1 097	1 108
Total instalment sale receivables	5 921	5 224	4 959

In accordance with industry norms, amounts due from instalment sale receivables after one year are included in current assets. The credit terms of instalment sale receivables range from three to 36 months.

The directors consider the carrying amount of trade and other receivables to approximate their fair values.

Bank borrowings are secured by a negative pledge of instalment sale receivables

6. Share capital and premium

Share capital

Authorised 250 000 000 (2010: 250 000 000) ordinary shares of 5 cents each

13	13	13
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Issued 219 830 000 (2010: 170 500 000) ordinary shares of 5 cents each

11	9	9
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Share premium

Balance at beginning of year

1 770	1 770	1 770
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Movement during the year

2 464	–	–
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Balance at end of year

4 234	1 770	1 770
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Total share capital and premium

4 245	1 779	1 779
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7 078 557 (2010: 9 052 365) shares are under option to employees of the Group in terms of The JD Group Employee Share Incentive Scheme at prices varying between R14.28 and R79.83 per share.

No more shares are under the control of the directors to be granted in terms of The JD Group Share Incentive Scheme.

6 209 500 (2010: 3 912 500) share appreciation rights are allocated to employees of the Group in terms of The JD Group Share Appreciation Rights Scheme at prices varying between R40.67 and R51.30 per share.

1 159 500 (2010: 487 500) share appreciation rights are under the control of the directors to be allocated in terms of The JD Group Share Appreciation Rights Scheme.

A maximum of 3.5 million of the remaining unissued shares are under the control of the directors until the forthcoming annual general meeting.

49 330 000 shares were issued to Steinhoff Africa as a portion of the consideration paid for Unitrans Auto and SteinBuild at a premium of R49.95 per share.

1. Classified as originated loans and receivables and carried at amortised cost.

7. Treasury shares	2011	2010	2009
JD Group Limited ordinary shares of 5 cents each held by the JD Group Employee Share Incentive Scheme at cost: 4 309 527 (2010: 6 208 085) ordinary shares	263	378	411
8. Non-distributable and other reserves			
Are made up as follows:			
Foreign currency translation reserve (after adjustment of disposed business)	(69)	(85)	(54)
Revaluation of shares issued pursuant to the acquisition of Profurn	139	139	139
Share-based payment reserve	115	80	77
Statutory reserve – insurance contingency	46	24	4
	231	158	166
9. Interest-bearing liabilities			
Bank borrowings	2 367	1 323	1 217
Finance lease liabilities	296	101	147
	2 663	1 424	1 364
Payable within one year reflected under current liabilities	(946)	(502)	(486)
	1 717	922	878

These liabilities are carried at amortised cost. The directors consider the carrying value of interest-bearing liabilities to approximate their fair value.

Bank borrowings are secured by a negative pledge of instalment sale receivables of R5 921 million (2010: R5 224 million).

The interest rates per annum are:

2011

On R350 million: fixed rate at 8.95%; repayable in quarterly instalments of interest of approximately R94 million and a single capital instalment on 24 August 2014.

On R220 million: variable rate linked to JIBAR, fixed at 8.08% until 22 November 2011; repayable in quarterly instalments of interest of approximately R26.5 million, and one final payment of capital and interest on 22 August 2012.

On R200 million: variable rate linked to JIBAR, fixed at 10.33% until 20 September 2011; repayable in quarterly instalments of capital and interest of approximately R105 million, and one final payment of capital and interest on 30 September 2016.

On R200 million: fixed at 9.19%; repayable in quarterly instalments of interest of approximately R54 million, with a final capital repayment due on 31 July 2014.

On R200 million: variable rate linked to prime, currently fixed at 5.5%; repayable in quarterly instalments of capital and interest of approximately R26 million, and one final payment of capital and interest on 1 October 2012.

On R167 million: variable rate linked to JIBAR, fixed at 7.78% until 30 November 2011; repayable in quarterly instalments of interest of approximately R18 million, with a final capital repayment due on 25 February 2014.

On R150 million: fixed rate at 8.66%; repayable in quarterly instalments of interest of approximately R36 million and a single capital instalment on 24 August 2016.

On R140 million: variable rate linked to JIBAR, fixed at 8.18% until 3 October 2011; repayable in quarterly instalments of capital and interest of approximately R22 million with a final capital repayment due on 20 May 2013.

On R133 million: variable rate linked to JIBAR, fixed at 7.48% until 31 October 2011; repayable in quarterly instalments of interest of approximately R11 million, with a final capital repayment due on 30 July 2013.

On R93.75 million: variable rate linked to JIBAR, fixed at 9.57% until 28 October 2011; repayable in quarterly instalments of interest of approximately R6 million, with a final capital repayment due on 30 April 2012.

On R50 million: variable rate linked to JIBAR, fixed at 7.48% until 30 September 2011; repayable in quarterly instalments of interest of approximately R1.8 million, with a final capital repayment due on 31 March 2012.

On R96.8 million: variable rate linked to JIBAR, fixed at 6.66% until 08 November 2011; with the final capital and interest of approximately R3.2 million, repayable on 8 November 2011.

On R50 million: variable rate linked to JIBAR, fixed at 9.07% until 3 October 2011.

On R96.8 million: variable rate linked to JIBAR, fixed at 6.66% until 8 November 2011; with the final capital and interest of approximately R3.2 million, repayable on 8 November 2011.

On R50 million: variable rate linked to JIBAR, fixed at 9.07% until 3 October 2011; repayable in quarterly instalments of interest of approximately R4 million, with a final capital repayment due on 18 May 2012.

On R50 million: variable rate linked to JIBAR, currently fixed at 7.83%; with interest of approximately R10 million, repayable quarterly, with the final capital repayment due on 3 March 2014.

On R50 million: variable rate linked to JIBAR, currently fixed at 7.83%; with interest of approximately R10 million, repayable quarterly, with the final capital repayment due on 3 May 2014.

On R50 million: variable rate linked to JIBAR, currently fixed at 7.83%; with interest of approximately R11 million, repayable quarterly, with the final capital repayment due on 2 July 2014.

On R50 million: variable rate linked to JIBAR, currently fixed at 7.83%; with interest of approximately R15 million, repayable quarterly, with the final capital repayment due on 18 May 2015.

On R50 million: variable rate linked to JIBAR, currently fixed at 7.97%; with interest of approximately R12 million, repayable quarterly, with the final capital repayment due on 16 September 2015.

On R65 million: variable rate linked to JIBAR, currently fixed at 7.97%; with interest of approximately R20 million, repayable quarterly, with the final capital repayment due on 17 June 2015.

Interest-bearing liabilities are repayable in the following financial years:

Bank borrowings

	2011	2010
2011	–	456
2012	676	260
2013	503	407
2014	736	200
2015 or later	425	–
	2,367	1,323

Finance lease liabilities – present value of lease obligations

2011	–	46
2012	270	53
2013	8	2
2014	5	–
2015	13	–
	296	101

The obligations payable under finance leases are analysed further as follows:

Minimum lease payments		
Amounts payable within one year	277	56
Amounts payable thereafter	34	60
	311	116
Less: Future finance charges	(15)	(15)
Present value of lease obligations	296	101

In terms of the articles of association of the company and all its subsidiaries, borrowing powers are unlimited.

Segmental analysis – geographical (for the year ended 31 August)

		South Africa	Neighbouring countries	Europe	Total
2011					
Revenue	(Rm)	15,242	499		15,741
Operating profit	(Rm)	1,010	47		1,057
Depreciation	(Rm)	190	3		193
Total assets	(Rm)	16,212	305	217	16,734
Total current liabilities	(Rm)	5,959	71		6,030
Capital expenditure	(Rm)	803	2		805
Operating margin	(%)	6.6	9.4		6.7
Total sale of merchandise	(Rm)	11,322	418		11,740
Share of Group sale of merchandise	(%)	96.4	3.6		100.0
Credit sales	(Rm)	3,082	99		3,181
Percentage of total	(%)	27.2	23.7		27.1
Cash sales	(Rm)	8,240	319		8,559
Percentage of total	(%)	72.8	76.3		72.9
Number of stores		1,202	25		1,227
Revenue per store	(R000)	12,681	19,960		12,829
Number of employees		24,783	935		25,718
Revenue per employee	(R000)	615	534		612
Instalment sale receivables	(Rm)	5,810	111		5,921
2010					
Revenue	(Rm)	12,109	481	–	12,590
Operating profit	(Rm)	740	20	–	760
Depreciation	(Rm)	141	3	–	144
Total assets	(Rm)	8,744	305	232	9,281
Total current liabilities	(Rm)	2,843	81	112	3,036
Capital expenditure	(Rm)	179	3	6	188
Operating margin	(%)	6.1	4.2	–	6.0
Total sale of merchandise	(Rm)	8,491	410	–	8,901
Share of Group sale of merchandise	(%)	95.4	4.6	–	100.0
Credit sales	(Rm)	3,043	119	–	3,162
Percentage of total	(%)	35.8	29.0	–	35.5
Cash sales	(Rm)	5,448	291	–	5,739
Percentage of total	(%)	64.2	71.0	–	64.5
Number of stores		1,015	26	–	1,041
Revenue per store	(R000)	11,930	18,500	–	12,094
Number of employees		18,680	506	–	19,136
Revenue per employee	(R000)	648	951	–	656
Instalment sale receivables	(Rm)	5,110	114		5,224

Segmental analysis – business divisions (for the year ended 31 August)

	Traditional retail		Financial services			Cash retail		Unitrans/Steinbuild		New business development		Corporate		Discontinued operations		Group	
	2011	2010	2011	2010 ³	2011	2010	2011	2010	2011	2010 ³	2011	2010	2011	2010 ²	2011	2010	
Revenue	(Rm) 5,775	(Rm) 5,339	3,314	3,140	4,578	4,308	2,376		245	267	(547) ¹	(464) ¹	15,741		15,741	12,590	
Operating profit	(Rm) 315	(Rm) 182	723	604	224	190	59		30	15	(294)	(231)	1,057		1,057	760	
Depreciation	(Rm) 57	(Rm) 32	24	21	51	46	19		16	19	26	26	193		193	144	
Total assets	(Rm) 1,374	(Rm) 1,016	5,965	4,961	1,070	507	5,311		103	397	2,694	2,168	16,734	232	16,734	9,281	
Total current liabilities	(Rm) 1,547	(Rm) 1,249	80	323	770	619	2,565		22	442	1,046	291	6,030	112	6,030	3,036	
Capital expenditure	(Rm) 114	(Rm) 44	16	23	46	56	88		10	15	531	44	805	6	805	188	
Operating margin	(%) 5.5	(%) 3.4	21.8	19.2	4.9	4.4	2.5		12.2	5.6			6.7		6.7	6.0	
Total sale of merchandise	(Rm) 4,963	(Rm) 4,619			4,518	4,282	2,259						11,740		11,740	8,901	
Share of Group sale of merchandise	(%) 42.3	(%) 51.9			38.5	48.1	19.2						100.0		100.0	100.0	
Credit sales	(Rm) 3,181	(Rm) 3,162											3,181		3,181	3,162	
Percentage of total	(%) 64.1	(%) 68.5											27.1		27.1	35.5	
Cash sales	(Rm) 1,782	(Rm) 1,457			4,518	4,282	2,259						8,559		8,559	5,739	
Percentage of total	(%) 35.9	(%) 31.5			100.0	100.0	100.0						72.9		72.9	64.5	
Number of stores	988	949	988	949	96	92	143						1,227		1,227	1,041	
Revenue per store	(R000) 5,845	(R000) 5,626	3,354	3,035	47,688	46,826	16,615						12,829		12,829	12,094	
Retail square metreage	496,372	495,584	55,152	55,065	97,938	90,617	568,994						1,218,456	1,218,456	641,266		
Revenue per square metre	(Rand) 11,634	(Rand) 10,773			46,744	47,541	4,176						12,919		12,919	19,633	
Number of employees	9,035	8,928	4,809	4,560	3,625	3,608	6,015		1 646	1 551	588	539	25,718		25,718	19,186	
Revenue per employee	(R000) 639	(R000) 598	689	704	1,263	1,194	395		149	261			612		612	656	
Instalment sale receivables	(Rm) 5,921	(Rm) 5,224	5,921	5,224									5,921		5,921	5,224	
Impairment provision	(Rm) 545	(Rm) 586	545	586									598		598	586	
Bad debts written off	(Rm) 711	(Rm) 930	711	930									711		711	930	
Receivables' arrears	(Rm) 1,058	(Rm) 1,022	1,058	1,022									1,058		1,058	1,022	
Deposit rate on credit sales	(%) 5.9	(%) 7.6	5.9	7.6									5.9		5.9	7.6	
Collection rate	(%) 6.4	(%) 6.1	6.4	6.1									6.4		6.4	6.1	

1. Elimination of inter-divisional origination fees.

2. 2010 has been restated to eliminate Abra, which is disclosed as a discontinued operation.

3. Maravedi has been integrated into Financial Services and restated from New Business Development.

JD Group Limited – Company financial statements

The company operates as an investment holding company only. All trading and banking is conducted through its wholly-owned subsidiaries. Consequently, no cash flow statement is presented. The statement of changes in equity has not been prepared as the movement is evident from the company income statement and Group statement of changes in equity.

(Rm)	Notes	2011	2010	2009
Income statement:				
Dividend received from JDG Trading (Pty) Limited		333	1	11
Interest received		6		
Interest paid		(8)	(2)	(1)
Impairment provision (raised)/released – loan to share incentive trust	1	(21)	(4)	83
Management fees received		–	–	3
Other operating expenses		(2)	(1)	(3)
(Loss)/Profit before taxation		308	(6)	93
Taxation – Secondary Taxation on Companies		30	18	6
(Loss)/Profit attributable to shareholders		278	(24)	87
Balance sheet:				
Assets				
Investment in JDG Trading (Pty) Limited – shares at cost				
Loan to JDG Trading (Pty) Limited	2	2,197	1,091	1,091
Loans to other Group companies	3	166	810	1,003
		2,068	–	1
Interest in subsidiary company – JDG Trading (Pty) Limited				
Loan to share incentive trust		4,431	1,901	2,095
Other assets		161	256	276
Bank balances		1	–	–
		6	4	3
Total assets		4,599	2,161	2,374
Equity and liabilities				
Share capital and premium		4,245	1,779	1,779
Retained income		132	245	524
Opening balance		245	524	507
(Loss)/Profit attributable to shareholders		278	(24)	87
Distribution to shareholders		(391)	(255)	(70)
Shareholders for dividend		220	136	70
		4,597	2,160	2,373
Other liabilities		2	1	–
Total equity and liabilities		4,599	2,161	2,374

Notes:

1. Due to current market conditions, the underlying fair value of the shares held by the share incentive trust amounted to R145 million (2010: R124 million) less than the carrying value of the loan to the trust at 31 August 2011.
2. The loan to JDG Trading (Pty) Limited is interest free with no fixed date of repayment
3. The loans to Unitrans Auto (R1 889 million) and SteinBuild (R169 million) bear interest at rates agreed upon from time to time and have no fixed dates of repayment.

The company has issued guarantees and/or sureties to the providers of finance to its direct subsidiary, JDG Trading (Pty) Limited, for the repayment of bank borrowings for the amount of R2 367 million.

DEALINGS IN JD GROUP AND KAP

IAM's and PIC's dealings in the ordinary shares of JD Group during the six-month period preceding the date of announcement of the Partial Offer (being 26 January 2012) and the interim period from 26 January 2012 to the Last Practicable Date as set out below:

Shareholder	Date	Volume bought	Volume sold	Average daily purchase price (R)	Average daily selling price (R)
IAM	29/07/2011	88,500	–	43.25	–
	29/07/2011	–	28,660	–	42.99
	01/08/2011	–	68,640	–	43.11
	05/08/2011	–	445,930	–	40.21
	08/08/2011	–	246,210	–	38.74
	10/08/2011	–	961,109	–	37.80
	16/08/2011	–	500,000	–	39.00
	17/08/2011	–	389,608	–	38.91
	17/08/2011	105,800	–	38.90	–
	18/08/2011	–	160,000	–	38.86
	23/08/2011	17,856	–	38.75	–
	24/08/2011	87,844	–	38.67	–
	29/08/2011	81,157	–	39.35	–
	30/08/2011	83,143	–	39.57	–
	31/08/2011	125,500	–	40.31	–
	01/09/2011	130,000	–	41.35	–
	12/09/2011	–	122,600	–	39.63
	16/09/2011	–	15,731	–	40.37
	21/09/2011	–	4,039	–	39.88
	24/10/2011	–	261,213	–	40.90
	28/10/2011	117,782	–	43.47	–
	31/10/2011	141,948	–	44.48	–
	31/10/2011	149,005	–	44.48	–
	31/10/2011	–	6,760	–	44.49
	01/11/2011	122,791	–	44.19	–
	01/11/2011	303,470	–	43.84	–
	01/11/2011	–	59,031	–	43.81
	02/11/2011	170,919	–	43.49	–
	02/11/2011	235,800	–	43.49	–
	03/11/2011	37,799	–	43.50	–
	03/11/2011	114,989	–	43.63	–
	04/11/2011	266,792	–	43.99	–
	11/11/2011	339	–	43.50	–
	11/11/2011	12,700	–	44.54	–
	14/11/2011	538,500	–	45.05	–
	22/11/2011	–	39,653	–	45.49
	22/11/2011	39,653	–	45.49	–
	24/11/2011	150,261	–	45.87	–
	24/11/2011	207,504	–	45.87	–
	25/11/2011	12,883	–	46.00	–
	25/11/2011	17,792	–	46.00	–
	28/11/2011	30,300	–	46.19	–
	30/11/2011	22,000	–	46.46	–

Shareholder	Date	Volume bought	Volume sold	Average daily purchase price (R)	Average daily selling price (R)
IAM	01/12/2011	–	129,453	–	46.72
<i>(continued)</i>	01/12/2011	129,453	–	46.72	–
	02/12/2011	9,000	–	47.72	–
	02/12/2011	35,000	–	47.72	–
	08/12/2011	–	631,704	–	47.51
	08/12/2011	631,704	–	47.51	–
	09/12/2011	–	6,800	–	46.85
	12/12/2011	–	730,578	–	47.41
	12/12/2011	–	900	–	47.40
	12/12/2011	900	–	47.40	–
	13/12/2011	2,600	–	47.28	–
	21/12/2011	213,884	–	45.31	–
	22/12/2011	68,349	–	46.18	–
	22/12/2011	92,850	–	46.18	–
	23/12/2011	122,770	–	46.29	–
	28/12/2011	25,731	–	46.82	–
	28/12/2011	344,862	–	47.22	–
	29/12/2011	101,754	–	48.73	–
	29/12/2011	112,917	–	48.73	–
	30/12/2011	910	–	48.50	–
	03/01/2012	900	–	49.84	–
	03/01/2012	1,295	–	48.35	–
	03/01/2012	50,000	–	49.00	–
	04/01/2012	100,000	–	49.75	–
	04/01/2012	101,447	–	49.75	–
	11/01/2012	18,000	–	51.18	–
	11/01/2012	334,147	–	51.35	–
	11/01/2012	188,786	–	51.47	–
	11/01/2012	60,853	–	51.35	–
	11/01/2012	75,000	–	51.50	–
	11/01/2012	84,400	–	51.47	–
	12/01/2012	7,377	–	51.50	–
	12/01/2012	42,623	–	51.50	–
	12/01/2012	54,477	–	51.60	–
	12/01/2012	314,723	–	51.60	–
	12/01/2012	243,042	–	51.70	–
	12/01/2012	42,069	–	51.70	–
	12/01/2012	12,336	–	51.50	–
	12/01/2012	65,252	–	51.50	–
	13/01/2012	52,006	–	52.04	–
	13/01/2012	301,522	–	52.04	–
	13/01/2012	51,579	–	51.96	–
	13/01/2012	251,329	–	51.96	–
	13/01/2012	144,637	–	52.00	–
	13/01/2012	21,611	–	52.00	–
	16/01/2012	2,812	–	52.00	–
	16/01/2012	477,363	–	51.98	–
	16/01/2012	21,955	–	52.00	–
	16/01/2012	128,045	–	52.00	–
	16/01/2012	78,000	–	52.09	–
	16/01/2012	58,734	–	52.20	–
	16/01/2012	342,258	–	52.20	–
	17/01/2012	5,300	–	52.15	–
	17/01/2012	13,332	–	52.10	–
	17/01/2012	73,242	–	52.10	–

Shareholder	Date	Volume bought	Volume sold	Average daily purchase price (R)	Average daily selling price (R)
IAM (continued)	18/01/2012	2,933	–	52.09	–
	18/01/2012	16,750	–	52.09	–
	18/01/2012	14,745	–	52.20	–
	18/01/2012	29,491	–	52.20	–
	18/01/2012	85,255	–	52.20	–
	18/01/2012	170,509	–	52.20	–
	19/01/2012	450,409	–	52.02	–
	19/01/2012	87,007	–	52.02	–
	19/01/2012	32,380	–	52.04	–
	19/01/2012	167,620	–	52.04	–
	20/01/2012	40,475	–	51.06	–
	20/01/2012	81,000	–	51.06	–
	20/01/2012	209,525	–	51.06	–
	23/01/2012	97,788	–	50.99	–
	23/01/2012	459,796	–	50.99	–
	24/01/2012	–	486,900	–	50.66
	24/01/2012	–	11,900	–	50.66
	24/01/2012	422,066	–	50.66	–
	24/01/2012	28,895	–	50.49	–
	24/01/2012	158,934	–	50.49	–
	24/01/2012	76,734	–	50.66	–
	25/01/2012	121,934	–	50.50	–
	25/01/2012	22,169	–	50.50	–
	26/01/2012	2,200	–	49.50	–
	26/01/2012	–	212,792	–	49.27
	26/01/2012	–	287,208	–	49.27
	26/01/2012	500,000	–	49.27	–
	26/01/2012	–	20,000	–	50.00
	26/01/2012	15,554	–	49.77	–
	26/01/2012	85,552	–	50.09	–
	27/01/2012	–	350,000	–	48.37
	27/01/2012	–	271,508	–	48.37
	27/01/2012	621,508	–	48.37	–
	30/01/2012	500,000	–	48.30	–
	30/01/2012	–	230,958	–	48.30
	30/01/2012	–	269,042	–	48.30
	31/01/2012	–	230,959	–	49.43
	31/01/2012	500,000	–	49.43	–
	31/01/2012	–	296,241	–	49.43
	31/01/2012	27,200	–	49.43	–
	01/02/2012	–	120,930	–	50.00
	01/02/2012	–	259,540	–	49.89
	01/02/2012	–	240,460	–	49.89
01/02/2012	500,000	–	49.89	–	
02/02/2012	–	122,764	–	50.88	
02/02/2012	–	83,673	–	50.88	
02/02/2012	–	77,523	–	50.88	
02/02/2012	283,960	–	50.88	–	
03/02/2012	15,534	–	51.17	–	
03/02/2012	–	122,763	–	51.14	
03/02/2012	122,763	–	51.14	–	
06/02/2012	31,805	–	51.03	–	
07/02/2012	–	70,600	–	50.94	
07/02/2012	–	29,488	–	50.94	
07/02/2012	160,408	–	50.93	–	
08/02/2012	65,064	–	50.54	–	

Shareholder	Date	Volume bought	Volume sold	Average daily purchase price (R)	Average daily selling price (R)	
PIC	12/08/2011	–	110,318	–	41.00	
	15/08/2011	–	15,867	–	40.07	
	16/08/2011	–	77,144	–	38.81	
	17/08/2011	–	192,197	–	37.88	
	18/08/2011	–	166,324	–	38.12	
	19/08/2011	–	211,340	–	38.93	
	22/08/2011	–	96,709	–	38.97	
	05/09/2011	–	195,337	–	39.30	
	06/09/2011	–	110,000	–	39.58	
	07/09/2011	–	110,000	–	40.06	
	08/09/2011	–	110,000	–	41.28	
	09/09/2011	–	19,800	–	40.87	
	12/09/2011	–	100,200	–	40.06	
	13/09/2011	–	100,000	–	39.97	
	14/09/2011	–	110,000	–	40.08	
	15/09/2011	–	110,000	–	40.35	
	19/09/2011	–	110,000	–	39.72	
	21/09/2011	–	80,000	–	39.80	
	22/09/2011	–	140,000	–	40.16	
	13/10/2011		126,791	–	37.10	–
	14/10/2011		43,052	–	37.38	–
	17/10/2011		30,157	–	38.12	–
	08/11/2011		–	93,700	–	43.69
	09/11/2011		–	59,300	–	43.49
	15/11/2011		–	18,125	–	44.30
	16/11/2011		–	145,750	–	44.25
	18/11/2011		–	80,900	–	44.40
	21/11/2011		–	183,475	–	45.03
	05/12/2011		–	41,227	–	46.05
	06/12/2011		–	134,448	–	46.13
	07/12/2011		–	85,724	–	46.57
	08/12/2011		–	4,848	–	47.08
	09/12/2011		–	53,088	–	47.37
12/12/2011		–	25,504	–	46.81	
20/12/2011		–	450,000	–	47.47	
28/12/2011		–	164,391	–	46.72	
17/01/2012		–	151,847	–	50.89	
30/01/2012		–	511,754	–	50.99	
02/02/2012		–	127,148	–	51.01	

IAM's and PIC's dealings in the ordinary shares of KAP during the six-month period preceding the date of announcement of the Partial Offer (being 26 January 2012) and the interim period from 26 January 2012 to the Last Practicable Date as set out below:

Shareholder	Date	Volume bought	Volume sold	Average daily purchase price (R)	Average daily selling price (R)
IAM	26/07/2011	10,543	–	2.55	–
	27/07/2011	8,500	–	2.55	–
	10/08/2011	85,000	–	2.55	–
	11/08/2011	40,213	–	2.55	–
	12/08/2011	51,950	–	2.55	–
	16/08/2011	10,014	–	2.55	–
	18/08/2011	1,318	–	2.55	–
	13/09/2011	–	19,129	–	2.55
	13/09/2011	19,251	–	2.55	–
	15/09/2011	3,265	–	2.55	–
	16/09/2011	100,000	–	2.55	–
	20/09/2011	44,202	–	2.55	–
	23/09/2011	30,599	–	2.45	–
	14/12/2011	10,000	–	2.80	–
	20/01/2012	357,000	–	3.15	–
	20/01/2012	73,000	–	3.15	–
31/01/2012	112,200	–	3.10	–	
PIC	23/08/2011	–	3,500	–	2.60
	24/08/2011	–	99,560	–	2.60
	25/08/2011	–	6,754	–	2.60
	31/08/2011	–	100,300	–	2.60
	09/09/2011	–	24,034	–	2.60

TRADING HISTORY OF JD GROUP ON THE JSE

The high, low and closing prices and the aggregated volumes and values at which JD Group Shares traded on the JSE quarterly from January 2009 to December 2011, are provided below:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
March 2009	3,995	2,600	3,301	2,139,714,740	61,411,535
June 2009	4,319	2,979	4,045	1,774,790,290	48,223,835
September 2009	5,020	3,901	4,460	3,561,486,370	81,994,510
December 2009	4,960	3,916	4,960	2,894,384,770	66,153,574
March 2010	5,299	4,197	4,425	3,742,987,740	81,636,509
June 2010	4,724	3,835	4,050	3,183,628,980	74,400,395
September 2010	4,775	3,965	4,774	1,838,671,420	41,788,441
December 2010	5,865	4,599	5,800	2,713,980,750	51,537,531
March 2011	6,069	4,244	4,840	3,547,001,070	71,757,189
June 2011	5,079	4,008	4,223	2,604,736,300	57,860,519
September 2011	4,505	3,743	3,820	1,376,856,710	33,985,732
December 2011	5,145	3,456	4,850	2,275,380,640	51,857,964

The high, low and closing prices of JD Group Shares on the JSE and the aggregated monthly value and volumes traded for each month over the 12 months prior to the date of issue of this Circular are as follows:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
February 2011	5,360	4,865	5,220	930,256,817	18,125,554
March 2011	5,310	4,244	4,840	1,832,567,495	39,328,468
April 2011	5,079	4,695	4,795	904,264,865	18,644,886
May 2011	4,800	4,046	4,409	714,103,796	15,878,983
June 2011	4,440	4,008	4,223	986,367,637	23,336,650
July 2011	4,505	4,160	4,267	362,172,989	8,311,829
August 2011	4,420	3,743	4,075	629,669,116	15,990,275
September 2011	4,205	3,764	3,820	385,014,608	9,683,628
October 2011	4,544	3,456	4,440	761,405,511	18,837,013
November 2011	4,733	4,161	4,687	850,178,768	18,962,783
December 2011	5,145	4,325	4,850	663,796,363	14,058,168
January 2012	5,300	4,765	4,950	991,493,463	19,475,305

Source: Inet

The high, low and closing price of JD Group Shares on the JSE for each trading day over the 30 days preceding the Last Practicable Date, and the daily trading volumes and values, are as follows:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
28 December 2011	5,145	4,600	4,789	69,854,848	1,471,611
29 December 2011	4,893	4,687	4,880	32,514,825	669,035
30 December 2011	4,925	4,840	4,850	16,548,680	339,442
3 January 2012	4,994	4,765	4,978	13,540,398	275,105
4 January 2012	5,300	4,900	5,078	49,994,966	993,411
5 January 2012	5,141	4,947	5,125	29,350,000	576,807
6 January 2012	5,277	4,988	5,019	11,432,226	226,705
9 January 2012	5,029	4,910	5,011	21,676,489	433,925
10 January 2012	5,135	5,040	5,080	32,369,624	636,202
11 January 2012	5,212	5,001	5,150	73,310,390	1,425,037
12 January 2012	5,200	5,150	5,170	78,464,141	1,520,821
13 January 2012	5,238	5,170	5,205	77,560,935	1,490,515
16 January 2012	5,250	5,158	5,205	125,958,889	2,419,319
17 January 2012	5,249	5,201	5,210	15,297,344	293,397
18 January 2012	5,294	5,201	5,211	35,189,886	673,910
19 January 2012	5,300	5,158	5,180	76,681,304	1,474,447
20 January 2012	5,245	5,090	5,125	42,966,521	839,403
23 January 2012	5,197	5,082	5,100	45,752,221	897,096
24 January 2012	5,100	5,002	5,060	34,084,722	673,032
25 January 2012	5,099	5,010	5,076	33,864,170	669,915
26 January 2012	5,150	4,876	4,950	81,124,489	1,630,835
27 January 2012	4,950	4,801	4,801	46,019,386	951,419
30 January 2012	4,900	4,800	4,830	19,816,578	410,281
31 January 2012	4,999	4,830	4,950	47,038,784	963,723
1 February 2012	5,023	4,950	4,970	50,227,447	1,006,913
2 February 2012	5,169	5,001	5,147	54,664,017	1,074,241
3 February 2012	5,159	4,946	5,129	13,440,362	262,787
6 February 2012	5,199	5,021	5,121	6,186,346	121,245
7 February 2012	5,200	5,010	5,064	17,209,136	337,891
8 February 2012	5,119	4,840	5,050	18,630,183	368,955

Source: Inet

TRADING HISTORY OF KAP ON THE JSE

The high, low and closing prices and the aggregated volumes and values at which KAP Shares traded on the JSE quarterly from January 2009 to December 2011, are provided below:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
March 2009	175	101	140	18,616,611	14,212,626
June 2009	140	100	135	22,618,886	17,411,782
September 2009	210	120	210	9,720,634	5,561,268
December 2009	250	170	250	13,583,105	6,494,416
March 2010	250	131	250	11,419,884	4,730,164
June 2010	250	200	229	13,856,348	5,939,565
September 2010	249	170	225	20,791,149	9,312,348
December 2010	265	206	265	30,488,784	11,988,756
March 2011	245	205	235	27,400,752	12,102,434
June 2011	265	220	262	16,201,148	6,558,194
September 2011	270	225	240	5,691,983	2,213,683
December 2011	315	215	310	11,375,797	4,615,087

The high, low and closing prices of KAP Shares on the JSE and the aggregated monthly value and volumes traded for each month over the 12 months prior to the date of issue of this Circular are as follows:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
February 2011	240	211	225	7,575,532	3,358,046
March 2011	239	205	235	6,387,237	2,927,237
April 2011	255	220	250	3,103,248	1,321,820
May 2011	255	225	255	1,428,795	574,173
June 2011	265	230	262	11,669,105	4,662,201
July 2011	265	255	255	2,654,952	1,033,885
August 2011	270	245	259	2,149,291	830,545
September 2011	268	225	240	887,740	349,253
October 2011	248	215	245	5,604,768	2,420,476
November 2011	265	237	259	3,181,015	1,237,033
December 2011	315	256	310	2,590,014	957,578
January 2012	315	286	310	6,978,727	2,237,078

Source: Inet

The high, low and closing price of KAP Shares on the JSE for each trading day over the 30 days preceding the Last Practicable Date, and the daily trading volumes and values, are as follows:

Date	High (cents)	Low (cents)	Close (cents)	Aggregate value (R)	Aggregate volume (shares)
28 December 2011	310	310	310	118,897	38,354
29 December 2011	310	305	310	35,398	11,580
30 December 2011	310	310	310	45,260	14,600
3 January 2012	–	–	310	–	–
4 January 2012	310	300	310	10,273	3,421
5 January 2012	310	310	310	43,400	14,000
6 January 2012	310	310	310	93,298	30,096
9 January 2012	310	308	310	253,162	81,666
10 January 2012	310	305	305	14,080	4,600
11 January 2012	310	308	310	56,082	18,091
12 January 2012	310	310	310	4,650	1,500
13 January 2012	–	–	310	–	–
16 January 2012	310	310	310	9,998	3,225
17 January 2012	310	300	300	1,917,010	619,262
18 January 2012	315	315	315	3,276	1,040
19 January 2012	315	314	315	501,314	159,241
20 January 2012	315	314	314	2,571,725	816,500
23 January 2012	310	305	305	312,745	100,900
24 January 2012	310	305	305	34,050	11,000
25 January 2012	300	286	290	15,530	5,322
26 January 2012	310	300	310	654,483	211,190
27 January 2012	310	310	310	46,500	15,000
30 January 2012	310	310	310	64,716	20,876
31 January 2012	310	306	310	372,435	120,148
1 February 2012	310	305	310	30,949	10,099
2 February 2012	–	–	310	–	–
3 February 2012	310	310	310	3,875	1,250
6 February 2012	310	305	305	133,527	43,100
7 February 2012	310	300	300	69,002	22,324
8 February 2012	305	300	300	57,493	18,956

Source: Inet

OPINION LETTER OF THE INDEPENDENT EXPERT TO THE INDEPENDENT BOARD

“PRIVATE AND CONFIDENTIAL

10 February 2012
The Directors
JD Group Limited
JD House
27 Stiemens Street
Braamfontein
2001

Dear Directors

FAIRNESS OPINION ON THE PROPOSED PARTIAL OFFER FROM STEINHOFF INTERNATIONAL HOLDINGS LIMITED TO THE SHAREHOLDERS OF JD GROUP LIMITED

1. INTRODUCTION

In an announcement dated 18 October 2011 Steinhoff International Holdings Limited (“Steinhoff”) announced that KAP International Holdings Limited (“KAP”) and Steinhoff, through its wholly owned subsidiary, Steinhoff Africa Holdings (Proprietary) Limited (“Steinhoff Africa”), had in principle agreed to the acquisition by KAP of:

- Unitrans Holdings Proprietary Limited (“Unitrans Logistics”);
- PG Bison Holdings Proprietary Limited (“PG Bison”);
- SHF Raw Materials Proprietary Limited (“SHF Raw Materials”);
- Toolplast Holdings Proprietary Limited (“Toolplast”);
- Roadway Transport Proprietary Limited (“Roadway Transport”); and
- collectively the “Steinhoff Industrial Assets”.

KAP will settle the net consideration for the acquisition (after set off of net debt assumed) through the issue of new ordinary shares in KAP. The transaction will result in Steinhoff Africa’s direct and Steinhoff’s indirect interest in KAP increasing from 34% to 88% of KAP’s issued ordinary shares (“the KAP Transaction”). All resolutions to give effect to the KAP Transaction were approved by KAP shareholders on 18 January 2012 and the only condition precedent outstanding is approval from the Competition Commission for the transaction.

In addition, Steinhoff indicated in the above announcement that it had been granted call options in respect of 27,2 million JD Group Limited (“JD Group”) ordinary shares. The terms of the call options allowed Steinhoff the right to acquire the JD Group Shares at a ratio of 16 KAP Shares for every JD Group Share.

Subsequently Steinhoff announced on 26 January 2012 that it had issued a firm intention letter to the JD Group board outlining its intention to make a partial offer to JD Group Shareholders including shareholders that have previously granted Steinhoff call options in terms of the KAP Transaction (“the Partial Offer”). In terms of the Partial Offer Independent JD Group Shareholders will be entitled to sell 26.2% of their JD Group Shares to Steinhoff in exchange for 16 KAP Shares for every JD Group Share tendered. On completion of the Partial Offer Steinhoff will own 50,1% of JD Group’s issued ordinary shares.

In terms of Section 125 of the Companies Act, No. 71 of 2008 as amended (“the Act”) and Regulation 90 and 110 of the companies regulations published in terms of section 223 of the Act by the Minister of Trade and Industry (“the Companies Regulations”) the independent board of JD Group is required to obtain a fair and reasonable opinion on the Partial Offer from an independent expert and include the opinion in the circular to shareholders regarding the Partial Offer.

In addition, in terms of Regulation 87(2) participants in the JD Group Share incentive schemes ("JD Group Scheme Participants"), will be afforded the opportunity to elect whether they wish to exchange their rights to JD Group Shares pursuant to such schemes, for equivalent rights to KAP Shares on a 16-for-1 basis in respect of 26.2% of their underlying rights, after the implementation of the Partial Offer. A separate fair and reasonable opinion will be provided to JD Group Scheme Participants as part of the documentation provided to them as required by Regulation 87 (5).

Therefore, the independent board of JD Group has requested PricewaterhouseCoopers Corporate Finance (Proprietary) Limited ("PwC") to act as independent professional expert in terms of the Act and Companies Regulations to provide an opinion as to whether the terms and conditions of the Partial Offer are fair and reasonable as far as JD Group Shareholders are concerned.

We understand that the results of our work will be used by the independent board to satisfy the requirements of the Act and the Companies Regulations.

2. DEFINITION OF FAIR AND REASONABLE

Market Value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

An offer would generally be considered fair from the perspective of a seller if the consideration payable by the offeror to the seller is equal to, or greater than the Market Value of the assets purchased. Fairness is primarily based on quantitative issues. The Partial Offer will be considered fair if the purchase consideration (the market value of the ordinary shares in KAP) is considered to be equal or greater than the market value of the JD Group Shares subject to the Partial Offer.

The assessment of reasonableness is generally based on qualitative issues surrounding the particular offer. Even though the consideration may differ from the Market Value of the ordinary shares subject to the offer, an offer may still be fair and reasonable after considering other significant qualitative factors.

This fairness opinion does not purport to cater for individual shareholders' positions but rather the general body of shareholders subject to the Partial Offer. A shareholder's decision regarding fairness of the terms of the Partial Offer may be influenced by his or her particular circumstances (for example taxation and the price paid for the shares). Should a shareholder be in doubt, he or she should consult an independent expert as to the merits of the transaction, considering his/her personal circumstances.

3. SOURCES OF INFORMATION

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from JD Group, KAP and Steinhoff management and from various public, financial, and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in performing our valuation include:

- Selected macro-economic analysis and forecasts from various South African banks and research institutions;
- Selected publicly available information relating to the industries in which JD Group, KAP and the Steinhoff Industrial Assets operate obtained from JD Group, KAP and Steinhoff management and public sources;
- Audited financial information for JD Group and its operating divisions and subsidiaries for the years ended 31 August 2009, 2010 and 2011;
- Unaudited management accounts for JD Group and its operating divisions and subsidiaries for the years ended 31 August 2009, 2010 and 2011, and the four months ended 31 December 2011;
- Management projections for JD Group and its operating divisions subsidiaries for years ending 31 August 2012 to 31 August 2016 and supporting information;
- Audited financial information for KAP and its operating divisions and subsidiaries for the years ended 30 June 2009, 2010 and 2011;

- Unaudited management accounts for KAP and its operating divisions and subsidiaries for the years ended 30 June 2009, 2010 and 2011, and the six months ended 31 December 2011;
- Management projections for KAP and its operating divisions subsidiaries for years ending 30 June 2012 to 30 June 2016 and supporting information;
- Pro-forma audited consolidated financial information for the Steinhoff Industrial Assets for the years ended 30 June 2009, 30 June 2010 and 30 June 2011;
- Extract from the Steinhoff Industrial Assets' budgets and supporting presentations for the year ending 30 June 2012;
- Unaudited management accounts for the Steinhoff Industrial Assets for the years ended 30 June 2009, 2010 and 2011 and supporting information provided by Steinhoff Management;
- Valuations of PG Bison's biological assets performed by Andre Barnard during July 2011 and August 2011 relating to the Southern Cape, Braecroft and North Eastern Cape plantations owned by PG Bison;
- High-level internal management valuations of the land of the Braecroft, North Eastern Cape, Southern Cape and Van Reenen plantations owned by PG Bison;
- Selected property investments performed by third parties on investment properties held by KAP or the Steinhoff Industrial Assets;
- Discussions with JD Group, KAP and Steinhoff management at group and operating division/subsidiary levels;
- Bloomberg for beta information relating to the comparable companies used in our cost of capital calculation;
- Bond Exchange of South Africa for interest rates used in our cost of capital calculation;
- The PwC 2009/10 Valuation Methodology Survey for research on appropriate discounts and premia to be applied in our analysis; and
- Bloomberg, Factiva and Reuters for comparable company information;
- Selected available analyst reports on JD Group and Steinhoff; and
- McGregor BFA for KAP and Steinhoff share trading history.

Where practicable, we have corroborated the reasonableness of the information provided to us for the purpose of supporting our opinion, whether in writing or obtained through discussions with JD Group, KAP and Steinhoff management.

Our procedures and enquiries did not constitute an audit in terms of the International Standards on Auditing. Accordingly, we cannot express any opinion on the financial data or other information used in arriving at our opinion.

4. **PROCEDURES**

The procedures we performed comprised the following:

- We considered the rationale for the offer as represented by the directors and management of JD Group and Steinhoff;
- We considered the relevant information included on the terms and conditions of the Partial Offer, as described in the circular to JD Group Shareholders;
- We considered the prevailing economic and market conditions in the industries in which JD Group, KAP and the Steinhoff Industrial Assets operate as appropriate;
- We considered publicly available trading data and share prices for JD Group, KAP and Steinhoff on the JSE;
- We performed a review of selected analyst reports and analyst valuations for JD Group and Steinhoff, that we deemed relevant;

- We held discussions with JD Group, KAP and Steinhoff management on information and assumptions pertaining to JD Group, KAP and the Steinhoff Industrial Assets that were made available by JD Group, KAP and Steinhoff management;
- We reviewed JD Group and KAP, their operating divisions and subsidiaries and the Steinhoff Industrial Assets' financial results covering three years up to the date of valuation;
- We considered financial and operating projections including revenues, operating margins (e.g. earnings before interest and taxes), and working capital investments, based on JD Group and KAP, their operating divisions and subsidiaries and the Steinhoff Industrial Asset's historical operating results, expectations and management representations. These projections formed the basis of our income approach (discounted cash flow) valuation;
- We obtained and considered financial data for publicly traded companies engaged in the same or similar lines of business to develop appropriate valuation multiples and operating comparisons to apply to JD Group KAP's operating divisions and subsidiaries and the Steinhoff Industrial Assets;
- Analysis of the individual asset and liability balances of the JD Group, Steinhoff Industrial Assets and KAP in an application of the net assets approach where appropriate;
- We considered and applied appropriate valuation discounts/premiums to the results of our valuation analyses as deemed applicable; and
- Analysis of other facts and data considered pertinent to this valuation to arrive at a conclusion of value.

5. VALUATION APPROACH

In considering the Partial Offer, PwC performed an independent valuation of JD Group, KAP and the Steinhoff Industrial Assets. The valuations of JD Group and KAP were performed on a sum-of-the-parts basis and we valued each of the operating divisions/entities of JD Group and KAP separately considering the facts and circumstances appropriate to each division/entity. Individual valuations were performed for Unitrans Logistics, PG Bison, SHF Raw Materials as part of our assessment of the Market Value of the Steinhoff Industrial Assets on a sum-of-the-parts basis.

For the purposes of our valuation we used the income approach (discounted cash flow) valuation as our primary approach. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as an alternative valuation approach to support the results of our income approach analysis. The individual operating assets of JD Group and KAP and the Steinhoff Industrial Assets were valued using these approaches as appropriate after which the value of JD Group KAP and the Steinhoff Industrial Assets was determined on a sum-of-the-parts basis.

6. ASSUMPTIONS

Our opinion is based on the following key assumptions:

- Current economic, regulatory and market conditions will not change materially;
- JD Group, KAP and the Steinhoff Industrial Assets are not involved in any other material legal proceedings other than those conducted in the ordinary course of business;
- JD Group, KAP and the Steinhoff Industrial Assets have no material outstanding disputes with the South African Revenue Service;
- There are no undisclosed contingencies that could affect the value of a JD Group, KAP and the Steinhoff Industrial Assets;
- The Partial Offer will not give rise to any undisclosed tax liabilities;
- For the purposes of this engagement, we assumed JD Group, KAP and the Steinhoff Industrial Assets' existing businesses to be ongoing under current business plans and management;
- We have assumed that the KAP Transaction will be completed;
- The Steinhoff Industrial Assets represents a carve-out of existing businesses and operations from the Steinhoff legal and operating structure. Pro-forma financial information was prepared for the Steinhoff Industrial Assets for the Partial Offer. We have relied on this information in the course of our analysis;

- In the course of our analysis we performed an analysis of macro-economic drivers of the business of JD Group KAP and the Steinhoff Industrial assets. We also reviewed key industry drivers of the operating entities valued. This analysis of key drivers formed the basis of our review of the key drivers of growth and profitability as contained in management's budgets, forecasts and business plans;
- We have placed reliance on the valuations of PG Bison's biological assets performed by Andre Barnard and audited by the Steinhoff group auditors during July 2011 and August 2011 relating to the Southern Cape, Braecroft and North Eastern Cape plantations owned by PG Bison;
- Representations made by JD Group, KAP and Steinhoff management and their advisers during the course of forming this opinion.

7. **OPINION**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by JD Group, KAP and Steinhoff's management up to 10 February 2012. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Based on the results of our procedures performed, our detailed valuation work and other considerations, we concluded that:

the Market Value of a KAP ordinary share is between R3,65 and R4,03 per share on a marketable controlling basis.

the Market Value of a JD Group ordinary share is between R57,72 and R61,90 per share on a marketable controlling basis.

Based on the above value ranges and considering the interest in KAP offered to JD Group Shareholders, Steinhoff's current interest in JD Group and the proposed increase therein and the facts and circumstances around the Partial Offer we are of the view that the number of KAP ordinary shares to be issued as consideration for the transaction would be between 15,4 and 16,8 KAP Shares for each JD Group ordinary share tendered. The consideration shares to be issued of 16 KAP Shares for every JD Group tendered falls within the suggested range calculated from our valuation.

In considering the valuation ranges listed above shareholders should take particular notice of the following factors:

The actual market value achieved in a specific transaction may be higher or lower than our estimate of the market value range depending upon the circumstances of the transaction (for example strategic considerations of the purchaser), the nature of the business (for example the purchaser's perception of potential synergies); and

The above market value range represents a standalone valuation of JD Group, KAP and the Steinhoff Industrial Assets under current management, strategies and business plans.

Based on the results of our procedures performed, our detailed valuation work and other considerations, we believe that, subject to the foregoing assumptions, we are of the opinion that the Partial Offer is fair and reasonable to the ordinary shareholders of JD Group.

8. **INDEPENDENCE**

We confirm that PwC holds no shares in JD Group, KAP or Steinhoff, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, in JD Group, KAP or Steinhoff or in the outcome of the Partial Offer.

Furthermore, we confirm that our professional fees of R1,9 million, payable in cash, are not contingent on the outcome of the Partial Offer.

9. **LIMITING CONDITIONS**

Budgets/projections/forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods.

We express no opinion as to how closely actual results will correspond to those projected/forecast by the management of JD Group, KAP and Steinhoff.

This letter and opinion is provided in terms of the Act and Companies Regulations. It does not constitute a recommendation to any shareholder of JD Group as to how to vote at any shareholders' meeting relating to the Partial Offer or on any matter relating to it, nor as to the acceptance of the Partial Offer. Therefore, it should not be relied upon for any other purpose. We assume no responsibility to anyone if this letter and opinion are used or relied upon for anything other than its intended purpose.

The valuation of companies and businesses is not a precise science, and conclusions arrived at in many cases will necessarily be subjective and dependent on the exercise of individual judgement. Further, whilst we consider our opinion to be defensible based on the information available to us others may have a different view and arrive at a different conclusion.

Yours sincerely

Jan Groenewald
Director

TABLE OF ENTITLEMENT

Independent JD Group Shareholders will be entitled to receive 16 KAP Shares for every 1 (one) JD Group Share held on the Record Date and tendered. JD Group Shareholders will be entitled to participate in the Partial Offer in accordance with the Table of Entitlement set out below. Independent JD Group Shareholders' participation in the Partial Offer will be rounded up or down, as appropriate with fractions of 0.5 and above being rounded up, and only whole numbers of JD Group Shares may be tendered into the Partial Offer in accordance with the Listings Requirements.

Number of JD Group Shares surrendered	26.2% of JD Group Shares tendered	KAP share entitlement	Number of JD Group Shares surrendered	26.2% of JD Group Shares tendered	KAP share entitlement	Number of JD Group Shares surrendered	26.2% of JD Group Shares tendered	KAP share entitlement
1	-	-	41	11	176	81	21	336
2	1	16	42	11	176	82	21	336
3	1	16	43	11	176	83	22	352
4	1	16	44	12	192	84	22	352
5	1	16	45	12	192	85	22	352
6	2	32	46	12	192	86	23	368
7	2	32	47	12	192	87	23	368
8	2	32	48	13	208	88	23	368
9	2	32	49	13	208	89	23	368
10	3	48	50	13	208	90	24	384
11	3	48	51	13	208	91	24	384
12	3	48	52	14	224	92	24	384
13	3	48	53	14	224	93	24	384
14	4	64	54	14	224	94	25	400
15	4	64	55	14	224	95	25	400
16	4	64	56	15	240	96	25	400
17	4	64	57	15	240	97	25	400
18	5	80	58	15	240	98	26	416
19	5	80	59	15	240	99	26	416
20	5	80	60	16	256	100	26	416
21	6	96	61	16	256			
22	6	96	62	16	256			
23	6	96	63	17	272			
24	6	96	64	17	272			
25	7	112	65	17	272			
26	7	112	66	17	272			
27	7	112	67	18	288			
28	7	112	68	18	288			
29	8	128	69	18	288			
30	8	128	70	18	288			
31	8	128	71	19	304			
32	8	128	72	19	304			
33	9	144	73	19	304			
34	9	144	74	19	304			
35	9	144	75	20	320			
36	9	144	76	20	320			
37	10	160	77	20	320			
38	10	160	78	20	320			
39	10	160	79	21	336			
40	10	160	80	21	336			



(Incorporated in the Republic of South Africa)
Registration number 1981/009108/06
Share code: JDG ISIN: ZAE00030771
("the Company")

NOTICE OF JD GROUP GENERAL MEETING

The definitions and interpretations set out on pages 4 to 7 of this Circular to which this Notice of General Meeting is attached apply, *mutatis mutandis*, to this Notice of General Meeting. The Record Date (in terms of section 59 of the Companies Act) for Independent JD Group Shareholders to be recorded on the Shareholders' register of the Company in order to receive this Notice of General Meeting is Friday, 3 February 2012 and in order to be able to participate in and vote at the JD Group General Meeting is Friday, 2 March 2012.

Independent JD Group Shareholders are reminded that:

- **an Independent JD Group Shareholder entitled to attend and vote at the JD Group General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and speak and vote at the JD Group General Meeting in the place of the Independent JD Group Shareholder, and Independent JD Group Shareholders are referred to the attached form of proxy;**
- **a proxy need not also be an Independent JD Group Shareholder;**
- **in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.**

Notice is hereby given that a JD Group General Meeting will be held on Monday, 12 March 2012 at 12:00 at the David Sussman Auditorium, Ground Floor, JD House, Stiemens Street, Braamfontein, Johannesburg for the purpose of considering and, if deemed fit, passing with or without modification, the following ordinary resolutions:

ORDINARY RESOLUTION NUMBER 1 – Approval of the Partial Offer in terms of section 125(3)(b)(ii) of the Companies Act

“Resolved that the partial offer by Steinhoff International Holdings Limited (“Steinhoff”) to the holders of ordinary shares in JD Group Limited (“JD Group Shares”), other than Steinhoff, to acquire 26.2% of their JD Group Shares in exchange for ordinary shares in KAP International Holdings Limited (“KAP Shares”) on the basis of 16 KAP Shares for each JD Group Share, held on the Closing Date, as detailed in the Circular of which the notice convening the JD Group General Meeting at which this resolution will be proposed forms part, be and is hereby approved in terms of section 125(3)(b)(ii) of the Companies Act, 71 of 2008.”

As provided in terms of Section 125(3)(b)(ii) of the Act, because the Independent JD Group Shareholders control more than 50% of the general voting rights of all the issued JD Group Shares, Ordinary Resolution Number 1 must be passed by the Independent JD Group Shareholders in terms of a simple majority of the general voting rights exercised at the JD Group General Meeting. Steinhoff shall not be entitled to vote on Ordinary Resolution Number 1.

ORDINARY RESOLUTION NUMBER 2 – Authority of directors

“Resolved that any director of JD Group be and is hereby authorised to do all such things, sign all documents and procure the doing of all things and signing of all documents as may be necessary for or incidental to the implementation of ordinary resolution number 1.”

In terms of Section 62(3)(c) of the Companies Act, the percentage of voting rights that will be required for this Ordinary Resolution Number 2 to be adopted is more than 50% of the voting rights exercised on the resolution.

Independent JD Group Shareholders wishing to participate electronically at the JD Group General Meeting are required to deliver written notice to the JD Group Company Secretary, with a copy to the Transfer Secretaries, at the applicable addresses as set out below, by no later than at 12:00 on Thursday, 8 March 2012, stating that they wish to participate *via* electronic communication at the JD Group General Meeting (the electronic notice).

In order for the electronic notice to be valid it must contain:

- (a) if the shareholder is an individual, a certified copy of his/her identity document and/or passport
- (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution and the relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the JD Group General Meeting *via* electronic communication
- (c) a valid email address and/or facsimile number (the contact address/number)
- (d) Note that Independent JD Group Shareholders will merely be able to participate, but not vote, *via* electronic communication.

By no later than 24 hours prior to the time of the JD Group General Meeting, the company shall use its reasonable endeavours to communicate with each Independent JD Group Shareholder who has delivered a valid electronic notice, by notifying such Independent JD Group Shareholder at its contact address/number of the relevant details through which the Independent JD Group Shareholder can participate *via* electronic communication.

The Company reserves the right not to provide for electronic participation at the JD Group General Meeting in the event that it proves not practical to do so.

The costs of accessing any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation.

VOTING AND PROXIES

An Independent JD Group Shareholder entitled to attend, speak and vote at the JD Group General Meeting is entitled to appoint one or more proxies to participate in and speak and vote at the JD Group General Meeting in his/her stead. A proxy need not be an Independent JD Group Shareholder of the company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with "Own-Name" registration, a form of proxy (*pink*) is attached hereto. Duly completed forms of proxy must be lodged with the Transfer Secretaries at any of the below-mentioned addresses at any time before the commencement of the JD Group General Meeting (or any adjournment of the JD Group General Meeting) or handed to the chairman of the JD Group General Meeting before the appointed proxy may exercise any of the relevant Independent JD Group Shareholder's rights at the JD Group General Meeting (or any adjournment of the JD Group General Meeting), provided that should an Independent JD Group Shareholder lodge a form of proxy with the relevant Transfer Secretaries at any of the below-mentioned addresses less than 48 hours before the JD Group General Meeting, such Independent JD Group Shareholder shall also be required to furnish a copy of such form of proxy to the chairman of the JD Group General Meeting before the appointed proxy may exercise any of such Independent JD Group Shareholder's rights at the JD Group General Meeting (or any adjournment of the JD Group General Meeting).

Dematerialised Shareholders without "Own-Name" registration who wish to attend the JD Group General Meeting in person should request their CSDP or broker to provide them with the necessary letter of representation in terms of their Custody Agreement with their CSDP or broker. Dematerialised Shareholders without "Own-Name" registration who do not wish to attend the JD Group General Meeting but who wish for their votes to be recorded at the JD Group General Meeting must advise their CSDP or broker of their voting instructions. Dematerialised Shareholders without "Own-Name" registration should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

Transfer secretaries

Hand deliveries to:

Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown, 2107

By order of the Independent Board

V P Khanyile

Lead Independent non-executive director

11 February 2012



(Incorporated in the Republic of South Africa)
Registration number 1981/009108/06
Share code: JDG ISIN: ZAE000030771

FORM OF PROXY FOR USE AT THE JD GROUP GENERAL MEETING

For use by Certificated Shareholders and Dematerialised Shareholders with "Own-Name" registration who are attending the JD Group General Meeting convened in terms of the Companies Act, to be held in the David Sussman Auditorium, Ground Floor, JD House, 27 Stiemens Street, Braamfontein, Johannesburg at 12:00 on Tuesday, 12 March 2012, or at any adjourned or postponement of this meeting.

The definitions and interpretations set out on pages 4 to 7 of this Circular apply, *mutatis mutandis*, to this form of proxy.

If you are a Dematerialised Shareholder without "Own-Name" registration you must **not** complete this form of proxy, but must instruct your CSDP or broker as to how you wish to vote. This must be done in terms of the Custody Agreement between you and your CSDP or broker.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of Certificated Shares or Dematerialised Shares with "Own-Name" registration, do hereby appoint (see notes 1 and 2):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairman of the JD Group General Meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the JD Group General Meeting (or any adjournment or postponement thereof).

I/We desire to vote as follows (see note 3):

	For	Against	Abstain
Ordinary Resolution Number 1 – Approval of the Partial Offer			
Ordinary Resolution Number 2 – Authority of directors			

If the chairman is your proxy, and you have returned this form duly signed without any specific voting instructions indicated in the appropriate spaces above, you will be deemed to have authorised and directed the chairman of the JD Group General Meeting, to vote in favour of the Partial Offer. If the chairman is not your proxy, and if you have not indicated your voting instructions in the appropriate spaces above, then the appointed proxy will be entitled to vote or abstain from voting at the JD Group General Meeting as he/she thinks fit.

My/Our proxy may not delegate his/her authority to act on my/our behalf to any other person.

Signed at _____ on _____ 2012

Signature

Capacity of signatory (where applicable)

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable)

Full name

Capacity

Signature

Please read the summary, and the notes, on the reverse hereof.

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and Transfer Secretaries;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise (see note 3); and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a Company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such Company's Memorandum of Incorporation, to be delivered to a shareholder, must be delivered by such Company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such Company for doing so.

Notes:

1. Each Independent JD Group Shareholder is entitled to appoint one (or more) proxies (none of whom needs be Independent JD Group Shareholders) to participate, speak and vote in place of that Independent JD Group Shareholder at the JD Group General Meeting.
2. An Independent JD Group Shareholder may insert the name of a proxy or the names of two alternative proxies of the Independent JD Group Shareholder's choice in the space/s provided with or without deleting "the chairman of the JD Group General Meeting" but the Independent JD Group Shareholder must initial any other deletion. The person whose name stands first on this form of proxy and who is present at the JD Group General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An Independent JD Group Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Independent JD Group Shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the chairman of the JD Group General Meeting, if the chairman is the authorised proxy, to vote in favour of the Partial Offer, or, if the chairman is not so authorised, the proxy will be entitled to vote or abstain from voting at the JD Group General Meeting as he/she deems fit, in respect of all the Independent JD Group Shareholder's votes exercisable at the JD Group General Meeting if the instructions as to voting have not been completed.
4. Completed forms of proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries before the commencement of the JD Group General Meeting (or any adjournment or postponement of the JD Group General Meeting) or handed to the chairman of the JD Group General Meeting before the appointed proxy may exercise any of the relevant Independent JD Group Shareholder's rights at the JD Group General Meeting (or any adjournment or postponement of the JD Group General Meeting), provided that should an Independent JD Group Shareholder lodge a form of proxy with the Transfer Secretaries at any of the addresses indicated on page 80 less than 48 hours before the commencement of JD Group General Meeting, such Independent JD Group Shareholder will also be required to furnish a copy of such form of proxy to the chairman of the JD Group General Meeting before the appointed proxy may exercise any of such Independent JD Group Shareholder's rights at the JD Group General Meeting (or any adjournment or postponement of the JD Group General Meeting).
5. The completion and lodging of this form of proxy will not preclude the relevant Independent JD Group Shareholder from attending the JD Group General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Independent JD Group Shareholder wish to do so.
6. The chairman of the JD Group General Meeting may accept or reject any form of proxy not completed and/or received in accordance with these notes or with the Memorandum of Incorporation of JD Group.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by JD Group or the Transfer Secretaries.
9. Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has been registered by JD Group or the Transfer Secretaries or waived by the chairman of the JD Group General Meeting.
10. Where shares are held jointly, all joint holders are required to sign this form of proxy.
11. An Independent JD Group Shareholder who is a minor must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by JD Group or the Transfer Secretaries.
12. Dematerialised Independent JD Group Shareholders who do not own JD Group Shares in "Own-Name" dematerialised form and who wish to attend the JD Group General Meeting, or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the JD Group General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Independent JD Group Shareholder and his/her CSDP or broker.
13. This form of proxy shall be valid at any resumption of an adjourned or postponed of the Partial Offer meeting to which it relates, however, this form of proxy shall not be used at the resumption of an adjourned or postponed Partial Offer meeting if it could not have been used at the JD Group General Meeting from which it was adjourned or postponed for any reason other than it was not lodged timeously for the meeting from which the adjournment or postponement took place. This form of proxy shall, in addition to the authority conferred by the Companies Act, except insofar as it provides otherwise, be deemed to confer the power generally to act at the JD Group General Meeting in question, subject to any specific direction contained in this form of proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned or postponed meeting at which the proxy is used.
15. Any proxy appointed pursuant to this form of proxy may not delegate his/her authority to act on behalf of the relevant Independent JD Group Shareholder.

JD Group Limited partial offer by Steinhoff International Holdings Limited



(Incorporated in the Republic of South Africa)
Registration number 1998/003951/06
Share code: SHF ISIN: ZAE000016176



(Incorporated in the Republic of South Africa)
Registration number 1981/009108/06
Share code: JDG ISIN: ZAE000030771

FORM OF ACCEPTANCE AND SURRENDER

The definitions as set out on pages 4 to 7 of the Circular apply throughout this form of acceptance and surrender, unless the context clearly indicates otherwise.

FOR USE BY CERTIFICATED INDEPENDENT JD GROUP SHAREHOLDERS

This form of acceptance and surrender is only applicable to Certificated Shareholders who wish to accept the Partial Offer, in whole or in part, as set out in the Circular to Independent JD Group Shareholders, dated Saturday, 11 February 2012, to which this form is attached. This form is **not** to be used by Dematerialised Shareholders, who are required to instruct their CSDP or broker if they wish to accept the Partial Offer in accordance with the terms of their agreement with the CSDP or broker.

Notes and instructions:

Persons who have acquired JD Group Shares after the date of posting the Circular setting out the Partial Offer, can obtain copies of the Circular and this form from the Transfer Secretaries, Computershare at the address given below.

Part A must be completed by all certificated Independent JD Group Shareholders who wish to accept the Partial Offer, in whole.

Part B must be completed by Emigrants and Non-Residents of the Common Monetary Area

- Section 1 must be completed by all Certificated Shareholders who are emigrants of the Common Monetary Area: and
- Section 2 must be completed by all other Certificated Shareholders who are Non-Residents of the Common Monetary Area.

No receipts will be issued for documents of title lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required.

If you are in any doubt as to how to complete this form, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

This form must be returned to the Transfer Secretaries together with the JD Group Share certificates or other documents of title, so as to be received prior to the closing date of the Partial Offer. If your documents of title have been lost or destroyed, you should nevertheless return this form, together with a duly executed indemnity provided by the Transfer Secretaries. The offeror may, in its sole discretion, dispense with the surrender of such documents of title upon production of satisfactory evidence that the documents of title have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by the offeror, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable.

Signatories may be called upon for evidence of their authority or capacity to sign this form.

Any alteration to this form of acceptance and surrender must be signed in full and not initialled. Any alteration may not be accepted by Steinhoff.

If this form is signed under a power of attorney, then such power of attorney or a notarially certified copy hereof, must be sent with this form for noting, unless it has already been noted by the Transfer Secretaries.

Where the Certificated Shareholder is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form must be submitted together with this form, unless it has already been registered with the Transfer Secretaries or this form bears the JSE broker's stamp.

Where JD Group Shares are jointly held, this form of acceptance and surrender must be signed by all joint holders; however, Steinhoff shall be entitled to, in its absolute discretion, accept signature only of that holder whose name stands first in the register in respect of such JD Group Shares.

In the case of Independent JD Group Shareholders who are emigrants from the Common Monetary Area, the Consideration Shares will in the case of Certificated Shareholders whose document(s) of title have been restrictively endorsed under the Exchange Control regulations, be forward to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholders' blocked assets in terms of the Exchange Control Regulations. The attached form of acceptance and surrender makes provision for details of the authorised dealer concerned to be given.

The Consideration Shares accruing to non-resident Independent JD Group Shareholders whose registered addresses are outside the Common Monetary Area and who are not emigrants from the Common Monetary Area will: in the case of Certificated Shareholders, whose documents(s) of title have been restrictively endorsed under the Exchange Control Regulations, be posted to the registered addresses of the non-resident Independent JD Group Shareholders concerned, unless written instructions to the contrary are received and an address is provided. The attached form of acceptances and surrender and transfer make provision for a substitute address for this offer only.

You are referred to paragraph 6 of the Circular with regard to the Exchange Control Regulations.

Independent JD Group Shareholders holders are advised to consult their professional advisors about their personal tax positions regarding the receipt of the KAP Shares.

Independent JD Group Shareholders are referred to the Circular for the further terms and conditions applicable to the Partial Offer and its acceptance, which Circular should be read in its entirety for a full appreciation thereof.

In the event of any conflict between this form and the Circular setting out the terms of the Partial Offer, the Circular shall prevail.

Transfer Secretaries

By hand or courier:

Computershare Investor Services Proprietary Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001

By post:

Computershare Investor Services Proprietary Limited
PO Box 61763
Marshalltown, 2107

Dear Sirs,

The Partial Offer

I/We, the undersigned, hereby irrevocably and unconditionally accept the Partial Offer of 16 KAP Shares for every 1 (one) JD Group Share held on the Record Date and tendered, the details of which are contained in the Circular, dated Saturday, 11 February 2012, to which this form is attached, in respect of that number of JD Group Shares as indicated in Column C below, limited to 26.2% (twenty six point two percent) of the shares in Column B (any fractions will be rounded down to a whole share), held by me/us and surrender and enclose the share certificates, certified transfer deeds and/or other documents of title, in respect of my/our holding of such JD Group Shares.

The excess Partial Offer

Independent JD Group Shareholders are entitled to tender in excess of the minimum acceptance level. Any JD Group Shares tendered in excess of the 26.2% (twenty six point two percent) may be open for acceptance, as Steinhoff resolves, on an equitable basis (any fractions will be rounded down to a whole share) to the extent that it will increase Steinhoff's holding up to the maximum acquisition level of JD Group Shares.

I/We, the undersigned, hereby tender for excess Partial Offer allocations by Steinhoff, the details of which are contained in the Circular, for an offer consideration of 16 KAP Shares for every each JD Group Share held on the Record Date. The number of my/our JD Group Shares by which the number of JD Group Shares stated in Column D below exceeds the minimum acceptance level (26.2%) of the JD Group Shares in Column C.

My/Our signature(s) on this form constitutes my/our execution of an instrument of transfer of the JD Group Shares held by me/us and for which the Partial Offer is accepted by Steinhoff and I/we hereby irrevocably nominate and constitute any member of Steinhoff being a duly authorised representative of Steinhoff in my/our name to place and stand to sign all further document(s) necessary to give effect to the transfer of the under mentioned JD Group Shares into the name of Steinhoff and/or its nominee(s).

A	B	C	D	E
Certificate number(s)	Total number JD Group Shares held and represented by each certificate (C+D+E)	A maximum of 26.2% (Twenty six point two percent) of the number stated in Column B	Number of JD Group Shares I/We wish to sell in excess of the number in Column C	Number of JD Group shares I/We do not wish to sell

(Insert the number of JD Group Shares in respect of which the Partial Offer, in whole or in excess, – C and D – is accepted. Failure to state the number of JD Group Shares shall be deemed to indicate full acceptance of the Partial Offer in respect of 26.2% (twenty six point two percent) of the JD Group Shares represented by the surrendered documents of title).

Signature of acceptor

Assisted by (if applicable)

Place

Date

2012

PART A – All certificated Independent JD Group Shareholders holders accepting the Partial Offer, in whole, must please complete this section (in BLOCK CAPITALS).

Surname or Name of corporate body

First names (in full, if applicable)

Title (Mr, Mrs, Miss, Ms, etc.)

Address to which the KAP share certificates should be sent (if different from registered address)* (Preferably a PO Box address)

Postal code

Telephone number ()

Telefax ()

Part B

1. To be completed by Independent JD Group Shareholders who are emigrants from the Common Monetary Area:

Documents of title will be endorsed and will be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Certificated Shareholders blocked assets in terms of the Exchange Control Regulations. Such emigrant shareholders must give the following information:

Name and address of the authorised dealer in the Republic:

2. Non-Resident Shareholders

In the case of Certificated Shareholders, whose documents(s) of title have been restrictively endorsed under the Exchange Control Regulations, the KAP share certificates be posted to the registered addresses of the non-resident Independent JD Group Shareholders concerned, unless written instructions to the contrary are received and an address provided.