

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 5 apply *mutatis mutandis* throughout this Circular, including on this cover page. Shareholders are referred to page 3 of this Circular, which sets out the action required with regard to the Transaction, 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 advisor, accountant or other professional advisor immediately.

If you have disposed of some or all of your Ordinary Shares in Steinhoff, then a copy of this Circular, together with the attached form of proxy, should be forwarded to the purchaser to whom, or the broker, CSDP or agent through whom you disposed of your Ordinary Shares.

A form of proxy (pink) is attached for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who cannot attend the General Meeting and who wish to vote at the General Meeting. The form of proxy should be properly completed and lodged with the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, to reach them by no later than 14:00 on 9 March 2011. Dematerialised Shareholders, other than those with "own-name" registration, must inform their CSDP or broker of their intention to attend the General Meeting or provide their CSDP or broker with their voting instructions should they not be able to attend the General Meeting in person but wish to be represented at the General Meeting. This must be done in terms of the agreement entered into between the Shareholder and the CSDP or broker concerned.



Registration No: 1998/003951/06
VAT No: 4060175934

CIRCULAR TO SHAREHOLDERS OF STEINHOFF

regarding:

- the acquisition of 8,367,629 shares in Conforama Holding S.A., constituting 99.98 percent of the entire issued share capital of Conforama Holding S.A.,

and incorporating:

- a notice of General Meeting of Shareholders; and
- a form of proxy to be completed by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration.

The Steinhoff Directors whose names appear on page 8 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement in this Circular false or misleading and that they have made all reasonable inquiries to ascertain such facts and that this Circular contains all information required in law and by the Listings Requirements.

Citigroup Global Markets Limited, The Hongkong and Shanghai Banking Corporation Limited – Johannesburg Branch (HSBC), the Royal Bank of Scotland plc – Succursale de Paris, The Standard Bank of South Africa Limited and Merrill Lynch International are acting exclusively for Steinhoff and no-one else in connection with the Transaction and will not regard any other person (whether or not a recipient of this Circular) as a client in relation to the Transaction and will not be responsible to anyone other than Steinhoff for providing the protections afforded to their respective clients nor for giving advice in relation to the Transaction or any transaction or arrangement referred to in this Circular.

Date of issue: 23 February 2011

This Circular is available in English only. Copies of the Circular and the experts' consents may be obtained from the registered office of Steinhoff, the sponsor or the Transfer Secretaries whose addresses are set out in the "Corporate information and advisors" section of this Circular from 24 February 2011.

Financial advisors to Steinhoff



Joint JSE transaction sponsor
to Steinhoff



Transfer secretaries to Steinhoff



South African investment bank
to Steinhoff



Financial advisor to Steinhoff Europe



JSE sponsor and lead JSE transaction
sponsor to Steinhoff



South African legal advisor to Steinhoff



French legal advisor to Steinhoff



Reporting accountants to Steinhoff



Reporting accountants in relation
to Conforama



CORPORATE INFORMATION AND ADVISORS

Registered office of Steinhoff

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

Registered office of PPR

PPR S.A.
(Registration number: 552 075 020 RCS Paris)
10 Avenue Hoche
75381 Paris Cedex 08, France

Registered office of Conforama

Conforama Holding S.A.
(Registration number: 582 014 445 RCS Meaux)
8 boulevard Mandinet
77432, Marne-la-Vallée, France

Financial advisors to Steinhoff

Citigroup Global Markets Limited
(England and Wales registration number: 1763297)
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33 Canada Square, Canary Wharf
London E14 5LB, United Kingdom

The Hongkong and Shanghai Banking Corporation Limited

Johannesburg Branch (HSBC)
(Registration number: 2006/033197/10)
2 Exchange Square
85 Maude Street, Sandown
Sandton, 2196, South Africa
(Private Bag X785434, Sandton, 2146, South Africa)

The Royal Bank of Scotland plc Succursale de Paris

(Registration number: 421 259 730 RCS Paris B)
94 boulevard Haussmann
75008 Paris, France

South African investment bank to Steinhoff

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

Financial advisor to Steinhoff Europe

Merrill Lynch International
(Registration number: 231 2079)
2 King Edward Street
London, EC1A 1HQ, United Kingdom

French legal advisor to Steinhoff

Gide Loyrette Nouel A.A.R.P.I.
(Registration number: 784 355 505 000 24 SIRET)
26 cours Albert 1er
75008 Paris, France

South African legal advisor to Steinhoff

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

Reporting accountants to Steinhoff

Deloitte & Touche, Registered Auditors
221 Waterkloof Road, Waterkloof
Pretoria, 0181
(PO Box 11007, Hatfield, 0028)

Reporting accountants in relation to Conforama

KPMG Inc
(Registration number: 1999/021543/21)
KPMG Crescent, 85 Empire Road
Parktown, 2193, South Africa
(Private Bag 9, Parkview, 2122, South Africa)

Transfer Secretaries to Steinhoff

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

JSE sponsor and lead JSE transaction sponsor to Steinhoff

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

Joint JSE transaction sponsor to Steinhoff

Citigroup Global Markets (Proprietary) Limited
(Registration number: 2000/025866/07)
145 West Street, Sandown
Sandton, 2196, South Africa
(PO Box 1800, Saxonwold 2132, South Africa)

CERTAIN FORWARD LOOKING STATEMENTS

This Circular includes “forward-looking information” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended. Except for historical information contained herein, statements contained in this Circular may constitute forward-looking statements.

The words “believe”, “anticipate”, “expect”, “intend”, “estimate”, “plan”, “assume”, “positioned”, “will”, “may”, “should”, “risk” and other similar expressions, which are predictions of or indicate future events and future trends, which do not relate to historical matters identify forward-looking statements. Forward-looking statements include but are not limited to statements that are predictions of or indicate future earnings, savings, synergies, events, trends, plans and objectives. In addition, this Circular includes forward-looking statements relating to Steinhoff’s potential exposure to various types of market risks, such as interest rate risk, foreign exchange rate risk and commodity price risk. You should not rely on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond Steinhoff’s control and may cause Steinhoff’s actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements (and from past results, performance or achievements).

Steinhoff undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Steinhoff cautions you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Circular might not occur.

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ACTION REQUIRED BY STEINHOFF SHAREHOLDERS

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

Information relating to the General Meeting

A General Meeting of Steinhoff Shareholders will be held at the registered office of Steinhoff, at 28 Sixth Street, Wynberg, Sandton on 11 March 2011 at 14:00, at which meeting Shareholders will be asked to consider and, if deemed fit, pass resolutions approving, the acquisition of 8,367,629 shares in Conforama, constituting 99.98 percent of the issued share capital of Conforama.

The notice convening the General Meeting forms part of this Circular and a form of proxy to be completed by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration is attached to this Circular.

Action required by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration

Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are unable to attend the General Meeting but wish to be represented at the General Meeting, must complete and return the form of proxy attached to this Circular in accordance with the instructions contained thereon to the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, South Africa (PO Box 61051, Marshalltown, 2107, South Africa), to be received by no later than 14:00 on 9 March 2011.

Action required by Dematerialised Shareholders

Dematerialised Shareholders who have not elected "own-name" registration and who wish to attend the General Meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend. Dematerialised Shareholders who do not wish to attend the General Meeting may provide their CSDP or broker with their voting instructions pursuant to the terms of the custody agreement entered into between them and their CSDP or broker.

IMPORTANT DATES AND TIMES

	2011
Circular posted on	24 February
Receipt of forms of proxy in respect of the General Meeting, by no later than 14:00 on	9 March
General Meeting to be held at 14:00 on	11 March
Results of General Meeting released on SENS on	11 March
Results of General Meeting published in the press on	14 March
Expected date for completion of the Transaction, on or around	31 March

Notes:

1. The above important dates and times are subject to change. Any changes will be released on SENS and published in the press.
2. Unless otherwise indicated, all times are South African times.

DEFINITIONS

In this Circular, unless inconsistent with the context, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column:

“B-BBEE”	the Broad-Based Black Economic Empowerment Programme is a form of economic empowerment initiated by the South African government in response to criticism against Narrow Based Empowerment instituted in the country during 2003-2004;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shareholders”	holders of Certificated Shares;
“Certificated Shares”	Steinhoff Shares which have not yet been dematerialised in terms of Strate, title to which is represented by a share certificate or other physical document of title;
“Circular”	this bound document dated 23 February 2011, including the circular to Steinhoff Shareholders and the annexures attached hereto, the notice of General Meeting and the form of proxy (pink);
“Competition Authorities”	the European Commission;
“Completion Date”	the completion date of the Transaction, being the fifth business day following the satisfaction or waiver of all the conditions to closing referred to in the section entitled “ <i>Conditions to closing</i> ”, set out on page 8 of this Circular;
“Conforama”	Conforama Holding S.A., a <i>société anonyme</i> organised under the laws of the French Republic, with its registered office at 8 boulevard Mandinet, 77432, Marne-la-Vallée, France, registered with the <i>Registre du Commerce et des Sociétés</i> of Meaux under identification number 582 014 445, incorporated in 1920;
“CSDP”	a Central Securities Depository Participant appointed by individual Shareholders for purposes of and in regard to dematerialisation, in terms of the Securities Services Act;
“Deloitte”	Deloitte & Touche, Registered Auditors, the reporting accountants of Steinhoff in terms of the <i>pro forma</i> financial information and Steinhoff’s registered auditors;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Steinhoff Shares which have been incorporated into the Strate system and which are held on Steinhoff’s sub-register of members in electronic form in terms of the Securities Services Act;
“Directors” or “Steinhoff Directors” or “Steinhoff Board” or the “Board”	directors of Steinhoff, whose names appear on page 8 of this Circular;
“EBITDA”	consolidated earnings as disclosed in the consolidated accounts of Conforama prepared in accordance with IFRS before (i) net charges to depreciation, (ii) net charges to amortisation, (iii) net finance costs, (iv) other non-operating income and expenses, (v) corporate income tax and, (vi) fees paid to PPR;
“EURIBOR”	the European Interbank Offered Rate;
“Euro” or “EUR”	the euro, the official currency of the Euro area;
“GBP”	the pound sterling, the official currency of the United Kingdom;
“General Meeting”	the general meeting of Steinhoff Shareholders, convened by the notice of General Meeting contained in this Circular, to be held at the registered office of Steinhoff, at 28 Sixth Street, Wynberg, Sandton on 11 March 2011 at 14:00;
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board;

“JIBAR”	the Johannesburg Interbank Agreed Rate;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company duly incorporated in South Africa and licensed as an exchange under the Securities Services Act;
“KPMG”	KPMG Inc (registration number: 1999/021543/21), the reporting accountants in relation to Conforama;
“La Maison de Valérie”	La Maison De Valérie S.A., a <i>société anonyme</i> organised under the laws of the French Republic, with its registered office at Zone Industrielle, 41350 Vineuil, France, registered with the <i>Registre du Commerce et des Sociétés</i> of Blois under identification number 780 054 474;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being 23 February 2011;
“LIBOR”	the London Interbank Offered Rate;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“MET”	the Metical, the official currency of the Republic of Mozambique;
“MGA”	the Malagasy Ariary, the official currency of the Republic of Madagascar;
“Micawber”	Micawber 455 (Proprietary) Limited, (registration number 2005/036638/07), a limited liability private company duly incorporated in South Africa;
“Ordinary Shares” or “Steinhoff Shares”	ordinary shares having a nominal value of 0.5 cents each in the share capital of Steinhoff;
“PPR” or the “Vendor”	PPR S.A., a <i>société anonyme</i> organised under the laws of the French Republic, with its registered office at 10 Avenue Hoche 75008 Paris, registered with the <i>Registre du Commerce et des Sociétés</i> of Paris under identification number 552 075 020;
“Preference Shares”	non-cumulative, non-redeemable, non-participating preference shares of 0.1 cents each in the share capital of Steinhoff;
“Pula”	the Pula, the official currency of the Republic of Botswana;
“Rand” or “R” of “ZAR”	the South African Rand, the official currency of South Africa;
“SARB”	the South African Reserve Bank;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“SENS”	the Securities Exchange News Service of the JSE;
“Shareholders” or “Steinhoff Shareholders”	holders of Steinhoff Shares from time to time;
“South Africa”	the Republic of South Africa;
“South African Prime Rate”	the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by Standard Bank as being its prime overdraft rate, as certified by any representative of Standard Bank;
“SPA”	the share purchase agreement between PPR and Steinhoff for the acquisition of 8,367,629 shares in Conforama by Steinhoff dated 25 January 2011;
“Standard Bank”	The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company incorporated in accordance with the laws of South Africa;
“Steinhoff”	Steinhoff International Holdings Limited (registration number 1998/003951/06), a limited liability public company duly incorporated in South Africa in 1998;

“Steinhoff Africa”	Steinhoff Africa Holdings (Proprietary) Limited (registration number 1969/015042/07), a limited liability private company duly incorporated in South Africa and a wholly owned subsidiary of Steinhoff;
“Steinhoff Europe”	Steinhoff Europe AG (registration number FN 38031d), a limited liability private company duly incorporated in Austria and a wholly owned subsidiary of Steinhoff;
“Strate”	Strate Limited (registration number 1998/022242/06), a limited liability public company duly incorporated in South Africa and the electronic clearing and settlement system used by the JSE to settle trades;
“Transaction”	the acquisition by Steinhoff of 8,367,629 shares in Conforama from PPR, in accordance with the terms and conditions contained in the SPA;
“Transaction Consideration”	EUR 1,207 million in cash to be paid by Steinhoff to PPR in terms of the Transaction;
“Transfer Secretaries”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/07), a limited liability private company duly incorporated in South Africa;
“Unitrans”	Unitrans Holdings (Proprietary) Limited (registration number 1994/007379/07), a limited liability private company duly incorporated in South Africa and a wholly owned subsidiary of Steinhoff;
“UPPS”	unlisted perpetual preference shares in Steinhoff Africa issued to Standard Bank, at an aggregate subscription price of ZAR 3 billion;
“USD”	the United States Dollar, the official currency of the United States of America;
“VAT”	Value-Added Tax payable in terms of the Value-Added Tax Act, 1991 (Act 89 of 1991), as amended; and
“VCP Shares”	Up to 137 million Ordinary Shares to be issued as a vendor consideration placing, as provided for in section 2.

Steinhoff

International Holdings Ltd

Registration No: 1998/003951/06

VAT No: 4060175934

DIRECTORS:

D Konar # (Chairman)
MJ Jooste (Chief Executive Officer)
DC Brink #
SF Booyesen #
YZ Cuba #
CE Daun # (German)
HJK Ferreira
SJ Grobler
JF Mouton #
FJ Nel
FA Sonn #
BE Steinhoff # (German)
PDJ van den Bosch (Belgian)
DM van der Merwe

ALTERNATE DIRECTORS:

JNS du Plessis
KJ Grové
A Krüger-Steinhoff # (German)
AB la Grange
Non Executive

COMPANY SECRETARY:

SJ Grobler

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CIRCULAR TO STEINHOFF SHAREHOLDERS

1 INTRODUCTION AND PURPOSE OF THIS CIRCULAR

It was announced on 9 December 2010 on SENS that Steinhoff had entered into exclusive negotiations to acquire 99.98 percent of the entire issued share capital of Conforama, a leading European retailer of furniture and household goods, from PPR for a cash consideration of EUR 1,207 million.

Following the successful consultation with personnel representative bodies of Conforama as required under French law, it was announced on 31 January 2011 on SENS that Steinhoff and PPR have entered into the SPA, which records the terms and conditions of the Transaction.

The purpose of this Circular is to provide Shareholders with detailed information regarding the Transaction and to convene a General Meeting of Steinhoff Shareholders, in terms of the notice of the General Meeting forming part of this Circular, at which meeting the resolutions required to approve and implement the Transaction will be considered and, if deemed fit, passed.

2 PRINCIPAL TERMS AND CONDITIONS OF THE TRANSACTION

Steinhoff has agreed to acquire from PPR 8,367,629 shares in Conforama for the Transaction Consideration of EUR 1,207 million, or EUR 144.22 per share, payable in full on the Completion Date, constituting 99.98 percent of the entire issued share capital of Conforama. The remaining 0.02 percent of the issued share capital of Conforama is held by third parties other than PPR, and includes a number of unclaimed shares.

The Conforama shares will be transferred to an appropriate subsidiary of Steinhoff Europe on the Completion Date, and have not been ceded or pledged by PPR.

On the Completion Date, Steinhoff shall also procure that Conforama pays to PPR an amount equal to the net amount of indebtedness (including any accrued interest) owed as at the Completion Date by Conforama and its subsidiaries to PPR (or to subsidiaries of PPR other than Conforama and its subsidiaries).

Transaction Consideration adjustment

Steinhoff and PPR have agreed that the Transaction Consideration would have been adjusted as follows:

- If Conforama's EBITDA per the consolidated financial statements for the year ended 31 December 2010 was less than EUR 200 million, the Transaction Consideration would have been reduced by seven times the difference between EUR 200 million and Conforama's EBITDA for the year ended 31 December 2010.

It has now been determined that the above minimum EBITDA level has been achieved by Conforama.

Conditions to closing

The Transaction is subject to obtaining the appropriate authorisations of the Competition Authorities and Steinhoff Shareholders, in the General Meeting, approving the Resolutions necessary to effect the Transaction.

Warranties

Warranties, representations and related undertakings, as are customary for a transaction of this nature, including those covering ownership of assets, inventories, accounts receivable, taxation and disclosure of liabilities as per the statement of financial position of Conforama as at 31 December 2010, have been obtained from PPR.

Under the SPA and among other representations and warranties, PPR has warranted that:

- the audited consolidated financial statements of Conforama as well as the individual financial statements of Conforama and its subsidiaries as at 31 December 2009; and
- the reviewed consolidated financial statements of Conforama for the six months ended, and as at 30 June 2010,

prepared in accordance with relevant accounting principles (IFRS with respect to the consolidated financial statements) are true and correct, and fairly present the assets and liabilities, the financial position and results of Conforama and its subsidiaries as of the date hereof.

PPR has also warranted that Conforama's consolidated financial statements for the financial year ended 31 December 2010 shall be true and correct, and shall fairly present the assets and liabilities, the financial condition and results of Conforama and its subsidiaries as of 31 December 2010.

In addition, PPR has agreed to indemnify Steinhoff or, at Steinhoff's election, Conforama and its subsidiaries, against any liability of Conforama or its subsidiaries exceeding EUR 5 million with an origin prior to the Completion Date to the extent such liability was not accrued or provisioned in Conforama's consolidated balance sheet as at 30 June 2010 or otherwise disclosed to Steinhoff.

Subject to certain exceptions, the obligations of PPR to indemnify Steinhoff or, at Steinhoff's election, Conforama and its subsidiaries, against the losses arising out of a breach of PPR's representations, warranties, covenants and undertakings are subject to a deductible amount of EUR 5 million and a cap amount of 10 percent of the Transaction Consideration (extended to 30 percent of the Transaction Consideration in respect of tax matters).

PPR has warranted the book debts and inventories of Conforama.

Termination rights

The Transaction may be terminated by either Steinhoff or PPR after 30 June 2011 if the Transaction has not been completed by 30 June 2011. Additionally, either Steinhoff or PPR may terminate the Transaction by mutual written agreement at any time before 30 June 2011.

Break fee

If Steinhoff does not settle its payment obligations pursuant to the SPA, Steinhoff shall pay a break fee of EUR 42,245,000 to PPR.

In the event Steinhoff terminates the SPA after 30 June 2011 as a result of a material adverse change pertaining to the Conforama group, PPR shall pay a break fee of EUR 15,000,000 to Steinhoff in cash.

Restraint of trade

For a period of three years from the Completion Date, PPR has undertaken that it, or any of its subsidiaries, will not solicit to hire or hire any employee of Conforama or Conforama's subsidiaries. However, PPR and its subsidiaries may hire any employee who contacts PPR on his own initiative without any direct or indirect solicitation or encouragement by PPR or its subsidiaries or as a result of the use of general advertisements not specifically targeting Conforama or Conforama subsidiaries' employees.

For a period of five years from the Completion Date, PPR has undertaken that it, or any of its subsidiaries, will not acquire the control of any direct competitor of Conforama and its subsidiaries which is active in the mass discount furniture and household goods retailing market in Croatia, France, Italy, Luxembourg, Portugal, Spain and Switzerland.

This undertaking shall not prevent PPR's subsidiaries Redcats, Puma or Fnac from carrying out acquisitions relating to their existing activities (excluding the mass discount furniture and household goods retailing market).

Accrued taxation

Accrued taxation as at 31 December 2010 and at the Completion Date (if any) will be provided for in the financial statements of Conforama and, when due, paid in the normal ordinary course of business.

Expected Completion Date

The Completion Date is expected to be on or around 31 March 2011.

Transaction Consideration and funding

It is intended that the Transaction Consideration of EUR 1,207 million will be financed through an appropriate mix of available cash resources, debt and equity comprising a combination of the VCP Shares, the UPPSs and an acquisition facility of EUR 600 million provided by a consortium of six banks.

In addition, Conforama will refund PPR's working capital facility and, in this regard, Steinhoff has secured a new EUR 180 million working capital facility for Conforama from the same consortium of banks referred to above.

The VCP Shares

The VCP Shares will be issued as a vendor consideration placing, pursuant to the provisions of the SPA. On or about closing, up to 137 million of the VCP Shares will be allocated to PPR, which in turn, will renounce those shares to a third party investor(s), against a cash payment of an amount calculated by the number of shares allotted and renounced, multiplied by the issue price and converted from rands to euros at the exchange rate prevailing on the date of such renunciation. The issue price will be within the pricing parameters of paragraph 5.62(a) of the Listings Requirements.

The final number of VCP shares will be dependent on the final pricing to be agreed at the then prevailing ZAR : EUR exchange rate to raise an aggregate amount sufficient to discharge the balance of the transaction consideration.

A listing has been provisionally granted by the JSE for up to 137 million VCP shares, which will be amended immediately after the final number and EUR pricing of the VCP shares has been determined.

The UPPSs

Standard Bank has agreed to subscribe for UPPSs in Steinhoff Africa at an aggregate subscription price of ZAR 3 billion. Based on the terms agreed with Standard Bank as the subscriber for the UPPSs, their issue will contribute approximately EUR 300 million to the Transaction Consideration. The UPPSs do not carry voting rights, are redeemable at Steinhoff's option and will pay a dividend linked to the South African prime rate.

The acquisition facility and working capital facility

Banc of America Securities Limited, BNP Paribas, Citibank N.A. – London Branch, Commerzbank Aktiengesellschaft, HSBC France, The Hongkong & Shanghai Banking Corporation Limited – Johannesburg Branch and the Royal Bank of Scotland N.V., Amsterdam have provided an acquisition facility of EUR 600 million and a working capital facility of EUR 180 million, both committed until 3 June 2012. Steinhoff intends to refinance these facilities through a combination of appropriate long-term capital market instruments and further syndicated term loan facilities.

3 INFORMATION ON CONFORAMA

Overview of Conforama

Conforama is a leading European retailer of furniture and household goods. Conforama operates a network of 236 stores, of which 186 are in France comprising 161 directly-operated stores and 25 franchises, making it France's second largest furniture and household goods retailer. In addition, Conforama operates 50 stores in six other European countries: 18 in Spain and Portugal, 15 in Italy, 13 in Switzerland, three in Croatia and one in Luxembourg.

Conforama's core product lines comprise furniture and white goods with grey and brown goods supporting customer traffic. Conforama employs a multi-style product strategy and carries a large product range, approximately 80 percent of which are immediately available in store. In addition, Conforama offers products in the higher margin decoration segment, as well as providing warranty and after-sales services.

Furthermore, Conforama sells its products through its online sales channel. The online sales channel is operated through three websites in France (www.conforama.fr), Italy (www.conforama.it) and Switzerland (www.conforama.ch) via a "cash and carry" model which is supported by Conforama's physical store network. Conforama recently acquired La Maison de Valérie, in order to strengthen its online sales channel. La Maison de Valérie is a mail order brand specialising in homeware: furnishings, interior design, household electrical goods, hi-fi and video, DIY and gardening.

Conforama's real estate assets comprise 98 wholly owned stores and 113 leased stores with an average selling space of 3,500 square metres.

Conforama employs over 13,400 full-time employees.

Financial information on Conforama

A new chief executive officer and executive management team were appointed at Conforama in the second half of 2008. Shortly thereafter, the new management team implemented certain business improvement strategies that resulted in substantial once-off restructuring costs, for the purposes of repositioning Conforama to resume its growth and development in the markets which it serves. These restructuring costs are included in their entirety in the *pro forma* financial effects set out in section 13 below and in Annexure 1. The related benefits are, however, already evident from the historical performance of Conforama as announced by PPR subsequent to 2008.

For the year ended 31 December 2009, Conforama generated sales of EUR 2,928 million, recurring operating income of EUR 125 million and recurring EBITDA of EUR 198 million. For the six months ended 30 June 2010, Conforama generated sales of EUR 1,414 million, recurring operating income of EUR 52 million and recurring EBITDA of EUR 83 million. As at 30 June 2010, Conforama had net assets of EUR 449 million, at historical values pre IFRS 3 acquisition adjustments.

Additional historical financial information on Conforama for the three financial years ended 31 December 2009 and the six months ended 30 June 2010 and 30 June 2009 is set out in Annexure 3 to this Circular. The historical financial information on Conforama should be read in conjunction with the accountants' report on such historical financial information, which is set out in Annexure 4 to this Circular.

4 RATIONALE FOR THE TRANSACTION AND PROSPECTS FOR THE ENLARGED GROUP

Steinhoff was founded in 1964 and listed on the JSE in 1998. Steinhoff is a holding company invested predominantly in household goods and diversified related industries. Steinhoff is one of the largest integrated furniture and household goods suppliers in Europe. Steinhoff's growth in Europe is supported by its strategy to supply selective external retailers within Europe and add group-owned retail footprints to the existing manufacturing and sourcing supply chain in Europe. Through Steinhoff's acquisition of Homestyle plc (June 2005) and European Retail Management in continental Europe, the group's retail offering is well represented in the UK and Germanic countries, but has no direct retail presence in France (the fourth largest furniture market in Europe) where Steinhoff currently only operates as a supplier. The integrated business model provides the group with a competitive supply advantage particularly in the mass-market consumer segments.

Conforama will give Steinhoff immediate access and scale in the EUR 9.3 billion (FY 2009) French furniture retailing market. Conforama's presence in continental Europe (particularly in Switzerland, Portugal, Spain, Italy and Croatia) will be highly complementary to Steinhoff's existing retail geographic footprint, and established supply chain globally.

In addition, Steinhoff's core retail expertise resides in its premium value-orientated proposition similar to that of Conforama and as such the combined business will benefit from the complimentary product offering, customer profile, marketing efforts and supply chain expertise.

The increased scale inherent in the enlarged business will result in cost savings and increased knowledge and leverage.

5 MATERIAL LOANS AND BORROWINGS OF STEINHOFF

The material loans to and from Steinhoff and its subsidiaries, including material inter-company loans, before and after the Transaction, are set out in Annexure 5 to this Circular.

6 MATERIAL LOANS AND BORROWINGS OF CONFORAMA

The material loans to and from Conforama and its subsidiaries, including material inter-company loans, before and after the Transaction, are set out in Annexure 6 to this Circular.

7 MATERIAL CONTRACTS ENTERED INTO BY STEINHOFF

Other than in connection with the Transaction and as set out below, Steinhoff has not, in the two years preceding the Last Practicable Date, either verbally or in writing, entered into any other material contracts otherwise than in the ordinary course of business or, either verbally or in writing, entered into contracts at any time containing an obligation or settlement that is material to Steinhoff and its subsidiaries at the Last Practicable Date:

- the acquisition, with effect from 1 July 2009, of an additional 55 percent interest in Hemisphere Properties B.V., taking Steinhoff's total ownership to 100 percent. The purchase consideration of EUR 106.2 million (ZAR 1,165 million) was settled by the delivery of 72,143,777 Steinhoff Shares at a price of ZAR 16.15 per share;
- a EUR 340 million revolving credit facility, details of which are set out in Annexure 5; and
- EUR 390 million five percent guaranteed convertible bonds due 2016, details of which are set out in Annexure 5.

8 MATERIAL CONTRACTS ENTERED INTO BY CONFORAMA

Other than in connection with the Transaction and as set out below, Conforama has not, in the two years preceding the Last Practicable Date, either verbally or in writing, entered into any material contracts otherwise than in the ordinary course of business or, either verbally or in writing, entered into contracts at any time containing an obligation or settlement that is material to Conforama and its subsidiaries at the Last Practicable Date:

- On 28 December 2009, Conforama increased its share capital through the issue of 3,756,349 shares in relation to the merger with Saprodis, for EUR 566.6 million. Saprodis's net assets primarily consisted of cash.

9 MATERIAL CHANGES RELATING TO STEINHOFF

Other than in the ordinary course of business and as set out herein with respect to the Transaction, there has been no material change in the financial or trading position of Steinhoff and its subsidiaries since 30 June 2010.

10 MATERIAL CHANGES RELATING TO CONFORAMA

Other than in the ordinary course of business and as set out herein with respect to the Transaction, there has been no material change in the financial or trading position of Conforama and its subsidiaries since 30 June 2010.

11 LITIGATION STATEMENT RELATING TO STEINHOFF

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which Steinhoff is aware, that may have or have had in the previous twelve months a material effect on the Steinhoff group's financial position.

12 LITIGATION STATEMENT RELATING TO CONFORAMA

As far as is known to the Vendor, there are no legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the previous twelve months a material effect on the Conforama group's financial position.

13 PRO FORMA FINANCIAL INFORMATION

The *pro forma* financial effects set out below are a summary of the complete *pro forma* financial information as set out in Annexure 1 to this Circular. The *pro forma* financial information has been prepared to illustrate the earnings impact of the Transaction on the reported financial information of Steinhoff for the year ended and as at 30 June 2010.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, may not give a fair reflection of Steinhoff's financial position, changes in equity, results of operations or cash flows after the Transaction.

The *pro forma* financial information incorporates the unaudited results of Conforama for the twelve months ended 30 June 2010. Steinhoff is satisfied with the quality of these results of Conforama, as extracted from the reviewed six months accounts to 30 June 2009, the audited accounts for the year ended 31 December 2009 and the reviewed results for the six months ended 30 June 2010.

ZAR	Steinhoff			
	Year ended 30 June 2010	Transaction adjustment	Pro forma after the Transaction	Percentage change
Basic headline earnings per share (cents)	254.6	(25.6)	229.0	(10.1)%
Diluted headline earnings per share (cents)	244.2	(22.1)	222.1	(9.0)%
Basic earnings per share (cents)	251.5	(113.7)	137.8	(45.2)%
Diluted earnings per share (cents)	241.4	(101.0)	140.4	(41.8)%
Net asset value per ordinary share (cents)	1,657		1,695	2.3%
Shares in issue (net of treasury shares) (million)	1,408	137	1,545	
Weighted average shares in issue (million)	1,376	137	1,513	
Weighted average shares in issue (million) (diluted)	1,554	137	1,691	

The "*Pro forma after the Transaction*" basic and headline earnings per share numbers include non-recurring items, including restructuring costs, of EUR 72 million. In addition, the "*Pro forma after the Transaction*" basic earnings per share numbers are stated after capital items of Conforama, comprising mainly impairment of goodwill of EUR 125 million.

The *pro forma* financial effects are based on the following assumptions:

- that the Transaction had been effective on 1 July 2009 for earnings per share and headline earnings per share purposes and on 30 June 2010 for net asset value per share purposes;
- the unaudited results of Conforama for the twelve months ended 30 June 2010 are based on and derived from the three sets of accounts of Conforama mentioned above;
- include the effects of non-recurring items of EUR 72 million and goodwill impairment of EUR 125 million for Conforama incurred during the twelve months ended 30 June 2010;
- the issue by Steinhoff of 137 million VCP Shares;
- an average after-tax funding cost on acquisition funding; and
- a provision for transaction costs for Steinhoff and Conforama of EUR 14 million in aggregate.

The historical performance of Conforama, set out below, and as announced by PPR, are stated before non-recurring items of EUR 72 million, goodwill impairment of EUR 125 million and provision for transaction costs of EUR 14 million. However, the effects of these non-recurring costs and capital items are included in their entirety in the *pro forma* numbers set out above.

EUR million	For the year ended 31 December				
	2009	2008	2007	2006	2005
Revenue	2,928	3,168	3,310	3,254	3,137
Recurring operating income	125	118	168	183	177
Recurring EBITDA	198	183	230	243	237

The Directors of Steinhoff consider it meaningful to also provide shareholders with the effects that exclude the EUR 72 million non-recurring items below.

The Transaction, had it been effective on 1 July 2009, would have had the following effects on Steinhoff's headline earnings and diluted headline earnings per share, before taking into account the effects of the EUR 72 million non-recurring items:

- basic headline earnings per share would have increased by 7.8 percent from 254.6 cps to 274.4 cps; and
- diluted headline earnings per share would have increased by 7.6 percent from 244.2 cps to 262.7 cps.

The independent reporting accountants' report relating to both the detailed *pro forma* financial information in Annexure 1 to this Circular and the summary *pro forma* financial effects set out above is included in Annexure 2 to this Circular. The Board of Directors of Steinhoff is responsible for the *pro forma* financial information.

A purchase price allocation as required by IFRS 3 – *Business Combinations*, has not yet been done in respect of the allocation of the purchase price to the identifiable assets and liabilities of Conforama for the purposes of the *pro forma* financial effects. The difference between the purchase price of EUR 1,207 million and the net value of the assets of EUR 449 million as at 30 June 2010 has provisionally been allocated to goodwill and not amortised. Upon closing of the Transaction the balance sheet of Conforama will be analysed and the purchase consideration of EUR 1,207 million will be allocated to the identifiable assets of Conforama, including real estate, intellectual property, and the like, with any balance remaining to be allocated to goodwill. As a result the final goodwill amount will differ from the provisional goodwill amount which is given purely for illustrative purposes. It is envisaged that the retrospective allocation of the purchase price in terms of IFRS 3 – *Business Combinations* would have had no impact on the *pro forma* earnings and headline earnings per share information set out herein.

14 EXPENSES RELATED TO THE TRANSACTION

It is estimated that the expenses of Steinhoff and Conforama relating to the Transaction and related matters will amount to approximately ZAR 150 million in aggregate, including miscellaneous preliminary expenses incurred in the previous three years. In converting fees paid and payable in USD and EUR, the average EUR:ZAR exchange rate of 10.5954 and EUR:USD of 1.31 was used in the computation of fees and expenses. Movements in exchange rates may cause the estimated expenses to be greater or less than presented below.

<i>Nature of Expense</i>	<i>Advisor</i>	<i>R'000</i>
Corporate advisory fees	Citigroup Global Markets Limited	40,365
	The Hongkong and Shanghai Banking Corporation Limited	
	Johannesburg Branch (HSBC)	40,440
	The Royal Bank of Scotland Plc Succursale de Paris	42,382
Sponsor	Citigroup Global Markets (Pty) Limited	75
	PSG Capital (Pty) Limited	75
Legal and other advisory fees	Gide Loyrette Nouel	15,400
	Latham & Watkins LLP	636
	DLA Cliffe Dekker Hofmeyr	40
Due diligence fees	PriceWaterHouseCoopers	5,741
	Landwell & Associés	3,423
Reporting accountants and auditor's fees	KPMG Inc	580
	Deloitte & Touche	80
JSE and listing and documentation fees	JSE	398
Printing and distribution fees	Greymatter & Finch	365
Total		150,000

The advisors involved in their respective capacities in which they acted in respect of the Transaction are set out in section "Corporate information and advisors" of this Circular.

15 SHARE CAPITAL OF STEINHOFF

15.1 Major Shareholders

Insofar as is known to the Board, and other than as set out below and in respect of Steinhoff Directors as per section 16.2.3., there is no shareholder, directly or indirectly, beneficially interested in more than five percent of any class of Steinhoff's capital.

The issuance of the VCP Shares will not affect the number of shares held by the below shareholders.

	<i>Number of shares</i>	<i>Percent</i>
Investec Asset Management (Proprietary) Limited	271,617,637	17.8%
Of which direct beneficial interest (on behalf of clients)	271,617,637	
Public Investment Corporation of South Africa	246,076,943	16.1%
Of which direct beneficial interest (on behalf of clients)	194,281,967	
Of which indirect beneficial interest (on behalf of clients)	51,794,976	

15.2 Controlling Shareholders

Steinhoff has no controlling shareholder and has not had one in any of the last five years.

16 DIRECTORS' REMUNERATION AND SERVICE CONTRACTS

16.1 Remuneration

	<i>Basic foreign remuneration</i>	<i>Basic rand remuneration</i>	<i>Foreign company contribution and expense allowances</i>	<i>Rand company contribution and expense allowances</i>	<i>Bonus</i>	<i>Company directors fees⁽¹⁾</i>	<i>Total remuneration and fees (including foreign amounts converted to rand for reporting purposes)⁽²⁾</i>
	<i>'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>	<i>R'000</i>
Executive directors							
Year ended 30 June 2010							
HJK Ferreira	EUR 150	1,809	–	297	R 1,125	594	5,414
SJ Grobler ⁽³⁾	EUR 150	1,884	–	222	R 2,250	594	6,539
MJ Jooste	EUR 1,151	–	–	980	–	594	13,767
FJ Nel	EUR 75	923	–	231	R 688	594	3,231
IM Topping ⁽⁴⁾	GBP 401	–	GBP 69	–	GBP 225	594	8,963
DM van der Merwe	EUR 100	2,471	–	445	–	594	4,570
						3,564	42,484
Alternate directors and officers							
Year ended 30 June 2010							
JNS du Plessis	EUR 42	1,902	–	–	R 750	594	3,691
KJ Grové	–	2,187	–	459	–	594	3,240
A Krüger-Steinhoff ⁽⁵⁾	–	–	–	–	–	240	240
AB la Grange	EUR 25	989	–	123	–	347	1,716
						1,775	8,887
				<i>Fees as director</i>	<i>Fees as director</i>	<i>Fees for services</i>	<i>Total</i>
				<i>Basic</i>	<i>Committees</i>	<i>R'000</i>	<i>R'000</i>
				<i>R'000</i>	<i>R'000</i>		
Non-executive directors							
Year ended 30 June 2010							
SF Booysen				300	85	–	385
DC Brink				300	265	–	565
YZ Cuba ⁽⁶⁾				300	25	–	325
CE Daun ⁽⁶⁾				300	–	–	300
D Konar				1,200	–	–	1,200
JF Mouton ⁽⁶⁾				300	25	–	325
FA Sonn				300	98	–	398
BE Steinhoff				300	–	4,468	4,768
						4,468	8,266

Notes:

- Directors' fees were paid with basic remuneration.
- The conversion into rands has been effected at the average EUR:ZAR exchange rate of 10.5954 and the average EUR:GBP exchange rate of 0.83.
- Includes fees and remuneration in respect of professional services rendered.
- IM Topping retired from the Board on 31 December 2010 and was replaced by PDJ van den Bosch, as disclosed in the SENS announcement dated 10 December 2010.
- Non-executive director.
- Paid to various entities as management fees.

16.2 Share rights

	<i>Offer date</i>	<i>Number of rights as of 30 June 2009</i>	<i>Number of rights (forfeited)/ awarded during the period</i>	<i>Number of rights as of 30 June 2010</i>	<i>Purchase price (ZAR cents)</i>	<i>Sold</i>	<i>Date of exercise</i>
Executive directors							
Year ended 30 June 2010							
HJK	December 2007 ⁽¹⁾	501,435	(252,090)	249,345	0.5	–	Forfeited
Ferreira	December 2008	408,356	–	408,356	0.5	–	–
	July 2009		601,348	601,348	0.5	–	1 July 2009
		909,791	349,258	1,259,049			
SJ Grobler	December 2007 ⁽¹⁾	501,128	(252,090)	249,038	0.5	–	Forfeited
	December 2008	408,356	–	408,356	0.5	–	–
	July 2009	–	601,348	601,348	0.5	–	1 July 2009
		909,484	349,258	1,258,742			
MJ Jooste	December 2007 ⁽¹⁾	1,597,922	(803,912)	794,010	0.5	–	Forfeited
	December 2008	1,306,739	–	1,306,739	0.5	–	–
	July 2009	–	1,957,602	1,957,602	0.5	–	1 July 2009
		2,904,661	1,153,690	4,058,351			
FJ Nel	December 2007 ⁽¹⁾	338,951	(171,314)	167,637	0.5	–	Forfeited
	December 2008	249,551	–	249,551	0.5	–	–
	July 2009	–	366,720	366,720	0.5	–	1 July 2009
		588,502	195,406	783,908			
IM Topping ⁽³⁾	June 2007	442,494	(442,494)	–	0.5	–	Forfeited
	December 2007	426,442	–	426,442	0.5	–	–
	December 2008	598,021	–	598,021	0.5	–	–
	July 2009	–	860,117	860,117	0.5	–	1 July 2009
		1,466,957	417,623	1,884,580			
DM van der Merwe	December 2007 ⁽¹⁾	569,106	(293,288)	275,818	0.5	–	Forfeited
	December 2008	430,316	–	430,316	0.5	–	–
	July 2009	–	626,776	626,776	0.5	–	1 July 2009
		999,422	333,488	1,332,910			
Sub-total		7,778,817	2,798,723	10,577,540			

<i>Offer date</i>	<i>Number of rights as of 30 June 2009</i>	<i>Number of rights awarded during the period</i>	<i>Number of rights as of 30 June 2010</i>	<i>Purchase price (ZAR cents)</i>	<i>Sold</i>	<i>Date of exercise</i>
Alternate directors and officers						
Year ended 30 June 2010						
JNS	June 2007 ⁽¹⁾	208,960	(208,960)	–	0.5	Forfeited
du Plessis	December 2007	189,827	–	189,827	0.5	–
	December 2008	272,237	–	272,237	0.5	–
	July 2009	–	398,218	398,218	0.5	1 July 2009
		671,024	189,258	860,282		
KJ	July 1999 – June 2000	40,000	–	40,000	1,000	–
Grové	July 2000 – June 2001	70,000	–	70,000	1,009	–
	July 2001 – June 2002	165,000	–	165,000	910	–
	July 2002 – June 2003	110,000	–	110,000	1,030.5	–
	July 2004 – June 2005	105,000	–	105,000	1,322.5	–
	July 2005 – June 2006	225,000	(112,500)	112,500	1,550.5	Forfeited
	November 2006	180,500	(180,500)	–	2,100	Forfeited
	December 2007	216,360	–	216,360	0.5	–
	December 2008	294,016	–	294,016	0.5	–
	July 2009	–	427,978	427,978	0.5	1 July 2009
		1,405,876	134,978	1,540,854		
AB	December 2006 ⁽¹⁾⁽²⁾	75,346	(75,346)	–	0.5	Forfeited
la Grange	December 2007 ⁽²⁾	77,427	–	77,427	0.5	–
	December 2008 ⁽²⁾	226,864	–	226,864	0.5	–
	July 2009 ⁽²⁾	–	398,202	398,202	0.5	1 July 2009
		379,637	322,856	702,493		
Sub-total		2,456,537	647,092	3,103,629		

Notes:

1. Includes rights granted in terms of the 2006 share grant which were forfeited during the year.
2. Granted prior to being a director.
3. IM Topping retired from the Board on 31 December 2010 and was replaced by PDJ van den Bosch, as disclosed in the SENS announcement dated 10 December 2010.
4. The rights awarded to the Directors generally vest over a period of three years from the issue date. Failing the achievement of the relevant vesting criteria, they are forfeited.

16.2.2 Details of Directors' service contracts

None of the executive directors of Steinhoff are subject to any service contract with Steinhoff or any of its subsidiaries, other than in terms of their normal terms and conditions of employment as approved by Steinhoff's remuneration committee from time to time.

16.2.3 Directors' interests in Steinhoff

The table below sets out the Directors' direct and indirect interests in Steinhoff post the share capitalisation awards on 3 December 2010 (3.8 shares for every 100 shares held).

	<i>Direct interest Beneficial</i>	<i>Indirect interest Beneficial</i>	<i>Indirect interest Non-beneficial</i>	<i>Total</i>	<i>Percent of issued share capital</i>
Executive directors					
HJK Ferreira	53,976	4,451,575	–	4,505,551	0.30%
SJ Grobler	–	5,382,720	–	5,382,720	0.35%
MJ Jooste	–	34,818,206	–	34,818,206	2.28%
FJ Nel	5,528	3,860,810	–	3,866,338	0.25%
IM Topping ⁽¹⁾	1,079,520	–	–	1,079,520	0.07%
DM van der Merwe	–	7,613,945	–	7,613,945	0.50%
Sub-total	1,139,024	56,127,256	–	57,266,280	3.75%

	<i>Direct interest Beneficial</i>	<i>Indirect interest Beneficial</i>	<i>Indirect interest Non-beneficial</i>	<i>Total</i>	<i>Percent of issued share capital</i>
Non-executive directors					
DC Brink	–	117,624	–	117,624	0.01%
CE Daun	–	371,061	–	371,061	0.02%
D Konar	328,189	–	–	328,189	0.02%
JF Mouton	–	5,190,000	–	5,190,000	0.34%
FA Sonn	–	43,181	–	43,181	0.00%
BE Steinhoff	363,200	171,288,667	–	171,651,867	11.26%
Sub-total	691,389	177,010,533	–	177,701,922	11.65%

	<i>Direct interest Beneficial</i>	<i>Indirect interest Beneficial</i>	<i>Indirect interest Non-beneficial</i>	<i>Total</i>	<i>Percent of issued share capital</i>
Alternate directors and officers					
JNS du Plessis	–	107,952	–	107,952	0.01%
KJ Grové	–	194,345	–	194,345	0.01%
A Krüger-Steinhoff	645,661	59,374	–	705,035	0.05%
AB la Grange	883,330	–	–	883,330	0.06%
Sub-total	1,528,991	361,671	–	1,890,662	0.13%
Total	3,359,404	233,499,460	–	236,858,864	15.53%

Notes:

1. IM Topping retired from the Board on 31 December 2010 and was replaced by PDJ van den Bosch, as disclosed in the SENS announcement dated 10 December 2010.
2. The Transaction will not affect the Directors' interests.

16.2.4 Directors' interests in the Transaction

There is no material beneficial interest, whether direct or indirect, of Steinhoff Directors, including Directors who have resigned during the last 18 months, in transactions that were effected by Steinhoff.

Other than as Steinhoff Shareholders, no promoter or Director has any beneficial interest in terms of the Transaction.

17 ARTICLES OF ASSOCIATION OF CONFORAMA FOLLOWING COMPLETION OF THE TRANSACTION

The Transaction will result in Conforama becoming a subsidiary company of Steinhoff and accordingly its articles of association will be amended to conform to Schedule 10 of the Listings Requirements.

18 OPINION AND RECOMMENDATION

The Board has considered the Transaction in light of Steinhoff's strategy and the rationale for the Transaction set out in section 4 above. The Board is of the opinion that the Transaction is in the best interests of Steinhoff and recommends that the Shareholders vote in favour of the Transaction. Accordingly, each member of the Board, who is a Shareholder, intends to vote in favour of the resolutions to be proposed at the General Meeting in respect of the Shares held directly or indirectly by such member, and recommends that all Shareholders do likewise.

19 SHAREHOLDER SUPPORT

In order to procure the exclusive negotiations with PPR, Steinhoff secured irrevocable undertakings from certain institutional shareholders to vote in favour of, or to recommend to their clients to vote in favour of the Transaction in respect of Steinhoff shares representing approximately 53 percent of the Steinhoff Shares.

20 WORKING CAPITAL STATEMENT

The Board is of the opinion that the working capital available to the Steinhoff group, as enlarged by the Transaction, is sufficient for the Steinhoff group's present requirements, that is for at least the next twelve months from the date of issue of this Circular.

21 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 8 of this Circular, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

22 GENERAL MEETING

A General Meeting of Shareholders will be held on 11 March 2011 at 14:00 at the registered offices of Steinhoff (28 Sixth Street, Wynberg, Sandton, 2090, South Africa) to consider and, if deemed fit, pass the proposed resolutions necessary to implement the Transaction.

Details of the action required by Shareholders are set out on page 3 of this Circular.

23 CONSENTS

Each of the financial advisors, the South African investment bank, the sponsor, the legal advisors, the reporting accountants and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of this Circular.

24 EXCHANGE CONTROL APPROVAL

Steinhoff has obtained the requisite approvals from the Exchange Control Department of the SARB in order to implement the Transaction. This approval is subject to conditions typical for a transaction of this nature, which are fully set out in the approval received from the SARB.

25 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Steinhoff during normal office hours from 24 February 2011 to 10 March 2011;

- the memorandum and articles of association of Steinhoff;
- the memorandum and articles of association of Steinhoff's two main operating subsidiaries, Steinhoff Africa and Steinhoff Europe;
- a copy of the SPA;
- the Exchange Control approval from the SARB, as referred to in section 24 above;
- the signed reporting accountants' report on the *pro forma* financial information referred to in section 13 above and in Annexure 1;
- Steinhoff's audited annual financial statements for the three years ended 30 June 2010;
- Conforama's audited annual financial statements for the year ended 31 December 2009, reviewed annual financial statements for the two years ended 31 December 2008, reviewed interim statements for the six months ended 30 June 2010 and 30 June 2009 and the signed independent reporting accountants' report related thereto;
- the written consents of the financial advisors, the South African investment bank, the sponsor, the legal advisors, the reporting accountants and the Transfer Secretaries, as referred to in section 23 above; and
- a signed copy of this Circular, as authorised in writing by the Board.

By order of the Steinhoff Board
Stehan Grobler

Company Secretary
Wynberg
23 February 2011

PRO FORMA FINANCIAL INFORMATION

The *pro forma* income statement and statement of financial position ("*pro forma* financial information") for Steinhoff are set out below to illustrate the effects of the Transaction on Steinhoff's published results for the year ended 30 June 2010.

The *pro forma* financial information has been prepared for illustrative purposes only, in order to provide information about the impact of the Transaction on the financial position and results of operations of Steinhoff had the Transaction occurred on 1 July 2009 for income statement purposes and on 30 June 2010 for statement of financial position purposes. Because of its nature, the *pro forma* financial information may not give a fair reflection of Steinhoff's financial position and results of operations after the Transaction.

The accounting policies applied in quantifying *pro forma* adjustments are consistent with Steinhoff's accounting policies.

The reporting accountants' report relating to the *pro forma* financial information is included in Annexure 2 to this Circular.

The *pro forma* financial information is the responsibility of the Steinhoff Board.

PRO FORMA INCOME STATEMENT

	UNADJUSTED INFORMATION				PRO FORMA ADJUSTMENTS				PRO FORMA	
	Steinhoff Audited Year ended 30 June 2010	Conforama Audited Year ended 31 Dec 2009	Conforama Reviewed 6 months ended 30 June 2010	Conforama Reviewed 6 months ended 30 June 2009	Transaction pro forma adjustments EUR	Transaction pro forma adjustments ZAR	Notes	30 June 2010 ZAR	30 June 2010 EUR	
	ZAR	EUR	EUR	EUR						
million										
CONTINUING OPERATIONS										
Revenue	48,040	2,928.0	1,413.7	1,331.4				79,935	7,544.3	
Cost of sales	(31,349)	(1,894.8)	(902.2)	(867.3)				(51,795)	(4,888.4)	
Gross profit	16,691	1,033.2	511.5	464.1				28,140	2,655.9	
Other expenses and income	(11,484)	(981.8)	(462.3)	(437.2)	(6.6)	(70)	6a, 6b	(22,223)	(2,097.4)	
Capital items	(63)	(125.0)	(2.7)	(2.1)				(1,394)	(131.5)	
Operating profit	5,144	(73.6)	46.5	24.8	(6.6)	(70)		4,523	427.0	
Finance costs	(1,870)	(23.6)	(10.0)	(10.1)	(29.2)	(309)	6c	(2,428)	(229.2)	
Income from investments	924	6.3						991	93.5	
Share of profit of associate companies	36	(0.2)	0.1	0.1				34	3.2	
Profit before taxation	4,234	(91.1)	36.6	14.8	(35.8)	(379)		3,120	294.5	
Taxation	(481)	(4.7)	(11.1)	(4.0)	10.1	107	6d	(499)	(47.1)	
Profit for the year	3,753	(95.8)	25.5	10.8	(25.7)	(272)		2,621	247.4	
Profit attributable to:										
Owners of the parent	3,541	(95.8)	25.5	10.8	(25.7)	(272)		2,409	227.4	
Non-controlling interests	212	-						212	20.0	
Profit for the year	3,753	(95.8)	25.5	10.8	(25.7)	(272)		2,621	247.4	

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

	UNADJUSTED INFORMATION				PRO FORMA ADJUSTMENTS				PRO FORMA	
	Steinhoff Audited Year ended 30 June 2010	Conforama Audited Year ended 31 Dec 2009	Conforama Reviewed 6 months ended 30 June 2010	Conforama Reviewed 6 months ended 30 June 2009	Transaction pro forma adjustments EUR	Transaction pro forma adjustments ZAR	Notes	30 June 2010 ZAR	30 June 2010 EUR	
	ZAR	EUR	EUR	EUR						
million										
Profit for the year	3,753	(95.8)	25.5	10.8	(25.7)	(272)		2,621	247.4	
Other comprehensive income/(loss)										
Actuarial losses on defined benefit plans	(24)	(0.9)	-	-				(34)	(3.2)	
Exchange difference on translation of foreign operations	(2,856)	0.7	11.5	(1.8)				(2,708)	(255.6)	
Net fair value gain/(loss) on cash flow hedges	41	(0.6)	5.2	(1.8)				109	10.3	
Total other comprehensive income/(loss) for the year	(2,839)	(0.8)	16.7	(3.6)	0.0	0		(2,633)	(248.5)	
Deferred taxation	5							5	0.5	
Total other comprehensive income/(loss) for the year, net of taxation	(2,834)	(0.8)	16.7	(3.6)	0.0	0		(2,628)	(248.0)	
Total comprehensive income/(loss) for the year, net of taxation	919	(96.6)	42.2	7.2	(25.7)	(272)		(7)	(0.6)	
Total comprehensive income/(loss) attributable to:										
Owners of the parent	1,095	(96.6)	42.2	7.2	(25.7)	(272)		169	16.0	
Non-controlling interests	(176)							(176)	(16.6)	
Total comprehensive income/(loss) for the year	919	(96.6)	42.2	7.2	(25.7)	(272)		(7)	(0.6)	

PRO FORMA EARNINGS, HEADLINE EARNINGS, DILUTED EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

	UNADJUSTED INFORMATION				PRO FORMA ADJUSTMENTS				PRO FORMA	
	Steinhoff Audited Year ended 30 June 2010	Conforama Audited Year ended 31 Dec 2009	Conforama Reviewed 6 months ended 30 June 2010	Conforama Reviewed 6 months ended 30 June 2009	Transaction pro forma adjustments EUR	Transaction pro forma adjustments ZAR	Notes	30 June 2010 ZAR	30 June 2010 EUR	
	ZAR	EUR	EUR	EUR						
million										
Earnings attributable to owners of the parent	3,460	(95.8)	25.5	10.8	(25.7)	(272)		2,329	219.8	
Dividend entitlement on unlisted perpetual preference shares					(23.0)	(244)	6e	(244)	(23.0)	
Earnings attributable to owners of the parent	3,460	(95.8)	25.5	10.8	(48.7)	(516)		2,085	196.8	
Diluted earnings attributable to owners of the parent	3,750	(95.8)	25.5	10.8	(25.7)	(272)		2,619	247.1	
Dividend entitlement on unlisted perpetual preference shares					(23.0)	(244)	6e	(244)	(23.0)	
Diluted earnings attributable to owners of the parent	3,750	(95.8)	25.5	10.8	(48.7)	(516)		2,375	224.1	
Headline earnings attributable to owners of the parent	3,504	30.4	28.0	13.4	(25.7)	(272)		3,709	350.0	
Dividend entitlement on unlisted perpetual preference shares					(23.0)	(244)	6e	(244)	(23.0)	
Headline earnings attributable to owners of the parent	3,504	30.4	28.0	13.4	(48.7)	(516)		3,465	327.0	
Diluted headline earnings attributable to owners of the parent	3,794	30.4	28.0	13.4	(25.7)	(272)		3,999	377.4	
Dividend entitlement on unlisted perpetual preference shares					(23.0)	(244)	6e	(244)	(23.0)	
Diluted headline earnings attributable to owners of the parent	3,794	30.4	28.0	13.4	(48.7)	(516)		3,755	354.4	

PRO FORMA

million	Steinhoff	Transaction	PRO FORMA	
	Audited	pro forma	30 June 2010	30 June 2010
	Year	adjustments	ZAR	EUR
	ended			
	30 June 2010	ZAR	ZAR	
	ZAR			
Headline earnings per ordinary share (cents)				
Basic	254.6	(25.6)	229.0	21.6
Diluted	244.2	(22.1)	222.1	21.0
Earnings per ordinary share (cents)				
Basic	251.5	(113.7)	137.8	13.0
Diluted	241.4	(101.0)	140.4	13.3
Net asset value per share	1,657		1,695	181
Number of ordinary shares in issue (million)	1,408	137	1,545	1,545
Weighted average number of ordinary shares in issue for the year (million)	1,376	137	1,513	1,513
Weighted average number of ordinary shares in issue for the year (diluted) (million)	1,554	137	1,691	1,691

PRO FORMA STATEMENT OF FINANCIAL POSITION

	UNADJUSTED INFORMATION				PRO FORMA ADJUSTMENTS			PRO FORMA	
	Steinhoff Audited Year ended 30 June 2010	Conforama Audited Year ended 31 Dec 2009	Conforama Reviewed 6 months ended 30 June 2010	Conforama Reviewed 6 months ended 30 June 2009	Transaction pro forma adjustments EUR	Transaction pro forma adjustments ZAR	Notes	30 June 2010 ZAR	30 June 2010 EUR
	ZAR	EUR	EUR	EUR					
million									
ASSETS									
Non-current assets									
Goodwill	6,698	564.4	572.0	687.2	757.8	7,107	7b	19,169	2,044.0
Intangible assets	10,977	21.8	28.1	26.2				11,241	1,198.6
Property, plant and equipment	13,221	516.4	504.1	530.6				17,949	1,913.9
Investment property	292							292	31.1
Vehicle rental fleet	15							15	1.6
Consumable biological assets	1,325							1,325	141.3
Investments in associate companies	920	3.7	3.8	4.4				956	101.9
Interests in joint-venture companies	7							7	0.7
Investments and loans	3,591	13.3	14.6	13.2				3,728	397.5
Deferred taxation assets	468	49.0	48.4	39.3				922	98.3
Derivative financial assets	278							278	29.6
Other non-current assets	–	5.3	5.1	5.4				47	4.9
	37,792	1,173.9	1,176.1	1,306.3	757.8	7,107		55,929	5,963.4
Current assets									
Derivative financial assets	41	0.7	12.2	0.6				155	16.6
Vehicle rental fleet	144							144	15.4
Inventories	4,520	480.8	561.5	492.0				9,786	1,043.5
Trade and other receivables	7,469	164.2	170.9	167.7				9,072	967.3
Short-term loans receivable	1,551							1,551	165.4
Taxation receivable	137	11.2	3.5	6.3				170	18.1
Value added taxation receivable	385							385	41.1
Funds on call and deposit	102							102	10.9
Bank balances and cash	5,019	35.9	31.8	36.0				5,317	567.0
	19,368	692.8	779.9	702.6	0	0		26,682	2,845.3
Assets classified as held for sale	21	–	–	–				21	2.2
	19,389	692.8	779.9	702.6	0	0		26,703	2,847.5
Total assets	57,181	1,866.7	1,956.0	2,008.9	757.8	7,107		82,632	8,810.9

million	UNADJUSTED INFORMATION					PRO FORMA ADJUSTMENTS			PRO FORMA	
	Steinhoff Audited Year ended 30 June 2010	Conforama Audited Year ended 31 Dec 2009	Conforama Reviewed 6 months ended 30 June 2010	Conforama Reviewed 6 months ended 30 June 2009	Conforama Reviewed 6 months ended 30 June 2009	Transaction pro forma adjustments	Transaction pro forma adjustments	Notes	30 June 2010	30 June 2010
	ZAR	EUR	EUR	EUR	EUR	EUR	ZAR		ZAR	EUR
EQUITY AND LIABILITIES										
Capital and reserves										
Ordinary share capital and premium	4,923	133.9	133.9	73.8	73.8	187.1	1,755	7c	7,934	845.9
Reserves	18,400	273.1	315.3	(1.5)	(1.5)	(331.3)	(3,107)	7d	18,250	1,946.0
Preference share capital and premium	1,042					286.0	2,682	7a	3,724	397.1
Total equity attributable to equity holders of the parent	24,365	407.0	449.2	72.3	72.3	141.8	1,330		29,908	3,189.0
Non-controlling interests	2,696	-	-	-	-				2,696	287.5
Total equity	27,061	407.0	449.2	72.3	72.3	141.8	1,330		32,604	3,476.5
Non-current liabilities										
Interest bearing loans and borrowings	15,107	26.3	23.0	32.0	32.0	600.0	5,627	7a	20,950	2,233.9
Equalisation of operating lease payments	137								137	14.6
Employee benefits	185	33.7	36.3	32.8	32.8				525	56.0
Deferred taxation liabilities	2,392	39.4	36.8	39.4	39.4				2,737	291.9
Deferred government grants	4								4	0.4
Provisions	277	6.6	5.5	2.1	2.1				329	35.0
Derivative financial liabilities	1								1	0.1
Total current liabilities	18,103	106.0	101.6	106.3	106.3	600.0	5,627		24,683	2,631.9
Current liabilities										
Trade and other payables	7,059	904.4	898.7	880.9	880.9	16.0	150	6b	15,638	1,667.5
Equalisation of operating lease payments	7								7	0.7
Employee benefits	470								470	50.1
Provisions	239	21.1	30.5	28.2	28.2				525	56.0
Derivative financial liabilities	33	2.8	4.5	5.6	5.6				75	8.0
Interest-bearing loans and borrowings	3,143	416.8	460.9	909.6	909.6				7,465	796.0
Taxation payable	513	8.6	10.6	6.0	6.0				612	65.3
Value added taxation payable	455								455	48.5
Bank overdrafts	98								98	10.4
Total equity and liabilities	12,017	1,353.7	1,405.2	1,830.3	1,830.3	16.0	150		25,345	2,702.5
	57,181	1,866.7	1,956.0	2,008.9	2,008.9	757.8	7,107		82,632	8,810.9

NOTES TO THE *PRO FORMA* FINANCIAL INFORMATION

Note 1.

The Steinhoff financial information has been extracted, without adjustment, from Steinhoff's audited results for the year ended 30 June 2010 audited by Deloitte.

Note 2.

Conforama has a 31 December year-end. The *pro forma* financial information is based on the unaudited results of Conforama for the twelve months ended 30 June 2010, based on and derived from the audited results of Conforama for the twelve months ended 31 December 2009, the reviewed results of Conforama for the six months ended 30 June 2010 and for the six months ended 30 June 2009.

Conforama's accounting policies are in line with the accounting policies of Steinhoff. Conforama's results have been audited by KPMG for the year ended 31 December 2009 and the 30 June 2010 and 20 June 2009 results have been reviewed by KPMG. Their unqualified opinion, included in Annexure 4, lies open for inspection.

Note 3.

The *pro forma* income statement and statement of comprehensive income have been based on the assumption that the Transaction was implemented on 1 July 2009.

Note 4.

The *pro forma* statement of financial position is based on the assumption that the Transaction was implemented on 30 June 2010.

Note 5.

The EUR:ZAR exchange rates used in the translation of financial statements are: average rate: 10.9594 and closing rate: 9.3781. These rates correspond to the rates used for the Steinhoff audited financial statements for the year ending 30 June 2010.

Note 6.

The *pro forma* income statement and statement of comprehensive income include the following adjustments:

Non recurring adjustments:

- 6.a Reversal of intercompany management fee charges of EUR 7.6 million.
- 6.b The estimated transaction costs of ZAR 150 million based on the average EUR:ZAR exchange rate of 10.5954 and an average EUR:USD exchange rate of 1.31 and a closing EUR:ZAR exchange rate of 9.3781.

Continuing adjustments

- 6.c EUR 600 million acquisition finance facility financing costs.
- 6.d Tax deduction on acquisition finance facility costs. Tax rate used is the French marginal tax rate of 34.43 percent.
- 6.e Dividends payable on unlisted perpetual preference shares issued as part of the settlement of the Transaction.

Note 7.

The *pro forma* statement of financial position includes the following adjustments:

- 7.a The acquisition of 99.98 percent of the share capital of Conforama for a purchase consideration of EUR 1,207 million. The settlement of the Transaction Consideration based on the EUR:ZAR exchange rate of 9.11 through:
 - a) The issue of 137 million Steinhoff shares based on an assumed issue price of ZAR 21.34 per share;
 - b) The issue of ZAR 2,682 million unlisted perpetual preference shares; and
 - c) EUR 600m acquisition finance facility.
- 7.b A purchase price allocation as required by IFRS 3 – *Business Combinations*, has not yet been done in respect of the allocation of the purchase price to the identifiable assets and liabilities of Conforama for the purposes of the *pro forma* financial effects. The difference between the purchase price of EUR 1,207 million and the net value of the assets of EUR 449 million as at 30 June 2010 has provisionally been allocated to goodwill and not amortised. Upon closing of the Transaction the balance sheet of Conforama will be analysed and the purchase consideration of EUR 1,207 million will be allocated to the identifiable assets of Conforama, including real estate, intellectual property, and the like, with any balance remaining to be allocated to goodwill. As a result the final goodwill amount will differ from the provisional goodwill amount which is given purely for illustrative purposes. It is envisaged that the retrospective allocation of the purchase price in terms of IFRS 3 – *Business Combinations* would have had no impact on the *pro forma* earnings and headline earnings per share information set out herein.
- 7.c Issue of 137 million Steinhoff shares per note 7.a at ZAR 21.34 per share at the closing EUR:ZAR exchange rate of 9.3781, less consolidation adjustment of the ordinary share capital and premium of Conforama at 30 June 2010 of EUR 133.9 million.
- 7.d Transaction costs of ZAR 150 million per note 6.b, less consolidation adjustment of the reserves of Conforama as at 30 June 2010 of EUR 315.3 million.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

18 February 2011

The Directors
Steinhoff International Holdings Limited
28 Sixth Street, Wynberg
Sandton, 2090, South Africa

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF STEINHOFF INTERNATIONAL HOLDINGS LIMITED

We have performed our limited assurance engagement in respect of the *pro forma* financial information set out in Annexure 1 and the summary *pro forma* financial effects set out in section 13 of the circular to be issued on or about 23 February 2011 in connection with the proposed acquisition by Steinhoff International Holdings Limited ("Steinhoff") of 8,367,629 shares in Conforama Holding S.A., constituting 99.98 percent of the entire issued share capital of Conforama Holding S.A. that is the subject of this circular. The *pro forma* financial information has been prepared in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements, for illustrative purposes only, to provide information about how the acquisition might have affected the reported historical financial information presented, had the corporate action been undertaken at the commencement of the period or at the date of the *pro forma* statement of financial position being reported on.

Director's responsibility

The directors are 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 has been properly compiled on the basis stated; the basis is consistent with the accounting policies of Steinhoff; and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information disclosed in terms of the JSE Listings Requirements.

Reporting accountant's responsibility

Our responsibility is to express our limited assurance conclusion on the *pro forma* financial information included in the circular to Steinhoff shareholders. We conducted our 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 Guide on Pro Forma Financial Information* issued by SAICA.

This standard requires us to obtain sufficient appropriate evidence on which to base our conclusion.

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 financial information with the source documents, considering the *pro forma* adjustments in light of the accounting policies of Steinhoff the issuer, considering the evidence supporting the *pro forma* adjustments and discussing the adjusted *pro forma* financial information with the directors of the company in respect of the corporate actions that are the subject of this circular.

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

While our work performed has involved an analysis of the historical published audited financial information and other information provided to us, our assurance engagement does not constitute an audit or review of any of the underlying financial information conducted in accordance with *International Standards on Auditing or 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.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention, which causes us to believe that, in terms of the Section 8.17 and 8.30 of the JSE Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated,
- such basis is inconsistent with the accounting policies of the issuer, and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed.

Consent

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 23 February, in the form and context in which it will appear.

DELOITTE & TOUCHE

Registered Auditors

Per U Böhmer

Partner

221 Waterkloof Road

Waterkloof

Pretoria

0181

National Executive: GG Gelink *Chief Executive* AE Swiegers *Chief Operating Officer* GM Pinnock *Audit* DL Kennedy *Risk Advisory* NB Kader *Tax & Legal Services*
L Geeringh *Consulting* L Bam *Corporate Finance* JK Mazzocco *Human Resources* CR Beukman *Finance* TJ Brown *Clients* NT Mtoba *Chairman of the Board* MJ Comber
Deputy Chairman of the Board
Regional Leader: X Botha

A full list of partners and directors is available on request.

HISTORICAL FINANCIAL INFORMATION RELATING TO CONFORAMA

The consolidated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes for the years ended 31 December 2009, 2008 and 2007 (“Historical Financial Information”) have been extracted from the audited consolidated financial statements of Conforama Holding S.A. and its subsidiaries (“Annual Financial Statements”). The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards and have been reported on without qualification by KPMG.

This report is the responsibility of the Directors of Steinhoff International Holdings Limited (“Steinhoff”) and Conforama Holding S.A. (the “Group”).

**SECTION A:
REPORT OF HISTORICAL FINANCIAL INFORMATION FOR THE THREE YEARS ENDED
DECEMBER 31, 2009 (“HISTORICAL FINANCIAL INFORMATION”)**

CONSOLIDATED INCOME STATEMENT

for the years ended December 31, 2009, December 31, 2008 and December 31, 2007

(in EUR millions)	Notes	Audited 2009	Reviewed 2008	Reviewed 2007
CONTINUING OPERATIONS				
Revenue	5	2,928.0	3,167.8	3,313.0
Cost of sales		(1,894.8)	(2,065.9)	(2,175.1)
Gross margin		1,033.2	1,101.9	1,137.9
Payroll expenses	6	(474.6)	(495.4)	(503.5)
Other operating income and expenses		(499.6)	(539.4)	(474.7)
Management fees		(7.6)	(7.5)	(8.1)
Capital items	9	(125.0)	(125.9)	(72.5)
Operating (loss) / income		(73.6)	(66.3)	79.1
Finance costs, net	10	(17.3)	(47.1)	(47.7)
Loss before tax		(90.9)	(113.4)	31.4
Corporate income tax	11	(4.7)	(18.8)	(40.9)
Share in (losses) / earnings of associates		(0.2)	0.4	0.3
Net (loss) from continuing operations		(95.8)	(131.8)	(9.2)
DISCONTINUED OPERATIONS				
Net income from discontinued operations	12	0.0	20.2	5.2
Net loss of consolidated companies		(95.8)	(111.6)	(4.0)
attributable to owners of the parent		(95.8)	(111.6)	(4.0)
attributable to non-controlling interests		–	–	–
Net loss		(95.8)	(111.6)	(4.0)
Earnings per share (in EUR)	13	(20.63)	(24.19)	(0.87)
Fully diluted earnings per share (in EUR)	13	(20.63)	(24.19)	(0.87)

STATEMENT OF COMPREHENSIVE INCOME

for the years ended December 31, 2009, December 31, 2008 and December 31, 2007

(in EUR millions)	Notes	Audited 2009	Reviewed 2008	Reviewed 2007
Net loss		(95.8)	(111.6)	(4.0)
Foreign exchange losses		0.7	9.1	(2.6)
Cash flow hedges ⁽¹⁾		(0.6)	1.5	(0.9)
Actuarial gains and losses ⁽¹⁾		(0.9)	(4.4)	(0.3)
Other comprehensive income and expenses, net of tax	14	(0.8)	6.2	(3.8)
Total comprehensive loss		(96.6)	(105.4)	(7.8)
attributable to owners of the parent		(96.6)	(105.4)	(7.8)
attributable to non-controlling interests		-	-	-

⁽¹⁾ Net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the years ended December 31, 2009, December 31, 2008 and December 31, 2007

(in EUR millions)	Notes	Audited 2009	Reviewed 2008	Reviewed 2007
ASSETS				
Goodwill	15	564.4	688.0	805.5
Brands and other intangible assets	16	21.8	21.7	21.3
Property, plant and equipment	17	516.4	554.6	565.3
Investments in associates	19	3.7	4.3	4.2
Non-current financial assets	20	13.3	12.9	12.7
Deferred tax assets	11.2	49.0	39.5	63.4
Other non-current assets		5.3	7.1	0.8
Non-current assets		1,173.9	1,328.1	1,473.2
Inventories	21	480.8	511.9	566.8
Trade receivables	22	85.4	86.8	113.8
Current tax receivables	11.2	11.2	11.5	9.7
Other current financial assets	24	0.7	4.8	0.8
Other current assets	23	78.8	93.7	112.7
Cash and cash equivalents	28	35.9	41.3	77.6
Current assets		692.8	750.0	881.4
Assets classified as held for sale	12	–	–	27.8
Total assets		1,866.7	2,078.1	2,382.4
EQUITY AND LIABILITIES				
Share capital	25	133.9	73.8	73.8
Capital reserves		506.5	–	0.1
Translation adjustments		5.8	5.1	(4.0)
Remeasurement of financial instruments		(0.8)	(0.1)	(3.1)
Other reserves		(238.4)	(13.7)	105.3
Total equity		407.0	65.1	172.1
Non-current borrowings	29	26.3	35.3	46.8
Provisions for pensions and other post-employment benefits	26	33.7	35.8	32.3
Provisions	27	6.6	2.1	1.7
Deferred tax liabilities	11.2	39.4	39.9	64.2
Non-current liabilities		106.0	113.1	145.0
Current borrowings	29	416.8	766.6	897.2
Other current financial liabilities	30	2.8	3.4	4.9
Trade payables	23	479.4	636.3	669.1
Provisions	27	21.1	51.0	10.6
Current tax liabilities	11.2	8.6	7.1	14.0
Other current liabilities	23	425.0	435.5	463.8
Current liabilities		1,353.7	1,899.9	2,059.6
Liabilities associated with assets classified as held for sale	12	–	–	5.7
Total equity and liabilities		1,866.7	2,078.1	2,382.4
Net asset value per share (in EUR)				
		48.64	14.12	37.31
Net tangible asset value per shares (in EUR)				
		(21.40)	(139.74)	(141.91)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the years ended December 31, 2009, December 31, 2008, and December 31, 2007

(in EUR millions)	Notes	Audited 2009	Reviewed 2008	Reviewed 2007
Net loss from continuing operations		(95.8)	(131.8)	(9.2)
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets		72.5	65.0	62.6
Other non-cash income and expenses		137.8	157.7	79.9
Cash flow from operating activities		114.5	90.9	133.3
Interest paid		9.5	41.0	39.3
Dividends received		(0.2)	–	–
Net income tax payable	11.1	13.8	19.7	29.6
Cash flow from operating activities before tax, dividends and interest		137.6	151.6	202.2
Change in working capital requirement		(168.0)	48.4	(27.9)
Corporate income tax paid		(11.8)	(28.8)	(19.4)
Net cash from operating activities		(42.2)	171.2	154.9
Purchases of property, plant and equipment and intangible assets		(59.2)	(64.5)	(66.1)
Proceeds from disposals of property, plant and equipment and intangible assets		18.6	2.0	2.1
Acquisitions of subsidiaries, net of cash acquired	32.1	(0.1)	–	(34.7)
Proceeds from disposals of subsidiaries, net of cash transferred	32.1	7.0	43.2	21.1
Purchases of other financial assets		(1.4)	(1.1)	(5.4)
Proceeds from sales of other financial assets		1.0	0.7	1.2
Interest and dividends received		6.4	0.8	0.2
Net cash from investing activities		(27.7)	(18.9)	(81.6)
Increase/decrease in share capital and other transactions with owners	32.2	566.6	–	0.2
Dividends paid to owners of the parent company		(128.1)	–	(54.2)
Dividends paid to non-controlling interests		–	–	(1.9)
Issue of borrowings		14.2	13.4	14.1
Repayment of borrowings		(5.6)	(9.2)	(17.4)
Increase/decrease in other borrowings		(13.3)	(21.9)	(217.4)
Interest paid and equivalent		(15.6)	(41.8)	(39.6)
Net cash used in financing activities		418.2	(59.5)	(316.2)
Net cash from discontinued operations	12	–	0.1	(1.9)
Impact of exchange rate variations		0.5	(0.5)	(2.0)
Other movements		0.1	–	2.3
Net decrease in cash and cash equivalents		348.9	92.4	(244.5)
Cash and cash equivalents at beginning of year		(713.0)	(805.4)	(560.9)
Cash and cash equivalents at end of year	32	(364.1)	(713.0)	(805.4)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Before appropriation of net income)

(in millions)	Number of shares outstanding	Share capital	Capital reserves	Translation adjustments	Remeasure- ment of financial instruments	Other reserves and net income attributable to owners of the parent	Total equity
As of January 1, 2007	4,612,785	73.8		(1.4)	(2.0)	163.6	234.0
Total comprehensive income				(2.6)	(1.1)	(4.1)	(7.8)
Share capital increase/decrease			0.1				0.1
Dividends paid						(54.2)	(54.2)
As of December 31, 2007	4,612,785	73.8	0.1	(4.0)	(3.1)	105.3	172.1
Total comprehensive income			(0.1)	9.1	2.9	(117.4)	(105.4)
Changes in Group structure					0.1		0.0
Changes in accounting policies and methods						(1.6)	(1.6)
As of December 31, 2008	4,612,785	73.8	0.0	5.1	(0.1)	(13.7)	65.1
Total comprehensive income				0.7	(0.7)	(96.6)	(96.6)
Share capital increase/decrease	3,756,349	60.1	506.5				566.6
Dividends paid						(128.1)	(128.1)
As of December 31, 2009	8,369,134	133.9	506.5	5.8	(0.8)	(238.4)	407.0

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for the year ended December 31, 2009

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Note 1. INTRODUCTION

Conforama Holding S.A., the Group's parent company, is a *société anonyme* (commercial company) with a Board of Directors, incorporated under French law, whose registered office is located at 80, boulevard du Mandinet, Lognes 77432 Marne-La-Vallée, France. It is registered with the Paris Register of Commerce and Companies.

The consolidated historical financial information for the year ended December 31, 2009 reflects the accounting position of Conforama Holding and its subsidiaries, together with its interests in associates.

The historical financial information of Conforama is presented for the three years ended December 31, 2009, 2008 and 2007 and does not include the impact of the acquisition of the Group by Steinhoff.

Note 2. ACCOUNTING POLICIES AND METHODS

2.1 General principles and statement of compliance

The historical financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

2.2 IFRS basis adopted

2.2.1 Standards, amendments and interpretations effective as of January 1, 2009

The Group's consolidated historical financial information complies with the amendments to published standards and interpretations which came into effect on January 1, 2009 including the following standards, amendments and interpretations effective in 2009:

- Revised version of IAS 1 – *Presentation of Financial Statements*;
- Amendment to IFRS 7 – *Financial Instruments: Disclosures, relating to disclosures about fair value and liquidity risk*;
- Amendment to IAS 16 – *Property, Plant and Equipment, regarding the sale of assets previously held for rental* (Annual Improvements to IFRS, issued in May 2008);
- Amendment to IAS 38 – *Intangible Assets, regarding advertising and promotional activities* (Annual Improvements to IFRS, issued in May 2008);
- IFRIC 13 – *Customer Loyalty Programmes*.

The revised version of IAS 1 has been applied with respect to the presentation of the consolidated historical financial information for all periods presented. In applying this standard, the Group has elected to:

- Change the name of the “balance sheet” to the “statement of financial position”;
- Include a “statement of comprehensive income” alongside the income statement, comprising net income for the year and income and expenses recognised in other comprehensive income.

Application of the amendment to IFRS 7 – *Enhanced Fair Value Disclosures* impacts the presentation of the notes to the consolidated historical financial information and requires additional information about fair value measurements and liquidity risk.

The Group adopted IFRS 8 – *Operating Segments*. IFRS 8 is effective for reporting periods beginning on or after January 1, 2009 and replaces IAS 14 – *Segment Reporting*.

The other amendments to published standards and interpretations which came into force on January 1, 2009 are either not applicable to the Group or had no material impact on the consolidated historical financial information as of December 31, 2009:

- Amendment to IAS 1 and IAS 32 – *Puttable Financial Instruments and Obligations Arising on Liquidation*;
- Amendment to IAS 23 – *Borrowing Costs, regarding the elimination of the option of expensing borrowing costs on a qualifying asset*;
- Amendment to IFRS 2 – *Share-based Payment – Vesting Conditions and Cancellations*;
- Amendments to IFRIC 9 and IAS 39 – *Reassessment of Embedded Derivatives*;
- Amendment to IFRIC 11 – *IFRS 2 – Group and Treasury Share Transactions*, applicable as of 2008 in accordance with the IASB;
- IFRIC 14 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, applicable as of 2008 in accordance with the IASB*;
- Other amendments contained in the Annual Improvements to IFRS, issued in May 2008.

2.2.2 Early adoption of IFRS 3 (revised) – Business Combinations and IAS 27 (revised) – Consolidated and Separate Financial Statements

The joint revision of IFRS 3 – *Business Combinations* and IAS 27 – *Consolidated and Separate Financial Statements* amends the rules for recognising and measuring transactions affecting Group structure. The Group adopted these revised standards. As these revisions are applicable on a prospective basis, transactions carried out prior to 1 January 2009 have not been restated.

2.2.3 Standards, amendments and interpretations applicable as of 1 January 2010

The following standards, amendments and interpretations published by the IASB are effective for reporting periods beginning on or after January 1, 2010:

- Amendment to IAS 39 – *Eligible Hedged Items*;
- Amendment to IAS 32 – *Classification of Rights Issues*;
- Amendment to IFRS 2 – *Group Cash-settled Share-based Payment Transactions*;
- IFRIC 12 – *Service Concession Arrangements* (effective 2010 in the European Union);
- IFRIC 15 – *Agreements for the Construction of Real Estate*;
- IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*;
- IFRIC 17 – *Distributions of Non-cash Assets to Owners*;
- IFRIC 18 – *Transfers of Assets from Customers*;
- Other amendments contained in the Annual Improvements to IFRS, issued in April 2009.

These standards, amendments and interpretations are not expected to have a material impact on the historical financial information of the Group at December 31, 2009.

2.2.4 Summary of options used on the first-time adoption of IFRS

1) First time adoption of IFRS by Conforama Holding:

Conforama Holding elected to use the IFRS 1 exemption available to a subsidiary adopting IFRS after its parent.

Under this exemption, if a subsidiary becomes a first-time adopter later than its parent, the subsidiary shall, in its financial statements, measure its assets and liabilities at the carrying amounts that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRSs, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

2) Options used on the first time adoption of IFRS by the Parent

The Parent Group of Conforama (PPR) adopted IFRS effective as of December 31, 2005. IFRS were applied with retroactive effect from January 1, 2004 in accordance with IFRS 1, with the exception of certain exemptions provided by the standards:

- **Business combinations:** in accordance with IFRS 3, the Parent Group elected to restate business combinations retroactively to January 1, 1999;
- **Employee benefits:** the Group adopted the IFRS 1 option of recognising all actuarial gains and losses at the transition date, offset against opening equity;
- **Cumulative translation differences:** the Group decided to use the optional exemption allowing the elimination of cumulative translation differences at the transition date through an offsetting entry in consolidated reserves;

In addition, subsequent to the choice offered by the regulator as to the date of adoption of IAS 32 and IAS 39 on financial instruments, the Group opted to apply these standards as from January 1, 2005. Accordingly:

- **Financial assets and liabilities recorded prior to the transition date** were designated at fair value through the income statement, or as available for sale, on the transition date (January 1, 2005).

2.3 Basis of preparation of the consolidated historical financial information

2.3.1 Basis of measurement

The consolidated historical financial information are prepared in accordance with the historical cost convention, with the exception of:

- Certain financial assets and liabilities measured at fair value;
- Interests retained in a subsidiary or associate, which are measured at fair value at the date control or significant influence is lost;
- Non-current assets held for sale, which are measured and recognised at the lower of net carrying amount and fair value less costs to sell as soon as their sale is considered highly probable. These assets are no longer depreciated from the time they qualify as assets (or disposal groups) held for sale.

2.3.2 Use of estimates and judgement

The preparation of consolidated historical financial information requires Group management to make estimates and assumptions that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the information disclosed in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future historical financial information may differ from current estimates as a result of changes in these assumptions. The impact of changes in accounting estimates is recognised during the period in which the change occurs and all affected future periods.

The main estimates made by management in the preparation of the historical financial information concern the valuations and useful lives of operating assets, property, plant and equipment, intangible assets and goodwill, the amount of contingency provisions and other provisions relating to operations, and assumptions underlying the calculation of obligations relating to employee benefits, share-based payment, deferred tax balances and derivatives. The Group notably uses discount rate assumptions based on market data to estimate the value of long-term assets and liabilities.

Accordingly, the consolidated historical financial information for 2009 has been prepared taking into account the prevailing economic and financial crisis and based on the financial market inputs available at the end of the reporting period. The immediate impacts of the crisis are reflected in the measurement of assets such as inventories and trade receivables, and liabilities. The value of these assets is determined each year based on the long-term economic outlook and management's best assessment of future cash flows in a context of limited visibility.

The main assumptions made by the Group are detailed in specific sections of the historical financial information and particularly in the following notes:

- Note 11 – Income taxes;
- Note 18 – Impairment tests on non-financial assets;
- Note 26 – Employee benefits;
- Note 27 – Provisions; and
- Note 30 – Exposure to foreign exchange risk.

In addition to the use of estimates, Group management uses judgement to determine the appropriate accounting treatment for certain transactions, pending the clarification of certain IFRS or where prevailing standards do not cover the issue at hand.

2.3.3 Statement of cash flows

The Group's statement of cash flows is prepared in accordance with IAS 7 – *Statement of Cash Flows*. The Group prepares its statement of cash flows using the indirect method.

2.4 Consolidation principles

The consolidated historical financial information includes the historical financial information of companies acquired as from the acquisition date and companies sold up until the date of disposal.

2.4.1 Subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the Group exercises control. Control is defined as the ability to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain economic benefit from its activities. This situation generally implies directly or indirectly holding more than 50 percent of the voting rights. The existence and effect of potential voting rights that are exercisable or convertible are taken into account in the assessment of control.

Subsidiaries are fully consolidated from the effective date of control.

Inter-company assets and liabilities and transactions between fully consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated.

Accounting policies and methods are modified where necessary to ensure consistency of accounting treatment at Group level.

2.4.2 Associates

Associates are all entities in which the Group exercises a significant influence over the entity's management and financial policy, without exercising control, and generally implies holding 20 percent to 50 percent of the voting rights.

Associates are recognised using the equity method and initially measured at cost, except when the associates were previously controlled by the Group, in which case they are measured at fair value through the income statement as of the date control is lost.

Subsequently, the share in profits or losses of the associate attributable to owners of the parent is recognised in "Share in earnings of associates", and the share in other comprehensive income of associates is carried on a separate line of the statement of comprehensive income. If the Group's share in the losses of an associate equal or exceed its investment in that associate, the Group no longer recognises its share of losses, unless it has legal or constructive obligations to make payments on behalf of the associate.

Goodwill related to an associate is included in the carrying amount of the investment, presented separately within "Investments in associates" in the statement of financial position.

Gains or losses on internal transactions with equity-accounted associates are eliminated in the amount of the Group's investment in these companies.

The accounting policies and methods of associates are modified where necessary to ensure consistency of accounting treatment at Group level.

2.4.3 Business combinations

Business combinations, where the Group acquires control of one or more other activities, are recognised using the purchase method.

Business combinations that took place prior to January 1, 2009 were recognised using the accounting principles used to prepare the historical financial information for the year ended December 31, 2008.

Business combinations carried out after January 1, 2009 are recognised and measured in accordance with the provisions of the revised IFRS 3. Accordingly, the consideration transferred (acquisition cost) should be measured at the fair value, at the date of exchange of the assets transferred, equity interests issued and liabilities incurred by the acquirer. Identifiable assets and liabilities are measured at their fair value on the acquisition date. Costs directly attributable to the business combination should be recognised in expenses.

The excess of the consideration transferred over the Group's interest in the net fair value of the identifiable assets and liabilities of the acquired entity is recognised as goodwill. The Group may choose to measure any non-controlling interests resulting from a business combination at fair value. In this case, goodwill is recognised on all of the identifiable assets and liabilities ("full goodwill method").

Goodwill is determined at the date control over the acquired entity is obtained and may not be adjusted after the measurement period. No additional goodwill is recognised on any subsequent acquisition of non-controlling interests. Acquisitions and/or disposals of non-controlling interests are recognised directly in consolidated equity.

If the consideration transferred is less than the Group's interest in the net assets of the subsidiary acquired measured at fair value, the difference is recognised directly in net income for the period.

The accounting for a business combination must be completed within twelve months of the acquisition date. This applies to the measurement of identifiable assets and liabilities, consideration transferred and non-controlling interests.

2.5 Foreign currency translation

2.5.1 Functional and presentation currency

Items included in the historical financial information of each Group entity are valued using the currency of the primary economic environment in which the entity operates (functional currency). The Group's consolidated historical financial information is presented in Euros, which serves as the presentation currency.

2.5.2 Foreign currency transactions

Transactions denominated in foreign currencies are recognised in the entity's functional currency at the exchange rate prevailing on the transaction date.

Monetary items in foreign currencies are translated at the end of each reporting period using the closing rate. Translation adjustments arising from the settlement of these items are recognised in income or expenses for the period.

Non-monetary items in foreign currencies valued at historical cost are translated at the rate prevailing on the transaction date, and non-monetary items in foreign currencies valued at fair value are translated at the rate prevailing on the date the fair value is determined. When a gain or loss on a non-monetary item is recognised directly in equity, the foreign exchange component is also recognised in equity. Otherwise, the component is recognised in income or expenses for the period.

The treatment of foreign exchange rate hedges in the form of derivatives is described in the section on derivative instruments in Note 2.11 – Financial assets and liabilities.

2.5.3 Translation of the historical financial information of foreign subsidiaries

The results and historical financial information of Group entities with a functional currency that differs from the presentation currency are translated into Euros as follows:

- Items recorded in the statement of financial position, other than equity, are translated at the exchange rate at the end of the reporting period;
- Income and cash flow statement items are translated at the average rate for the year;
- Foreign exchange differences are recognised as cumulative translation adjustments in the statement of comprehensive income under "Other comprehensive income". These include gains and losses on foreign currency borrowings used to hedge foreign currency investments and on permanent advances to foreign subsidiaries.

Goodwill and fair value adjustments arising from a business combination with a foreign activity are recognised in the functional currency of the entity acquired. They are subsequently translated at the closing exchange rate into the Group's presentation currency, and any resulting differences transferred to "Other comprehensive income" within the statement of comprehensive income.

2.5.4 Net investment in a foreign subsidiary

Foreign exchange gains or losses arising on the translation of a net investment in a foreign subsidiary are recognised in the consolidated historical financial information as a separate component within the statement of comprehensive income, and in income on disposal of the net investment.

2.6 Goodwill

Goodwill represents the excess of the consideration transferred in a business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities on the acquisition date. If the Group chooses to measure non-controlling interests in a given business combination at fair value, goodwill is calculated on all identifiable assets and liabilities.

Goodwill is allocated as of the acquisition date to cash-generating units (CGUs) or groups of CGUs defined by the Group based on the characteristics of the core business, market or geographical segment of each brand. The CGUs or groups of CGUs to which goodwill has been allocated are tested for impairment during the second half of each fiscal year or whenever events or circumstances indicate that an impairment loss is likely.

Any impairment losses are recorded in "Capital items" in the consolidated income statement as part of operating income.

2.7 Intangible assets

Intangible assets acquired as part of a business combination, which are controlled by the Group and are separable or arise from contractual or other legal rights, are recognised separately from goodwill. These assets, in the same way as intangible assets acquired separately, are amortised over their useful life where this is finite and written down if their recoverable amount is less than their net carrying amount. Intangible assets with indefinite useful lives are not amortised but are tested for impairment at least annually or more frequently when there is an indication that an impairment loss is likely.

Any impairment losses recognised at the time of impairment tests are recorded in the consolidated income statement under "Capital items" as part of operating income.

Software acquired as part of recurring operations is usually amortised over a period not exceeding twelve months.

Software developed in-house by the Group and meeting all the criteria of IAS 38 is capitalised and amortised on a straight-line basis over its useful life, which is generally between three and ten years.

2.8 **Property, plant and equipment**

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses with the exception of land, which is presented at cost less impairment losses. The various components of property, plant and equipment are recognised separately when their estimated useful life and therefore their depreciation periods are significantly different. The cost of an asset includes the expenses that are directly attributable to its acquisition.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate component, where necessary, if it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. All other repair and maintenance costs are expensed in the year they are incurred.

Depreciation is calculated using the straight-line method, based on the purchase or production cost, less any residual value which is reviewed annually if considered material, over a period corresponding to the useful life of each asset category, i.e., 10 to 40 years for buildings and improvements to land and buildings, and three to ten years for equipment.

Property, plant and equipment are tested for impairment when an indication of impairment loss exists, such as a scheduled closure, a redundancy plan or a downward revision of market forecasts. When the asset's recoverable amount is less than its net carrying amount, an impairment loss is recognised. Where the recoverable amount of an individual asset cannot be determined precisely, the Group determines the recoverable amount of the CGU or group of CGUs to which the asset belongs.

Lease contracts

Agreements whose fulfilment depends on the use of one or more specific assets and which transfer the right to use the asset may be classified as lease contracts.

Lease contracts which transfer to the Group substantially all the risks and rewards incidental to ownership of an asset are classified as finance leases.

Assets acquired under finance leases are recognised in property, plant and equipment against the corresponding debt recognised in borrowings for the same amount, at the lower of the fair value of the asset and the present value of minimum lease payments. The corresponding assets are depreciated over a useful life identical to that of property, plant and equipment acquired outright.

Lease contracts that do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases.

Capital gains on the sale and leaseback of assets are fully recognised in income at the time of disposal when the lease qualifies as an operating lease and the transaction is performed at fair value.

The same accounting treatment is applied to agreements which, while not presenting the legal form of a lease contract, confer on the Group the right to use a specific asset in exchange for a payment or series of payments.

2.9 **Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated sale price in the normal course of operations, net of costs to be incurred to complete the sale.

The same method for determining costs is adopted for inventories of a similar nature and use within the same entity and logistic level. Inventories are valued on a first-in-first-out basis, or weighted average cost or last purchase price depending on the entity.

The write down to net realisable value is estimated by each entity using a depreciation rate which may vary depending on the history of sales of slow moving or obsolete inventory by each entity.

Interest expenses are excluded from inventories and expensed as finance costs in the year they are incurred.

2.10 **Asset impairment**

Goodwill and intangible assets with an indefinite life and CGUs or groups of CGUs containing these items, are tested for impairment at least annually during the second half of each reporting period.

In addition, when events or circumstances indicate that goodwill, other intangible assets, property, plant and equipment, and CGUs or groups of CGUs may be impaired, an impairment test is performed. Such events or circumstances concern material unfavourable changes of a permanent nature affecting either the economic environment or the assumptions or objectives used on the acquisition date.

Impairment tests seek to determine whether the recoverable amount of an asset, a CGU or a group of CGUs is less than its net carrying amount.

The recoverable amount of an asset, a CGU or a group of CGUs is the higher of its fair value less costs to sell and its value in use.

The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the asset or CGU or group of CGUs.

Future cash flow projections are based on medium-term budgets and plans. These plans are drawn up for a period of four years with the exception of certain CGUs or groups of CGUs subject to strategic repositioning for which a longer period may be applied. To calculate value in use, a terminal value equal to the perpetual capitalisation of a normative annual cash flow is added to the estimated future cash flows.

Fair value less costs to sell is the amount obtainable from the sale of an asset or group of assets in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. These values are determined based on market data (comparison with similar listed companies, values adopted in recent transactions and stock market prices).

When the recoverable amount of an asset, CGU or group of CGUs is less than its net carrying amount, an impairment loss is recognised in respect of the asset or group of assets.

For a CGU or group of CGUs, impairment is charged first to goodwill where appropriate, and recognised under "Capital items" in the income statement.

Impairment losses recognised in respect of property, plant and equipment and other intangible assets may be reversed at a later date up to the amount of the losses initially recognised, when the recoverable amount becomes greater than the net carrying amount. Impairment losses in respect of goodwill may not be reversed.

2.11 Financial assets and liabilities

Derivative instruments are recognised in the statement of financial position at fair value, in assets (positive fair value) or liabilities (negative fair value).

2.11.1 Financial assets

Pursuant to IAS 39, financial assets are classified within one of the following four categories:

- Financial assets at fair value through the income statement;
- Loans and receivables;
- Held-to-maturity investments;
- Available-for-sale financial assets.

The classification determines the accounting treatment for the instrument. It is determined by the Group on the initial recognition date, based on the objective behind the asset's purchase. Purchases and sales of financial assets are recognised on the trade date, which is the date the Group is committed to the purchase or sale of the asset. A financial asset is derecognised if the contractual rights to the cash flows from the financial asset expire or the asset is transferred.

1. *Financial assets at fair value through the income statement*

These are financial assets held by the Group for short-term profit, or assets voluntarily classified in this category.

These assets are measured at fair value, with changes in fair value recognised in income.

The instruments primarily comprise eligible mutual or similar funds, and are classified as current assets under cash equivalents.

2. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed in an active market and are not held for trading purposes or classified as available for sale.

These assets are initially recognised at fair value and subsequently at amortised cost using the effective interest method. Short-term receivables without a stated interest rate are valued at the amount of the original invoice unless the effective interest rate has a material impact.

These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognised if the carrying amount exceeds the estimated recoverable amount.

Loans and receivables due from non-consolidated investments, other loans and receivables and trade receivables are included in this category and are presented in non-current financial assets, trade receivables and other non-current financial assets.

3. *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets, other than loans or receivables, with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity. These assets are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

These assets are subject to impairment tests when there is an indication of impairment loss. An impairment loss is recognised if the carrying amount exceeds the estimated recoverable amount.

Held-to-maturity investments are presented in non-current financial assets.

4. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are not included in the aforementioned categories. They are recognised at fair value. Unrealised capital gains or losses are recognised in other comprehensive income until the disposal of the assets. However, where there is an objective indication of loss in value of an available-for-sale financial asset, the accumulated loss is recognised in income. Impairment losses recognised in respect of variable-income securities cannot be reversed through the income statement at the end of a subsequent reporting period.

For listed securities, fair value corresponds to a market price. For unlisted securities, fair value is determined by reference to recent transactions or using valuation techniques based on reliable and objective indicators. However, when the fair value of a security cannot be reasonably estimated, it is recorded at historical cost. These assets are subject to impairment tests in order to assess whether they are recoverable.

This category mainly comprises non-consolidated investments and marketable securities that do not meet other financial asset definitions. They are presented in non-current financial assets.

2.11.2 **Financial liabilities**

The measurement of financial liabilities depends on their IAS 39 classification. Excluding put options granted to non-controlling interests, derivative liabilities and financial liabilities accounted for under the fair value option, the Group recognises all financial liabilities and particularly borrowings, trade payables and other liabilities initially at fair value less transaction costs and subsequently at amortised cost, using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the net carrying amount of a financial liability by discounting its estimated future cash flows until maturity or until the nearest date the price is reset to the market rate. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial liability.

The net carrying amount of financial liabilities that qualify as hedged items as part of fair value hedging relationships and are valued at amortised cost, is adjusted with respect to the hedged risk.

Hedging relationships are described in the section on derivative instruments.

Financial liabilities accounted for under the fair value option, other than derivative liabilities, are carried at fair value. Changes in fair value are taken to the income statement. Transaction costs incurred in setting up these financial liabilities are recognised immediately in expenses.

2.11.3 **Derivative instruments**

The Group uses various financial instruments to reduce its exposure to foreign exchange, interest rate and equity risk. These instruments are listed on organised markets or traded over the counter with leading counterparties.

All derivatives are recognised in the statement of financial position under other current or non-current assets and liabilities depending on their maturity and accounting classification, and are valued at fair value as of the trade date. Changes in the fair value of derivatives are always recorded in income except in the case of cash flow and net investment hedges.

Derivatives designated as hedging instruments are classified by category of hedge based on the nature of the risks being hedged:

- A cash flow hedge is used to hedge the risk of changes in cash flow from recognised assets or liabilities or a highly probable transaction that would impact consolidated net income;
- A fair value hedge is used to hedge the risk of changes in the fair value of recognised assets or liabilities or a firm commitment not yet recognised that would impact consolidated net income;
- A net investment hedge is used to hedge the foreign exchange risk arising on foreign activities.

Hedge accounting can only be applied if all the following conditions are met:

- There exists a clearly identified, formalised and documented hedging relationship as of the date of inception;
- The effectiveness of the hedging relationship can be demonstrated on a prospective and retrospective basis. The results obtained must attain a confidence level of between 80 percent and 125 percent.

The accounting treatment of financial instruments qualified as hedging instruments, and their impact on the income statement and the statement of financial position, depends on the type of hedging relationship:

- Cash flow and net investment hedges:
 - The effective portion of fair value gains and losses on the hedging instrument is recognised directly in other comprehensive income. Amounts recorded in equity are released to the income statement to match the recognition of the hedged items, mainly in gross profit for trading transaction hedges and in net finance costs for financial transaction hedges;
 - The ineffective portion of the hedge is recognised in the income statement;
- For fair value hedges, the hedged component of these items is measured on the statement of financial position at fair value. Fair value gains and losses are recorded in the income statement and offset, to the extent effective, by matching fair value gains and losses on the hedging instrument.

2.11.4 Cash and cash equivalents

The “Cash and cash equivalents” line item recorded on the assets side of the consolidated statement of financial position comprises cash, short-term investments and other liquid and easily convertible instruments with a negligible risk of change in value and a maximum maturity of three months as of the purchase date.

Investments with a maturity exceeding three months, and blocked or pledged bank accounts are excluded from cash. Bank overdrafts are presented in borrowings on the liabilities side of the statement of financial position.

In the cash flow statement, “Cash and cash equivalents” includes accrued interest receivable on assets presented in cash and cash equivalents and bank overdrafts. A schedule reconciling cash per the statement of cash flows and per the statement of financial position is provided in Note 32.

2.11.5 Definition of Group consolidated net debt

The concept of net debt used by the Group comprises gross debt including accrued interest receivable less net cash.

2.12 Share-based payment

The Group does not have its own stock option plan although certain of its employees and corporate officers are eligible for the stock option and bonus share plans operated by the PPR group.

As IFRS 2 – *Share-based Payment* does not have a material impact on the Group’s consolidated historical financial information, no expense has been recognised in this respect for financial years 2009, 2008 and 2007.

2.13 Income tax

The income tax charge for the period comprises the current and deferred tax charge.

Deferred tax is calculated using the liability method on all temporary differences between the book value recorded in the consolidated statement of financial position and the tax value of assets and liabilities. The valuation of deferred tax amounts depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted and are classified in the statement of financial position within non-current assets and liabilities.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

A deferred tax liability is recognised on taxable temporary differences relating to investments in subsidiaries, associates and joint ventures unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

2.14 Provisions

Provisions for litigation and disputes, and various contingencies and losses are recognised as soon as a present obligation arises from past events, are likely to result in an outflow of resources, and the amount of the obligation can be reliably estimated.

A restructuring provision is recognised when there exists a formal and detailed restructuring plan and the plan has begun to be implemented or its main features have been announced before the end of the reporting period. Restructuring costs for which a provision is made essentially represent employee costs (severance pay, early retirement plans, etc.), work stoppages, external costs of the plan and compensation for breaches of contract with third parties.

2.15 Post-employment benefits and other long-term employee benefits

Based on the laws and practices of each country, the Group recognises various types of employee benefits.

Under defined contribution plans, the Group is not obliged to make additional payments over and above contributions already made to a fund, if the fund does not have sufficient assets to cover the benefits corresponding to services rendered by personnel during the current period and prior periods. Contributions to these plans are expensed as incurred.

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in each company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary according to the economic conditions of the country where the plan is established. These plans and the termination benefits are valued by independent actuaries on an annual basis for the most significant plans and at regular intervals for the other plans. The valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover.

Actuarial gains and losses are primarily due to changes in assumptions and the difference between estimated results based on actuarial assumptions and actual results. All actuarial differences in respect of defined benefit plans are recognised in other comprehensive income in accordance with the option offered by IAS 19, as revised in December 2004.

The past service cost designating the increase in an obligation following the introduction of a new plan or changes to an existing plan, is recognised on a straight-line basis over the average period until the benefits vest or is expensed immediately if the benefit entitlement has already vested.

Expenses relating to this type of plan are recognised in operating income (service cost) and net finance costs (interest cost, expected return on plan assets). Curtailments, settlements and past service costs are recognised in operating income or net finance costs according to their nature. The provision recognised in the statement of financial position corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets and non-amortised past service costs.

2.16 Non-current assets (and disposal groups) held for sale

The Group applies IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. This requires the separate recognition and presentation of assets (or disposal groups) held for sale and operations discontinued, sold or to be sold.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured and recognised at the lower of their net carrying amount and their fair value less the costs of disposal. These assets are no longer depreciated from the time they qualify as assets (or disposal groups) held for sale. They are presented on separate lines in the consolidated statement of financial position, without restatement for previous periods.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered discontinued if their carrying amount will be recovered principally through continuing use rather than through a sale. Assets and liabilities arising from discontinued operations are not presented on separate lines in the Group's statement of financial position.

An operation discontinued, sold or to be sold is defined as a component of an entity that generates cash flows that can be clearly distinguished from the rest of the entity and represents a separate major line of business or geographical area of operations. Net income from these activities is presented under a separate income statement heading, "Discontinued operations", and is restated in the statement of cash flows.

2.17 Revenue recognition

Revenue mainly comprises sales of goods for resale, consumer goods and luxury goods, together with income from sales-related services, royalties and operating licences.

Revenue is valued at the fair value of the consideration received for goods and services sold, royalties, licences and operating subsidies granted, excluding taxes, net of rebates and discounts and after elimination of inter-company sales.

Benefits granted to customers under customer loyalty programmes are considered separate from the initial sale. The income relating to these vested rights is deferred until the benefits are used by the customers.

In the event of deferred payment beyond the usual credit terms that is not assumed by a financing institution, the revenue from the sale is equal to the discounted price, with the difference between the discounted price and the cash payment recognised in financial income over the life of the deferred payment if the transaction is material.

Sales of goods are recognised when a Group entity has transferred the risks and rewards incidental to ownership to the buyer (generally on delivery), when revenue can be reliably measured and when recovery is reasonably assured.

Following the sale of goods, and depending on the contractual clauses attached to these sales, provisions may be deducted from revenue to cover potential returns likely to occur after the end of the reporting period.

Services such as warranty extensions or services directly related to the sale of goods are recognised over the period in which such services are rendered or as of the date the contractual agreement is signed by the customer, if the Group company acts as an intermediary in the sale of these services or if the risks of the transaction have been substantially transferred to a third party.

2.18 Operating income

Operating income includes all revenues and expenses directly related to Group activities, whether these revenues and expenses are operating or arise from capital items.

Capital items include:

- Impairment of goodwill and other intangible or fixed assets;
- Gains or losses on disposals of property, plant and equipment and intangible assets, operating assets or investments.

2.19 Earnings per share

Earnings per share is calculated by dividing net income (attributable to owners of the parent) by the weighted average number of outstanding shares during the year, after deduction of the weighted average number of own shares held by consolidated companies.

Fully diluted earnings per share is calculated by adjusting net income attributable to owners of the parent and the number of outstanding shares for all instruments granting deferred access to the share capital of the company.

2.20 Operating segments

In accordance with IFRS 8 – *Operating Segments*, segment information is reported on the same basis as used internally by the Chairman and Chief Executive Officer and Deputy CEO – the Group’s chief operating decision makers – for evaluating operating segment performance and deciding how to allocate resources to the segments.

An operating segment is a distinguishable component of the Group that is engaged in providing products or services and is exposed to risks and returns that are different from those of other operating segments.

Each operating segment is monitored separately for internal reporting purposes, according to performance indicators common to all of the Group’s segments.

The segments presented are operating segments or groups of similar operating segments. At December 31, 2009, they comprised France, Switzerland, Italy (including Croatia) and other countries.

The management data used to assess operating segment performance is prepared in accordance with IFRS as applied by the Group for its consolidated historical financial information.

Note 3. DIRECTOR REPORT

Nature of business

Conforama is one of the main players in the European discount home furnishings sector, in which it is positioned as a multi-specialist. It offers its customers one-stop shopping for a full range of furniture, home accessories, household appliances and electronic leisure products.

Conforama has 236 stores worldwide, of which 211 are directly-operated. Coverage in France comprises 186 points of sale including 161 directly-operated-stores and 25 franchises (19 in mainland France and six in the French overseas territories). Outside France, Conforama has a network of 50 stores in six European countries: Switzerland, Luxembourg, Spain, Portugal, Italy and Croatia.

The stores carry over 20,000 listed products, 80 percent of which are available to take home immediately, displayed in selling spaces averaging 3,500 square metres. The online sales channel operates through the sites www.conforama.fr in France, www.conforama.it in Italy and www.conforama.ch in Switzerland. The product offering is backed up by frequent high-profile advertising campaigns which take place 12 to 25 times each year, depending on the campaign, and targeted operational marketing activities.

There has been no material change in the business of Conforama or its subsidiaries in the three year period.

Shareholders and capital

At 31 December 2009, the company’s share capital amounted to EUR 133.9 million divided into 8,369,134 shares. The issued share capital was increased in 2009 following the merger of Conforama Holding and Saprodix, a former subsidiary of the Parent Group (PPR). The corresponding variance in the number of ordinary shares was as follows:

	Audited 2009	Reviewed 2008	Reviewed 2007
Number of shares	8,369,134	4,612,785	4,612,785
PPR and affiliates	8,367,295	4,610,946	4,610,946
Percent of interest	99.98%	99.95%	99.95%
Other shareholders	1,839	1,839	1,839

Note: other shareholders represent individually less than 0.02 percent of the shares.

Dividends

In 2009, Saprodix – a subsidiary of PPR - paid a dividend of EUR 128.1 million. Saprodix was subsequently merged at book value with Conforama Holding with the effective date being January 1, 2009. The dividend payment has therefore been recorded in the consolidated historical financial information of the Group. No dividend was declared or paid in 2008 and a dividend of EUR 54.2 million was paid in 2007.

Property, plant and equipment

During the year the Group spent EUR 41.4 million (2008: EUR 53.9 million, 2007: EUR 69.4 million) on stores refurbishments and openings, new IT system and merchandising capital expenditures. The most significant part of these capital expenditures concerns the French store network.

There has been no major change in the nature of property, plant and equipment in the three year period and the accounting policies related to property, plant and equipment have not changed in the three year period.

Directors and secretary

The names of the directors and their personal details appear under the section "Directorate and administration". The details of the secretary are on page 48.

Subsidiary companies

The attributable interest in the aggregate net profits or losses after taxation of subsidiaries is:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Net income of consolidated companies	(95.8)	(111.6)	(4.0)
Cogedem	–	(0.9)	(2.1)
S.A. Conforama Suisse	20.5	15.9	16.7
Conforama Holding	6.8	10.1	28.3
Conforama Portugal	(2.5)	(3.4)	(3.3)
Conforama Luxembourg	0.4	0.8	0.4
Sodice Expansion (France)	7.0	7.5	8.6
Conforama France	(7.9)	13.7	33.9
Conforama Polska	–	(1.2)	5.0
Conforama Management Services	(5.5)	0.4	0.1
Conforama Espana	0.3	(3.5)	(0.8)
Ihtm (Switzerland)	12.2	11.8	14.2
Rabineau	–	5.5	9.0
Conforama Asia	–	–	(0.0)
Ihtm France	(0.4)	0.1	0.1
Conforama Italia	(129.1)	(173.7)	(119.1)
Centre Technique De L'Est	–	–	(0.3)
Conforama Trading Limited (Hong Kong)	0.1	0.2	0.1
Fliba D.O.O (Croatia)	2.5	4.8	4.9
Ihtm International	0.1	0.0	0.0
Credirama (Italy)	(0.2)	0.4	0.3
Ihtm Pologne	0.1	0.1	0.1
Ihtm Italie	(0.2)	0.1	0.1
Ihtm Roumanie	(0.0)	(0.1)	0.1
Ihtm Vietnam	(0.0)	(0.2)	(0.3)

Events subsequent to reporting date

On December 9, 2010, PPR announced entering into exclusive negotiations with Steinhoff for the sale of 100 percent of its shares in Conforama for a consideration of EUR 1,207 million in cash. PPR's working capital balance due by Conforama to PPR will also be repaid in terms of the transaction.

No other events took place between the reporting date and the date of this report that would have a material effect on the historical financial information as disclosed.

Director's interest contracts and loans to directors

At 31 December 2009, no material contracts involving directors exist, or were entered into, during the year under review.

There were no loans granted to directors as at 31 December 2009.

Corporate governance

The historical financial information is the responsibility of the directors and it is the responsibility of the independent auditors to report thereon.

Report on directors' remuneration

At 31 December 2009 and for all periods presented, none of the directors received remuneration from Conforama Holding or any of its subsidiaries.

Directors' shareholding

At 31 December 2009, the directors and key management of the company held no interest in the company's share capital.

Litigation

There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the Group and company.

Company Secretary and registered office

The Company Secretary's function is performed by the legal department of the Group, whose business and postal address is:

80 boulevard du Mandinet
77432 Lognes
France

Directorate and administration

The Board of Directors of the company is composed as follows:

Executive Director:

Mr Thierry Guibert, Chairman and CEO of Conforama Holding, appointed on June 4, 2008

Non executive Directors:

Mr Jean-François Palus, Deputy CEO of PPR, appointed on April 20, 2008

Mr Michel Friocourt, General Counsel of PPR, appointed on June 14, 2005

Mr Gérard Mothe, Internal Audit director of PPR, appointed on June 14, 2005

Mr Gérard Mothe is the permanent representative of PPR the parent holding company of Conforama Holding at 31 December 2009.

Note 4. OPERATING SEGMENTS

The policies applied to determine the operating segments presented are set out in Note 2.22.

Information provided on operating segments is prepared in accordance with the same accounting rules as for the consolidated historical financial information and set out in the notes thereto.

The performance of each operating segment is measured based on operating income before management fees and capital items, which is the method used by the Group's chief operating decision maker.

Net charges to depreciation, amortisation and provisions on non-current operating assets reflect net charges to depreciation, amortisation and provisions on intangible assets and property, plant and equipment recognised in operating income.

Purchases of property, plant and equipment and intangible assets correspond to gross non-current asset purchases, including cash timing differences but excluding purchases of assets under finance leases.

Non-current segment assets are comprised of goodwill, brands and other intangible assets, property, plant and equipment and other non-current assets.

Segment assets are comprised of non-current segment assets, inventories, trade receivables, customer loans and other current assets.

Segment liabilities are comprised of deferred tax liabilities on brands, the financing of customer loans, trade payables and other current liabilities.

4.1 Information by operating segment

(in EUR millions)	France	Italy & Croatia	Switzerland	Others	Total
As of December 31, 2009					
Revenue	2,152.2	365.3	277.5	133.0	2,928.0
Operating income before management fees and capital items	29.8	8.4	31.7	(10.9)	59.0
Purchases of property, plant and equipment and intangible assets, gross	(47.1)	(3.7)	(1.3)	(2.0)	(54.1)
Segment assets	516.2	(172.1)	53.6	1,355.2	1,752.9
Segment liabilities	689.8	138.2	34.3	42.1	904.4
As of December 31, 2008					
Revenue	2,297.6	463.1	257.3	149.8	3,167.8
Operating income before management fees and capital items	104.6	(42.3)	25.0	(20.2)	67.1
Purchases of property, plant and equipment and intangible assets, gross	(42.7)	(13.6)	(2.1)	(2.6)	(61.0)
Segment assets	671.6	27.7	35.1	1,229.4	1,963.8
Segment liabilities	819.4	181.2	32.3	38.9	1,071.8
As of December 31, 2007					
Revenue	2,398.6	508.6	245.2	160.6	3,313.0
Operating income before management fees and capital items	144.5	2.8	26.4	(14.0)	159.7
Purchases of property, plant and equipment and intangible assets, gross	(51.7)	(16.0)	(2.9)	(6.1)	(76.7)
Segment assets	718.1	192.5	19.9	1,255.7	2,186.2
Segment liabilities	862.2	204.4	26.1	40.2	1,132.9

4.2 Information by geographical area

Information is presented by geographical area based on the geographical location of customers for revenue and the geographical location of assets for non-current segment assets.

(in EUR millions)	France	Europe excluding France	Total
As of December 31, 2009			
Revenue	2,138.7	789.3	2,928.0
Non-current assets	601.1	506.8	1,107.9
As of December 31, 2008			
Revenue	2,282.9	884.9	3,167.8
Non-current assets	611.1	660.3	1,271.4
As of December 31, 2007			
Revenue	2,384.1	928.9	3,313.0
Non-current assets	613.6	779.4	1,393.0

4.3 Reconciliation of segment assets and liabilities

The reconciliation of total segment assets and non-current segment assets with total Group assets is as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Goodwill	564.4	688.0	805.5
Brands and other intangible assets	21.8	21.7	21.3
Property, plant and equipment	516.4	554.6	565.3
Other non-current assets	5.3	7.1	0.8
Non-current assets	1,107.9	1,271.4	1,392.9
Inventories	480.8	511.9	566.8
Trade receivables	85.4	86.8	113.8
Other current assets	78.8	93.7	112.7
Segment assets	1,752.9	1,963.8	2,186.2
Investments in associates	3.7	4.3	4.2
Non-current financial assets	13.3	12.9	12.7
Deferred tax assets	49.0	39.5	63.4
Current tax receivables	11.2	11.5	9.7
Other current financial assets	0.7	4.8	0.8
Cash and cash equivalents	35.9	41.3	77.6
Assets classified as held for sale	–	–	27.8
Total assets	1,866.7	2,078.1	2,382.4

The reconciliation of total segment liabilities with total Group equity and liabilities is as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Trade payables	479.4	636.3	669.1
Other current liabilities	425.0	435.5	463.8
Segment liabilities	904.4	1,071.8	1,132.9
Non-current borrowings	26.3	35.3	46.8
Non-current provisions for pensions and other post-employment benefits	33.7	35.8	32.3
Non-current provisions	6.6	2.1	1.7
Other deferred tax liabilities	39.4	39.9	64.2
Current borrowings	416.8	766.6	897.2
Other current financial liabilities	2.8	3.4	4.9
Current provisions	21.1	51.0	10.6
Current tax liabilities	8.6	7.1	14.0
Liabilities associated with assets classified as held for sale	–	–	5.7
Total equity	407.0	65.1	172.1
Total equity and liabilities	1,866.7	2,078.1	2,382.4

Note 5. REVENUE

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Net sales of goods	2,819.2	3,060.8	3,203.8
Net sales of services	108.8	107.0	109.2
Total	2,928.0	3,167.8	3,313.0

Note 6. PAYROLL EXPENSES

Payroll expenses primarily include fixed and variable remuneration, social security charges, charges relating to employee profit-sharing and other incentives, training costs and those relating to employee benefits recognised in operating income (see Note 26).

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
France	(363.3)	(371.6)	(379.1)
Italy & Croatia	(55.3)	(66.8)	(69.4)
Switzerland	(51.2)	(52.0)	(49.2)
Others	(4.8)	(5.0)	(5.8)
Total	(474.6)	(495.4)	(503.5)

Note 7. OPERATING INCOME

The following items have been charged/(credited) in arriving at operating profit:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Management fees	7.6	7.5	8.1
Auditors' remuneration	1.2	1.1	1.3
Amortisation of intangible asset	11.9	3.6	3.1
Depreciation of property, plant & equipment	63.4	61.7	60.1
Impairment of goodwill	124.0	122.0	95.3
Inventory impairment	10.8	(0.8)	5.8
Impairment of trade receivables	0.6	(1.8)	0.9
Profit on disposal of assets	5.6	–	36.7

Note 8. OPERATING INCOME BEFORE MANAGEMENT FEES AND CAPITAL ITEMS

Operating income before PPR management fees and capital items breakdown is as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
France	29.8	104.6	144.5
Italy & Croatia	8.4	(42.3)	2.8
Switzerland	31.7	25.0	26.4
Others	(10.9)	(20.2)	(14.0)
Total	59.0	67.1	159.7

Note 9. CAPITAL ITEMS

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Capital expenses	(130.6)	(128.8)	(109.2)
Impairment of goodwill	(124.0)	(122.0)	(95.3)
Impairment of other non-current assets	(6.6)	(6.8)	(13.9)
Capital income	5.6	2.9	36.7
Profit on disposal of property	5.6	–	36.7
Other	–	2.9	–
Total	(125.0)	(125.9)	(72.5)

Note 10. NET FINANCE COSTS

This caption breaks down as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Financial income	6.3	0.8	0.2
Income from cash and cash equivalents	6.3	0.8	0.2
Financial expenses	(23.6)	(47.9)	(47.9)
Finance costs at amortised cost	(13.6)	(41.6)	(41.1)
Foreign exchange gains and losses	(0.3)	0.1	(0.1)
Ineffective portion of cash flow hedges	(0.2)	(0.3)	1.4
Gains and losses on derivative instruments not qualifying for hedge accounting (FX and interest rate)	(0.9)	0.9	(0.2)
Impact of discounting assets and liabilities	(2.6)	(2.5)	(2.3)
Other finance costs	(6.0)	(4.5)	(5.6)
Total	(17.3)	(47.1)	(47.7)

Note 11. INCOME TAXES

11.1 Analysis of the income tax expense in respect of continuing operations

11.1.1 Income tax expense

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Income before tax	(90.9)	(113.4)	31.4
Taxes paid out of operating income	(11.8)	(28.8)	(19.4)
Other taxes payable not impacting operating cash flow	(2.0)	9.1	(10.2)
Income tax payable	(13.8)	(19.7)	(29.6)
Deferred tax income/(expense)	9.1	0.9	(11.3)
Total tax charge	(4.7)	(18.8)	(40.9)
Effective tax rate	(5.19%)	(16.62%)	130.79%

11.1.2 Reconciliation of the tax rate

(as a percent of pre-tax income)	Audited 2009	Reviewed 2008	Reviewed 2007
Tax rate applicable in France	34.43%	34.43%	34.43%
Impact of taxation of foreign subsidiaries	(21.10%)	(7.24%)	(4.73%)
Theoretical tax rate	13.33%	27.19%	29.70%
Effect of permanent differences	(13.39%)	(27.42%)	70.32%
Effect of unrecognised temporary differences	1.15%	(4.20%)	(7.19%)
Effect of unrecognised tax losses carried forward	(5.91%)	(13.23%)	36.94%
Effect of changes in tax rates	0.04%	0.03%	(2.13%)
Other	(0.41%)	1.01%	3.15%
Effective tax rate	(5.19%)	(16.62%)	130.79%

The income tax rate applicable in France is the standard rate of 33.33 percent subject to the social surtax of 3.3 percent, bringing the total to 34.43 percent.

11.2 Movement in statement of financial position headings

11.2.1 Net current tax liabilities

(in EUR millions)	31.12.2008	Net income	Cash outflows relating to operating activities	Changes in Group structure	31.12.2009
Current tax receivables	11.5				11.2
Current tax liabilities	(7.1)				(8.6)
Net current tax liabilities	4.4	(11.8)	9.7	0.3	2.6

(in EUR millions)	31.12.2007	Net income	Cash outflows relating to operating activities	Changes in Group structure	31.12.2008
Current tax receivables	9.7				11.5
Current tax liabilities	(14.0)				(7.1)
Net current tax liabilities	(4.3)	(28.8)	37.5	0.0	4.4

(in EUR millions)	31.12.2006	Net income	Cash outflows relating to operating activities	Changes in Group structure	31.12.2007
Current tax receivables	13.8				9.7
Current tax liabilities	(7.8)				(14.0)
Net current tax liabilities	6.0	(19.4)	9.1	0.0	(4.3)

11.2.2 Deferred tax

(in EUR millions)	31.12.2008	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2009
Deferred tax assets	39.5				49.0
Deferred tax liabilities	(39.9)				(39.4)
Deferred tax	(0.4)	9.1	0.0	0.9	9.6

(in EUR millions)	31.12.2008	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2009
Intangible assets	(0.2)	2.9			2.7
Property, plant and equipment	(17.2)	1.9			(15.3)
Other non-current assets	(4.3)				(4.3)
Other current assets	4.4	(0.6)		0.4	4.2
Total equity	(7.0)	(1.0)			(8.0)
Borrowings	-	0.1			0.1
Provisions for pensions and other post-employment benefits	7.6	-		0.5	8.1
Provisions	0.6	(0.9)			(0.3)
Other current liabilities	15.7	6.7			22.4
Net deferred tax liabilities	(0.4)	9.1	0.0	0.9	9.6
Deferred tax assets	39.5				49.0
Deferred tax liabilities	(39.9)				(39.4)
Deferred tax	(0.4)	9.1	0.0	0.9	9.6

(in EUR millions)	31.12.2007	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2008
Deferred tax assets	63.4				39.5
Deferred tax liabilities	(64.2)				(39.9)
Deferred tax	(0.8)	0.9	0.0	(0.5)	(0.4)

(in EUR millions)	31.12.2007	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2008
Intangible assets	4.7	(4.9)			(0.2)
Property, plant and equipment	(38.2)	21.1		(0.1)	(17.2)
Other non-current assets	(4.3)	–			(4.3)
Other current assets	9.2	(4.1)		(0.7)	4.4
Total equity	(5.8)	(1.2)			(7.0)
Borrowings	6.2	(6.2)			(0.0)
Provisions for pensions and other post-employment benefits	10.4	(3.1)		0.3	7.6
Provisions	1.4	(0.8)			0.6
Other current liabilities	15.6	0.1			15.7
Net deferred tax liabilities	(0.8)	0.9	0.0	(0.5)	(0.4)
Deferred tax assets	63.4				39.5
Deferred tax liabilities	(64.2)				(39.9)
Deferred tax	(0.8)	0.9	0.0	(0.5)	(0.4)

(in EUR millions)	31.12.2006	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2007
Deferred tax assets	72.7				63.4
Deferred tax liabilities	(60.9)				(64.2)
Deferred tax	11.8	(13.7)	0.6	0.5	(0.8)

(in EUR millions)	31.12.2006	Net income	Changes in Group structure	Other components of comprehensive income	31.12.2007
Intangible assets	4.0	0.7			4.7
Property, plant and equipment	(41.6)	3.5	(0.1)		(38.2)
Other non-current assets	(3.8)	(0.5)			(4.3)
Other current assets	13.0	(4.1)	0.2	0.1	9.2
Total equity	(5.1)	(0.7)			(5.8)
Borrowings	12.9	(6.7)			6.2
Provisions for pensions and other post-employment benefits	10.2	(0.2)	0.1	0.3	10.4
Provisions	2.4	(1.0)			1.4
Other current liabilities	19.8	(4.7)	0.4	0.1	15.6
Net deferred tax liabilities	11.8	(13.7)	0.6	0.5	(0.8)
Deferred tax assets	72.7				63.4
Deferred tax liabilities	(60.9)				(64.2)
Deferred tax	11.8	(13.7)	0.6	0.5	(0.8)

11.3. **Unrecognised deferred tax**

Changes in unused tax losses and tax credits and the associated expiry schedule are set out below:

(in EUR millions)

As of January 1, 2007	97.2
Losses generated during the year	38.6
Losses utilised and time barred during the year	(9.5)
As of December 31, 2007	126.3
Losses generated during the year	45.1
Losses utilised and time barred during the year	(7.6)
As of December 31, 2008	163.8
Losses generated during the year	55.0
Losses utilised and time barred during the year	(3.8)
As of December 31, 2009	215.0
Ordinary tax loss carry-forwards	215.0
Expiring in less than five years	147.6
Expiring in more than five years	67.4
Total	215.0

There were no unrecognised deferred taxes in respect of temporary differences relating to investments in subsidiaries, associates and joint ventures as of December 31, 2009.

Note 12. ASSETS CLASSIFIED AS HELD FOR SALE, OPERATIONS DISCONTINUED, SOLD OR TO BE SOLD

Operations discontinued, sold or to be sold are comprised of the business activities of Conforama Poland.

In accordance with IFRS 5, depreciation is no longer charged against disposal groups and related assets as from the date they are classified as "Operations discontinued, sold or to be sold".

The net income (loss) from these activities is presented on a separate line of the income statement ("Discontinued operations"), and restated in the statement of cash flows.

The assets and liabilities relating to "Operations sold or to be sold" are presented on separate lines in the Group's statement of financial position, without restatement for previous periods.

Assets and liabilities relating to "Discontinued operations" are not presented on separate lines in the Group's statement of financial position.

Impact on the historical financial information

The income statement and statement of cash flows for operations discontinued, sold or to be sold are as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Revenue	–	9.8	24.4
Cost of sales	–	(6.8)	(16.9)
Gross margin	0.0	3.0	7.5
Payroll expenses	–	(1.1)	(2.5)
Other operating income and expenses	–	(3.1)	(5.6)
Operating (loss) / income	0.0	(1.2)	(0.6)
Finance costs, net	–	(0.9)	(1.2)
(Loss) / income before tax	0.0	(2.1)	(1.8)
Corporate income tax	–	–	–
Share in earnings of associates	–	–	–
Net income on the disposal of discontinued operations	–	22.3	7.0
Net (loss) / income	0.0	20.2	5.2
attributable to owners of the parent	–	20.2	5.2
attributable to non-controlling interests	–	–	–

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Net cash from operating activities		0.2	0.2
Net cash from investing activities			
Net cash used in financing activities		(0.1)	–
Impact of exchange rate variations		–	–
Net increase in cash and cash equivalents	0.0	0.1	0.2
Opening cash and changes in intra-group cash flows			(2.1)
Net cash from discontinued operations ⁽¹⁾	0.0	0.1	(1.9)

Note: ⁽¹⁾ Line item in the consolidated statement of cash flows.

The impact of operations sold or to be sold on the Group's consolidated statement of financial position was as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Assets classified as held for sale	–	–	27.8
Liabilities associated with assets classified as held for sale	–	–	5.7

Assets classified as held for sale solely concerned Conforama Poland, as of December 31, 2007.

Note 13. EARNINGS PER SHARE

	Audited 2009	Reviewed 2008	Reviewed 2007
Earnings per share			
Net (loss)	(95.8)	(111.6)	(4.0)
Weighted average number of ordinary shares in issue	4,643,659	4,612,785	4,612,785
Earnings per share (in EUR)	(20.63)	(24.19)	(0.87)

Basic earnings per share is calculated by dividing the net income attributable to the parent by the weighted average number of ordinary shares in issue during the year.

Reconciliation of headline earnings

Net (loss) / income	(95.8)	(111.6)	(4.0)
Capital items (see note 9)	125.0	125.9	72.5
Tax effect on capital items	1.2	(1.4)	0.5
Headline earnings	30.4	12.9	69.0
Headline earnings per share (in EUR)	6.55	2.80	14.96

Headline earnings per share is calculated by dividing the headline earnings attributable to the parent by the weighted average number of ordinary shares in issue during the year.

Dilutive effect

There is no potential dilutive ordinary shares.

Calculation of weighted average number of shares

	Number	Number	Number
Total shares in issue	8,369,134	4,612,785	4,612,785
Weighted effect	(3,725,475)		
	4,643,659	4,612,785	4,612,785

Note: On 28 December 2009, Conforama Holding increased its share capital through the issue of 3,756,349 shares in relation to the merger with Saprodis.

Note 14. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income include:

- Gains and losses arising from translating the historical financial information of foreign operations;
- The effective portion of gains and losses on hedging instruments in a cash flow hedge;
- Gains and losses on remeasuring available-for-sale financial assets; and
- Components relating to the measurement of employee benefit obligations: unrecognised surplus of pension plan assets and actuarial gains and losses on defined benefit plans.

The amounts of these components before and after the related tax effects, together with reclassification adjustments taken to income, are set out in the table below:

(in EUR millions)	Gross	Income tax	Net
Currency translation adjustments	0.7		0.7
Cash flow hedges	(0.7)	0.1	(0.6)
– change in fair value	(5.1)		
– gains and losses transferred to income	4.4		
Actuarial gains and losses	(1.4)	0.5	(0.9)
Other comprehensive income (expense) as of December 31, 2009	(1.4)	0.6	(0.8)

(in EUR millions)	Gross	Income tax	Net
Currency translation adjustments	9.1		9.1
Cash flow hedges	3.0	(1.5)	1.5
– change in fair value	(3.8)		
– gains and losses transferred to income	6.8		
Actuarial gains and losses	(5.2)	0.8	(4.4)
Other comprehensive income (expense) as of December 31, 2008	6.9	(0.7)	6.2

(in EUR millions)	Gross	Income tax	Net
Currency translation adjustments	(2.6)		(2.6)
Cash flow hedges	(1.1)	0.2	(0.9)
– change in fair value	(9.4)		
– gains and losses transferred to income	8.3		
Actuarial gains and losses	(0.6)	0.3	(0.3)
Other comprehensive income (expense) as of December 31, 2007	(4.3)	0.5	(3.8)

Note 15. GOODWILL

(in EUR millions)	Gross	Impairment	Net
Goodwill as of December 31, 2006	930.1	(28.2)	901.9
Acquisitions	13.9	–	13.9
Impairment losses	–	(95.3)	(95.3)
Translation adjustments	(1.0)	–	(1.0)
Other movements	(14.0)	–	(14.0)
Goodwill as of December 31, 2007	929.0	(123.5)	805.5
Acquisitions	–	–	–
Impairment losses	–	(122.0)	(122.0)
Translation adjustments	4.5	–	4.5
Goodwill as of December 31, 2008	933.5	(245.5)	688.0
Acquisitions	–	–	–
Impairment losses	–	(124.0)	(124.0)
Translation adjustments	0.4	–	0.4
Goodwill as of December 31, 2009	933.9	(369.5)	564.4

Note: Other movements in the year ended December 31, 2007 relate to purchase price allocation.

All goodwill recognised in 2009 was allocated to cash-generating units at year end.

The breakdown of the net amount of goodwill by cash-generating unit is as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
France	353.2	353.2	353.2
Italy & Croatia	152.4	276.0	398.2
Switzerland	45.8	45.8	41.1
Others	13.0	13.0	13.0
Total	564.4	688.0	805.5

Note 16. OTHER INTANGIBLE ASSETS

Other intangible assets mainly include software.

(in EUR millions)

Gross amount as of December 31, 2006	40.1
Acquisitions	7.3
Assets classified as held for sale, operations sold or to be sold	(0.3)
Other disposals	(1.6)
Translation adjustments	(0.1)
Other movements	(1.2)
Gross amount as of December 31, 2007	44.2
Accumulated amortisation and impairment as of December 31, 2006	(21.8)
Assets classified as held for sale, operations sold or to be sold	0.3
Other disposals	1.6
Amortisation	(3.1)
Translation adjustments	0.1
Other movements	–
Accumulated amortisation and impairment as of December 31, 2007	(22.9)
Net carrying amount as of December 31, 2006	18.3
Acquisitions	7.3
Assets classified as held for sale, operations sold or to be sold	
Other disposals	
Amortisation	(3.1)
Translation adjustments	
Other movements	(1.2)
Net carrying amount as of December 31, 2007	21.3

(in EUR millions)

Gross amount as of December 31, 2007	44.2
Acquisitions	7.1
Other disposals	(4.0)
Translation adjustments	0.1
Other movements	(1.3)
Gross amount as of December 31, 2008	46.1
Accumulated amortisation and impairment as of December 31, 2007	(22.9)
Other disposals	2.1
Amortisation	(3.6)
Translation adjustments	(0.1)
Other movements	0.1
Accumulated amortisation and impairment as of December 31, 2008	(24.4)
Net carrying amount as of December 31, 2007	21.3
Acquisitions	7.1
Other disposals	(1.9)
Amortisation	(3.6)
Translation adjustments	–
Other movements	(1.2)
Net carrying amount as of December 31, 2008	21.7

(in EUR millions)

Gross amount as of December 31, 2008	46.1
Acquisitions	12.7
Other disposals	(1.5)
Translation adjustments	–
Other movements	(0.3)
Gross amount as of December 31, 2009	57.0
<hr/>	
Accumulated amortisation and impairment as of December 31, 2008	(24.4)
Other disposals	1.2
Amortisation	(11.9)
Translation adjustments	–
Other movements	(0.1)
Accumulated amortisation and impairment as of December 31, 2009	(35.2)
<hr/>	
Net carrying amount as of December 31, 2008	21.7
Acquisitions	12.7
Other disposals	(0.3)
Amortisation	(11.9)
Translation adjustments	–
Other movements	(0.4)
Net carrying amount as of December 31, 2009	21.8

Note 17. PROPERTY, PLANT AND EQUIPMENT

(in EUR millions)	Land and buildings	Plant and equipment	Other PP&E	Total
Gross amount as of December 31, 2006	628.3	509.1	61.6	1,199.0
Changes in Group structure	0.3	1.9	0.3	2.5
Acquisitions	11.3	49.7	8.4	69.4
Assets classified as held for sale, operations sold or to be sold	(17.1)	(6.2)	(0.2)	(23.5)
Disposals	(4.5)	(18.8)	(1.0)	(24.3)
Translation adjustments	(0.2)	(0.8)	(0.1)	(1.1)
Other movements	9.1	4.7	(4.9)	8.9
Gross amount as of December 31, 2007	627.2	539.6	64.1	1,230.9
Accumulated depreciation and impairment as of				
December 31, 2006	(298.1)	(292.1)	(48.6)	(638.8)
Changes in Group structure	(0.2)	(1.5)	(0.2)	(1.9)
Assets classified as held for sale, operations sold or to be sold	10.5	3.6	0.1	14.2
Disposals	3.6	16.7	0.9	21.2
Depreciation	(19.7)	(38.2)	(2.2)	(60.1)
Impairment losses	-	-	(2.1)	(2.1)
Translation adjustments	-	0.4	-	0.4
Other movements	3.1	(2.9)	1.3	1.5
Accumulated depreciation and impairment as of				
December 31, 2007	(300.8)	(314.0)	(50.8)	(665.6)
Net carrying amount as of December 31, 2006				
	330.2	217.0	13.0	560.2
Changes in Group structure	0.1	0.4	0.1	0.6
Acquisitions	11.3	49.7	8.4	69.4
Assets classified as held for sale, operations sold or to be sold	(6.6)	(2.6)	(0.1)	(9.3)
Disposals	(0.9)	(2.1)	(0.1)	(3.1)
Depreciation	(19.7)	(38.2)	(2.2)	(60.1)
Impairment losses	-	-	(2.1)	(2.1)
Translation adjustments	(0.2)	(0.4)	(0.1)	(0.7)
Other movements	12.2	1.8	(3.6)	10.4
Net carrying amount as of December 31, 2007	326.4	225.6	13.3	565.3
assets owned outright	230.5	225.6	13.2	469.3
assets held under finance leases	95.9		0.1	96.0
(in EUR millions)				
	Land and buildings	Plant and equipment	Other PP&E	Total
Gross amount as of December 31, 2007	627.2	539.6	64.1	1,230.9
Acquisitions	8.0	36.6	9.3	53.9
Disposals	(3.0)	(20.1)	(2.2)	(25.3)
Translation adjustments	1.3	3.4	0.1	4.8
Other movements	(2.5)	4.5	(5.2)	(3.2)
Gross amount as of December 31, 2008	631.0	564.0	66.1	1,261.1
Accumulated depreciation and impairment as of				
December 31, 2007	(300.8)	(314.0)	(50.8)	(665.6)
Disposals	1.1	18.1	2.0	21.2
Depreciation	(20.5)	(39.1)	(2.1)	(61.7)
Impairment losses (see Note 18)	-	-	1.3	1.3
Translation adjustments	(0.3)	(1.7)	-	(2.0)
Other movements	0.1	-	0.2	0.3
Accumulated depreciation and impairment as of				
December 31, 2008	(320.4)	(336.7)	(49.4)	(706.5)

(in EUR millions)	Land and buildings	Plant and equipment	Other PP&E	Total
Net carrying amount as of December 31, 2007	326.4	225.6	13.3	565.3
Acquisitions	8.0	36.6	9.3	53.9
Disposals	(1.9)	(2.0)	(0.2)	(4.1)
Depreciation	(20.5)	(39.1)	(2.1)	(61.7)
Impairment losses (see Note 18)	–	–	1.3	1.3
Translation adjustments	1.0	1.7	0.1	2.8
Other movements	(2.4)	4.5	(5.0)	(2.9)
Net carrying amount as of December 31, 2008	310.6	227.3	16.7	554.6
assets owned outright	220.4	227.3	16.6	464.3
assets held under finance leases	90.2		0.1	90.3
Gross amount as of December 31, 2008	631.0	564.0	66.1	1,261.1
Acquisitions	2.6	31.7	7.1	41.4
Disposals	(21.1)	(27.5)	(1.8)	(50.4)
Translation adjustments	0.3	0.2	–	0.5
Other movements	1.2	6.5	(5.5)	2.2
Gross amount as of December 31, 2009	614.0	574.9	65.9	1,254.8
Accumulated depreciation and impairment as of December 31, 2008	(320.4)	(336.7)	(49.4)	(706.5)
Disposals	7.7	22.2	1.7	31.6
Depreciation	(19.1)	(41.7)	(2.6)	(63.4)
Impairment losses (see Note 18)	–	–	0.2	0.2
Translation adjustments	(0.2)	(0.2)	–	(0.4)
Other movements	–	0.2	(0.1)	0.1
Accumulated depreciation and impairment as of December 31, 2009	(332.0)	(356.2)	(50.2)	(738.4)
Net carrying amount as of December 31, 2008	310.6	227.3	16.7	554.6
Acquisitions	2.6	31.7	7.1	41.4
Disposals	(13.4)	(5.3)	(0.1)	(18.8)
Depreciation	(19.1)	(41.7)	(2.6)	(63.4)
Impairment losses (see Note 18)	–	–	0.2	0.2
Translation adjustments	0.1	–	–	0.1
Other movements	1.2	6.7	(5.6)	2.3
Net carrying amount as of December 31, 2009	282.0	218.7	15.7	516.4
assets owned outright	203.3	218.7	15.6	437.7
assets held under finance leases	78.7		0.1	78.7

Note: Other movements in the year ended 31 December 2007 relate to purchase price allocation.

Charges to depreciation are recognised under “Cost of sales” and “Other operating expenses” in the income statement.

Note 18. IMPAIRMENT TESTS ON NON-FINANCIAL ASSETS

The principles governing the impairment of non-financial assets are set out in accounting rules.

18.1 Assumptions underlying the impairment tests

The pre-tax discount and perpetual growth rates applied to expected cash flows in connection with economic assumptions and forecast operating conditions retained by the Group are as follows:

	Discount rate			Perpetual Growth rate		
	2009	2008	2007	2009	2008	2007
Italy & Croatia	8.9%	9.1%	8.8%	0.5%	0.5%	0.5%
Iberian	9.1%	9.3%	9.2%	0.5%	0.5%	0.5%
France	11.3%	11.7%	9.9%	0.5%	0.5%	0.5%
Switzerland	10.1%	10.0%	8.5%	0.5%	0.5%	0.5%

18.2 Impairment losses recognised during the period

The impairment tests carried out led the Group to recognise:

- In 2009 a EUR 124.0 million permanent impairment loss on the goodwill of the Conforama Italy CGU. This loss stems from the difference between the carrying amount of the CGU asset and its recoverable amount. Value in use was calculated using a pre-tax discount rate of 8.9 percent and a perpetual growth rate of 0.5 percent.
- In 2008 a EUR 122.0 million permanent impairment loss on the goodwill of the Conforama Italy CGU. This loss stems from the difference between the carrying amount of the CGU asset and its recoverable amount. Value in use was calculated using a pre-tax discount rate of 9.1 percent and a perpetual growth rate of 0.5 percent.
- In 2007 a EUR 95.3 million permanent impairment loss on the goodwill of the Conforama Italy CGU. This loss stems from the difference between the carrying amount of the CGU asset and its recoverable amount. Value in use was calculated using a pre-tax discount rate of 8.8 percent and a perpetual growth rate of 0.5 percent.

All these impairment losses were recognised in the income statement under “Capital items”.

Note 19. INVESTMENTS IN ASSOCIATES

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Investments in associates	3.7	4.3	4.2

Note 20. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets break down as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Non-consolidated investments	0.4	0.4	0.4
Loans and receivables due from non-consolidated investments	0.3	0.1	0.4
Deposits and guarantees	12.2	12.1	11.7
Other	0.4	0.3	0.2
Total	13.3	12.9	12.7

Note 21. INVENTORIES

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Commercial inventories	512.3	532.6	588.2
Gross amount	512.3	532.6	588.2
Allowances	(31.5)	(20.7)	(21.4)
Net carrying amount	480.8	511.9	566.8
(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
As of December 31 N-1	(20.7)	(21.4)	(15.5)
Net reversals	(10.8)	0.8	(5.8)
Changes in Group structure	–	–	(0.2)
Assets classified as held for sale, operations sold or to be sold	–	–	0.1
Translation adjustments	–	(0.1)	–
As of December 31 N	(31.5)	(20.7)	(21.4)

Note 22. TRADE RECEIVABLES

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Trade receivables	93.8	94.6	123.4
Allowances	(8.4)	(7.8)	(9.6)
Net carrying amount	85.4	86.8	113.8

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
As of December 31 N-1	(7.8)	(9.6)	(8.7)
Net charges	(0.6)	1.8	(0.9)
As of December 31 N	(8.4)	(7.8)	(9.6)

Provisions are calculated on the basis of the probability of recovering the receivables concerned. Trade receivables break down by age as follows:

(in EUR millions)	Audited 2009	Reviewed 2008
Not past due	56.8	52.7
Less than one month past due	13.8	22.4
One to six months past due	10.1	16.6
More than six months past due	13.1	2.9
Allowance for doubtful receivables	(8.4)	(7.8)
Net carrying amount	85.4	86.8

Note 23. OTHER CURRENT ASSETS AND LIABILITIES

Given the nature of its activities, the Group's exposure to customer default would not have a material impact on the Group's business, financial position or assets.

(in EUR millions)	2008	Working capital cash flows	Other cash flows	Assets classified as held for sale, operations sold or to be sold	Changes in Group structure	Translation adjustments and other	2009
Inventories	511.9	(10.3)				(20.8)	480.8
Trade receivables	86.8	(1.4)					85.4
Other current financial assets and liabilities	1.4	0.8				(4.3)	(2.1)
Current tax receivables/ payables	4.4		(2.1)		0.4	(0.1)	2.6
Trade payables	(636.3)	159.3				(2.4)	(479.4)
Other current assets and liabilities	(341.8)	19.6	4.7		(0.1)	(28.6)	(346.2)
Working capital requirement	(373.6)	168.0	2.6	0.0	0.3	(56.2)	(258.9)

(in EUR millions)	2007	Working capital cash flows	Other cash flows	Assets	Changes in Group structure	Translation adjustments and other	2008
				classified as held for sale, operations sold or to be sold			
Inventories	566.8	(60.3)				5.4	511.9
Trade receivables	113.8	(27.1)			0.1		86.8
Other current financial assets and liabilities	(4.1)	(0.8)				6.3	1.4
Current tax receivables/payables	(4.3)		9.1			(0.4)	4.4
Trade payables	(669.1)	36.6				(3.8)	(636.3)
Other current assets and liabilities	(351.1)	3.2	5.5			0.6	(341.8)
Working capital requirement	(348)	(48.4)	14.6	0.0	0.1	8.1	(373.6)

(in EUR millions)	2006	Working capital cash flows	Other cash flows	Assets	Changes in Group structure	Translation adjustments and other	2007
				classified as held for sale, operations sold or to be sold			
Inventories	507.7	67.2		(3.5)	4.4	(9.0)	566.8
Trade receivables	124.1	(11.4)			1.1		113.8
Other current financial assets and liabilities	(1.5)		0.9	0.1	(0.9)	(2.7)	(4.1)
Current tax receivables/payables	6.0		(10.2)		(0.1)		(4.3)
Trade payables	(647.4)	(21.4)		2.9	(5.2)	2.0	(669.1)
Other current assets and liabilities	(346.4)	(6.5)	(11.9)	(3.7)	(3.5)	20.9	(351.1)
Working capital requirement	(357.5)	27.9	(21.2)	(4.2)	(4.2)	11.2	(348)

Detail of the main components of the Other current assets and liabilities:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Other current assets	78.8	93.7	112.7
Supplier receivables - Net carrying amount	37.0	57.1	70.4
Prepayments - Net carrying amount	0.7	0.5	0.2
Other operating receivables - Net carrying amount	39.3	30.5	37.1
Receivables on the sale of assets	-	0.1	-
Other current receivables - Net carrying amount	1.8	5.5	5.0

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Other current liabilities	425.0	435.5	463.8
Customer credit balances	16.9	24.7	27.0
Prepayments received	180.3	182.8	186.9
Other operating payables	205.6	190.1	200.3
Fixed assets accounts payable	15.9	20.6	25.9
Other current liabilities	5.2	16.4	23.7
Deferred revenue	1.1	0.9	-

Note 24. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets are primarily comprised of derivative financial instruments.

Note 25. EQUITY

Share capital amounted to EUR 133,906,144 as of December 31, 2009, comprising 8,369,134 fully paid-up shares with a par value of EUR 16 each (4,612,785 shares with a par value of EUR 16 each as of December 31, 2008 and as of December 31, 2007).

Note 26. EMPLOYEE BENEFITS

In accordance with the laws and practices in each country, Group employees receive long-term or post-employment benefits in addition to their short-term remuneration. These additional benefits take the form of defined contribution or defined benefit plans.

Under defined contribution plans, the Group is not obliged to make any additional payments beyond contributions already made. Contributions to these plans are expensed as incurred.

An actuarial valuation of defined benefit plans is carried out by independent experts. These benefits primarily concern retirement termination payments and long-service bonuses in France, statutory dismissal compensation in Italy ("TFR"), and mandatory supplementary pension plans ("LPP") in Switzerland.

The Group has no obligation with respect to medical costs.

26.1 Changes during the year

Changes in the present value of the obligation in respect of defined benefit plans are set out below:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Present value of obligation as of January 1	60.3	58.9	57.1
Current service cost	2.6	3.0	2.4
Contributions paid by beneficiaries	1.2	1.2	1.1
Interest cost	2.6	2.5	2.3
Benefits paid	(8.2)	(4.8)	(5.1)
Actuarial gains and losses	2.0	(1.5)	2.0
Curtailments and settlements	0.1	(1.7)	(0.2)
Exchange differences	–	2.7	(0.7)
Present value of obligation as of December 31	60.6	60.3	58.9

The breakdown in the present value of the obligation by type of plan and country as of December 31, 2009 was as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Retirement gratuities – France	24.6	21.5	23.2
Long-service awards – France	0.7	0.6	0.8
Statutory termination indemnities ("TFR") – Italy	9.0	11.8	10.1
Supplementary plans ("LPP") – Switzerland	26.3	26.4	24.8
Present value of obligation as of December 31	60.6	60.3	58.9

Changes in the fair value of defined benefit plan assets are set out below:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Fair value of defined benefit plan assets as of January 1	24.5	26.6	24.0
Contributions paid by employer	7.6	4.2	4.6
Contributions paid by beneficiaries	1.2	1.2	1.1
Expected return on plan assets	1.2	1.4	1.1
Benefits paid	(8.2)	(4.8)	(5.1)
Actuarial gains and losses	0.5	(6.6)	1.6
Exchange differences	0.1	2.5	(0.7)
Fair value of defined benefit plan assets as of December 31	26.9	24.5	26.6

The reconciliation of statement of financial position data with the projected benefit obligation in respect of defined benefit plans breaks down as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Present value of obligation	60.6	60.3	58.9
Fair value of defined benefit plan assets	(26.9)	(24.5)	(26.6)
Funding shortfall / (excess)	33.7	35.8	32.3
Provisions (net assets) recognised in the balance sheet	33.7	35.8	32.3
Provisions - continuing operations	33.7	35.8	32.3

26.2 Expenses recognised

The total expense recognised in respect of defined benefit plans breaks down as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Current service cost	2.6	3.1	2.3
Interest cost	2.6	2.5	2.3
Expected return on plan assets	(1.2)	(1.4)	(1.1)
Actuarial gains/losses recognised in net income	0.1	(0.1)	(0.1)
Curtailments and settlements	–	(1.6)	(0.1)
Total charge	4.1	2.5	3.3
Recognised in operating expenses	2.8	1.5	2.2
Recognised in finance costs, net	1.3	1.0	1.1

In accordance with the option provided under IAS 19, the Group recognises actuarial gains and losses on defined benefit plans in other comprehensive income for the period.

26.3 Actuarial assumptions

The main actuarial assumptions used to estimate the Group's obligations are as follows:

	Total France			Total Switzerland			Total Italy		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
Discount rate	5.00%	5.50%	5.50%	3.25%	3.00%	3.00%	5.00%	5.50%	5.25%
Expected return on plan assets	4.75%	4.75%	4.75%	5.00%	5.00%	5.00%			
Expected rate of increase in salaries	2.79%	2.86%	2.86%	2.25%	2.25%	2.25%	3.64%	3.60%	3.60%

The expected return on plan assets is determined for each fund on the basis of historical performance, current and long-term outlook and the asset allocation of the funds under management. These assumptions are reviewed annually on the basis of changes in the allocation of funds under management and changes in long-term market expectations for each asset class managed.

Note 27. PROVISIONS

(in EUR millions)	2008	Charge	Reversal (utilised provision)	Reversal (surplus provision)	Other	2009
Provisions for restructuring costs	–	0.3				0.3
Provisions for claims and litigation	0.3	0.9	(0.5)		1.7	2.4
Other non-current provisions	1.8	2.1		(7.6)	7.6	3.9
Non-current provisions	2.1	3.3	(0.5)	(7.6)	9.3	6.6
Provisions for restructuring costs	37.3	3.5	(29.0)			11.8
Provisions for claims and litigation	11.1	3.1	(3.6)	(0.7)	(1.3)	8.6
Other current provisions	2.6	0.3	(2.2)			0.7
Current provisions	51.0	6.9	(34.8)	(0.7)	(1.3)	21.1
Total	53.1	10.2	(35.3)	(8.3)	8.0	27.7
Impact on income		(10.2)	–	8.3		(1.9)
- Impact on recurring operating income		(4.1)		0.6		(3.5)
- Impact on other non-recurring operating income and expenses		(6.1)		7.6		1.5
- Impact on income taxes				0.1		0.1

(in EUR millions)	2007	Charge	Reversal (utilised provision)	Reversal (surplus provision)	Other	2008
Provisions for restructuring costs	–					–
Provisions for claims and litigation	0.2	0.1				0.3
Other non-current provisions	1.4	0.4				1.8
Non-current provisions	1.6	0.5	0.0	0.0	0.0	2.1
Provisions for restructuring costs	1.1	37.2	(1.0)			37.3
Provisions for claims and litigation	8.7	3.6	(4.1)		2.9	11.1
Other current provisions	0.8	2.2	(1.0)	(0.1)	0.7	2.6
Current provisions	10.6	43.0	(6.1)	(0.1)	3.6	51.0
Total	12.2	43.5	(6.1)	(0.1)	3.6	53.1
Impact on income		(43.5)	–	0.1		(43.4)
- Impact on recurring operating income		(2.1)		0.1		(2.0)
- Impact on other non-recurring operating income and expenses		(41.4)				(41.4)

(in EUR millions)	2006	Charge	Reversal (utilised provision)	Reversal (surplus provision)	Other	2007
Provisions for restructuring costs	-					0.0
Provisions for claims and litigation	-	0.2				0.2
Other non-current provisions	1.2	0.2				1.4
Non-current provisions	1.2	0.4	0.0	0.0	0.0	1.6
Provisions for restructuring costs	0.3	1.1	(0.3)			1.1
Provisions for claims and litigation	9.1	5.0	(5.2)	(0.2)	0.1	8.8
Other current provisions	1.1	0.2	(0.8)		0.2	0.7
Current provisions	10.5	6.3	(6.3)	(0.2)	0.3	10.6
Total	11.7	6.7	(6.3)	(0.2)	0.3	12.2
Impact on income		(6.7)	0.0	0.2		(6.5)
- Impact on recurring operating income	-	(3.9)		0.2		(3.7)
- Impact on other non-recurring operating income and expenses	-	(2.8)				(2.8)

Provisions for claims and litigation mainly relate to claims brought by third parties and litigation with tax authorities in various countries. Other provisions mainly cover risks relating to vendor warranties.

Reversals of surplus provisions during the year mainly concern the settlement of tax disputes and the expiry of risks relating to vendor warranties.

Note 28. CASH AND CASH EQUIVALENTS

28.1 Breakdown by category

This item breaks down as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Cash	35.9	41.3	77.6
Cash equivalents	-	-	-
Total	35.9	41.3	77.6

As of December 31, 2009, cash equivalents include UCITS, certificates of deposit and term deposits with a maturity of less than three months.

Cash investments are reviewed on a regular basis in accordance with Group procedures and in strict compliance with the eligibility criteria set out in IAS 7. As of December 31, 2009, no reclassifications were made as a result of these reviews.

28.2 Breakdown by currency

(in EUR millions)	2009	Percent	2008	Percent	2007	Percent
EUR	27.4	76.5%	27.0	65.4%	65.6	84.5%
USD	(0.1)	(0.3%)	0.0	0.0%	0.4	0.5%
CHF	4.9	13.7%	11.7	28.3%	9.0	11.6%
HKD	0.3	0.7%	-	0.0%	-	0.0%
Other currencies	3.4	9.4%	2.6	6.3%	2.6	3.4%
Total	35.9		41.3		77.6	

Note 29. BORROWINGS

29.1 Breakdown of borrowings by maturity

(in EUR millions)	31.12.2009	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
Non-current borrowings	26.3	0.0	5.6	3.6	9.3	7.8	0.0
Obligations under finance leases	9.5		2.4	0.4	2.8	3.9	
Employee profit-sharing	16.8		3.2	3.2	6.5	3.9	
Current borrowings	416.8	416.8	0.0	0.0	0.0	0.0	0.0
Other bank borrowings	0.9	0.9					
PPR current cash account	395.2	395.2					
Obligations under finance leases	7.6	7.6					
Employee profit-sharing	4.1	4.1					
Bank overdrafts	4.8	4.8					
Other borrowings	4.2	4.2					
Total	443.1	416.8	5.6	3.6	9.3	7.8	0.0
Percent		94.1%	1.3%	0.8%	2.1%	1.7%	0.0%

(in EUR millions)	31.12.2008	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
Non-current borrowings	35.3	0.0	12.7	5.7	3.7	13.2	0.0
Other bank borrowings	0.9		0.9				
Obligations under finance leases	16.9		7.6	2.4	0.4	6.5	
Employee profit-sharing	17.5		4.2	3.3	3.3	6.7	
Current borrowings	766.6	766.6	0.0	0.0	0.0	0.0	0.0
Other bank borrowings	1.2	1.2					
PPR current cash account	750.4	750.4					
Obligations under finance leases	5.7	5.7					
Employee profit-sharing	4.5	4.5					
Bank overdrafts	3.9	3.9					
Other borrowings	0.9	0.9					
Total	801.9	766.6	12.7	5.7	3.7	13.2	0.0
Percent		95.6%	1.6%	0.7%	0.5%	1.6%	0.0%

(in EUR millions)	31.12.2007	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
Non-current borrowings	46.8	0.0	13.4	15.4	8.8	6.6	2.6
Other bank borrowings	2.1		1.2	0.9			
Obligations under finance leases	20.2		6.2	8.1	2.8	0.5	2.6
Employee profit-sharing	24.5		6.0	6.4	6.0	6.1	
Current borrowings	897.2	897.2	0.0	0.0	0.0	0.0	0.0
Other bank borrowings	1.2	1.2					
PPR current cash account	877.5	877.5					
Obligations under finance leases	7.1	7.1					
Employee profit-sharing	4.6	4.6					
Bank overdrafts	5.5	5.5					
Other borrowings	1.3	1.3					
Total	944.0	897.2	13.3	15.4	8.8	6.6	2.6
Percent		95.0%	1.4%	1.6%	0.9%	0.7%	0.4%

PPR (the Parent company of Conforama) current cash account represents more than 90 percent of the borrowings of the Group. In accordance with the agreement entered into with the PPR group, the current account bears interest at Euribor + 0.25 percent.

29.2 Breakdown by repayment currency

(in EUR millions)	31.12.2009	Non-current borrowings	Current borrowings	%	31.12.2008	%	31.12.2007	%
EUR	435.6	26.3	409.3	98.3%	801.0	99.9%	942.6	99.9%
CHF	5.9		5.9	1.3%	-	-	-	-
Other currencies	1.6		1.6	0.4%	0.9	0.1%	1.4	0.1%
Total	443.1	26.3	416.8		801.9		944.0	

Borrowings denominated in currencies other than the euro are distributed to Group subsidiaries for local financing purposes.

29.3 Breakdown of gross borrowings by category

The Group gross borrowings break down as follows:

(in EUR millions)	31.12.2009	31.12.2008	31.12.2007
Other bank borrowings	0.9	2.1	3.2
PPR current cash account	395.2	750.4	877.5
Obligations under finance leases	17.1	22.7	27.4
Employee profit-sharing	20.9	21.9	29.1
Bank overdrafts	4.8	3.9	5.5
Other borrowings	4.2	0.9	1.3
Total	443.1	801.9	944.0

Group borrowings primarily consist of PPR current cash account.

Note 30. EXPOSURE TO FOREIGN EXCHANGE RISK

Foreign exchange derivatives are recognised in the statement of financial position at their market value as of the end of the reporting period.

Derivatives qualifying as cash flow hedges are used to hedge highly probable future cash flows (not yet recognised) based on a budget for the current budget period (season or catalogue, quarter, half-year, etc.) or certain future cash flows not yet recognised (firm orders).

As of December 31, 2009, the majority of foreign exchange derivatives qualifying as cash flow hedges had a residual maturity of less than one year and are used to hedge cash flows expected to be realised and recorded in the accounts in the coming reporting period.

Derivatives qualifying as fair value hedges are used to hedge items recognised in the consolidated statement of financial position at the end of the reporting period, or certain future cash flows not yet recognised (firm orders). Hedges of items recognised in the statement of financial position chiefly concern sourcing in US dollar.

These derivatives mainly hedge items recorded in the statement of financial position and future cash flows which do not satisfy the "highly probable" criteria required by IAS 39.

As of December 31, 2009, the exposure to foreign exchange risk on the statement of financial position is as follows:

(in EUR millions)	31.12.2009	EUR	USD	CHF	HKD	Other	31.12.2008	31.12.2007
Money-market assets	17.5	–	0.1	0.2		17.2	22.9	53.7
Money-market liabilities	55.7	7.7	23.4	23.5	1.0	0.1	41.1	27.1
Gross exposure in the balance sheet	(38.2)	(7.7)	(23.3)	(23.3)	(1.0)	17.1	(18.2)	26.6
Forecast gross exposure	(97.8)	(27.1)	(70.6)			(0.1)	(128.6)	n/a
Gross exposure before hedging	(136.0)	(34.8)	(93.9)	(23.3)	(1.0)	17.0	(146.8)	26.6
Hedging instruments	128.9	28.4	93.0	23.8	1.0	(17.3)	92.6	n/a
Gross exposure after hedging	(7.1)	(6.4)	(0.9)	0.5	0.0	(0.3)	(54.2)	26.6

30.1 Derivative instruments at market value

As of December 31, 2009, and in accordance with IAS 39, the market value of derivative financial instruments is recognised in assets under the headings “Non-current financial assets” and “Other current financial assets”, and in liabilities under the headings “Other non-current financial liabilities” and “Other current financial liabilities”.

The fair value of derivatives hedging interest rate risks is recognised in non-current or current assets or liabilities depending on the maturity of the underlying debt to which they are allocated.

The fair value of foreign exchange derivatives is recognised in other current financial assets or liabilities.

(in EUR millions)	31.12.2009	Interest rate risk	Foreign exchange risk	Other market risks	31.12.2008
Derivative assets	0.7	0.0	0.7	0.0	4.8
Non-current	0.0	0.0	0.0	0.0	0.0
Current	0.7	0.0	0.7	0.0	4.8
At fair value through income	0.1		0.1		2.7
Cash flow hedges	0.6		0.6		2.1
Derivative liabilities	2.8	0.0	2.8	0.0	3.4
Non-current	0.0	0.0	0.0	0.0	0.0
Current	2.8	0.0	2.8	0.0	3.4
At fair value through income	1.5		1.5		1.2
Cash flow hedges	1.3		1.3	0.0	2.2
Total	(2.1)	0.0	(2.1)	(0.0)	1.4

(in EUR millions)	31.12.2008	Interest rate risk	Foreign exchange risk	Other market risks	31.12.2007
Derivative assets	4.8	0.0	4.8	0.0	0.8
Non-current	0.0	0.0	0.0	0.0	0.0
Current	4.8	0.0	4.8	0.0	0.8
At fair value through income	2.7		2.7		
Cash flow hedges	2.1		2.1		0.8
Derivative liabilities	3.4	0.0	3.4	(0.0)	4.9
Non-current	0.0	0.0	0.0	0.0	0.0
Current	3.4	0.0	3.4	(0.0)	4.9
At fair value through income	1.2		1.2		1.9
Cash flow hedges	2.2		2.2	(0.0)	3.0
Total	1.4	0.0	1.4	0.0	(4.1)

(in EUR millions)	31.12.2007	Interest rate risk	Foreign exchange risk	Other market risks	31.12.2006
Derivative assets	0.8	0.0	0.8	0.0	0.4
Non-current	0.0	0.0	0.0	0.0	0.0
Current	0.8	0.0	0.8	0.0	0.4
Cash flow hedges	0.8		0.8		0.4
Derivative liabilities	4.9	0.0	4.9	0.0	2.5
Non-current	0.0	0.0	0.0	0.0	0.0
Current	4.9	0.0	4.9	0.0	2.5
At fair value through income	1.9		1.9		0.8
Cash flow hedges	3.0		3.0		1.7
Total	(4.1)	0.0	(4.1)	0.0	(2.1)

30.2 Liquidity risk

The table below sets out contractual commitments relating to borrowings and trade payables. It includes accrued interest payable and excludes the impact of netting agreements. The table also includes Group commitments relating to derivative instruments recorded in assets or liabilities.

Forecast cash flows relating to interest payable are included in "Other borrowings" and calculated up to the contractual maturity of the borrowings to which they relate.

(in EUR millions)	31.12.2009		Less than one year	One to five years	More than five years
	Carrying amount	Cash flow			
Non-derivative financial instruments					
Other borrowings	47.9	(53.2)	(22.7)	(24.9)	(5.6)
Trade payables	479.4	(479.4)	(479.4)		
Foreign exchange hedges	2.1				
Total	529.4	(532.6)	(502.1)	(24.9)	(5.6)

(in EUR millions)	31.12.2009		Less than one year	One to five years	More than five years
	Carrying amount	Cash flow			
Non-derivative financial instruments					
Other borrowings	51.5	(55.1)	(16.8)	(32.4)	(5.9)
Trade payables	636.3	(636.6)	(636.6)		
Foreign exchange hedges	(2.2)				
Total	685.6	(691.7)	(653.4)	(32.4)	(5.9)

Note 31. NET DEBT

Group net debt breaks down as follows:

(in EUR millions)	31.12.2009	31.12.2008	31.12.2007
Gross borrowings	443.1	801.9	944
Cash and cash equivalents	(35.9)	(41.3)	(77.6)
Net debt	407.2	760.6	866.4

Note 32. STATEMENT OF CASH FLOWS

(in EUR millions)	31.12.2009	31.12.2008	31.12.2007
Cash and cash equivalents as reported in the balance sheet	35.9	41.3	77.6
PPR current cash account	(395.2)	(750.4)	(877.5)
Bank overdrafts	(4.8)	(3.9)	(5.5)
Cash and cash equivalents as reported in the statement of cash flows	(364.1)	(713.0)	(805.4)

32.1 Acquisitions and disposals of subsidiaries

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Acquisitions of subsidiaries, net of cash acquired	(0.1)	–	(34.7)
Proceeds from disposals of subsidiaries, net of cash transferred	7.0	43.2	21.1
Total	6.9	43.2	(13.6)

32.2 Increase/decrease in share capital and other transactions with owners

In 2009, this line reflects the share capital increase of Conforama Holding in relation with the merger of Saprodis for EUR 566.6 million.

Note 33. CONTINGENT LIABILITIES, CONTRACTUAL COMMITMENTS NOT RECOGNISED AND OTHER CONTINGENCIES

33.1 Contractual obligations

The table below sets out all the Group's contractual commitments and obligations, excluding employee benefit obligations presented in the previous notes.

(in EUR millions)	Payments due by period			Audited 2009	Reviewed 2008	Reviewed 2007
	Less than one year	One to five years	More than five years			
Non-current borrowings	–	18.5	7.8	26.3	35.3	46.8
Operating lease agreements	113.7	228.9	111.4	454.0	517.6	589.2
Total commitments given	113.7	247.4	119.2	480.3	552.9	636.0

Operating leases

The amount of contractual obligations presented on the line "Operating leases" represents minimum future lease payments under operating lease agreements for the period, they cannot be cancelled by the lessee. These mainly include non-cancellable rental payments in respect of stores.

Finance leases

The present value of future lease payments included in "Borrowings" and relating to capitalised assets meeting the definition of a finance lease set out in IAS 17 is as follows:

(in EUR millions)	Audited 2009	Reviewed 2008	Reviewed 2007
Less than one year	7.9	5.7	10.3
One to five years	6.6	14.1	17.3
More than five years	5.5	5.9	6.5
	20.0	25.7	34.1
Finance costs included	(2.9)	(3.1)	(6.8)
Present value of minimum future lease payments	17.1	22.6	27.3

33.2 Guarantees and other collateral

Guarantees and other collateral granted by the Group break down as follows:

(in EUR millions)	Amount of assets pledged at 31.12.2009	Balance sheet total (carrying amount)	Corre- sponding percent	Amount of assets pledged at 31.12.2008	Amount of assets pledged at 31.12.2007
Intangible assets	–	21.8	0.0%	–	–
Property, plant and equipment	0.7	516.4	0.1%	0.7	0.8
Non-current financial assets	–	13.3	0.0%	–	–
Total non-current assets pledged as collateral	0.7	551.5	0.1%	0.7	0.8

33.3 Other commitments

Other commitments break down as follows:

(in EUR millions)	Amount of assets pledged at 31.12.2009	Amount of assets pledged at 31.12.2008	Amount of assets pledged at 31.12.2007
Confirmed lines of credit	32.1	30.6	25.9
Other guarantees received	0.2	0.3	0.3
Total commitments received	32.3	30.9	26.2
Guarantees given to banks responsible for cash pooling arrangements	(8.5)	(11.2)	(9.5)
Rent guarantees, property guarantees	(59.3)	(58.6)	(68.7)
Sponsoring and advertising commitments	(3.2)	(0.9)	(3.0)
Other commitments	(46.6)	(50.8)	(17.0)
Total commitments given	(117.6)	(121.5)	(98.2)

Other commitments given primarily include customs warranties and operating guarantees.

To the best of the Group's knowledge, there are no other significant commitments given or contingent liabilities.

33.4 Dependence on patents, licenses and supply contracts

The Group is not significantly dependent on any patents, licenses or supply contracts.

33.5 Litigation

Group companies are involved in a number of lawsuits or disputes arising in the normal course of business, including litigation with tax, social welfare and customs authorities. Provisions have been set aside for the probable costs, as estimated by the Group's entities and their counsel. According to the Group's legal counsel, no litigation currently in progress is likely to have a material impact on normal or foreseeable operations or the planned development of the Group or any of its subsidiaries. The Group believes there is no known litigation likely to have a potential material impact on the Group's assets, earnings or financial position that is not adequately covered by provisions recorded at the end of the reporting period.

No individual claim is material to the company or the Group.

No dispute or arbitration has had in the recent past or is likely to have in the future, a significant impact on the financial position or earnings of the company or the Group.

Note 34. TRANSACTIONS WITH RELATED PARTIES

34.1 Related parties controlling the Group

Conforama is controlled by PPR. As of December 31, 2009, PPR held 99.88 percent of Conforama share capital and voting rights.

The main transactions carried out between Conforama's consolidated companies and PPR & affiliates in 2009 were as follows:

- Payment of a dividend in 2009 totalling EUR 128.1 million (EUR 0.0 million in 2008);
- Recognition of fees totalling EUR 7.6 million (EUR 7.5 million in 2008) for corporate support. These fees are governed by an agreement.

34.2 Remuneration of the directors

A list of the members of the Board of Directors is provided in the Directors report.

None of the directors received a remuneration paid by the company or any of its subsidiaries.

Note 35. SUBSEQUENT EVENTS

On December 9, 2010, PPR announced entering into exclusive negotiations with Steinhoff for the sale of 100 percent of its shares in Conforama for a consideration of EUR 1,207 million in cash. PPR's working capital balance due by Conforama to PPR will also be repaid on closing.

The historical financial information present the financial position, financial performance and cash flows of Conforama for the three years ended December 31, 2009, 2008 and 2007. The impact of the business combination and of any potential separation costs arising from the acquisition of the Group by Steinhoff International Holding Ltd are not reflected in the historical financial information of the Group.

No other subsequent events with a material impact on the Group as a whole have occurred since December 31, 2009.

Note 36. LIST OF CONSOLIDATED SUBSIDIARIES AS OF DECEMBER 31, 2009

The list of Group subsidiaries is as follows:

Companies	Percent Interest		
	Audited 2009	Reviewed 2008	Reviewed 2007
France			
COGEDEM	Merged	100.00	100.00
CONFORAMA France	100.00	100.00	100.00
CONFORAMA MANAGEMENT	100.00	100.00	100.00
IHTM FRANCE	100.00	100.00	100.00
IHTM INTERNATIONAL	100.00	Creation	
RABINEAU	Merged	100.00	100.00
SODICE EXPANSION	100.00	100.00	100.00
<i>CENTRE TECHNIQUE DE L'EST</i>		Merged	100.00
Croatia			
FLIBA DOO	100.00	100.00	100.00
Spain			
CONFORAMA ESPANA	100.00	100.00	100.00
Italy			
CONFORAMA ITALIA	100.00	100.00	100.00
CREDIRAMA	49.00	49.00	49.00
IHTM ITALIE	100.00	100.00	100.00
Luxembourg			
CONFORAMA LUXEMBOURG	100.00	100.00	100.00
Poland			
IHTM POLOGNE	100.00	100.00	100.00
<i>CONFORAMA POLSKA</i>		Sale	100.00
Portugal			
CONFORAMA Portugal	100.00	100.00	100.00
Romania			
IHTM ROUMANIE	100.00	100.00	100.00
Switzerland			
CONFORAMA SUISSE	100.00	100.00	100.00
IHTM	100.00	100.00	100.00
Hong Kong			
CONFORAMA TRADING LIMITED	100.00	100.00	100.00
Singapore			
<i>CONFORAMA ASIA</i>		Liquidation	100.00
Vietnam			
IHTM VIETNAM	100.00	100.00	100.00

**SECTION B:
CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED
JUNE 30, 2010**

The consolidated statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows for the six months ended 30 June 2010 and 2009 ("Condensed Financial Information") have been extracted from the reviewed condensed financial statements of Conforama Holding S.A. and its subsidiaries. Notes to the condensed financial information have not been prepared as it is not Conforama policy to present notes for interim results. The condensed financial statements have been prepared in accordance with International Financial Reporting Standards and have been reported on without qualification by KPMG. The accounting policies applied in preparing the condensed financial information are consistent with those applied in the previous financial period.

This report is the responsibility of the directors of Steinhoff International Holdings Limited and Conforama Holding S.A.

CONSOLIDATED INCOME STATEMENT

for the six months ended June 30, 2010, June 30, 2009

(in EUR millions)	June 30, 2010	June 30, 2009
CONTINUING OPERATIONS		
Revenue	1,413.7	1,331.4
Cost of sales	(902.2)	(867.3)
Gross margin	511.5	464.1
Payroll expenses	(240.6)	(228.2)
Other operating income and expenses	(218.3)	(205.8)
Management fees	(3.4)	(3.2)
Capital items	(2.7)	(2.1)
Operating income	46.5	24.8
Finance costs, net	(10.0)	(10.1)
Income before tax	36.5	14.7
Corporate income tax	(11.1)	(4.0)
Share in earnings of associates	0.1	0.1
Net income from continuing operations	25.5	10.8
DISCONTINUED OPERATIONS		
Net income from discontinued operations	0.0	0.0
Net income of consolidated companies	25.5	10.8
Net income attributable to owners of the parent	25.5	10.8
Net income attributable to non-controlling interests	-	-
Net income	25.5	10.8
Earnings per share (in EUR)	3.05	2.34
Fully diluted earnings per share (in EUR)	3.05	2.34

STATEMENT OF COMPREHENSIVE INCOME

for the six months ended June 30, 2010, June 30, 2009

(in EUR millions)	June 30, 2010	June 30, 2009
Net income	25.5	10.8
Foreign exchange gain/(losses)	11.5	(1.8)
Cash flow hedges ⁽¹⁾	5.2	(1.8)
Other comprehensive income (expense), net of tax	16.7	(3.6)
Total comprehensive income	42.2	7.2
attributable to owners of the parent	42.2	7.2
attributable to non-controlling interests	-	-

⁽¹⁾ Net of tax.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as of June 30, 2010, June 30, 2009 and December 31, 2009

(in EUR millions)	June 30, 2010	June 30, 2009	Dec 31, 2009
ASSETS			
Goodwill	572.0	687.2	564.4
Brands and other intangible assets	28.1	26.2	21.8
Property, plant and equipment	504.1	530.6	516.4
Investments in associates	3.8	4.4	3.7
Non-current financial assets	14.6	13.2	13.3
Deferred tax assets	48.4	39.3	49.0
Other non-current assets	5.1	5.4	5.3
Non-current assets	1,176.1	1,306.3	1,173.9
Inventories	561.5	492.0	480.8
Trade receivables	78.1	73.3	85.4
Current tax receivables	3.5	6.3	11.2
Other current financial assets	12.2	0.6	0.7
Other current assets	92.8	94.4	78.8
Cash and cash equivalents	31.8	36.0	35.9
Current assets	779.9	702.6	692.8
Total assets	1,956.0	2,008.9	1,866.7
(in EUR millions)	June 30, 2010	June 30, 2009	June 30, 2009
EQUITY AND LIABILITIES			
Share capital	133.9	73.8	133.9
Capital reserves	506.5	–	506.5
Translation adjustments	17.3	3.3	5.8
Remeasurement of financial instruments	6.7	(2.7)	(0.8)
Other reserves	(215.2)	(2.1)	(238.4)
Total equity	449.2	72.3	407.0
Non-current borrowings	23.0	32.0	26.3
Provisions for pensions and other post-employment benefits	36.3	32.8	33.7
Provisions	5.5	2.1	6.6
Deferred tax liabilities	36.8	39.4	39.4
Non-current liabilities	101.6	106.3	106.0
Current borrowings	460.9	909.6	416.8
Other current financial liabilities	4.5	5.6	2.8
Trade payables	508.2	491.1	479.4
Provisions	30.5	28.2	21.1
Current tax liabilities	10.6	6.0	8.6
Other current liabilities	390.5	389.8	425.0
Current liabilities	1,405.2	1,830.3	1,353.7
Total equity and liabilities	1,956.0	2,008.9	1,866.7
Net asset value per share (in EUR)	53.67	15.67	48.64
Net tangible asset value per shares (in EUR)	(18.03)	(138.98)	(21.40)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended June 30, 2010 and June 30, 2009

(in EUR millions)	June 30, 2010	June 30, 2009	Dec 31, 2009
Net income from continuing operations	25.5	10.8	(95.8)
Net recurring charges to depreciation, amortisation and provisions on non-current operating assets	30.6	31.5	72.5
Other non-cash income and expenses	(5.8)	(23.9)	137.8
Cash flow from operating activities	50.3	18.4	114.5
Interest paid/received	3.8	8.1	9.5
Dividends received	–	(0.7)	(0.2)
Net income tax payable	9.2	3.4	13.8
Cash flow from operating activities before tax, dividends and interest	63.3	29.2	137.6
Change in working capital requirement	(94.4)	(147.6)	(168.0)
Corporate income tax paid	0.3	0.8	(11.8)
Net cash from operating activities	(30.8)	(117.6)	(42.2)
Purchases of property, plant and equipment and intangible assets	(26.7)	(30.5)	(59.2)
Proceeds from disposals of property, plant and equipment and intangible assets	2.2	9.9	18.6
Acquisitions of subsidiaries, net of cash acquired	14.2	–	(0.1)
Proceeds from disposals of subsidiaries, net of cash transferred	–	–	7.0
Purchases of other financial assets	(0.7)	(0.7)	(1.4)
Proceeds from sales of other financial assets	0.6	0.6	1.0
Interest and dividends received	0.1	0.6	6.4
Net cash from investing activities	(10.3)	(20.1)	(27.7)
Increase/decrease in share capital and other transactions with owners	–	–	566.6
Dividends paid	–	–	(128.1)
Issue of borrowings	7.7	15.5	14.2
Repayment of borrowings	(2.8)	(2.7)	(5.6)
Increase/decrease in other borrowings	(10.6)	(13.8)	(13.3)
Interest paid and equivalent	(3.8)	(8.2)	(15.6)
Net cash used in financing activities	(9.5)	(9.2)	418.2
Impact of exchange rate variations	0.2	0.9	0.5
Other movements	–	–	0.1
Net decrease in cash and cash equivalents	(50.4)	(146)	348.9
Cash and cash equivalents at beginning of year	(364.1)	(713.0)	(713.0)
Cash and cash equivalents at end of year	(414.5)	(859.0)	(364.1)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Before appropriation of net income)

	Number of shares outstanding	Share capital	Capital reserves	Translation adjustments	Remeasure- ment of financial instruments	Other reserves and net income attributable to owners of the parent	Total equity
As of December 31, 2008	4,612,785	73.8	0.0	5.1	(0.1)	(13.7)	65.1
Total comprehensive income				(1.8)	(2.6)	11.6	7.2
As of June 30, 2009	4,612,785	73.8	0.0	3.3	(2.7)	(2.1)	72.3
Total comprehensive income				2.5	1.9	(108.2)	(103.8)
Share capital increase/decrease	3,756,349	60.1	506.5				566.6
Dividends paid							(128.1)
As of December 31, 2009	8,369,134	133.9	506.5	5.8	(0.8)	(238.4)	407.0
Total comprehensive income				11.5	7.5	23.2	42.2
As of June 30, 2010	8,369,134	133.9	506.5	17.3	6.7	(215.2)	449.2

EARNINGS PER SHARE

	June 30, 2010	June 30, 2009
Earnings per share		
Net (loss) / income	25.5	10.8
Weighted average number of ordinary shares in issue (000's)	8,369,134	4,612,785
Earnings per share (in EUR)	3.05	2.34

Basic earnings per share is calculated by dividing the net income attributable to the parent by the weighted average number of ordinary shares in issue during the year.

Reconciliation of headline earnings

Net (loss) / income	25.5	10.8
Capital items (net of tax effect)	2.5	2.6
Headline earnings	28.0	13.4
Headline earnings per share (in EUR)	3.35	2.91

Headline earnings per share is calculated by dividing the headline earnings attributable to the parent by the weighted average number of ordinary shares in issue during the year.

Dilutive effect

There is no potential dilutive ordinary shares.

Calculation of weighted average number of shares

	Number	Number
Total shares in issue	8,369,134	4,612,785
Weighted effect	0	0
	8,369,134	4,612,785

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION RELATING TO CONFORAMA

The Directors
Steinhoff International Holdings Limited
28 Sixth Street, Wynberg
Sandton, 2090, South Africa

18 February 2011

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF CONFORAMA HOLDING S.A. ("CONFORAMA")

Introduction

At your request, we present our independent reporting accountants' report on the report of historical financial information of Conforama for the three years ended 31 December 2009 and the six months ended 30 June 2010 and 30 June 2009 ("historical financial information"), for the purposes of complying with the Listings Requirements of the JSE Limited (the "JSE Listings Requirements") and for inclusion in the Circular dated on or about 23 February 2011 ("Circular") to be issued in conjunction with the acquisition of 8,367,629 shares in Conforama, constituting 99.98 percent of the entire issued share capital of Conforama (the "Transaction"). We are the independent auditor of Conforama.

Responsibility of the directors

The directors of Steinhoff International Holdings Limited are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements and the Companies Act of South Africa (Act 61 of 1973). The directors of Conforama are responsible for the fair presentation in accordance with International Financial Reporting Standards of the historical financial information contained therein to which both this independent reporting accountants' report and the report on historical information on Conforama, relates and from which such reports have been prepared.

Responsibility of the independent reporting accountants

Our responsibility is to express an audit opinion on the report of historical financial information of Conforama for the year ended 31 December 2009 included in Annexure 3 – Section A to the Circular based on our audit and a review conclusion on the historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009 included in Annexure 3 – Section B, to the Circular based on our review.

Historical financial information for the year ended 31 December 2009

Introduction

We have audited the historical financial information for the year ended 31 December 2009 attached as Annexure 3 – Section A to the Circular prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa (Act 61 of 1973).

Responsibility of the independent reporting accountants' on the historical financial information for the year ended 31 December 2009

We conducted our audit of the historical financial information for the year ended 31 December 2009 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the historical financial information for the year ended 31 December 2009 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the abovementioned historical financial information for the year ended 31 December 2009. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the historical financial information for the year ended 31 December 2009, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the historical financial information for the year ended 31 December 2009 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the historical financial information for the year ended 31 December 2009.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included that previously obtained by us in the conduct of our audit of the annual financial statements of Conforama's underlying historical financial information for the year ended 31 December 2009.

Opinion on the historical financial information for the year ended 31 December 2009

In our opinion, the historical financial information for the year ended 31 December 2009, included in the Circular presents fairly, in all material respects, the financial position of Conforama for the year ended 31 December 2009 in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009

Introduction

We have reviewed the historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009 attached as Annexure 3 – Section B and Annexure 3 – Section A respectively, to the Circular prepared in accordance with the International Standard on Review Engagements ISRE 2400: *Engagements to Review Financial Statements*.

Scope of our review

We conducted our review of the historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009 in accordance with International Standard on Review Engagements ISRE 2400: *Engagements to Review Financial Statements*. This standard requires that we plan and perform the review to obtain moderate assurance that the historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009 is free of material misstatement. A review is limited primarily to enquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the historical financial information for the two years ended 31 December 2008 and the six months ended 30 June 2010 and 30 June 2009 included in the Circular is not fairly presented, in all material respects, in accordance with the International Financial Reporting Standards and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the circular, to be issued on or about 23 February, in the form and context in which it will appear.

Yours faithfully

KPMG Inc

Per TG Cheadle
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

MATERIAL LOANS OF STEINHOFF

The material loan schedule is based on the latest available Steinhoff public information as at 30 June 2010, updated for material loans concluded after this date.

Lender	Nature of debt/loan	Facility (millions)	Loan amount 30 June 2010 (R' millions)		Nature and value of security	Maturity / Repayment terms	Interest rate	Type of interest rate
			Secured/ Unsecured	63				
Capitalised finance lease and instalment sale agreements⁽¹⁾								
Various counterparties	Secured hire purchase and lease agreements		Secured	63	Underlying assets where applicable	Repayable in monthly or annual instalments over periods of five to eight years	8 to 10%	Fixed
Mortgage loan⁽¹⁾								
	Loans	EUR 85	Secured	486	Secured under mortgage bonds over various properties in Germany	Repayable over various repayment terms	3.05% to 6.13%	Fixed
Term loans								
	Syndicated property loan	EUR 117	Secured	1,115	Underlying assets where applicable	31 July 2012	EURIBOR + 3.5%	Variable
	Term loan ⁽¹⁾	GBP 3	Secured	31	Secured by a charge over assets of the Relyon group	30 June 2012; repayable in semi-annual instalments	LIBOR + 0.75%	Variable
	Term loan ⁽¹⁾	Pula 58	Secured	41	Secured by a charge over assets financed by this loan	30 June 2012; repayable in monthly instalments	Botswana prime minus 2.65%	Variable
	Term loan ⁽¹⁾	MET 106	Secured	23	Secured by a charge over assets with a book value of R45 million	9 April 2014; repayable in quarterly instalments	BIM + 1% (BIM = Banco International Mozambique rate)	Variable
	Term loan ⁽¹⁾	MGA 11,500	Secured	29	Secured by the assets purchased that it financed and in addition, EUR 3 million guaranteed from a bank	31 August 2015; repayable in quarterly instalments of MGA 623 million	11%	Fixed; payable quarterly
	Loan facility ⁽¹⁾	ZAR 5	Secured	4	Secured by a charge over assets financed by this loan	1 April 2011; repayable in monthly instalments	SA prime minus 1% p.a.	Variable; calculated according to selected interest periods

Lender	Nature of debt/loan	Facility (millions)	Loan amount 30 June 2010		Secured/ Unsecured	Nature and value of security	Maturity / Repayment terms	Interest rate	Type of interest rate
			(R' millions)						
Term loans (Cont'd)									
	Revolving term loan	ZAR 350	150	Unsecured	-	15 July 2013	JIBAR + 2.30%	Variable	
	Revolving term loan	ZAR 300	300	Unsecured	-	29 June 2013	JIBAR + 2.45%	Variable	
	Term loan	ZAR 600	600	Unsecured	-	15 July 2013	JIBAR + 2.60%	Variable; payable quarterly	
	Term loan	ZAR 500	500	Unsecured	-	15 August 2013	JIBAR + 2.25%	Variable; payable quarterly	
	Amortising term loan	ZAR 300	300	Unsecured	-	15 July 2015; repayable quarterly in R10 million instalments commencing 15 October 2010	JIBAR + 2.75%	Variable; payable quarterly	
	Amortising term loan	ZAR 470	470	Unsecured	-	15 June 2015; repayable semi-annually in R67 million instalments commencing 15 June 2012	JIBAR + 2.50%	Variable; payable semi-annually	
	Amortising term loan	ZAR 300	300	Unsecured	-	15 July 2015; repayable semi-annually in R30 million instalments commencing 15 January 2011	JIBAR + 2.85%	Variable; payable quarterly	
	Amortising term loan ⁽⁸⁾	AUD 27.5	180	Secured	-	30 June 2013; repayable semi-annually in AUD 4.5 million instalments	BBSY + 5.5%	Variable; payable quarterly	
ZAR 5 million Phaello domestic medium-term note programme⁽¹⁾									
Various	Note	-	102	Secured	-	27 March 2011	JIBAR + 3%	Variable; payable quarterly	
Various	Senior secured floating rate note	-	205	Secured	-	6 April 2015	JIBAR + 3%	Variable; payable quarterly	
Various	Senior secured floating rate note	-	205	Secured	-	6 July 2012	JIBAR + 3.50%	Variable; payable quarterly	

Lender	Nature of debt/loan	Facility (millions)	Loan amount		Nature and value of security	Maturity / Repayment terms	Interest rate	Type of interest rate
			30 June 2010 (R' millions)	Secured/ Unsecured				
Various	Convertible bond convertible into 54.74 million Steinhoff ordinary shares at ZAR 27.40 per ordinary share	ZAR 1,500	1,360	Unsecured	-	31 July 2013	5.7%	Fixed
Various	Convertible bond convertible into 66.09 million Steinhoff ordinary shares at ZAR 23.85 per ordinary share	ZAR 1,600	1,561	Unsecured	-	20 July 2015	9.625%	Fixed
Various	Convertible bond convertible into 140.86 million Steinhoff ordinary shares at ZAR 25.47 per ordinary share ⁽³⁾	EUR 390	-	Unsecured	-	22 May 2016	5.0%	Fixed
ZAR 3,500 million Unitrans domestic medium-term note programme⁽⁴⁾								
Various	UTR 01 – domestic medium-term note: nominal value of ZAR 400m ⁽⁵⁾	-	413	Unsecured	-	31 August 2010	9.5% (effective interest rate is 9.34%)	Fixed; payable semi-annually in arrears on 28 February and 31 August of each year
Various	UTR 01 – unlisted bond: nominal value of ZAR 150 million	-	152	Unsecured	-	19 May 2013	JIBAR + 2.75%	Fixed; payable quarterly, commencing on 19 August 2010
Various	UTR 02 – senior unsecured fixed rate notes: nominal value of ZAR 1 billion	-	1,007	Unsecured	-	21 November 2012	10.49%	Fixed; payable semi-annually in arrears on 21 May and 21 November of each year
Various	Promissory note programme	-	162	Unsecured	-	15 July 2010 to 29 May 2014	11.20% to 11.53%	

Lender	Nature of debt/loan	Facility (millions)	Loan amount		Nature and value of security	Maturity / Repayment terms	Interest rate	Type of interest rate
			30 June 2010 (R' millions)	Secured/Unsecured				
US note purchase agreement⁽⁶⁾								
Various	Senior notes series A	USD 143	1,184	Unsecured	-	15 March 2012	EURIBOR + 0.82%	Variable
Various	Senior notes series B	USD 142	1,179	Unsecured	-	15 March 2015	EURIBOR + 0.88%	Variable
Various	Senior notes series C	EUR 24	220	Unsecured	-	15 March 2012	4.10%	Fixed
Preference shares								
	Preference shares: Micawber ⁽⁷⁾ ; 'A' redeemable preference shares issued by Micawber with a par value of R1 per share		116	Unsecured	-	20 December 2013	67% of SA prime; from 1 December 2010 77% of SA prime	Variable
Syndicated loan facilities								
	Revolving credit facility ⁽¹⁰⁾	EUR 340	2,719	Unsecured	-	13 March 2013	EURIBOR + 3.25%	Variable
	Amortising term loan ⁽¹⁰⁾	GBP 42	486	Unsecured	-	30 July 2012; repayable semi-annually in GBP 3.5 million instalments	LIBOR + 3.25%	Variable; payable semi-annually
	Amortising term loan ⁽¹⁰⁾	GBP 21	240	Unsecured	-	31 March 2013; repayable semi-annually in GBP 1.3 million instalments	LIBOR + 3.25%	Variable; payable semi-annually
	Structured term loan	EUR 20	188	Unsecured	-	31 March 2031; first reset date on 31 March 2013.	EURIBOR + 1.75%	
Various	Bridge term loan facility and revolving facility ⁽⁹⁾	EUR 780	-	Secured	-	3 June 2012	EURIBOR +2.25% until 3 June 2011; EURIBOR + 3.25% until 3 June 2012; EURIBOR +4% thereafter	Variable; payable semi-annually
	Other loans	-	47	Unsecured	-	Various	Various	Various

Lender	Nature of debt/loan	Facility (millions)	Loan amount		Nature and value of security	Maturity / Repayment terms	Interest rate	Type of interest rate
			30 June 2010 (R' millions)	Secured/ Unsecured				
Current interest-bearing loans and borrowings⁽⁸⁾								
	Bank loans at variable interest rates		1,477	-	-	Varying repayment terms	5% to 15%	-
	Commercial paper		532	-	-	15 July 2010 to 18 November 2010	7.92% to 9.71 %	-
	Other		1	-	-	Various	Various	-

Notes:

- The book value of assets encumbered in favour of the secured borrowings (mortgage and term loans, finance lease and instalment sale agreements and Phaello domestic medium-term note program) amounted to ZAR 4,689,707,647 as at 30 June 2010.
- The fair values of the liability components of both bonds were calculated using market interest rates for equivalent non-convertible bonds. The residual amounts, representing the values of the equity conversion components, are included in shareholders' equity in other reserves, net of deferred taxes.
- This convertible bond was issued on 22 September 2010.
- Steinhoff, Steinhoff Africa and certain Unitrans subsidiaries have committed themselves as guarantors in respect of the Unitrans note programme
- This note was repaid subsequent to 30 June 2010.
- Steinhoff has entered into a combined cross-currency interest rate swap on the series A and B loans. The series A and B loans are fair valued through profit or loss in order to eliminate the accounting mismatch arising from measuring the derivative hedging instrument through profit or loss.
- During the 2006 financial year, Steinhoff entered into an agreement with a B-BBEE party to obtain ordinary shares in an associate company, KAP International Holdings Limited (KAP). The B-BBEE party obtained equity instruments of the associate company through an entity called Micawber. Micawber purchased the ordinary shares at a purchase price of R84.6 million. The transaction was funded through 'A' preference shares on which Micawber pays and accrues dividends at 67 percent of the SA prime interest rate. Micawber also has an obligation to Steinhoff investment, as a 'B' preference shareholder, at 6 percent of the 'A' preference share capital and dividends outstanding. In addition, Micawber and Steinhoff Africa entered into an equity-sharing arrangement whereby the parties agree to share the surplus equity interest resulting from the potential disposal of the shares based on a formula dependent on the timing of the potential disposal.
On 15 April 2010, Steinhoff Africa entered into an agreement with Micawber to exchange the KAP shares held by Micawber for Steinhoff shares. Both of the preference share funding agreements have been extended until December 2013.
Steinhoff does not control or have any interests in Micawber, but retains the majority of the risks and rewards pertaining to the Steinhoff shares held by Micawber until the funding obligation has been repaid (effective consolidation of Micawber). The effective interest of Micawber's shareholding in Steinhoff was therefore accounted for as an increase in Steinhoff treasury shares.
- The facilities (AUD 57.5 million), due to ANZ Bank (Australia) included in current (AUD 30 million) and term (AUD 27.5 million) bank loans are secured by the first charge on the assets of Steinhoff Asia Pacific Holdings Proprietary Limited and its subsidiaries in addition, a trade finance facility (USD 51.8 million) for Steinhoff Europe Group is also due to ANZ Bank (Australia).
- These facilities, entered into for the purposes of the Transaction, after the 30 June 2010 financial year end, are described in section 2 of this circular under "Transaction Consideration and Funding".
- The margin is dependent on financial covenants therefore could improve.
- Facilities payable within 12 months from 30 June 2010 have been, and will be repaid (R1,047 billion) from operating cash flows and renewal of short term banking facilities (R1.5 billion).

MATERIAL LOANS OF CONFORAMA

Conforama's borrowings primarily consist of PPR current cash account.
Conforama's borrowings are set out below:

Breakdown of Conforama's borrowings by maturity (in EUR millions)	31.12.2009	Y+1	Y+2	Y+3	Y+4	Y+5	Beyond
Non-current borrowings	26.3	0.0	5.6	3.6	9.3	7.8	0.0
Obligations under finance leases	9.5		2.4	0.4	2.8	3.9	
Employee profit-sharing	16.8		3.2	3.2	6.5	3.9	
Current borrowings	416.8	416.8	0.0	0.0	0.0	0.0	0.0
Other bank borrowings	0.9	0.9					
PPR current cash account	395.2	395.2					
Obligations under finance leases	7.6	7.6					
Employee profit-sharing	4.1	4.1					
Bank overdrafts	4.8	4.8					
Other borrowings	4.2	4.2					
Total	443.1	416.8	5.6	3.6	9.3	7.8	0.0
Percent		94.1%	1.3%	0.8%	2.1%	1.7%	0.0%

Breakdown of Conforama's borrowings by repayment currency

(in EUR millions)	31.12.2009	Non-current borrowings	Current borrowings
EUR	435.6	26.3	409.3
CHF	5.9		5.9
Other currencies	1.6		1.6
Total	443.1	26.3	416.8

Breakdown of Conforama's gross borrowings by category

(in EUR millions)	31.12.2009
Other bank borrowings	0.9
PPR current cash account	395.2
Obligations under finance leases	17.1
Employee profit-sharing	20.9
Bank overdrafts	4.8
Other borrowings	4.2
Total	443.0



Registration No: 1998/003951/06

VAT No: 4060175934

NOTICE OF GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given that a general meeting of the ordinary shareholders of the company will be held at 14:00 in the Auditorium of the company, at 28 Sixth Street, Wynberg, Sandton, on 11 March 2011, for the purpose of considering and, if deemed fit, passing with or without modification, the resolutions set out below.

ORDINARY RESOLUTION 1

“RESOLVED THAT the acquisition by the company from PPR S.A. of 8,367,629 shares in Conforama Holding S.A. with a nominal value of EUR 16 per share, constituting 99.98 percent of the entire issued share capital of Conforama Holding S.A., in terms of the agreement headed “Share Purchase Agreement” entered into between PPR S.A. and the company dated as of 25 January 2011, a copy of which agreement has been tabled at this meeting, be and is hereby approved.”

ORDINARY RESOLUTION 2

“RESOLVED THAT any of the directors of the company be and are hereby authorised to do all things and sign all documents required to give effect to and implement ordinary resolution 1 set out above.”

VOTING AND PROXIES

Each shareholder, whether present in person or by proxy, is entitled to attend and vote at the general meeting. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by certificated shareholders and dematerialised shareholder who have elected “own-name” registration, who are unable to attend the general meeting but wish to be represented thereat. Dematerialised shareholders who have not elected “own-name” registration must instruct their Central Securities Depository Participant (“CSDP”) or broker to issue them with the necessary letter of representation to attend or must instruct them as to how they wish to vote. This must be done in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker. Any shareholder who completes and lodges a form of proxy will not be precluded from attending and voting at the general meeting to the exclusion of the proxy appointed by the shareholder.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of the company) to attend, speak and vote in his or her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him or her. The forms of proxy should be completed and forwarded to reach the offices of the Company’s Transfer Secretaries or the Company Secretary at the address given below by not later than 14:00 on 9 March 2011.

By order of the Board

SJ Grobler
Company Secretary

23 February 2011

Registered office
28 Sixth Street
Wynberg
Sandton
2090
(PO Box 1955, Bramley, 2018)



Registration No: 1998/003951/06

VAT No: 4060175934

FORM OF PROXY FOR STEINHOFF SHAREHOLDERS

For use only by certificated shareholders or dematerialised shareholders who have elected "own-name" registration in respect of the general meeting of the ordinary shareholders of the company which will be held at 14:00 in the Auditorium of the company, at 28 Sixth Street, Wynberg, Sandton, on 11 March 2011.

All other dematerialised shareholders must contact their Central Securities Depository Participant ("CSDP") or broker to make the relevant arrangements concerning voting and/or attendance at the general meeting.

Dematerialised shareholders who have not elected "own-name" registration must not complete this form of proxy but must arrange for their CSDP or broker to provide them with the necessary letter of representation to attend the general meeting or must instruct them as to how they wish to vote. This must be done in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

I/We (please print full name)

of (please print address)

being a shareholder of Steinhoff holding shares, do hereby appoint:

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairperson of the general meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the general meeting of the company which will be held at 14:00 in the Auditorium of the company, at 28 Sixth Street, Wynberg, Sandton, on 11 March 2011, or any adjournment thereof:

With modification	(delete whichever is not applicable)
Without modification	

	In favour of	Against	Abstain
Ordinary Resolution 1 - Approval of acquisition			
Ordinary Resolution 2 - Authorisation of directors			

Please indicate with an "X" in the spaces provided above, how you wish your vote to be cast. If no indication is given, the proxy will vote or abstain in his/her discretion.

Every person present and entitled to vote at the general meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every share held or represented.

Signed at _____ on _____ 2011

Signature _____

Capacity of signatory (where applicable) _____

Note: Authority for signatory to be attached.

Assisted by me (where applicable)

Signed at _____ on _____ 2011

Full name _____ Capacity _____

Signature _____

Please read the notes on the reverse side hereof.

Notes:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the space(s) provided, with or without deleting "the chairperson of the general meeting", but any such deletion must be initialled by the shareholder concerned. The person in attendance whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be shown by indicating, in the appropriate boxes provided, the manner in which that shareholder wishes to vote by inserting an "X" in the relevant box, unless a shareholder wishes to split his/her votes, in which case the relevant numbers of shares to be so voted must be indicated in the proxy to vote or abstain from voting at the general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof an abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy. Should a shareholder fail to complete the number of shares held, he/she will be deemed to have exercised the vote in respect of all shares held as recorded in the register.
3. Any shareholder who holds shares through a nominee or in dematerialised form may use this proxy to advise his/her nominee/broker/CSDP of his/her voting instructions. He/she must, however, not submit this form to the Company Secretary, the company or the Transfer Secretaries. Should such shareholder wish to attend the meeting, he/she will need to request his/her CSDP, broker or nominee to provide him/her with the necessary letter of representation in terms of the custody agreement governing their relationship.
4. Forms of proxy and any power of attorney and/or authorising resolution, where applicable, by virtue of which such proxy is signed (or a certified copy of such power of attorney or authorising resolution) must be lodged at or posted to the Transfer Secretaries or delivered to the Company Secretary, to be received by not later than 14:00 on 9 March 2011.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the general meeting.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholders from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. No facility currently exists for receiving forms of proxy electronically. A copy may be scanned and sent to the company secretary at 28 Sixth Street, Wynberg, Sandton 2090 (PO Box 1955, Bramley, 2018).
9. A minor must be assisted by his/her parents or guardian unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries

Company Secretary
28 Sixth Street
Wynberg, Sandton
2090
(PO Box 1955, Bramley, 2018)
Telefax: +27 11 445 3094

Transfer Secretaries
70 Marshall Street
Johannesburg
2001
(PO Box 61051, Marshalltown, 2107)
Telefax: +27 11 688 5248

