Lewis Group Limited

Integrated Annual Report 2015

Contents

Year in review

Proven **business model** remains a strategic advantage

Store base ▲ to 716

Net asset value per share ▲ 8.9% to 6551 cents

Level 4 B-BBEE status maintained

SRI Index qualified for JSE Socially Responsible Investment (SRI) Index

Revenue ▲ 8% to R5.7 billion

Gross profit margin maintained at 36.6%

Operating profit margin at 20%

Total dividend maintained at 517 cents

Acquired BEARES Really Cares about You! and 61 stores

Introducing the report

Lewis Group has pleasure in presenting its Integrated Report to stakeholders for the 2015 financial year. As a group we aim to provide our shareholders and the broader investment community with accurate, balanced and transparent reporting to enable them to make an informed view of the group's ability to create and sustain value.

We are therefore committed to the philosophy of integrated reporting which includes applying the guiding principles of the International Integrated Reporting Framework into our reporting.

Scope and boundaries of the report

This report covers the integrated performance and activities of Lewis Group (the group) which includes the main operating company, Lewis Stores Proprietary Limited, and its subsidiaries for the period 1 April 2014 to 31 March 2015. The companies operate in South Africa, Namibia, Botswana, Swaziland and Lesotho, with 86% of the group's revenue being generated in South Africa. There has been no change from last year in the scope and boundary of the report.

Materiality has been applied in determining the content and disclosure in this report. Materiality is determined by the board and includes issues that affect the group's ability to create value over time and are likely to have a material impact on revenue and profitability. This does, however, exclude the disclosure of price-sensitive or competitor-sensitive information.

The group has again published abridged financial statements in the Integrated Report. The comprehensive audited annual financial statements are available to shareholders on the Lewis Group website, **www.lewisgroup.co.za** and by request from the company secretary.

Independent assurance

The content of the Integrated Report has been reviewed by the directors and management but has not been externally assured. Assurance of the annual financial statements and the abridged financial statements has been provided by the external auditor, PricewaterhouseCoopers.

Forward-looking statements

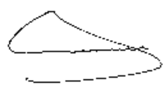
The Integrated Report includes forward-looking statements relating to the financial position and results of the group's operations. These are not statements of fact but rather statements by the group based on current estimates and expectations of future performance. No assurance can be given that forward-looking statements will prove to be correct and stakeholders are cautioned not to place undue reliance on these statements.

Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, global and national economic conditions, the cyclical nature of the retail sector, changes in interest rates, credit and the associated risk of lending, collections, inventory levels, gross and operating margins, capital management, the execution of the business model, and competitive and regulatory factors.

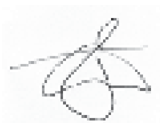
The group undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events. The forward-looking statements have not been reviewed or reported on by the group's independent auditor.

Approval of the Integrated Report

The directors collectively confirm the Integrated Report accurately represents the integrated performance of the group. The Audit Committee has oversight for the preparation of the Integrated Report and recommended the report for approval by the board of directors. The board approved the Integrated Report for release to stakeholders on 25 May 2015.



David Nurek
Independent non-executive chairman



Johan Enslin
Chief executive officer

Creating value for our stakeholders

Group profile

Lewis Group is a leading credit retailer selling household furniture and electrical appliances through three trading brands: Lewis, Best Home and Electric, and more recently, Beares.

Listed in the General Retailers sector on the JSE Limited since 2004, the group has 716 stores across all metropolitan areas and has a strong presence in rural South Africa. The group targets customers in the fast growing middle to lower income market in the living standards measurement (LSM) 4 to 7 categories.

Founded in 1934 in Cape Town, Lewis is now the country's largest furniture chain with 508 stores and is a household name in furniture retailing. Best Electric, launched in 1998 to sell branded electrical merchandise, was rebranded as Best Home and Electric in 2008 and the product range was expanded to include furniture lines which now account for 37% of sales.

Sixty-one Beares stores were acquired by the group in November 2014. The chain, which now comprises 67 stores, provides exposure to customers in higher LSM markets where the group currently has limited exposure. Beares is a well established brand in South Africa, with a history dating back over 80 years. The My Home chain is being incorporated into the Beares business.

Monarch Insurance, the group's short-term insurance subsidiary, provides insurance cover to customers purchasing merchandise on credit.

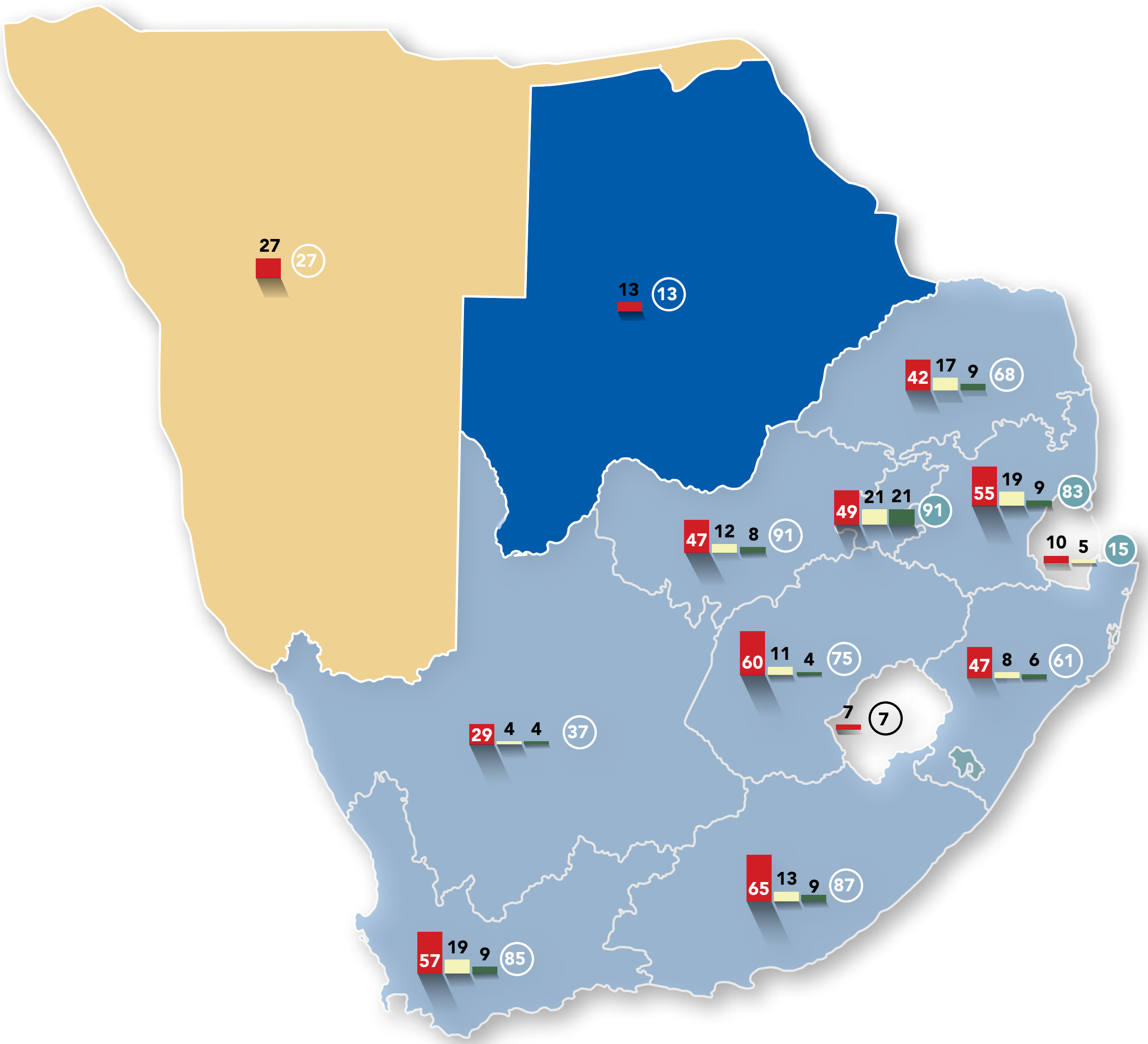
Credit is offered to customers across all the brands and the group has a credit customer base of close to 690 000. Credit sales accounted for 69% of total sales in the 2015 financial year.

Lewis was one of the first South African retailers to expand into neighbouring southern African countries from the late 1960s. There are now 62 stores located outside South Africa in Botswana, Lesotho, Namibia and Swaziland which collectively account for 14% of the group's revenue.

The group is committed to service excellence and offering quality, exclusive merchandise. High levels of repeat sales to existing customers are evidence of service satisfaction, trust and customer loyalty. As part of the commitment to service excellence, Lewis strives to be an integral part of the communities in which it operates. Shoppers are served by staff from their local communities, with stores being located close to the places where Lewis customers live, work, shop and commute.

Further detail on the group's history is available on the website, **www.lewisgroup.co.za.**

Geographic footprint



Geographic Footprint	Lewis	Best Home and Electric	My Home/ Beares	Total Stores
Total stores in South Africa	451	124	79	654
Total stores outside South Africa	57	5	0	62
Total Stores – 31 March 2015	**508**	**129**	**79**	**716**
Total Stores – 31 March 2014	494	129	13	636

Business model

Lewis Group continues to operate a decentralised, store-based business model which has ensured sustainable performance through all market conditions. The foundation of the model has evolved over many years and is consistently applied throughout the business.

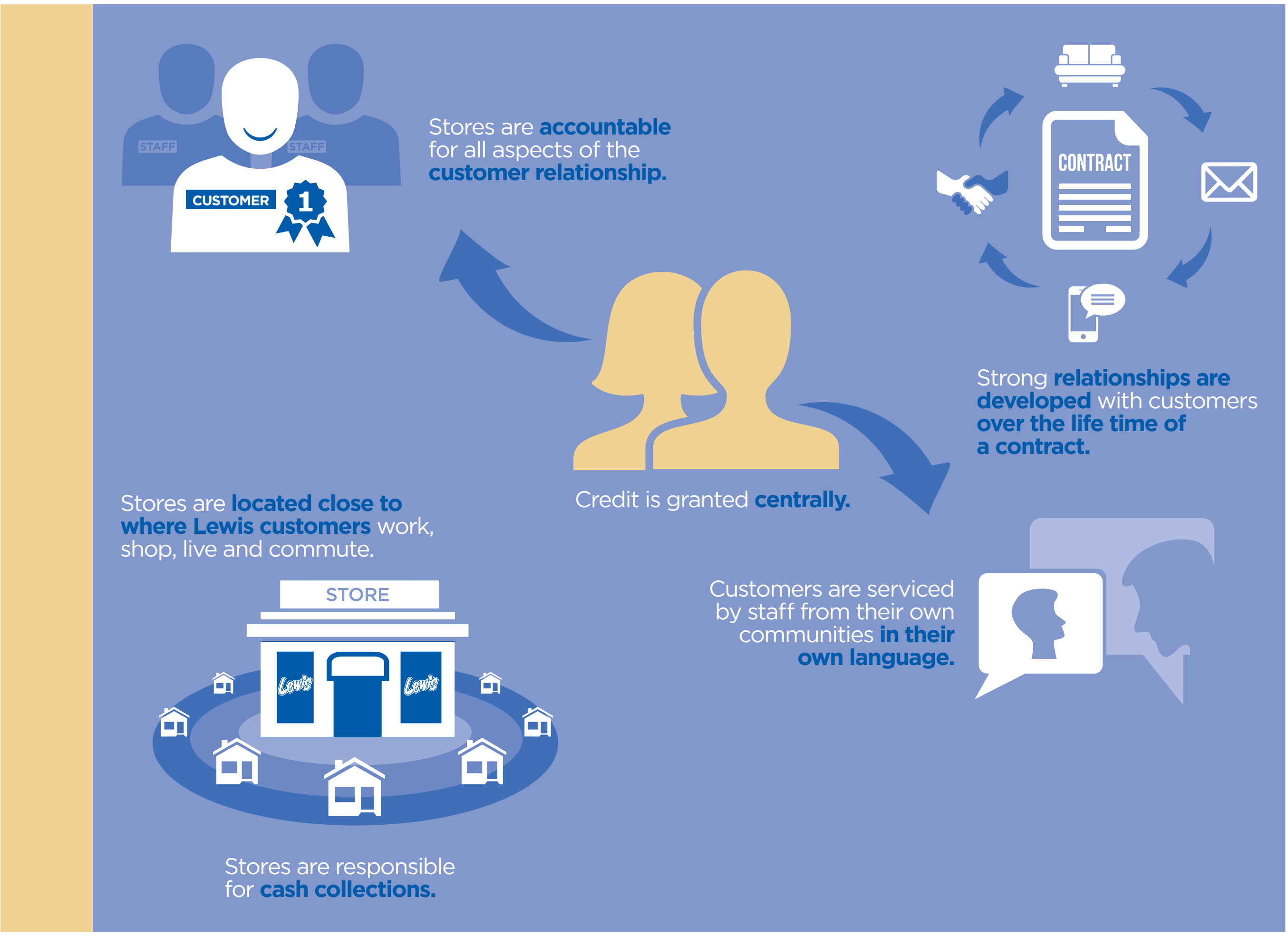
The model is based on the principle that the sale of furniture and the granting of credit are interdependent.

The business model is well suited to the group's lower to middle income target market where customers are reliant on credit to buy products.

All aspects of the customer relationship are managed by the staff in the stores, except for the granting of credit which is managed centrally to ensure consistent decision-making and prudent credit risk management.

The personal and relationship-based interaction with customers in the stores creates trust and confidence while also generating high levels of loyalty and repeat sales.

This process is supported by highly sophisticated IT systems which remove the administrative burden at store level and enables real-time management reporting.



STORE

Customer relationships managed by stores

Stores are accountable for all aspects of the customer relationship

Strong relationships are developed with customers over the life time of a contract

Stores are located close to where Lewis customers work, shop, live and commute

Customers are serviced by staff from their own communities in their own language

Store managers are empowered to influence performance of stores and incentivised on results

Merchandise sales and credit applications

- Furniture and appliances are sold mainly on credit
- Credit applications are completed electronically by stores and submitted to head office for approval
- Insurance is an optional offer on credit purchases
- Sales staff receive a basic salary, commission and incentives

Collections

- Stores are responsible for cash collection and follow-up of defaulting customers
- Interaction with customers visiting stores monthly to pay accounts creates opportunities for repeat sales
- Store locations make it convenient for customers to pay at stores
- Collection staff make house calls on defaulting accounts

Customer re-serve programme

- High level of sales to existing customers through the re-serve programme
- Re-serve programme identifies existing customers for further credit, based on payment history
- Targeted mailings and promotional offers aimed at these customers
- Promotions are a key marketing tool

Supply chain and delivery to customers

- Merchandise is delivered directly by suppliers to stores
- The group does not operate distribution centres or centralised warehouses
- Stores are responsible for all deliveries to customers
- Average of 90% of deliveries are completed with 24 hours of sale

HEAD OFFICE

Centralised credit assessment and approval

Credit is granted centrally to ensure credit risk policies are consistently applied, removing any subjectivity in the credit granting process

Credit application and granting

- Credit applications are submitted electronically to head office from stores.
- Industry-leading technology used to determine creditworthiness of a customer
- Advanced application and behavioural risk scorecards are applied
- Credit policies determine credit worthiness, term and deposit required from customer
- Decisions on credit applications relayed to stores within an average of nine seconds
- Refer to credit report on page 44

Strategy and targets

Lewis Group's strategy is to 'create sustainable growth in shareholder value by offering exclusive merchandise on credit to the lower to middle income market through a network of stores in South Africa and neighbouring countries.'

The acquisition of the Beares brand together with 61 stores was completed in late November 2014 and these stores were integrated into the Group's operations from the second week of December. Beares offers exciting growth potential and will enable the group to attract new customers in higher LSM markets. The 12 My Home stores are being incorporated into the Beares business.

The strategy is reviewed annually by the board and executive management, together with progress against the medium-term strategic objectives.

Material issues and risks that could impact on the group's strategy, its stakeholders and its ability to sustain growth are reviewed on a continuous basis as part of the strategic planning process.

Action plans are developed to achieve the strategic objectives and also to manage the material impacts on the group.

Medium-term strategic objectives

22% to 24%
Operating profit margin

800 stores
Store base

36% to 37%
Operating costs as a % of revenue

68% to 70%
Credit sales as % of total sales

10% to 12%
Debtor costs as a % of net debtors

PERFORMANCE AND TARGETS

Material impact	Performance indicators	Achieved	Targets		
		2015	2015	**2016**	Medium-term
Merchandising and supply chain	Gross profit margin (%)	**36.6**	37 – 38.5	**37 – 38.5**	37 – 38.5
	Inventory turn	**3.9**	5 – 5.5	**5**	5
Credit management	Debtor costs as a percentage of net debtors	**13.0**	11.5 – 13.5	**12 – 14**	10 – 12
	Satisfactory paid customers (%)	**68.7**	66 – 70	**66 – 70**	70 – 72
Execution of business model	Operating profit margin (%)	**20**	21 – 23	**19 – 21**	22 – 24
	New store openings	**26**	20 – 25	**25 – 30**	20 – 25
	Credit sales as a percentage of total sales	**69.1**	70 – 75	**68 – 70**	68 – 70
	Operating costs as a percentage of revenue (excluding debtor costs)	**36.1**	36 – 37	**36.5 – 37.5**	36 – 37
Capital management	Gearing (%)	**23.2**	30 – 34	**<35***	<35*
	Dividend payout ratio (%)	**60.4**	50 – 55	**50 – 55**	50 – 55
Human capital management	Skills development: staff trained annually	**7 536**	> 3 000	**> 3 000**	> 3 500
Regulatory environment	The board is responsible to oversee legislative, regulatory and governance compliance				
Information technology	The IT Steering Committee reports to the Risk Committee and manages IT performance on projects and IT controls				

* This is the ceiling set by management and not the targeted gearing

Strategic objectives, key risks and action plans

The executive team is focused on achieving the strategic objectives and managing the key risks relevant to the business' ability to sustain growth into the future.

Merchandising and supply chain

38 Refer to merchandising and trading brands report

Strategic objective	Key risks	Management action plans
Maintain competitive advantage and targeted margin by sourcing exclusive, quality merchandise both locally and offshore	• Suppliers and distribution partners performing below standard • Lack of depth in supplier base • Volatility of exchange rate impacting on margin, pricing and planning	• Develop new products and offers for regular launches • Ensure reliable back-up supplier channel • Increase exclusive appliance brands • Continue to invest in enterprise development with local suppliers • Manage inventory turn within targeted range • Purchase forward cover to hedge against risk of foreign currency fluctuations

Performance indicators	Achieved	Targets		
	2015	2015	2016	Medium-term
Gross profit margin (%)	**36.6**	37 – 38.5	**37 – 38.5**	37 – 38.5
Inventory turn	**3.9**	5 – 5.5	**5**	5

Credit management

44 Refer to credit report

Strategic objective	Key risks	Management action plans
Optimise the quality of the debtors' book by reducing debtor costs through improved collections and regular updating of scorecards.	• Inability to maintain optimal quality of debtors' book owing to high levels of unemployment, continuing labour unrest, the impact of aggressive unsecured lending in market and the overall challenging economic environment	• Ongoing focus on collections productivity and efficiency • Customer segmentation and credit limit strategies • Reward best rated credit customers • Focus on increasing satisfactory paying customers

Performance indicators	Achieved	Targets		
	2015	2015	2016	Medium-term
Debtor costs as a percentage of net debtors	**13.0**	11.5 – 13.5	**12 – 14**	10 – 12
Satisfactory paid customers (%)	**68.7**	66 – 70	**66 – 70**	70 – 72

Execution of business model

6 Refer to business model

Strategic objective	Key risks	Management action plans
Effective execution of the decentralised customer focused business model	• Poor execution of the strategies and procedures of the business model by management • Insufficient experienced operational staff • Unsecured lending • Regulatory environment	• Focus on re-serve programme and local promotions • Offering exclusive value for money merchandise • Provide quality customer service • Focus on stable store management through training, recruitment and selection strategies • Expanding store footprint, focusing on smaller stores with electronic catalogue • New customer acquisition initiatives • Monitoring competitor activity • Engagement with various regulators

Performance indicators	Achieved	Targets		
	2015	2015	2016	Medium-term
Operating profit margin (%)	20	21 – 23	19 – 21	22 – 24
New store openings	26	20 – 25	25 – 30	20 – 25
Credit sales as a percentage of total sales	69.1	70 – 75	68 – 70	68 – 70
Operating costs as a percentage of revenue (excluding debtor costs)	36.1	36 – 37	36.5 – 37.5	36 – 37

Capital management

30 Refer to chief financial officer's report

Strategic objective	Key risks	Management action plans
Efficient management of financial risks and the liquidity requirements of the business	• Inefficient capital management could impact on profitability and returns to shareholders • Share market underperformance	• Ensure access to capital at all times • Efficient allocation of capital • Invest in the organic growth of the business • Return funds to shareholders through dividend payments • Manage investment portfolio together with financial advisors to optimise returns • Manage currency exposure and risk

Performance indicators	Achieved	Targets		
	2015	2015	2016	Medium-term
Gearing (%)	23.2	30 – 34	<35	<35
Dividend payout ratio (%)	60.4	50 – 55	50 – 55	50 – 55

Strategic objectives, key risks and action plans

Human capital management

48 & 67 Refer to remuneration report and social, ethics and transformation report

Strategic objective	Key risks	Management action plans
Ongoing development of staff for management positions; retention of current management and attract competent individuals as required	• Inability to attract, develop and retain suitable staff for executive and operational management positions.	• Training and development programmes • Central learning and development centre • Remuneration retention schemes • Focused recruitment and selection practices • Implement a formal talent management function • Transformation through black economic empowerment

Performance indicators	Achieved	Targets		
	2015	2015	**2016**	Medium-term
Skills development: staff trained annually	**7 536**	> 3 000	**> 3 000**	> 3 500
B-BBEE level contributor	**4**	4	**4**	4

Regulatory environment

18 & 56 Refer to chairman's report and corporate governance report

Strategic objective	Key risks	Management action plans
Ensure compliance with relevant legislation and regulation, and limit impact of legislative changes on margins and profitability	• Sanctions for regulatory non-compliance • Changes in legislation and regulations could adversely affect margins and profitability	• Monitor existing compliance and proposed legislation, and identify potential impacts on the business • Engage with regulators on draft legislation and regulations • Formal submissions to regulators in response to proposed changes in legislation • Ensure business is operating efficiently to maintain margins and profitability • Identify alternate sources of revenue should legislative changes impact sales and profitability

The board is responsible to oversee legislative, regulatory and governance compliance

Information Technology

56 Refer to corporate governance report

Strategic objective	Key risks	Management action plans
Develop and maintain industry-leading information systems	• Availability of main operating systems • Outdated software solutions • Security of data due to exposure of systems to mobile devices and various interfacing systems	• Monitor IT governance processes across the business through the IT Steering Committee • Regular review and implementation of hardware and software solutions to improve productivity and assist management in achieving strategic objectives • Develop and implement Information Security Management System (ISMS)

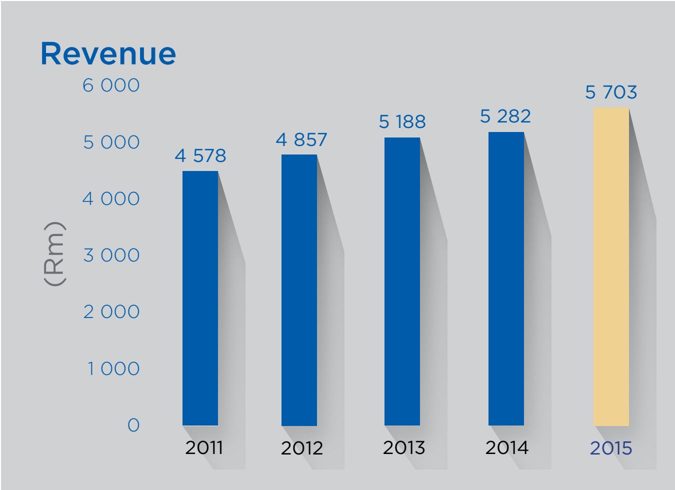
The IT Steering Committee reports to the Risk Committee and manages IT performance on projects and IT controls

Investment case

Lewis Group has a clear strategic focus, proven business model and is positioned in a growing segment of the South African consumer market. While the current economic cycle is challenging for the retail sector and particularly for consumers in the group's target market, management believe the following factors should ensure sustainable, long-term returns to investors and benefit all stakeholders.

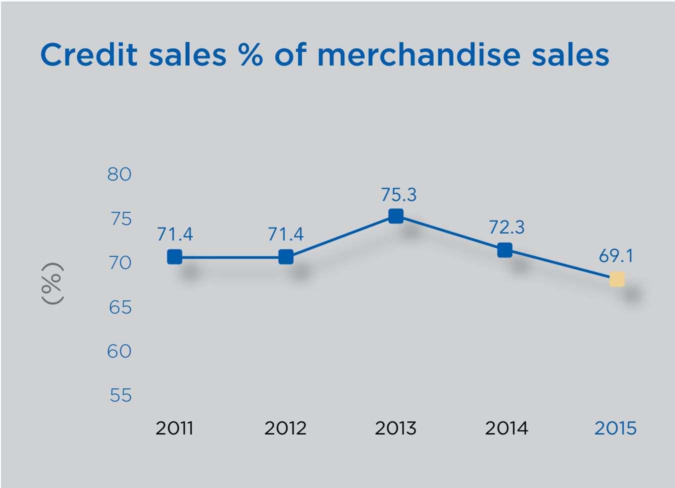
Strength of the business model

- The group through its decentralised customer focused business model is well positioned for future market share gains within the shifting competitive landscape
- Focused on one business: retailing of furniture and appliances
- Decentralised business model with stores accountable for all aspects of the customer relationship
- Customers positioned in a growth segment of the economy
- Credit offered across all brands to facilitate sales growth
- Customer loyalty: 55% of credit sales from existing customers
- Low cost structure and internal culture of cost consciousness
- Consistently high operating margins throughout the economic cycle
- High dividend payout ratio since listing in 2004
- Proven track record of organic growth
- Acquisition of the Beares brand positions the group to service the higher LSM group



Proven credit risk management

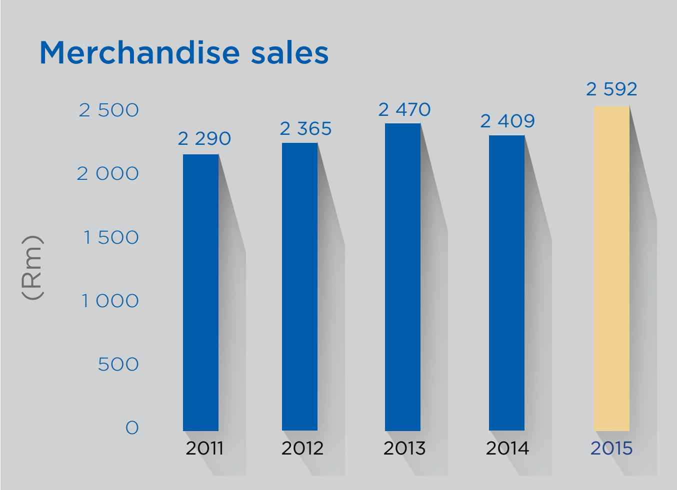
- Extensive knowledge of credit risk management in lower to middle income market
- Centralised credit approval and granting
- Decentralised cash collections process at stores
- Advanced application and behavioural risk scorecards
- High proportion of credit sales: 69% of total sales in 2015
- Opportunity to offer insurance to credit customers



The investment case should be read together with the business model (page 6) and strategy and targets (page 8).

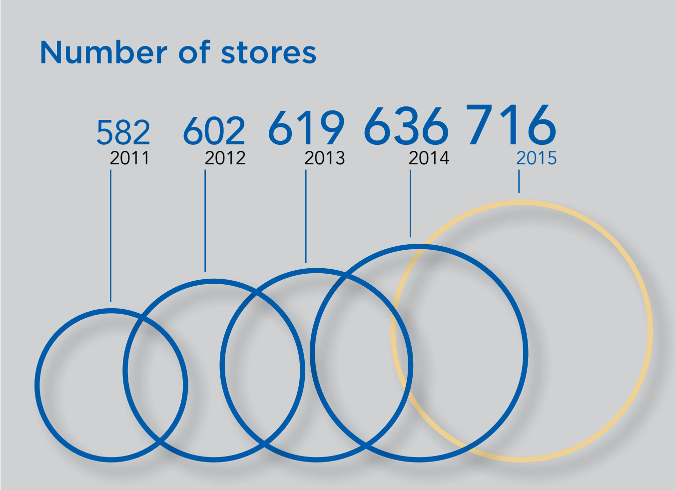
Differentiated and exclusive merchandise ranges

- Innovative sourcing locally and offshore to ensure exclusive ranges appeal to credit customers
- Customers attracted into stores by value for money product offer
- Sell differentiated, exclusive and quality merchandise ranges
- Focus on selling higher margin furniture and appliance product categories
- Products sourced to meet needs of the lower to middle income market
- Beares will offer exclusive merchandise aimed at a higher LSM group than Lewis and Best Home and Electric



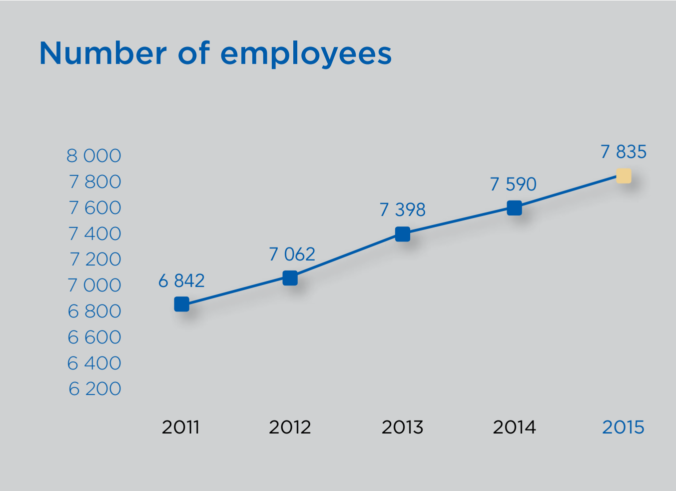
Growing store presence

- 716 stores across metropolitan and rural areas
- 9% of stores based outside of South Africa
- Stores conveniently located for the lower to middle income target market
- Plans to open 30 new stores in 2016 financial year
- Expand the store base to 800 stores in the medium-term



Experienced management team

- Stable, long-serving executive team: average 16 years' service
- Strong blend of company and industry experience
- Culture of promoting from within
- Strong senior management ensures leadership continuity

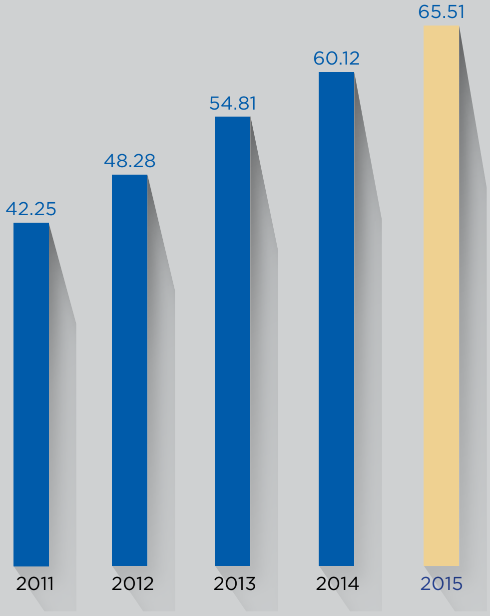


Leadership and performance

Chairman's report

Net asset value per share (R)

Net asset value increased by 8.9% in 2015 and has shown a compound growth of 12.3% since 2004



The 2015 financial year was a tale of two halves for the Lewis Group, with a significantly stronger performance in the second half reflecting a turnaround in the group's fortunes.

The improved performance also reflected the acquisition of Beares, one of the most recognisable furniture brands in the country with a history dating back to 1930. The Beares chain offers exciting expansion opportunities and will enable the group to create its presence in the higher income target market.

Weak consumer economy

Negative political and socio-economic issues, load shedding and rising living costs have weighed on consumer confidence and created general uncertainty in the country in recent months.

Consumer sentiment as measured by the Consumer Confidence Index deteriorated notably in the first quarter of 2015 and remains in negative territory, well below the average level of the past 20 years.

High levels of indebtedness have continued to impact consumers in the lower to middle income market, which is the Lewis Group's target market. The average ratio of household debt to disposable income of Lewis customers has increased from 47% in 2013 to 51% in 2014 and 52% in 2015.

The labour market stabilised following widespread industrial action in 2014, with the protracted platinum mining strike having a significant impact on Lewis customers.

South Africa's unemployment levels reached 26.4% in the first quarter of 2015, the highest level since 2005. It also appears that prospects for job creation are limited given the muted GDP growth forecasts for the country.

Improving financial performance

Against this challenging trading environment it is pleasing to report that the group delivered double digit revenue and merchandise sales growth for the second half, maintained its gross margin in an environment of unsustainable discounting by competitors, and continued to manage expenses tightly.

At the same time the group continued to invest in future growth by expanding the store footprint and prudently investing in the debtors' book.

While debtor cost growth has slowed with stronger collection rates, higher debtor costs and increased expenses relating to the Beares acquisition resulted in the operating profit for the year declining by 1.2% to R1 140 million.

Headline earnings were 4.2% lower at R784 million with headline earnings per share 38 cents down at 883 cents.

However, despite the slower earnings growth and the continued headwinds in the trading environment, the directors have shown their confidence in the group's prospects and maintained the total dividend at 517 cents per share, equating to a payout ratio of 60.4%.

The trading and financial performance is covered in the chief executive officer's report and in the chief financial officer's report on pages 26 to 33

Regulatory environment

The proposed capping of credit life insurance discussed in last year's integrated report has not been finalised. The industry response to the technical report on the consumer credit insurance market submitted in September 2014 is still awaiting regulatory feedback.

Lewis Group remains committed to engaging with all industry regulators to resolve this long outstanding matter and end the current uncertainty in the credit market.

The National Credit Regulator published affordability assessment regulations for credit providers in March 2015. These regulations are aimed at formalising responsible credit granting and ensuring customers have the ability to pay the necessary credit instalments.

> "Against this challenging trading environment it is pleasing to report that the group delivered double digit revenue and merchandise sales growth for the second half, maintained its gross margin in an environment of unsustainable discounting by competitors, and continued to manage expenses tightly.

Chairman's report (continued)

Regrettably no implementation period was allowed for these regulations. The credit industry has made submissions to the regulator requesting reasonable time to comply with the regulations to reconfigure systems and train staff in order to comply with the administrative requirements of the new regulations.

Lewis has been conducting thorough affordability assessments for several years and management does not expect the new regulations to have any material financial impact on the group.

Corporate governance

The group's governance processes are reviewed on an ongoing basis to ensure compliance with legislation and regulation, and to reflect best practice. The board confirms that the group has in all material respects applied the King III principles during the year.

Two of our non-executive directors, Zarina Bassa and Sizakele Marutlulle, resigned from the board and we thank them for their contribution over several years.

The independence of the non-executive directors is reviewed annually and all five non-executive directors, including the chairman, are classified as independent in terms of King III and the JSE Listings Requirements. The annual board evaluation indicated that the board, committees and governance processes are functioning effectively.

Our governance standards are independently evaluated each year as part of the assessment for inclusion in the JSE Socially Responsible Investment (SRI) Index, and the group qualified for the Index for the fourth consecutive year.

Prospects

The retail trading and credit environment is not expected to show any marked improvement in the short to medium term as the consumer economy remains weak and unemployment remains high. In this environment the group will focus on driving quality credit sales, containing costs and further improving collections rates.

The group continues to invest for future growth and plans to open 30 stores in the year ahead, with 20 across the Lewis brand and 10 new outlets for Beares. Capital expenditure of R100 million has been budgeted for 2016.

We believe Beares is a scalable brand which offers sustainable organic growth prospects. Management will continue to refine the merchandise offering for the higher LSM market to maximise the potential growth of the brand.

Through its decentralised customer focused business model the group is well positioned for further market share gains within the shifting competitive landscape.

Appreciation

Our CEO Johan Enslin and his executive team are to be congratulated on the group's competitive performance in the challenging consumer and regulatory environment, and for the successful acquisition and integration of the Beares chain.

Thank you to our management and staff of over 7 800 across South Africa and in the neighbouring countries for their commitment to meeting the needs of our customers.

My board colleagues provide valuable guidance and governance oversight and I thank them for their ongoing support.

Thank you to our external stakeholders, including our shareholders, customers, suppliers and manufacturers, industry regulators and business partners, for their continued support.

David Nurek
Independent non-executive chairman

Board of directors

David Nurek

(65)

Dip in Law, Grad Dip Company Law

Independent non-executive chairman

Chairman of the Nomination Committee. Member of the Audit, Risk, Remuneration and Social, Ethics and Transformation Committees.

Appointed July 2004

Other directorships include: Clicks Group, Distell Group, The Foschini Group and Trencor Limited.

David serves as the regional chairman of Investec in the Western Cape and as global head of legal risk. Prior to joining Investec he practised as a commercial attorney at ENS (previously known as Sonnenberg Hoffmann Galombik) for more than 30 years, ultimately serving as chairman.

Les Davies

(59)

CA (SA)

Chief financial officer

Member of the Risk Committee and attends the Audit Committee by invitation.

Appointed as director in April 2007

Other directorships include: Lewis Stores (Pty) Ltd and Monarch Insurance Company Ltd.

Les is the chief financial officer of Lewis Group and chief executive officer of Monarch Insurance. Les has over 30 years' experience in financial management within the retail industry and has been the financial director of Lewis Stores since 1989. Prior to joining the group Les spent five years as the financial director of AMC Classic. His experience covers a wide range of financial, administrative, legal, contractual, insurance and statutory compliance matters.

Fatima Abrahams

(52)

B Econ (Hons), M Com, D Com

Independent non-executive director

Chairperson of the Social, Ethics and Transformation Committee. Member of the Audit, Risk, Remuneration and Nomination Committees.

Appointed September 2005

Other directorships include: Clicks Group, The Foschini Group, Iliad Africa and she is chairperson of TSiBA Education.

Fatima is a senior professor in industrial psychology at the University of the Western Cape (UWC) and a registered industrial psychologist. She was previously Dean of the Faculty of Economic and Management Sciences at UWC. She is an acknowledged academic who has presented papers at international and national conferences and published a number of accredited articles and academic works on human resources issues. In addition, she was also a non-executive director of Transnet, B2B Africa (Pty) Ltd and chairperson of Victoria & Alfred Waterfront Holdings and has built up sound business acumen over the years.

Johan Enslin

(41)

Chief executive officer

Member of the Risk, Social, Ethics and Transformation Committees and attends the Audit Committee by invitation.

Appointed as chief executive officer and director in October 2009

Other directorships include: Lewis Stores (Pty) Ltd.

Johan is the chief executive officer of Lewis Group. Prior to this appointment he was chief operating officer with responsibility for the retail operations of the group. He joined the Lewis Group as a salesman in 1993 and rose rapidly through the ranks, holding positions including Branch Manager, Regional Controller, Divisional General Manager, General Manager Operations and Operations Director of Lewis Stores (Pty) Ltd where he was responsible for all facets of Lewis and Best Home and Electric.

Hilton Saven

(62)

B Com, CA (SA)

Independent non-executive director

Chairman of the Audit and Risk Committees. Member of the Remuneration and Nomination Committees.

Appointed June 2004

Other directorships include: Life Vincent Pallotti Orthopaedic Centre, Monarch Insurance Company Ltd and non-executive chairman of Truworths International.

Hilton is chairman of Mazars South Africa and serves as Co-CEO of Mazars International, an international audit firm operating in 73 countries. He is also the Vice-Chairman of Praxity, a global alliance of independent accounting firms represented in 96 countries.

Ben van der Ross

(68)

Diploma in Law

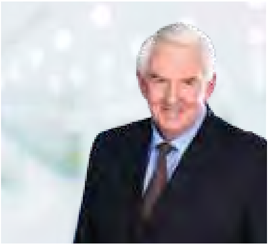
Independent non-executive director

Chairman of the Remuneration Committee. Member of the Audit, Risk and Nomination Committees.

Appointed June 2004

Other directorships include: Distell Group, FirstRand, MMI Holdings, Naspers and Pick n Pay Stores Ltd.

Ben currently serves as the chairman of Strategic Real Estate Management Proprietary Limited, the managers of the Emira Property Fund. He practiced as an attorney for 18 years and continues to consult to Van der Ross Motala attorneys. Ben is a former director of the Urban Foundation, the Independent Development Trust and CEO of Business South Africa. He was a commissioner of the Independent Electoral Commission for the first democratic elections in South Africa in 1994.



Alan Smart

(70)

Independent non-executive director

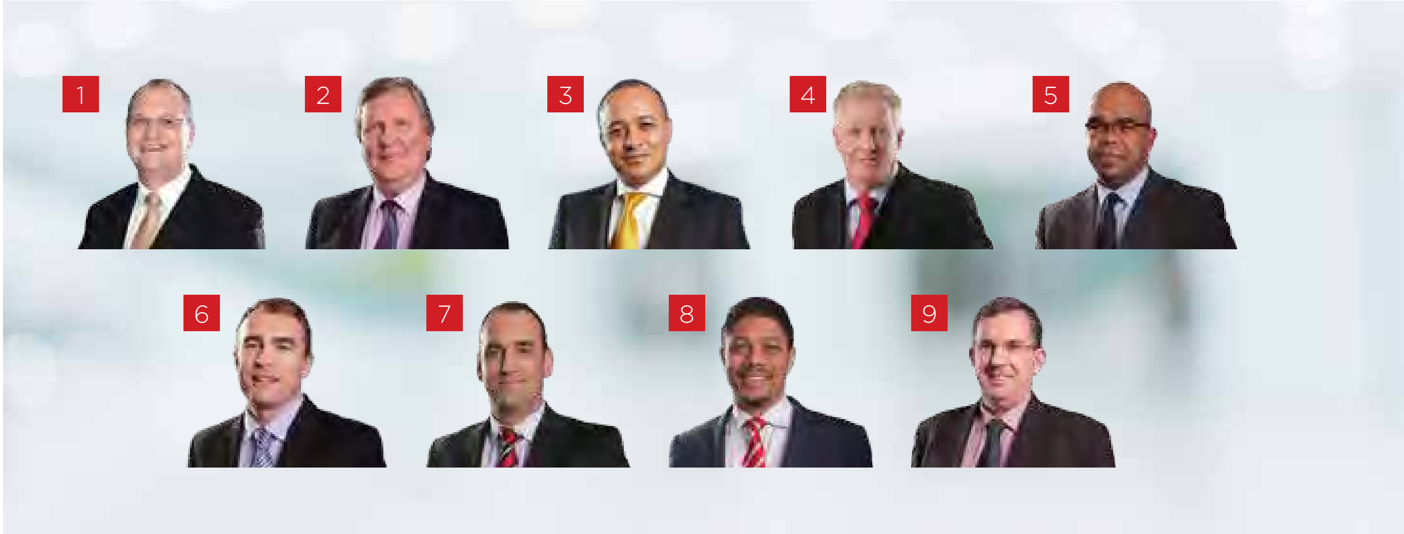
Member of the Risk, Remuneration, Nomination and Social, Ethics and Transformation Committees.

Appointed as a non-executive director in 2009

Other directorships include: Monarch Insurance Company Ltd.

Alan served as the chief executive officer of the Lewis Group from 1991 until his retirement in 2009 when he was appointed as a non-executive director. Alan started his career with Lewis in 1969. During this period he held various financial and operational positions including Credit Director and joint Managing Director. From 1995, in addition to his Lewis responsibilities he was chairman of GUS Canada Inc, a retail furniture group of 65 stores in eastern Canada and oversaw a turnaround programme. Alan served on the board of GUS plc from 1996 to 2004.

Executive team



Directors

1 Johan Enslin (41)
Chief Executive Officer and Executive Director of Lewis Group
22 years' service

2 Les Davies (59) CA (SA)
Chief Financial Officer and Executive Director of Lewis Group
29 years' service

3 Neil Jansen (43) MBL, Diploma in Labour Law
Human Resources Director
7 years' service

4 Derek Loudon (52)
Merchandising Director
15 years' service

5 Rinus Oliphant (40)
Credit Director
17 years' service

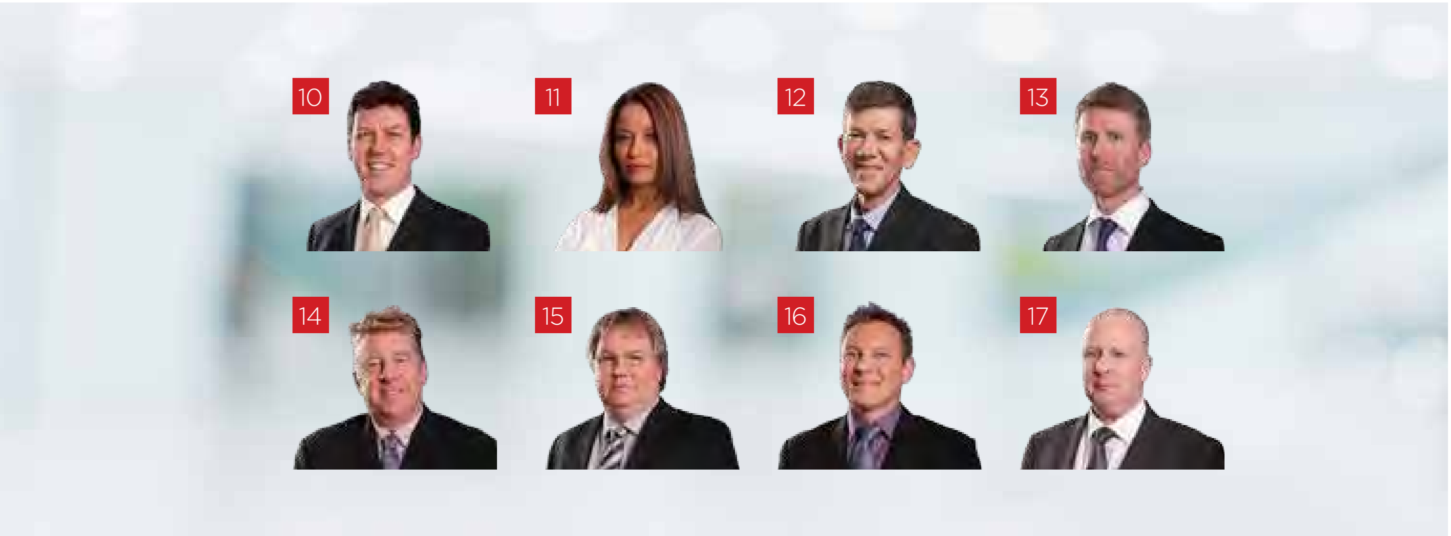
General Managers and Senior Executives

6 Gregg Abrahams (36)
General Manager: Information Technology
14 years' service

7 Jacques Bestbier (42) CA (SA)
General Manager: Administration
3 years' service

8 Justin Bouwer (44) CA (SA)
General Manager: Administration and Chief Risk Officer
3 years' service

9 Faan Fick (50) B Com (Hons)
General Manager: Property
11 years' service



10 **Lambert Fick** (42) CA (SA)
General Manager: Credit
5 years' service

11 **Marlene McConnell** (38) B Proc, LLB, LLM, Admitted Attorney
Company Secretary
7 years' service

12 **Johan Meyer** (51)
General Manager: Lewis Stores
30 years' service

13 **Morne Mostert** (42) CA (SA)
General Manager: Finance
15 years' service

14 **Gary Nuttal** (51)
Marketing Manager
18 years' service

15 **Johan Steenkamp** (56)
General Manager: Best Home and Electric
35 years' service

16 **Andre Strydom** (43)
General Manager: Lewis Stores
16 years' service

17 **Vince van der Merwe** (47) B Acc (Hons), BBA (Hons)
Chief Audit Executive
16 years' service

Chief executive officer's report

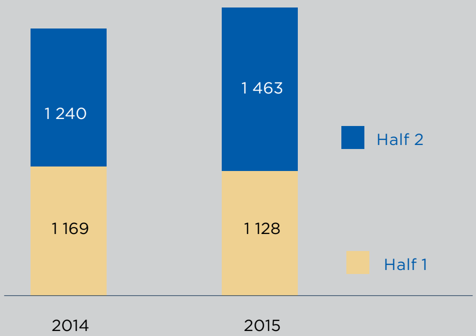
Lewis Group delivered a strong second half performance as the business gained market share in the changing competitive environment.

The long awaited and much needed consolidation in the furniture retail sector gathered momentum during the year, with the demise of some competitors and store rationalisation by others. This resulted in the closure of an estimated 500 stores that were in direct competition with Lewis. These stores previously generated sales of approximately R1.8 billion per annum, highlighting the opportunity for further market share growth for Lewis Group's brands.

While the group reported an improving performance, trading conditions have remained particularly tough, with consumers in the group's lower to middle income target market under continued financial pressure.

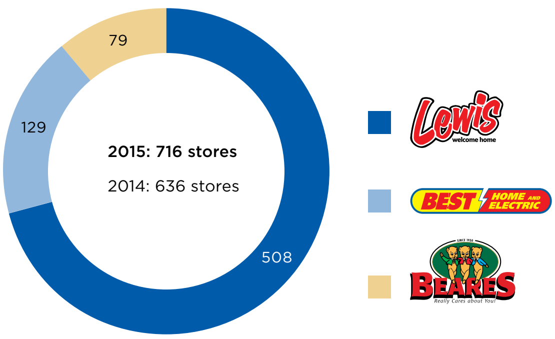
Merchandise sales (Rm)

Merchandise sales increased by 18% in H2, compared to a decline of 3.5% in H1



Retail footprint

Following the purchase of 61 Beares stores and the opening of a net 19 new stores, the group's retail footprint reached 716 stores



Acquisition of Beares

The highlight of the financial year was the acquisition of the Beares brand and 61 stores from the business rescue practitioners acting on behalf of Ellerines in late November 2014. Beares was successfully integrated into the group's operations and the stores commenced trading two weeks later.

Beares was established 85 years ago and is a household name among South Africans, with significant brand equity. We believe Beares offers exciting growth potential and will enable the group to attract new customers in higher LSM markets.

The merchandise selection for Beares continues to be refined and new ranges are due to be launched in August 2015, including several imported lines. Once the merchandise offer is appropriate for the target market management believes the Beares chain has the potential to be expanded to at least 200 stores in the medium-term.

Trading performance

Group merchandise sales for the second half of the year increased by 18%, compared to a decline of 3.5% for the first six months, driven by the exclusive merchandise offering which was supported by higher levels of promotional activity. Merchandise sales for the year grew by 7.6% (2014: decrease of 2.5%) and excluding the benefit of the recently acquired Beares chain, sales increased by 4.4%.

Furniture and appliance sales, which account for 81% of total sales, increased by 7.5% for the year while sales of electronic goods increased by 8.7%.

The gross margin was maintained at 36.6% and was outside the group's target range. Aggressive discounting by competitors, and in particular the business rescue practitioners, ahead of stores closures in the last quarter of the 2014 calendar year resulted in discounting to remain competitive. As this discounting has now come to an end management expects the gross profit margin to return to the 37 – 38.5% range in 2016.

The operating margin was impacted by higher debtor costs and expenses relating to the acquisition of Beares, settling at 20% for the year (2014: 21.8%).

The performance of the past year once again highlights the strength and resilience of the group's decentralised business model in a weak consumer economy. The business model has enabled the group to generate sustainable performance in all market conditions and maintain its operating margin above 20% since listing on the JSE Limited over 10 years ago.

The group's financial performance is covered in the chief financial officer's report on page 30.

"The performance of the past year once again highlights the strength and resilience of the group's decentralised business model in a weak consumer economy. The business model has enabled the group to generate sustainable performance in all market conditions and maintain its operating margin above 20% since listing on the JSE Limited over 10 years ago.

Chief executive officer's report

(continued)

Debtor management

The credit environment is showing initial signs of stabilising as debtor cost growth slowed to 22% at year end, from 27% at September 2014 and 30% in July 2014. This can be attributed to both a more stable labour environment in recent months and to improving collections rates from enhanced productivity at stores.

The level of satisfactory paid customers improved to 68.7% (2014: 68.3%) and non-performing customers reduced to 15.5% (2014: 15.7%). The group's credit customer base increased by 11 000 customers to 690 000 at year end.

The high level of consumer indebtedness in the group's target market is reflected in the increase in the credit application decline rate from 38.4% in 2014 to 40.2% in 2015. While demand for our merchandise remains strong we are declining two out of every five potential sales.

Debtor costs as a percentage of net debtors moved from 11.6% to 13.0% in line with management's target. We expect debtor costs to remain within the 12% to 14% range in 2016 before moderating to between 10% and 12% over the next three years. The impairment provision remains conservative and has been increased from 18.6% to 19.7% to cover potential future bad debts.

Refer to the credit report on page 44 for further detail.

Store expansion

Following the purchase of the Beares stores, and the opening of a net 19 new stores, the group's retail footprint reached 716 at year end.

Lewis, which is the largest furniture brand in South Africa, passed the 500 store mark and increased its store base to 508. Best Home and Electric has 129 stores.

The group has 62 stores located outside South Africa in Namibia (27 stores), Swaziland (15), Botswana (13) and Lesotho (7), which collectively generate 14% of the group's merchandise sales.

A total of 75 Lewis and Best Home and Electric stores were refurbished during the past year, bringing the total number of stores refurbished over the past three years to over 275.

The group plans to open 30 stores in the year ahead, including 20 Lewis and 10 Beares outlets. The new Lewis outlets will all be the smaller format stores which average 200 to 250 m². Currently 168 outlets, or 33% of the store base, are in the small format.

Management has increased the medium-term store target to 800 following the acquisition of Beares.

the group's retail footprint reached

716 stores

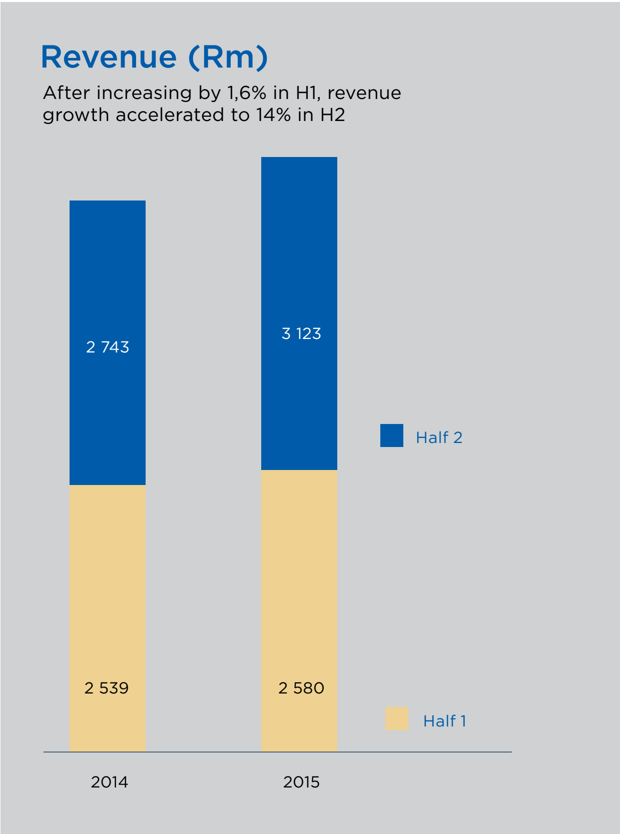
at year end

Appreciation

Thank you to our chairman, David Nurek, for his leadership of the board and my fellow directors for their ongoing support. Thank you to my executive colleagues and the management team, and to our staff at the stores and at head office who continue to perform well in a challenging trading environment. In particular I thank everyone involved in the Beares acquisition and integration for a job well done.

Johan Enslin
Chief executive officer

Chief financial officer's report



Lewis Group encountered a year of two distinct halves in the continued constrained consumer environment.

Merchandise sales in the first six months declined by 3.5% but recovered strongly to an increase of 18% in the second half. Operating profit was 9.9% lower in the first half before increasing by 6% in the second half, with the group ending 1.2% lower for the year.

The underlying financial strength of the group is reflected in the net asset value which increased by 8.9% to R65.51 and has shown a compound growth of 12.3% per annum since the group listed on the JSE Limited in 2004.

Financial performance

The following review of the group's financial performance for the year ended 31 March 2015 should be read in conjunction with the abridged consolidated financial statements on pages 83 to 93. The audited annual financial statements are available on the Lewis Group website **www.lewisgroup.co.za**

Income statement

Revenue for the 12 months increased by 8.0% to R5 703 million (2014: R5 282 million). After increasing by 1.6% in the first half, revenue growth accelerated to 14% in the second half.

Merchandise sales increased by 7.6% (2014: decrease of 2.5%) to R2 592 million (2014: R2 409 million). Excluding Beares, merchandise sales growth in the second half increased by 13% in Lewis and 11% in Best Home and Electric.

Following the opening of a net 19 new stores and the acquisition of 61 Beares stores, trading space at year end was 12.1% higher than the previous year.

Credit sales as a percentage of total sales declined from 72% in 2014 to 69% in 2015 due mainly to the incorporation of the Beares chain which has a higher cash sales component.

Finance charges earned increased by 10% owing to the higher proportion of longer term contracts in the base. Insurance revenue was consistent with the previous year and revenue from ancillary services reflected a high contribution from the Lewis Club.

The gross profit margin was maintained at 36.6% despite the aggressive discounting by competitors ahead of store closures in the last quarter of the 2014 calendar year.

Expenses continued to be tightly managed and operating costs, excluding debtor costs, increased by 8.4% with the additional costs in the areas of administration, occupancy and transport relating to the acquisition and integration of the Beares chain. Operating costs as a percentage of turnover were in line with the previous year at 36.1%.

Analysis of operating costs	2015 Rm	2014 Rm	Change %
Employment costs	**881**	819	7.6
Admin and IT	**241**	217	11.0
Marketing	**177**	173	2.3
Occupancy costs	**274**	245	11.6
Transport/Travel	**216**	193	12.0
Depreciation	**64**	58	9.0
Other operating costs	**208**	196	6.7
Total	**2 061**	**1 901**	**8.4**
% of revenue	36.1	36.0	

Debtor costs as a percentage of net debtors moved from 11.6% to 13.0% in line with management's expectations. The impairment provision increased from 18.6% to 19.7%, evidencing the prevailing challenging credit environment.

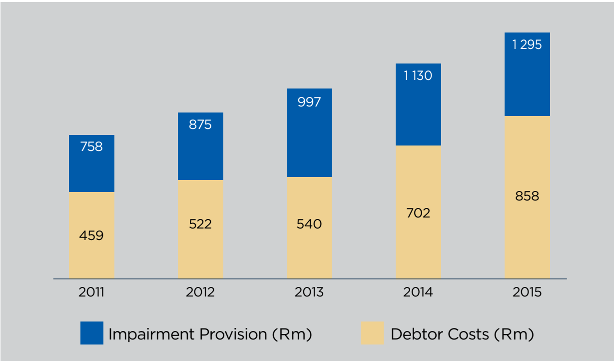
"The underlying financial strength of the group is reflected in the net asset value which increased by 8.9% to R65.51 and has shown a compound growth of 12.3% per annum since the group listed on the JSE Limited in 2004.

Chief financial officer's report

(continued)

Analysis of debtor costs	2015 Rm	2014 Rm
Total debtor costs	**858**	702
– Bad debts written off	**693**	570
– Impairment provision	**165**	132
Debtor costs as a % of net debtors	**13.0**	11.6

The following table highlights the relationship between the provision at the end of a financial year and debtor costs in the following year. Debtor costs have never exceeded the impairment provision at the end of the preceding year, evidencing that the group is adequately provided for future bad debts.



The group's operating profit margin at 20.0% (2014: 21.8%) was lower as a result of higher debtor costs and the expenses relating to the acquisition of Beares. Operating profit was 1.2% lower at R1 140 million.

Investment income increased 17.6% to R148.0 million and comprises interest, dividend income and realised equity gains.

Headline earnings at R784 million was 4.2% lower than the previous year, with headline earnings per share of 883 cents (2014: 921 cents).

Segmental performance

	Group	Lewis	Best Home and Electric	Beares/ My Home
Revenue (Rm)	5 703	4 688	802	213
Revenue growth (%)	8.0	6.6	6.1	69.1
Operating profit (Rm)	1 140	965	169	6
Operating margin (%)	20.0	20.6	21.1	2.7

The detailed financial and operational performance of the group's brands is covered in the merchandise and brands report on pages 38 to 42.

Balance sheet

Insurance investments increased by 8.5% to R1 843 million (2014: R1 699 million) as a result of the capital appreciation of the various portfolios. Management of Monarch's investment portfolio is outsourced to Sanlam Investment Management. At year-end 46% (2014: 41%) of the assets were held in listed equities and 54% (2014: 59%) in cash and bonds.

Inventory levels at period-end were higher due mainly to the take-on of the Beares chain.

Capital ratios were impacted by the investment in both the store expansion and the growth of the Beares debtors' book.

Capital ratios	2015	2014
Return on equity (%)	**15.0**	16.5
Return on capital employed (%)	**12.8**	13.6
Return on assets (%)	**15.7**	16.8

Cash and capital management

The group's cash and capital management strategy is focused on investing in the longer-term growth of the business and returning to shareholders solid dividend payments.

Capital expenditure of R87 million relates to the replacement of delivery vehicles, computer equipment and office furniture at the stores.

The total dividend was maintained at 517 cents based on a dividend payout ratio of 60.4% (2014: 60.2%).

The gearing ratio reduced to 23.2% (2014: 23.9%) as the longer-term credit settled in the base and collections improved during the course of the year.

Plans and targets for 2016

Capital expenditure of R100 million has been budgeted for the 2016 financial year and the group plans to open 30 new stores in the year ahead.

"Capital expenditure of R87 million relates to the replacement of delivery vehicles, computer equipment and office furniture at the stores.

The financial targets for 2016 are as follows:

Financial and operating targets	2016	Medium-term
Gross profit margin (%)	37 – 38.5	37.5 – 38.5
Operating costs as a % of revenue	36.5 – 37.5	36 – 37
Debtor costs as a % of net debtors	12 – 14	10 – 12
Operating profit margin (%)	19 – 21	22 – 24
Inventory turn (times)	5	5
Gearing (%)	<35	<35
Dividend payout ratio (%)	50 – 55	50 – 55

Appreciation

Thank you to our local and international shareholders for your support and interest in the group, and in particular we welcome those shareholders who invested in Lewis Group for the first time. I also express my thanks to my finance team for their ongoing commitment to high reporting standards.

Les Davies
Chief financial officer

Five-year review

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
GROUP INCOME STATEMENTS					
Revenue	5 703.3	5 281.7	5 187.6	4 857.3	4 577.7
Merchandise sales	2 591.5	2 409.1	2 470.3	2 365.4	2 290.3
Other revenue	3 111.8	2 872.6	2 717.3	2 491.9	2 287.4
Cost of sales	(1 644.3)	(1 524.4)	(1 523.1)	(1 446.3)	(1 458.6)
Operating costs	(2 918.8)	(2 603.3)	(2 410.9)	(2 271.9)	(2 066.6)
Operating profit	1 140.2	1 154.0	1 253.6	1 139.1	1 052.5
Investment income	148.0	125.8	111.8	91.9	82.0
Profit before interest and taxes (EBITA)	1 288.2	1 279.8	1 365.4	1 231.0	1 134.5
Finance costs	(119.7)	(102.7)	(96.3)	(63.2)	(91.9)
Net profit before tax	1 168.5	1 177.1	1 269.1	1 167.8	1 042.6
Taxation	(329.1)	(334.9)	(357.4)	(367.2)	(330.7)
Attributable profit	839.4	842.2	911.7	800.6	711.9
Headline earnings	784.2	817.6	894.4	780.7	688.9
GROUP BALANCE SHEETS					
Assets					
Non-current	2 206.5	1 822.6	1 594.3	1 333.3	1 155.9
Property, plant and equipment	352.9	327.3	332.6	311.9	278.7
Trademark	60.1	–	–	–	–
Investments – insurance business	1 715.6	1 415.0	1 238.3	1 005.3	857.1
Retirement benefit asset	77.4	79.7	22.8	–	–
Deferred tax asset	0.5	0.6	0.6	16.1	20.1
Current	6 200.3	6 167.3	5 672.1	4 797.1	4 415.8
Inventories	420.3	324.6	305.8	281.4	256.3
Trade and other receivables	5 395.9	5 078.9	4 840.9	4 064.5	3 835.0
Investments – insurance business	127.0	283.7	465.9	373.3	240.2
Taxation	34.8	–	–	–	–
Cash and cash equivalents	222.3	480.1	59.5	77.9	84.3
Total assets	8 406.8	7 989.9	7 266.4	6 130.4	5 571.7
Equity and liabilities					
Capital and reserves	5 824.0	5 341.8	4 847.3	4 274.6	3 728.1
Non-current liabilities	1 180.0	1 266.4	1 479.8	825.0	544.5
Interest-bearing borrowings	825.0	1 000.0	1 250.0	650.0	400.0
Retirement benefits	106.7	92.9	75.3	63.6	59.4
Deferred taxation	248.3	173.5	154.5	111.4	85.1
Current liabilities	1 402.8	1 381.7	939.3	1 030.8	1 299.1
Trade and other payables	267.9	227.9	211.7	585.8	567.0
Reinsurance and insurance liabilities	385.9	388.7	472.1	–	–
Short-term borrowings	749.0	758.0	255.5	424.0	683.0
Taxation	–	7.1	–	21.0	49.1
Total equity and liabilities	8 406.8	7 989.9	7 266.4	6 130.4	5 571.7

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
GROUP CASH FLOW STATEMENTS					
Cash generated from operations	862.1	930.9	632.8	972.4	777.0
Dividends and interest received	113.1	104.1	100.5	76.6	66.0
Interest paid	(131.9)	(109.2)	(103.2)	(67.0)	(95.1)
Tax paid	(337.9)	(326.9)	(358.4)	(377.4)	(328.0)
Net cash retained from operations	505.4	598.9	271.7	604.6	419.9
Cash utilised in investing activities	(93.4)	35.3	(257.1)	(271.7)	(227.3)
Net effect of financing activities	(710.8)	(66.1)	(64.5)	(30.3)	(292.1)
Net cash increase/(decrease) in cash and cash equivalents	(298.8)	568.1	(49.9)	302.6	(99.5)
RATIOS AND STATISTICS					
Returns					
Return on average shareholders funds (after-tax)	15.0%	16.5%	20.0%	20.0%	20.3%
Return on average capital employed (after-tax)	12.8%	13.6%	16.8%	16.7%	17.2%
Return on average assets managed (pre-tax)	15.7%	16.8%	20.4%	21.1%	21.8%
Margins					
Gross profit margin	36.6%	36.7%	38.3%	38.9%	36.3%
Operating profit margin	20.0%	21.8%	24.2%	23.5%	23.0%
Productivity					
Number of stores	716	636	619	602	582
Revenue per store (R'000)	8 499*	8 305	8 381	8 069	7 865
Operating profit per store (R'000)	1 699*	1 814	2 025	1 892	1 808
Average number of employees (permanent employees only)	7 835	7 590	7 398	7 062	6 842
Revenue per employee (R'000)	728	696	701	688	669
Operating profit per employee (R'000)	146	152	169	161	154
Trading space (m^2)	248 137	221 336	226 866	229 542	231 184
Revenue per m^2 (R)	25 504⁺	23 863	22 866	21 161	19 801
Operating profit per m^2 (R)	5 098⁺	5 214	5 526	4 962	4 553
Inventory turn (times)	3.9	4.7	5.0	5.1	5.7

Explanatory Notes:

* Revenue and operating profit per store for 2015 is calculated on an average of 671 stores for the year as the 67 Beares stores only traded for 3.5 months.

⁺ Revenue and operating profit per m^2 for 2015 is calculated on an average of 223 621 m^2 for the year as the 67 Beares stores only traded for 3.5 months.

Five-year review (continued)

	2015 Rm	2014 Rm	2013 Rm	2012 Rm	2011 Rm
Credit ratios					
Credit sales %	69.1%	72.3%	75.3%	71.4%	71.4%
Bad debts as a % of net debtors	10.5%	9.4%	7.3%	8.3%	7.4%
Debtors costs as a % of net debtors	13.0%	11.6%	9.4%	10.8%	10.2%
Debtors impairment provision as a % of net debtors	19.7%	18.6%	17.4%	18.0%	16.8%
Satisfactory paid accounts as a % of net debtors	68.7%	68.3%	69.4%	72.1%	74.5%
Arrear instalments on satisfactory paid accounts as a % of net debtors	8.7%	8.6%	8.6%	10.3%	10.1%
Arrear instalments on slow-paying and non-performing accounts as a % of net debtors	22.9%	22.6%	21.1%	21.9%	19.9%
Doubtful debts provision on non-performing accounts	74.5%	69.7%	67.9%	76.9%	78.8%
Credit applications decline rate %	40.2%	38.4%	36.5%	33.0%	31.5%
Solvency and liquidity					
Financing cover (times)	10.8	12.5	14.2	19.5	12.3
Gearing ratio (%)	23.2%	23.9%	29.8%	23.3%	26.8%
Current ratio (times)	4.4	4.5	6.0	4.7	3.4
SHARE PERFORMANCE					
Earnings per share (cents)	944.8	948.8	1 027.3	905	807.2
Headline earnings per share (cents)	882.7	921.1	1 007.8	882.5	781.1
Cash flow per share (cents)	970.4	1 048.8	713.0	1 099.2	881.0
Net asset value per share (cents)	6 550.6	6 012.1	5 481.2	4 828.1	4 225.1
Share price:					
Closing price	77.40	58.00	64.63	76.20	74.50
High	93.43	73.00	78.84	89.00	85.00
Low	54.05	52.01	62.58	66.15	56.00
Normalised price-earnings ratio	8.2	6.1	6.3	8.4	9.2
Dividends per share for the financial year (cents)	517	517	514	442	363
Dividend payout ratio	60.4%	60.2%	55.5%	54.1%	50.0%
Number of shares in issue (million)	98.1	98.1	98.1	98.1	98.1
Volume of shares traded (million)	116.9	88.2	79.9	79.9	68.5
Value of shares traded (million)	8 030.7	5 455.1	5 618.7	6 190.8	4 576.5
Market capitalisation (million)	6 876	5 687	6 337	7 472	7 305
Number of shareholders	3 067	3 930	4 767	4 173	6 161

Explanatory Notes:

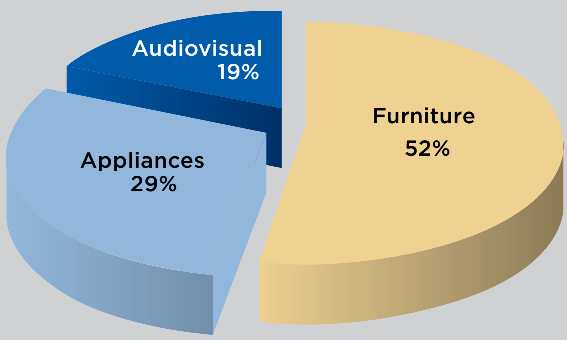
1. All ratios are based on figures at the end of the period unless otherwise disclosed.
2. 2011 and 2012 figures have not been restated for the revised IAS 19 (Retirement Benefits)
3. Total assets exclude the deferred tax asset.

Operational review

Merchandise and brands

Lewis Group, through its three trading brands is focused on the retailing of furniture, appliances and audiovisual household goods to customers mainly on credit. Lewis continues to offer distinctive merchandise ranges through its strategic supplier relationships both locally and internationally.

Merchandise sales mix



Merchandise strategy

The group's merchandise strategy is based on the philosophy that customers are attracted into stores by the product offer rather than the credit offer.

The focus is therefore on providing customers with quality, exclusive and differentiated furniture ranges. This is achieved through the following:

- Innovative product sourcing both locally and offshore enables the group to offer customers exclusive and distinctive furniture ranges at affordable prices.
- Added value features and components on products ensure differentiation and enhance the perceived value of the merchandise.
- New furniture ranges are launched twice each year to offer ongoing newness to customers.
- An electronic merchandise catalogue is displayed in all stores as the complete merchandise range cannot be stocked in stores owing to space constraints. Sales staff assist customers to navigate their way through the full range on a large touch-screen, as well as view all the available colour and fabric options.

It is an active strategy to focus on increasing sales of the higher margin furniture and appliance product categories.

Merchandise sourcing

Products are sourced from a wide range of local and international suppliers to ensure that customers are offered exclusive product ranges.

Products are sourced to meet the specific needs of the group's lower to middle income group customer base. The offering includes branded merchandise which is appealing to the target market, selling more contemporary lines in each furniture category to attract younger customers and furniture ranges which are suitable for smaller homes.

The import programme ensures furniture ranges are developed using the latest designs and manufacturing techniques. International factories accommodate a broader range of developmental designs and offer a wider variety of raw materials which allows for product differentiation. Imports offer price and design advantages and mitigate the risk of disruption in local supply. Direct imports accounted for 15.4% of total purchases in the period under review.

Products are supported by local and overseas after-sales service to ensure quality standards are maintained. Before consignments are despatched from suppliers a sample of all imported products are assembled and tested for quality purposes.

Supply chain and distribution

The group's supply chain model is based on merchandise being delivered directly by suppliers to stores. The group does not operate distribution centres or centralised warehouses. Each store has a storage facility which is located close to the store, generally in an area with lower rentals than retail space. Stores have their own vehicles and are responsible for all deliveries to customers. This strategy has many benefits as it limits the build-up of obsolete stock and reduces markdowns. It also significantly improves service levels as stores are able to make an average of 90% of deliveries within 24 hours of the sale.

Lewis

Lewis is South Africa's largest furniture brand and contributes 81% of the group's merchandise sales. Stores sell a range of household furniture, electrical appliances and home electronics to customers in the LSM 4 to 7 target market.

Stores are generally located in main streets and town centres. Each store carries a basic range of merchandise and stores then select a further optional range to cater for specific markets and regional differences. Lewis has 508 stores, including 57 stores in Botswana, Lesotho, Namibia and Swaziland.

Conventional stores average 450m² and the smaller format stores 250m². The smaller format store, introduced five years ago, has enabled the chain to gain access to high traffic areas at more affordable rentals. This store format offers customers key merchandise lines, with the full range available on the electronic catalogue and display screens in-store. Lewis now has 168 small format stores in its portfolio, an increase of 38 stores from last year.

Financial and operating performance		2015	2014	2013
Revenue	Rm	4 688	4 400	4318
Revenue growth	%	6.6	19	5.8
Merchandise sales	Rm	2 102.2	2 004.6	1 971.0
Merchandise sales growth	%	4.9	(1.7)	3.5
Credit sales	%	69.0	72.2	75.6
Operating profit	Rm	965.4	962.9	1 053
Operating profit margin	%	20.6	21.9	24.4
Net new stores opened		14	19	12
Total stores		508	494	477
Total trading space	m²	188 752	198 032	203 458
Annual revenue per m²	R'000	24.8	22.2	21.2

Best Home and Electric

Best Home and Electric is a retailer of electrical appliances, sound and vision equipment and selected furniture lines. The chain offers branded merchandise to its targeted customers in the LSM 4 to 7 group.

The electronic catalogue is used extensively to market furniture ranges and furniture now accounts for 37.2% of sales in the chain.

Stores are smaller than Lewis stores and average 138 m², being located mainly in high traffic areas with high trading densities.

Financial and operating performance		**2015**	2014	2013
Revenue	Rm	**801.6**	755.5	736.9
Revenue growth	%	**6.1**	2.5	12.8
Merchandise sales	Rm	**347.5**	336.5	350.9
Merchandise sales growth	%	**3.3**	(4.1)	10.4
Credit sales	%	**73.9**	74.1	75.9
Operating profit	Rm	**169**	175.9	186
Operating profit margin	%	**21.1**	23.3	25.2
Net new stores opened		**0**	0	11
Total stores		**129**	129	129
Total trading space	m^2	**17 832**	18 100	18 204
Annual revenue per m^2	R'000	**45.0**	41.7	40.4

Beares/My Home

Beares targets customers in the LSM 7 to 9 categories selling more aspirational furniture while offering in-store credit facilities.

Beares focuses on offering exclusive and innovative ranging of aspirational furniture.

Although aimed at a higher earning target market than Lewis, Beares applies the Lewis business model and utilises the group's well-established credit infrastructure.

Stores average 525 m^2 and are located mainly in high traffic areas.

Financial and operating performance		****2015**	*2014	*2013
Revenue	Rm	**213.2**	126.1	131.9
Revenue growth	%	**69.1**	(4.4)	9.9
Merchandise sales	Rm	**141.6**	68.1	79.6
Merchandise sales growth	%	**108.1**	(14.5)	4.1
Credit sales		**58.9**	–	–
Operating profit	Rm	**5.7**	15.3	14.5
Operating profit margin	%	**2.7**	12	11
Beares stores acquired		**61**	–	–
Net new stores opened		**6**	–	–
Total stores		**79**	13	13
Total trading space	m^2	**41 553**	5 204	5 204

*My Home only

**Beares for 3.5 months

Monarch Insurance

The retail chains are supported by Monarch Insurance, the group's short-term insurer, which offers a range of optional short-term insurance products to customers purchasing merchandise on credit.

Insurance cover is offered for the settlement of customers' outstanding debt in the event of death, permanent disability, retrenchment and the replacement of goods as a result of accidental loss, such as fire, theft or natural disaster.

Monarch is registered with the Financial Services Board and operates under a short-term insurance license.

The National Credit Act Amendment bill allows the Minister of Trade and Industry together with the Minister of Finance, the power to prescribe a limit to the cost of credit insurance in so doing capping credit life and/or asset cover. The industry is awaiting the commencement of a consultative process with government. Lewis supports the speedy resolution of this long outstanding matter.

An update on the regulatory environment relating to insurance is included in the chairman's report on page 18.

Credit report

South African consumers have remained under pressure from rising costs, high levels of indebtedness and a constrained employment market. The performance of the group's debtors book reflects the challenging credit collection environment.

The average ratio of household debt to disposable income of Lewis customers has increased from 47.2% in 2013 to 50.9% in 2014 and 51.7% in 2015, evidence of the increasing costs pressures facing customers.

The group's centralised credit granting and decentralised collection processes are a core strength in managing credit risk and debtor costs in the current tight consumer environment.

Improving collection rates in the second half of the year contributed to a further slowing of the debtor cost growth to 22% from 27% at September 2014 and 30% in July 2014.

The level of satisfactory paid customers improved to 68.7% (2014: 68.3%) and non-performing customers reduced to 15.5% (2014: 15.7%). The group's credit customer base increased by 11 000 customers to 690 000 at year end.

Debtor costs as a percentage of net debtors moved from 11.6% to 13.0% in line with management's expectations. The impairment provision increased from 18.6% to 19.7%, evidencing the prevailing challenging credit environment.

The high level of consumer indebtedness in the group's target market is reflected in the increase in the credit application decline rate from 38.4% in 2014 to 40.2% in 2015.

Credit sales as a percentage of total sales declined from 72% in 2014 to 69% in 2015 due mainly to the incorporation of the Beares chain which has a higher cash sales component.

Non-performing accounts as a percentage decreased from 15.7% to 15.5% at year-end. These non-performing accounts remain on the debtors' book as long as it is economically viable to collect the outstanding debt and continue to attract impairment provision until fully provided for.

The group remains adequately provided with a 19.7% impairment provision. This compares to average debtor costs of between 10% and 13% over the last five years.

Credit ratios and statistics

		2015	2014	2013
Credit sales as % of total sales	%	69.1	72.3	75.3
Net debtors	Rm	6 579.1	6 070.1	5 718.5
Increase in net debtors	%	8.4	6.1	17.7
Debtors' impairment provision	Rm	1 294.3	1 129.5	997.2
Debtors' impairment provision as % of net debtors	%	19.7	18.6	17.4
Debtors' costs	Rm	858.1	702.4	539.6
Debtors' costs as a % of net debtors	%	13.0	11.6	9.4
Bad debts as a % of net debtors	%	10.5	9.4	7.3
Satisfactory paid accounts	%	68.7	68.3	69.4
Arrear instalments on satisfactory paid accounts as a % of net debtors	%	8.7	8.6	8.6
Arrear instalments on slow-paying and non-performing accounts as a % of net debtors	%	22.9	22.6	21.1
Credit application decline rate	%	40.2	38.4	36.5

Credit risk management

Credit risk management strategies have been consistently applied and it remains company policy never to re-schedule contracts.

Credit applications are transmitted to head office where the credit application scorecards are applied. Application risk scorecards predict the risk of a potential new customer becoming delinquent taking into account the applicant's payment record with other credit providers. Credit policies determine the credit limit, term and deposit required for each customer.

Behavioural scorecards predict the risk for repeat customers and are based on customers' payment behaviour with Lewis as well as outside credit providers. All existing customers are referenced at the credit bureau at time of sale to ensure that risk and affordability assessments are current. The behavioural scorecards were redeveloped and implemented during the second half of the year.

When entering into a credit agreement, every customer is interviewed by the store manager and the cost of credit, terms and conditions of the credit sale and the benefits of the optional insurance product selected by the customer are explained.

As a responsible provider of credit, an important factor in granting credit is the level of indebtedness of an applicant as this impacts directly on the ability to service debt. A comprehensive affordability assessment of the customer is made which includes Lewis data, bureau information as well as the customers priority living expenses. To ensure accuracy of living expenses statistical models have been developed to benchmark information gathered from the customer. These statistics are updated regularly to cater for the changing economic environment.

Credit collection

Lewis operates a decentralised credit collection process, with store based follow-up and cash collection. A fully integrated IT system supports administration of the store collection process. This decentralised model has proven to be highly effective as stores are located close to where customers work, shop, commute and live. Customers pay their monthly accounts in the store and the convenient locations make it easy to visit the stores.

Store collection staff are often from the same community and can communicate in the language of the customer which benefits the collection rate. The focus on credit collections remained a high priority in 2015 resulting in positive trend on the satisfactory paid category of the debtors book.

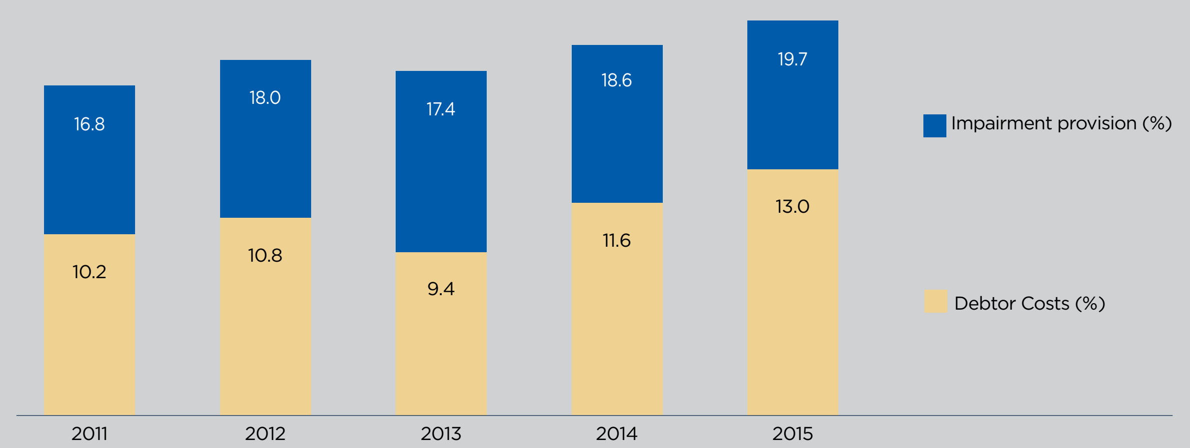
Credit report (continued)

Customer ratings

Lewis operates a payment rating system which assesses customer payment behaviour over the lifetime of an account. The company assesses each customer individually on a monthly basis and categorises customers into 13 payment categories. This assessment is integral to the calculation of the debtors' impairment provision and incorporates both payment behavior and the age of the account. The 13 payment categories have been summarized into four main groupings of customers as set out below.

Debtor's payment analysis		Number of customers			Distribution of impairment provision	
		2015	2014		2015	2014
Satisfactory paid: Customers fully up to date, including those who have paid 70% or more of amounts due over the contract period. The provision in this category results from an *in duplum* provision	No %	473 901 68.7%	463 048 68.3%	Rm %	21.1 1.6%	22.9 2%
Slow payers: Customers who have paid 65% to 70% of amounts due over the period of the contract. The provision in this category ranges from 12% to 74% of debtors and includes an *in duplum* provision (LY: 12% to 79%)	No %	56 347 8.2%	56 876 8.4%	Rm %	140.4 10.9%	121.3 10.8%
Non-performing customers: Customers who have paid 55% to 65% of amounts due over the period of the contract. The provision in this category ranges from 23% to 87% of debtors (LY: 23% to 90%)	No %	52 433 7.6%	51 640 7.6%	Rm %	199.6 15.4%	180.0 15.9%
Non-performing customers: Customers who have paid 55% or less of amounts due over the contract period. The provision in this category ranges from 32% to 100% of debtors (LY: 33% to 100%)	No %	107 167 15.5%	106 545 15.7%	Rm %	933.2 72.1%	805.3 71.3%
Totals	No	689 848	678 109	Rm	1 294.3	1129.5
Total impairment provision as a % of net debtors				%	19.7%	18.6%

Debtor costs vs impairment provision (%)



Governance

Remuneration report

Remuneration policy

Remuneration philosophy

Lewis Group strives to create a performance-oriented culture which fairly rewards staff for their contribution in achieving the group's strategic, financial and operational objectives. Key to the group's remuneration philosophy is recognising employees' contribution to the success of the business and their commitment to the company's values. The growth and sustainability of the business is dependent on the group's ability to attract, retain and motivate competent people.

Remuneration principles

Remuneration practices are structured to encourage sustainable, long-term wealth creation through the following:

- Aligning remuneration practices with the group's strategy
- Aligning executive reward systems with the interests of stakeholders
- Promoting a performance-based culture across the business
- Offering appropriate short-term and long-term performance-related rewards that are fair and achievable
- Attracting and retaining talented individuals in the furniture retail and financial services industries
- Rewarding, retaining and motivating talented people while still managing employment costs effectively

Remuneration governance

The board is accountable for the remuneration philosophy, policy and practices. Responsibility for oversight of the group's remuneration policies and practices has been delegated to the Remuneration Committee.

The responsibilities of the committee are as follows:

- Ensuring the remuneration policy is aligned with the group's strategic objectives and encourages superior individual performance.
- Reviewing and approving compensation of executive and non-executive directors.
- Ensuring executive directors are equitably rewarded based on market trends, surveys, individual performance and contribution.
- Reviewing incentive schemes to ensure continued alignment to the enhancement of shareholder value.
- Approving the award of share incentives.
- Ensuring employee benefits are suitably disclosed.
- Recommending non-executive directors' fees for shareholder approval based on market information.
- Ensuring practices are compliant with relevant legislation and regulation.

The committee is chaired by an independent non-executive director. The chief executive officer attends meetings at the invitation of the committee. The committee may at its discretion invite other executives or external advisers to attend meetings but no individual may be present during any discussion on their own performance or remuneration.

The group's remuneration policy is subject to a non-binding advisory vote by shareholders at the annual general meeting each year. This enables shareholders to express their views on the remuneration policy and for the board to take these views into account.

Remuneration benchmarking

Remuneration is market-based and competitive owing to the portability of skills in the retail and financial services sectors. External remuneration surveys are used to benchmark executive and non-executive remuneration in comparable positions. Market surveys assist in ensuring executives are competitively rewarded in line with their performance and contribution. Remuneration packages are determined by considering market trends, the importance of a position relative to the group's business, the required skills set, job specific expertise, performance and contribution of individuals.

Remuneration structure

Remuneration is optimised through a combination of annual guaranteed pay, benefits, and short and long-term incentives.

Executive directors

The remuneration structure of executive directors is closely linked to the achievement of the group's financial and operating targets, and is therefore closely aligned to the interests of shareholders.

Executive director remuneration packages comprise the following elements, with a significant portion of remuneration being performance-related:

1. Annual guaranteed pay
2. Annual cash-based performance bonus
3. Medium and long-term share-based incentives.

Executive directors have service contracts which are subject to 24 months notice period from either party.

Annual guaranteed pay

Annual guaranteed pay includes a cash salary and company contributions to retirement and healthcare funding. Cash salaries are set at the market median and are benchmarked against peers in comparable positions in similar companies. Salaries are reviewed annually by the Remuneration Committee and the level of increase is merit-based in relation to individual and group performance, and also considers market pay movements. Increases are effective from 1 April at the start of the financial year.

Annual cash-based performance bonus

Executive directors participate in a performance bonus scheme which is linked to their base salary. No portion of any executive director bonus is guaranteed. Bonus payments are based on group performance relative to board-approved budgeted targets. The performance of the executive directors is evaluated against the following financial and operating targets:

- Revenue growth
- Merchandise sales growth
- Gross profit margin
- Operating cost management
- Debtor cost management
- Growth in operating profit
- Growth in net profit before taxation.
- Growth in earnings per share

The targets for gross profit margin, operating costs, debtor costs and operating profit margin are disclosed in the Integrated Report each year. Detail on performance relative to these targets is included on page 9. The targets for revenue growth, merchandise sales growth, net profit before taxation and earnings per share are not disclosed as this is considered by the board to be market and price sensitive information. The performance against the targeted net profit before tax is disclosed for the past three years under the Executive performance scheme below.

The sustainability of the group's business is critical in determining remuneration and performance targets are designed to discourage unnecessarily increased risk taking by the executives.

Achievement of between 90% and 100% of target results in the payment of a bonus increasing on a pro rata basis from 50% to 100% of cash salary. Where actual performance exceeds 100% up to a maximum of 110% of target, bonuses are increased on a pro rata basis and capped at a maximum of 150% of cash salary.

The achievement of targets is reviewed by the Remuneration Committee before any incentive payments are made to executive directors. Bonuses are paid at the end of the first quarter of the following financial year.

Medium and long-term share-based incentives

Share incentive schemes are aimed at motivating the executive directors to contribute to the long-term growth and sustainability of the group, attracting and retaining talented people and aligning rewards with shareholder interests.

The group's share schemes are equity-settled. The total number of shares and options under the schemes may not exceed 10% in the aggregate of the group's issued share capital. Currently the total number of shares and options allocated under the schemes amount to 2.16% in aggregate of the group's issued share capital. Awards will only be paid if the participant is in the employ of the group at the time of vesting, other than in the event of death, ill-health, retirement or retrenchment.

Participation in the schemes is at the discretion of the Remuneration Committee and limited to the executive directors of Lewis Group and the directors, general managers and selected senior staff ("executives") of Lewis Stores, the group's main operating subsidiary. Awards are made annually in June. Special awards can be made when the Remuneration Committee deems it appropriate.

Executive performance scheme

Awards under this scheme offer executives the right to acquire shares for no consideration, subject to the achievement of board-approved budgeted annual

Remuneration report (continued)

performance targets. Awards vest after three years. Targets are set for each of the three years and a proportionate number of shares are allocated to each year. These shares are accrued based on the vesting scale set out below. No performance shares will accrue in a particular year if the group achieves less than 90% of its targeted performance in that year.

The vesting scale which applies in each year is as follows:

Between 90.0% and 95.0% of budgeted net profit	40% vesting
Between 95.1% and 99.9% of budgeted net profit	70% vesting
100% of budgeted net profit	100% vesting

Performance against targets for the past three years

		2014	2013	2012
Net profit before taxation target	(Rm)	1 335	1 252	1 146
Actual result	**(Rm)**	1 177	1 263	1 168
Vesting	%	100%	100%	100%

The remuneration committee exercised its discretion in respect of the 2014 financial year and awarded 100% vesting despite the group not achieving its budget net profit before taxation target. This decision was based on the following:

- The deterioration in the economic and industry conditions on which the targets were based was not anticipated at the time the targets were determined. In addition, the group significantly outperformed its competitors.
- As a significant portion of the executive pay is performance-based, there was a potential risk that competitors would recruit Lewis executives if the remuneration was not more competitive.
- Protecting the group against the potential poaching of executives by competitors, by getting the executives to sign new contracts which included extended notice periods (varying from 6 to 24 months) and a restraint of trade in exchange for a cash bonus and the above vesting.

Co-investment scheme

The Co-investment scheme is aimed at retaining executives, who play a key role in the operation of the Lewis group and can influence the performance of the business. Executives are able to invest all or part of their net after tax annual performance bonus in the group's shares. At the date of the award matching shares equal to the pre-tax amount invested by the executives are granted for no consideration. These invested shares are held by the share trust for three years. There are no additional performance criteria for these matching shares as executives have already met the performance targets required to receive their annual bonus. The matching shares only vest if the executive is in the employ of the group at the end of the three year period, and has not elected early withdrawal from the scheme.

Long-term retention schemes

In 2009 the Remuneration Committee approved a long-term retention scheme for senior executives. In terms of this scheme, Lewis Group must maintain its operating profit margin above 20% for five consecutive years, with each year assessed independently.

The term of the scheme is five years with one-third of the award vesting each year from the third anniversary date of the award to the fifth anniversary date.

The executive must be employed with the group at the vesting date. This scheme ended in November 2014.

Performance against target for the past five years

	Year 5 Sep-14	**Year 4** Sep-13	**Year 3** Sep-12	**Year 2** Sep-11	**Year 1** Sep-10
Actual profit margin %	20.7%	22.40%	22.45%	22.45%	22.05%
Profit margin % target	20%	20%	20%	20%	20%

At the third vesting date of 30 September 2014, the third tranche of one third of the share awards vested as follows:

Executive	Total share award	Vesting %	**September 2014 vesting**
Johan Enslin	120 000	33.3%	40 000
Les Davies	80 000	33.3%	26 667

In 2013 the Remuneration committee approved a new five-year long-term retention scheme for senior executives. The criteria for this scheme is that Lewis Group must achieve compound growth of 6% in attributable profit to ordinary shareholders (adjusted to exclude the Secondary Tax Companies (STC) cost in prior years) for the preceding five years at the point of vesting in year three, four and five. One third of the awards vest each year from the third anniversary date of the award to the fifth anniversary date. The executive must be employed with the group at vesting date.

Three year bonus scheme

In November 2014, the Remuneration committee approved a new once-off cash bonus scheme for senior executives. The committee approved two targets to qualify for the bonus:

- Average return on shareholders' equity must equal or exceed 12.5% for the period 1 April 2014 to 31 March 2017
- R1 billion net profit attributable to ordinary shareholders for the year ended 31 March 2017. The committee approved tiered levels of target achievement for each category of executive.

Other senior management

The directors, general managers and selected senior staff of Lewis Stores receive an annual guaranteed salary, which includes retirement and healthcare benefits. They may also participate in the annual performance bonus scheme and the medium and long-term share-based incentive schemes described above, at the discretion of the Remuneration Committee. Salaries are reviewed annually and the level of increase is based on group and individual performance.

Staff

Staff receive a base salary, performance-linked incentives or a 13th cheque, retirement and healthcare funding. The group subsidises membership of designated healthcare schemes. Staff benefits include educational bursaries, discounts on staff purchases and low-cost funeral and personal accident insurance. Membership of one of the group's five retirement funds is compulsory for all permanent staff. Salaries are reviewed annually and the level of increase is based on group and individual performance.

Salespersons earn a commission on gross profit once a commission barrier is exceeded. Operational management are incentivised on a balanced set of targets including sales, collections, write-offs, stock management and expense control.

Non-executive directors

Non-executive directors are paid a fee for their services as directors. In addition, fees are paid for serving on board committees. The fees are benchmarked externally against comparable companies and based on an assessment of the non-executive director's time commitment and increased regulatory and governance obligations.

In line with best governance and remuneration practice, non-executives do not participate in the group's incentive schemes. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to non-executive directors during the period.

The remuneration of non-executive directors is reviewed annually by the Remuneration Committee and recommended to shareholders for approval at the annual general meeting.

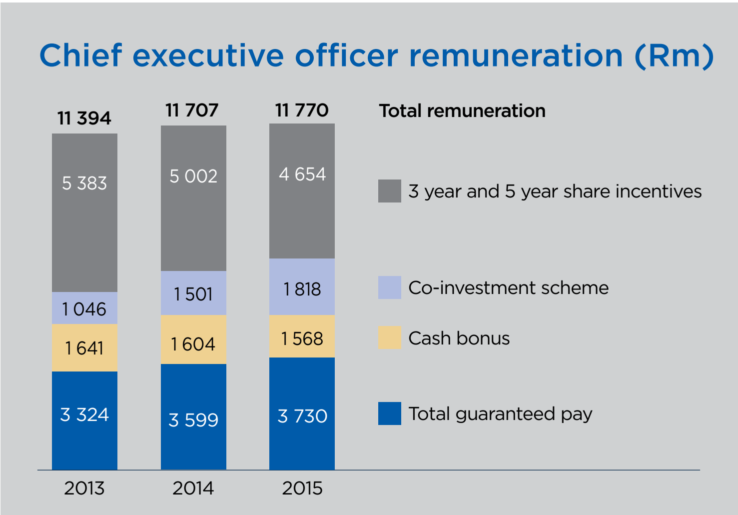
Remuneration report (continued)

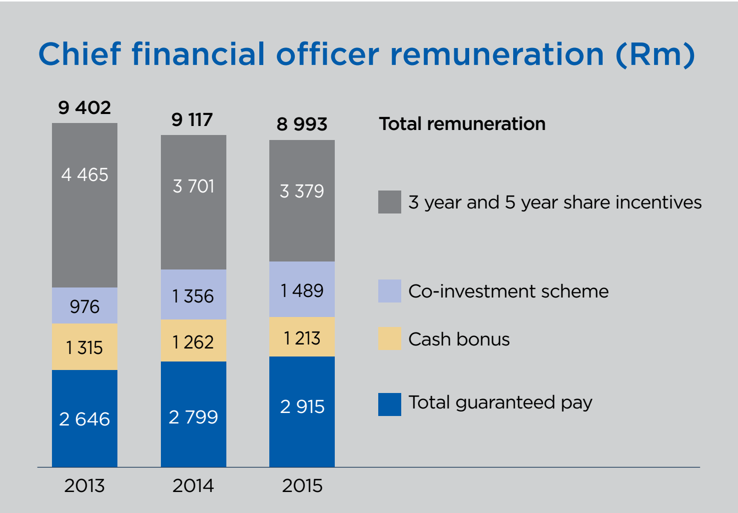
Remuneration reporting for 2015

The group's remuneration policy was again proposed to shareholders for a non-binding advisory vote at the annual general meeting in August 2014, and was approved by the overwhelming majority of shareholders. Shareholders also approved the fees payable to non-executive directors for the 2015 financial year.

The remuneration and share awards paid to executive directors follows below. As the group's two prescribed officers in terms of the Companies Act are both executive directors, this meets the King III requirement to disclose all remuneration paid to prescribed officers.

The group plans to introduce two new share incentive schemes in the 2016 financial year and phase out the existing executive performance, co-investment and long-term incentive share schemes.





Executive directors' remuneration

Director (R'000)	Salary	Pension contributions	Medical aid contributions	Total guaranteed pay	Bonuses paid*	Gains on share awards: Executive performance scheme		Gains on share awards: Co-Investment scheme	Total Remuneration
2015						**5yrs§**	**3yr+**	**	
J Enslin	3 125	500	105	3 730	1 568	2 620	2 034	1 818	11 770
L Davies	2 443	391	81	2 915	1 213	1 747	1 630	1 489	8 993
Total	5 568	892	186	6 645	2 781	4 367	3 664	3 307	20 764
2014									
J Enslin	3 019	483	98	3 599	1 604	2 608	2 394	1 501	11 707
L Davies	2 333	373	92	2 799	1 262	1 739	1 962	1 356	9 117
Total	5 352	856	190	6 398	2 866	4 347	4 356	2 857	20 824
2013									
J Enslin	2 790	446	88	3 324	1 641	2 780	2 603	1 046	11 394
L Davies	2 195	351	100	2 646	1 315	1 853	2 612	976	9 402
Total	4 985	797	188	5 970	2 956	4 633	5 215	2 022	20 796

* The bonus paid in the current year relates to the achievement of the performance targets for the 2014 financial year.
\# The gain on the share awards in the current financial year relate to shares awarded in terms of the three year Executive Performance Scheme in June 2011, having achieved the performance targets for the financial years 2012, 2013 and 2014. (refer to page 50)
§ The gain on share awards in the current financial year relates to the shares awarded in terms of the five year retention scheme in September 2009, having achieved the performance targets for the past five years. (refer to page 50)
\+ The gain in the current financial year under the Co-investments scheme relates to the bonus earned for the financial year 2011, which was invested in the company's shares by the executives for the last three years to March 2014.

Outstanding share awards

2015		Executive performance scheme number of shares			Co-Investment scheme number of shares		
Date of share awards		Johan Enslin	Les Davies	Total	Johan Enslin	Les Davies	Total
June 2012	three-year award	37 527	29 520	67 047	22 270	17 850	40 120
June 2013	three-year award	50 232	38 819	89 051	25 917	20 390	46 307
June 2013	five-year award	120 000	90 000	210 000			–
Total		**207 759**	**158 339**	**366 098**	**48 187**	**38 240**	**86 427**

In terms of the Lewis Co-investment scheme, the trust holds 51 856 shares (2014: 82 856 shares) on behalf of the above directors by virtue of the investment of their bonuses into the scheme.
The potential dilutionary effect of the outstanding awards amount to 1.6% of the shares in issue.

Remuneration report (continued)

Shares vested during the 2015 financial year

Director		Date awarded	Shares awarded	Shares forfeited	Shares vested	Gains on share awards R'000
Executive Performance Scheme						
Johan Enslin	three-year award	June 2011	31 782	–	31 782	2 034
	five-year award	Sep 2009	40 000	–	40 000	2 620
Les Davies	three-year award	June 2011	25 468	–	25 468	1 630
	five-year award	Sep 2009	26 666	–	26 666	1 747
Total			**123 916**	**–**	**123 916**	**8 031**
Co-Investment Scheme						
Johan Enslin		June 2011	28 399	–	28 399	1 817
Les Davies		June 2011	23 269	–	23 269	1 489
Total			**51 668**	**–**	**51 668**	**3 306**

Non-executive directors' fees

Director (R'000)	2015	2014
David Nurek	1 090	999
Fatima Abrahams	608	576
Zarina Bassa*	183	476
Sizakele Marutlulle ^	121	476
Hilton Saven	988	891
Alan Smart	864	788
Ben van der Ross	552	530
Total	4 406	4 736

**Resigned 15 August 2014*
^Resigned 30 June 2014

Proposed non-executive director fees for 2016

Board/committee position (R'000)	Proposed fees for 2016	Fees paid for 2015
Non-executive chairman	515	490
Non-executive director	246	234
Audit Committee chairman	252	240
Audit Committee member/invitee	108	103
Risk Committee chairman	120	114
Risk Committee member	76	72
Remuneration Committee chairman	120	114
Remuneration Committee member	60	57
Nomination Committee chairman	80	77
Nomination Committee member	35	33
Social, Ethics and Transformation Committee chairman	120	114
Social, Ethics and Transformation Committee member	60	57

Directors' shareholding

At 31 March 2015 the directors' beneficial direct and indirect interest in the company's issued shares was as follows:

	2015		2014	
Director	**Direct**	**Indirect**	Direct	Indirect
David Nurek	–	20 000	–	20 000
Hilton Saven	–	6 440	–	6 440
Alan Smart	319 070	–	319 070	–
Johan Enslin	106 239	28 912	45 000	45 951
Les Davies	242 157	22 944	188 490	36 905
Total	667 466	78 296	552 560	109 296

There have been no changes in the directors' interests between the end of the reporting period and the date of this report.

Corporate governance report

Lewis Group has continued to apply high corporate governance standards based on the principles of integrity, transparency and accountability in its dealings with all stakeholders.

Governance structures and processes across the group are regularly reviewed to not only meet legislative and regulatory compliance, but to ensure ongoing sustainability and the creation of long-term shareholder value and benefits for all stakeholders.

Lewis Group again qualified for inclusion in the JSE Socially Responsible Investment (SRI) Index. This involves an independent assessment of the group's environmental, social and governance (ESG) and related sustainability initiatives based on publicly available information.

King III governance code

The directors confirm that the group has consistently applied the principles of the King Report on Corporate Governance (King III). A detailed schedule of the application of the King III principles is available on the group's website. In line with the 'apply or explain' philosophy of King III the group has elected not to apply the following principles and is satisfied that alternate governance processes have been implemented:

- Principle 6.4 recommends the appointment of an independent compliance officer. Responsibility for compliance has been assigned to the company secretary to identify legislative impacts on the group; business unit heads are responsible for compliance with the legislation; legal specialists support the group in ensuring legislative compliance. The board is satisfied that the legal and compliance framework operates effectively.
- Principle 9.3 requires sustainability reporting and disclosure to be independently assured. Specific sustainability elements, including the broad-based black economic empowerment scorecard and carbon emissions, have been verified by accredited agencies.

Board of directors

Board charter

A formal board charter confirms that the directors are accountable to shareholders and are responsible for the following:

- contributing to and approving the strategy;
- providing oversight of performance against targets and objectives;
- assessing the group as a going concern;
- approving the annual and interim financial statements;
- providing effective leadership on an ethical foundation;
- overseeing key performance and risk areas;
- ensuring effective risk management and internal control;
- responsibility for overseeing IT governance;
- overseeing legislative, regulatory and governance compliance;
- ensuring appropriate remuneration policies and practices;
- overseeing director selection, orientation and evaluation;
- ensuring balanced and understandable communication to stakeholders;
- overseeing relationships with stakeholders of the company along sound governance principles;
- ensuring that the company is playing its role as responsible corporate citizen by taking into account the impact of the business operations on society and the environment;
- matters considered crucial for business success

A clear division of responsibility is embedded in the board charter, with the board chaired by an independent non-executive chairman. The board has delegated authority to the chief executive officer for the implementation of the strategy and the ongoing management of the business.

Board composition

In line with the recommendations of King III, Lewis Group has a unitary board structure consisting of five non-executive directors and two full-time, salaried executive directors. Background information on the directors appears on page 22 of this report. Two directors, Zarina Bassa and Sizakele Marutlulle, resigned from the board during the year.

The composition of the board at year end:

Independent non-executive directors	Executive directors
David Nurek	Johan Enslin
Fatima Abrahams	Les Davies
Hilton Saven	
Alan Smart	
Ben van der Ross	

Directors do not have a fixed term of appointment and non-executive directors are subject to retirement by rotation and re-election by shareholders at least every three years. Directors appointed during the year are required to have their appointments ratified at the following AGM. The chairman is elected by the board after the AGM each year. Executive directors are subject to a 24 month notice period.

Non-executive directors are invited to serve on the board based on their knowledge, experience, independence and ability to contribute to board level debate.

Independence of directors

The independence of long-serving non-executive directors is reviewed annually by the nominations committee, as recommended by King III. Based on the outcome of this review, the board was satisfied that these directors exercise independent judgement and act in an independent manner. The five non-executive directors, including the chairman, all met the independence criteria for the 2015 financial year.

Board evaluation

All directors participate in the annual evaluation of the board's performance. The questionnaire-based evaluation covers the board's role and agenda setting; the size, independence and composition of the board; director orientation and development; board meetings; board committees; board accountability and governance practices. The process also includes an assessment of the performance of the chairman, chief executive officer and the company secretary. In addition the chairman has individual sessions with each director.

The evaluation concluded that the board's overall functioning and governance met the required standards and areas for improvement are being addressed.

Chief financial officer and finance function evaluation

The Audit Committee reviewed the appropriateness of the expertise and adequacy of the resources in the finance function and the experience of the senior members of management responsible for the financial function.

The committee is satisfied that the expertise and experience of the chief financial officer and the finance function is appropriate to meet the required responsibilities.

Company secretary

The company secretary acts as adviser to the board and plays a pivotal role in ensuring compliance with regulations, the induction of new directors and providing advice to directors on governance, compliance and their fiduciary responsibilities. The company secretary acts as secretary for all board committees.

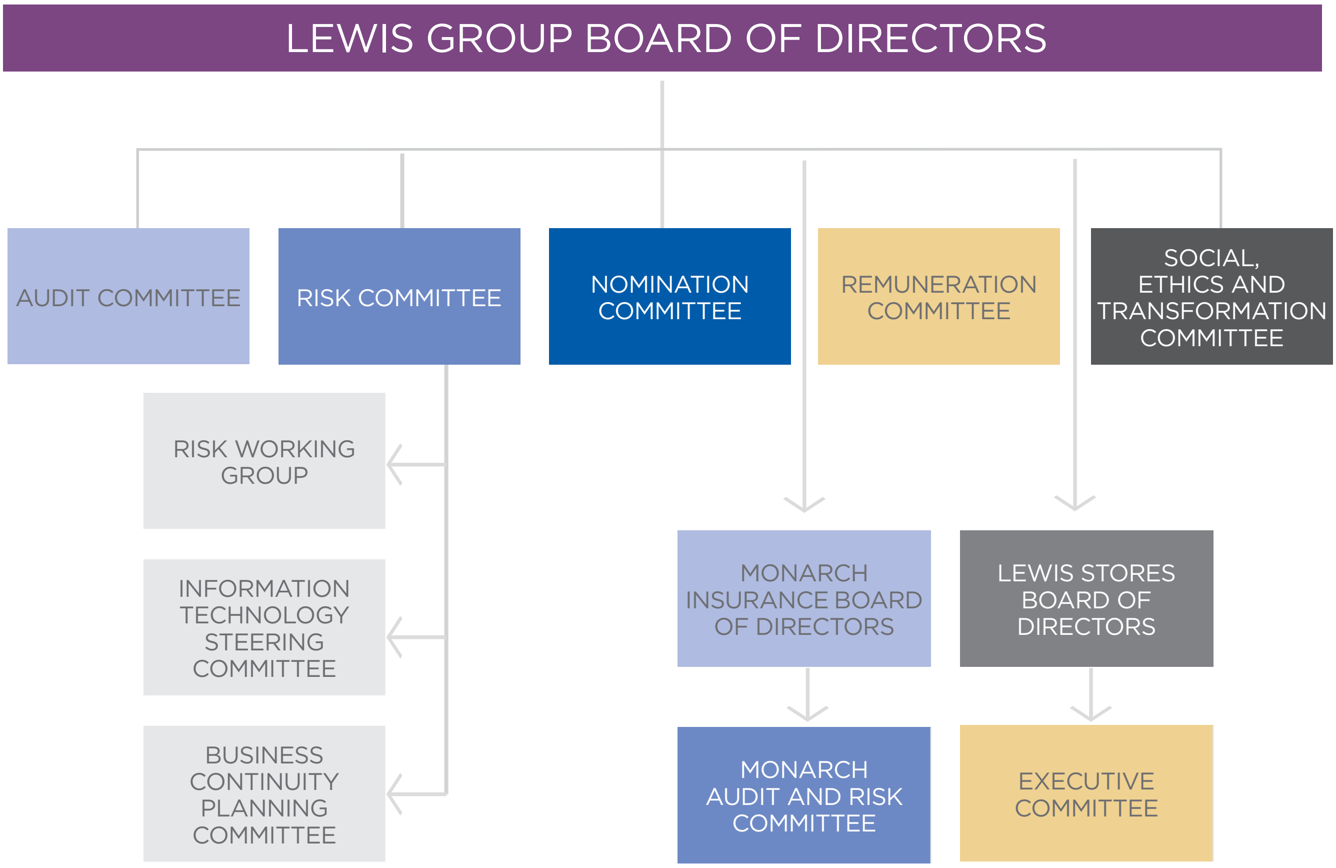
The directors have unrestricted access to the advice and services of the company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the chairman of the board. No directors exercised this right during the year. Directors also have unrestricted access to all company information and may meet independently with management.

The board conducted a formal evaluation of the company secretary, as required by the JSE Listings Requirements. The directors are satisfied that the company secretary has the requisite competence, qualifications and experience to perform the role.

The board is comfortable that it meets the King III principle of having an arms-length relationship with the company secretary and confirms that the company secretary is not a director of any of the group companies and is not related to any of the directors. As such, the board confirms that it has assessed and is satisfied that an arms-length relationship has been maintained between the board and the company secretary.

Corporate governance report
(continued)

Governance structure



Board committees

The board of directors has delegated specific responsibilities to five board committees. The committees are all chaired by independent non-executive directors. Each committee has a charter and terms of reference and the directors confirm that the committees have functioned in accordance with these written terms of reference during the financial year.

LEWIS GROUP AUDIT COMMITTEE

Purpose and function

- Approving the internal audit plan and reviewing the activities and findings of the department.
- Evaluating the performance of the internal audit function.
- Reviewing the audit plan of the external auditors, providing guidance on non-audit services.
- Assessing the independence and objectivity of the external auditors.
- Considering significant differences of opinion between management and internal or external auditors.
- Reviewing the adequacy of internal controls and internal financial controls.
- Ensuring regulatory compliance.
- Overseeing the integrated reporting process, which include:
  - Reviewing the financial reporting system, evaluating and approving accounting policies and the financial information issued to stakeholders in terms of IFRS.
  - Reviewing disclosure on sustainability to ensure it is reliable and does not conflict with the financial information.
- Reviewing the expertise, resources and experience of the company's financial function and financial director.
- Assessing the effectiveness of internal financial controls based on assurance gained from management and written assessment from Internal Audit.
- Monitoring the ethical conduct of the company, its directors and senior officials.

Composition

Chair – Hilton Saven

The committee consists of three independent non-executive directors. The directors are financially literate and suitably qualified to perform their role. The remaining non-executive directors attend by invitation.

Meetings are also attended by the chief executive officer, chief financial officer, company secretary, internal audit executive, chief risk officer and the external auditors.

Meetings

Four per year

Refer to the Audit committee report on pages 77 to 79.

Corporate governance report

(continued)

LEWIS GROUP RISK COMMITTEE

Purpose and function	Composition
• Annually reviewing the risk management policy and plan and recommending these for approval to the board. • Making recommendations on risk tolerance and appetite. • Annually reviewing the risk register of strategic and key operational risks. • Monitoring implementation of the risk management policy and plan. • Assessing the effectiveness of the system and process of risk management based on assurance gained from management and written assessment from Internal Audit on the effectiveness of internal controls and risk management. • Reviewing and advising on the adequacy of insurance cover for recommendation to the board • Overseeing IT governance and the function of the IT Steering Committee by: – Ensuring that an IT charter and policies are established and implemented; – Ensuring that an IT internal control framework is adopted and implemented; – Receiving independent assurance on the effectiveness of the IT internal controls.	Chair – Hilton Saven The committee consists of five independent non-executive directors and two executive directors Meetings are also attended by the company secretary, internal audit executive, the chief risk officer and the information technology general manager. **Meetings** Four per year

LEWIS GROUP NOMINATION COMMITTEE

Purpose and function	Composition
• Establishing a formal process for the appointment of directors. • Overseeing a formal induction programme for new directors and continuing development programmes for all directors. • Ensuring directors receive regular briefings on changes in risks, laws and the environment in which the group operates. • Ensuring succession plans are developed for the chief executive officer and senior management. • Confirming annually that none of the directors have become disqualified (fit and proper test). • Ensuring the board has the required skills, experience and qualities.	Chair – David Nurek The committee consists of five independent non-executive directors. The chief executive officer attends meetings at the invitation of the committee. **Meetings** Two per year

LEWIS GROUP REMUNERATION COMMITTEE

Purpose and function	Composition
• Ensuring the remuneration policy is aligned with the group's strategic objectives and encourages superior individual performance. • Reviewing and approving compensation of executive directors, non-executive directors and senior executives. • Ensuring executive directors are fairly rewarded based on market trends, surveys, individual performance and contribution. • Reviewing incentive schemes to ensure continued alignment to the enhancement of shareholder value. • Approving the award of share incentives. • Ensuring employee benefits are suitably disclosed. • Recommending non-executive directors' fees for shareholder approval. • Ensuring practices are compliant with relevant legislation and regulation.	Chair – Ben van der Ross The committee consists of five independent non-executive directors. The chief executive officer attends meetings at the invitation of the committee. **Meetings** Two per year Refer to the remuneration report on pages 48 to 55.

LEWIS GROUP SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Purpose and function	Composition
• Monitoring the group's activities relating to social and economic development, good corporate citizenship, community upliftment, the environment, health and public safety, consumer relationships, labour and employment. • Maintaining a transformation strategy and approving the transformation programme. • Setting and monitoring of progress against transformation targets, including the annual evaluation of performance against the DTI scorecard. • Reviewing of reports from verification agencies. • Transformation related legislative compliance.	Chair – Fatima Abrahams The committee consists of three independent non-executive directors and one executive director. Members of management attend the meetings by invitation. **Meetings** Two per year Refer to the social, ethics and transformation report on pages 67 to 72.

Corporate governance report

(continued)

Lewis Stores Proprietary Limited

Lewis Stores Proprietary Limited is the main trading subsidiary of the group and operational responsibility has been delegated to the Lewis Stores board for the ongoing management of the business.

LEWIS STORES BOARD

Purpose and function	Composition
• Adoption of strategic plans. • Providing strategic direction to senior management. • Monitoring operational performance and management • Preparation and integrity of financial statements and all related information. • Maintaining adequate accounting records. • Adequately safeguarding, verifying and maintaining accountability of assets. • Monitoring key performance indicators of the business. • Ensuring regulatory and legislative compliance. • Risk management. • Overseeing the corporate code of conduct.	Chair – Johan Enslin The board consists of five executive directors, namely the chief executive officer, chief financial officer, directors of merchandising, human resources and credit. **Meetings** Three per year

Governance committees of Lewis Stores

- **Executive Committee** consists of 15 members, including the five directors of Lewis Stores, and the heads of key areas of operation within Lewis. The committee meets three times a year in conjunction with the Lewis Stores board meetings.
- **Risk Working Group** consists of the 15 members of the Executive Committee. The group meets three times a year in conjunction with the Lewis Stores board meetings. Refer to page 64 for their responsibilities, which are supervised by the Risk Committee.
- **Information Technology Steering Committee** meets quarterly and comprises the chief executive officer, chief financial officer, IT director as well as business systems and IT operations executives. The committee reports into the Risk Committee. The committee is responsible for:
  - Ensuring that the implementation of the IT policy and plan conforms to the objectives of the IT charter;
  - Aligning IT with the business needs of the group;
  - Prioritising investment decisions relating to IT resources;
  - Sourcing decisions relating to IT services;
  - Identifying and exploiting IT opportunities;
  - Administrative and contractual decisions which have a significant impact;
  - Monitoring IT costs and capital expenditure;
  - A process to monitor, prioritise and co-ordinate the IT project portfolio;
  - Reporting to the Risk Committee on the performance of its duties;
  - Implementing COBIT as its principle IT internal control framework; and
  - Implementing ISO 27000 as the Information Security Management System (ISMS) standard.
- **Business Continuity Planning Steering Committee** manages the business continuity plan (BCP) which assesses potential environmental disasters, disruptions, loss of utilities and services, equipment or system failure and other emergency situations. The committee meets in conjunction with the Information Technology Steering Committee meetings. The BCP covers all the key business processes identified as critical to the functioning of the group. The plan is tested periodically in a simulated environment. The committee comprises the chief executive officer, chief financial officer and general manager IT.

Monarch Insurance Company Limited (Monarch)

Monarch is the group's short-term insurer. Knowledge and experience of short-term insurance is considered in appointing directors to the board. Robert Shaw, a non-executive director provides insurance advisory services to Monarch.

A formal report on the investment portfolio by Sanlam Investment Management, who manage the portfolio on Monarch's behalf, is presented at each board meeting, covering market conditions and expectations, asset allocation, investment returns, review of the investment portfolios and recommendations on the investment strategy.

MONARCH BOARD

Purpose and function	Composition
• Approval and oversight of strategic plans for the insurer within the parameters of the overall strategic direction of the group. • Approval of budgets. • Providing oversight of performance against targets and objectives. • Providing effective leadership on an ethical foundation. • Overseeing relationships with stakeholders. • Regular review of underwriting criteria. • Adoption of asset allocation strategies for the investment portfolio, based on recommendations from Sanlam Investment Management. • Review of the performance of the investment portfolio against benchmarks. • Ensuring regulatory compliance. • Oversee key performance and risk areas. • Ensuring effective risk management and internal control. • Assessing director selection, orientation and evaluation. • Approving significant accounting policies. • Approving the annual financial statements.	Chair – Alan Smart The board consists of four independent non-executive directors, one non-executive director and one executive director. **Meetings** Four per year

MONARCH AUDIT AND RISK COMMITTEE

Purpose and function	Composition
• Reviewing the internal and external audit plans relative to the group's audit plan. • Providing guidance on non-audit services. • Considering significant differences of opinion between management and internal or external auditors. • Ensuring regulatory compliance. The committee is also responsible for the group's compliance with the Financial Advisory and Intermediary Services Act. • Reviewing the financial reporting system, evaluating and approving accounting policies and approving the financial statements. • Reviewing the adequacy of internal controls and internal financial controls. • Annually reviewing the risk register of strategic and key operational risks. Monitoring implementation of the risk management policy and plan. • Addressing risks specific to the company that have been identified in the group risk management process. • Assessing the effectiveness of the system and process of risk management based on assurance gained from management and written assessment from Internal Audit on the effectiveness of internal controls and risk management.	Chairman – Hilton Saven The committee consists of three independent non-executive directors. Meetings are attended by the chief financial officer, company secretary, the group's internal audit executive, the chief risk officer and external auditors. **Meetings** Four per year

In terms of the Companies Act, non-executive director Robert Shaw is deemed to be a material supplier to Monarch and is therefore precluded from being a member of the Audit and Risk Committee.

Corporate governance report

(continued)

Board and committee attendance

	Board	Audit	Risk	Remuneration	Nomination	Social, ethics and transformation
Number of meetings	**4**	**4**	**4**	**5**	**2**	**2**
Non-executive directors						
D M Nurek++	4+	4	4	5	2+	2
F Abrahams	4	4	4	5	2	1+
Z Bassa#	1	1	1	1	1	–
S Marutlulle##	2	2	2	2	1	–
H Saven	4	4+	4+	4	2	–
A J Smart	4	4°	4	5	2	2
B J van der Ross	4	4°	4	5+	2	–
Executive directors						
J Enslin	4	4°	4	5°	2°	2°
L A Davies	4	4°	4	–	–	–

+ Chair
° By invitation
 # Resigned 15 August 2014
Resigned 30 June 2014
++ Appointed to Audit committee 15 August 2014

Internal accountability

Risk management

The board is responsible for the oversight of the risk management process and has delegated specific responsibility to the Risk Committee. The committee is responsible for ensuring the group has implemented an effective policy and plan for risk, and that disclosure regarding risk is comprehensive, timely and relevant.

A risk management process is followed to identify, assess and manage potential risks and opportunities that may affect group strategies and objectives. The risk management framework includes the risk management policy, relevant responsibilities and the risk management plan.

The Risk Working Group (RWG) is responsible for designing and implementing the risk management process and monitoring ongoing progress. Senior executives and line management within each business unit are accountable for managing risk in achieving their financial and operating objectives.

The focus of the risk management process is on strategic and key operational risks. A top-down approach is applied by the business units in the group in assessing the risks twice a year. The RWG reviews the registers with a focus on:

- completeness of risks identified across the group;
- causes of the risks;
- the residual risk ratings;
- the tolerance levels based on the risk indicators; and
- the need for further management action.

The risks identified by the business units are consolidated by category of risk into a group register and the results of the group risk assessment are reported to the Risk Committee of Lewis Group and the Audit and Risk Committee of Monarch Insurance.

The key risks are documented in the strategy and targets on pages 8 to 12.

The group's external insurance and self-insurance programmes cover a wide range of risks. The insurance levels and insured events are reviewed annually to ensure adequate cover and amended after taking into account changed processes and emerging risks.

Internal control

A well-established control environment, which incorporates risk management and internal control procedures, exists to provide reasonable but not absolute assurance that assets are safeguarded and the risk facing the business is being adequately managed. The board confirms that during the period under review the group has maintained an efficient and effective process to manage key risks. The directors are not aware of any current or anticipated key risks that may threaten the sustainability of the business.

Going concern

The board is satisfied that the group will be a going concern for the foreseeable future, based on the budget and cash flows for the year to 31 March 2016, as well as the current financial position. The financial statements have therefore been prepared on the going concern basis. The board is apprised of the group's going concern status at the board meetings coinciding with the interim and final results.

Internal audit

The internal audit function provides information to assist in the establishment and maintenance of an effective system of internal control to manage the risks associated with the business. Internal audit has performed a written assessment confirming the effectiveness of the company's system of internal control and risk management, including internal financial controls. The role of internal audit is detailed in the internal audit charter which has been approved by the Audit committee. Refer to the Audit Committee Report in the annual financial statements.

Information technology governance

Information technology (IT) governance is integrated into the group's operations, and governance practices and frameworks are reviewed as part of the annual internal audit plan. The IT Steering Committee is responsible for IT governance and reports into the Risk Committee.

Personal share dealings

An insider trading policy restricts directors and specific staff from dealing in the shares of Lewis Group during closed periods. The closed periods are effective from the end of the interim and annual reporting periods until the financial results are disclosed on SENS. Embargoes are also placed on share dealing when the group is trading under a cautionary statement.

Directors are required to obtain written clearance from the chairman of the board prior to dealing. The chairman is required to obtain written permission from the chairman of the Audit Committee. It is mandatory to notify the company secretary of any dealings in the company's shares within three business days. This information must be published on SENS within 24 hours of the notification of such share dealing. A register of share dealings by directors is maintained by the company secretary and reviewed by the board.

Corporate governance report

(continued)

Compliance and codes of conduct

Regulatory and legislative compliance

There were no material cases of legislative or regulatory non-compliance during the year and no material penalties or sanctions were imposed on the group or any of its directors or officers during the year. No requests for information were withheld by the group in terms of the Promotion of Access to Information Act.

Lewis has continued to charge its defaulting credit customers the cost of their monthly credit insurance premium under certain circumstances of default by them, which may potentially be in contravention of section 103(5) of the National Credit Act, based on an interpretation of a Supreme Court of Appeal Judgment. Lewis has engaged with the National Credit Regulator and made a submission to the Department of Trade and Industry. The matter has been placed on the National Credit Act policy review framework for consideration by the National Credit Regulator.

We await the commencement of a consultative process with the government.

Behavioural and ethical compliance

The group adheres to the highest standards of ethical conduct. The board-approved ethics framework, code of conduct and core values outline the standards of honesty, integrity and mutual respect which employees are required to observe.

A conflict of interest policy is aimed at ensuring employees act in the best interests of the group and do not profit from their position in the company. The policy governs employees' relationships with suppliers, serving as office bearers on external organisations and industry bodies, and receiving gifts and hospitality from suppliers.

The corporate fraud policy sets out the responsibility of staff and management towards the detection, prevention and reporting of fraud. A confidential hotline is available to all employees to report suspected incidents of fraud or dishonesty.

Social, ethics and transformation report

The Social, Ethics and Transformation Committee is a sub-committee of the board operating in compliance with the Companies Act. The committee assists the directors in monitoring the group's activities relating to sustainability, ethics, stakeholder engagement, empowerment and transformation.

The group qualified for inclusion in the JSE Socially Responsible Investment (SRI) Index for a fourth successive year in 2015. The SRI Index is acknowledged as the benchmark of sustainability and recognises listed companies for incorporating sustainability practices into their business operations. The SRI Index covers environmental, social, governance and related sustainability issues as well as climate change.

Responsibilities of the committee

Social and ethics

- Monitor activities relating to social and economic development, including the principles of the United Nations Global Compact, the Organisation for Economic Co-operation and Development recommendations regarding corruption, the Employment Equity Act and the Broad-based Black Empowerment Act
- Good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to the development of communities, and record of sponsorship, donations and charitable giving
- The environment, health and public safety, including the impact of the group's activities and of its products and services
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws
- Labour and employment, including the standing in terms of the International Labour Organisation Protocol on decent work and working conditions, the group's employment relationships and its contribution toward the educational development of its employees.

Transformation

- Developing and maintaining a transformation strategy
- Approving the transformation programme
- Determining targets in terms of the Codes of Good Practice of the Department of Trade and Industry (DTI)
- Reviewing reports from verification agencies
- Annual evaluation of the group's performance against the DTI scorecard
- Legislative compliance.

Composition and functioning

The committee comprises three non-executive directors, namely Professor Fatima Abrahams (Chairperson), David Nurek and Alan Smart, and an executive director, Johan Enslin. Senior management in the human resources, merchandise, socio-economic development and risk departments attend by invitation. Biographical details of the committee members appear on pages 22 and 23. The effectiveness of the committee is assessed as part of the annual board and committee evaluation process.

The members of the committee believe that the group is substantively addressing the issues required to be monitored by the committee in terms of the Companies Act.

Transformation

The group supports the principles and objectives of broad-based BEE contained in the DTI Codes of Good Practice on B-BBEE. The board acknowledges its oversight role in driving transformation and empowerment across all seven elements of the DTI scorecard.

Social, ethics and transformation report (continued)

The group was assigned a level four B-BBEE contributor status in April 2015, which has been verified by AQRate, an accredited empowerment rating agency.

The committee has noted that the amended codes of good practice came into effect on 1 May 2015. The group obtained its B-BBEE rating on 30 April 2015 based on the previous codes of good practice.

BEE element	Maximum	2015	2014	2013	2012	2011
Equity ownership	20	**6.13**	9.33	11.1	10.5	0
Management control	10	**4.38**	5.08	4.7	4.7	4.5
Employment equity	15	**6.04**	5.77	6.1	5.9	8.3
Skills development	15	**11.69**	12.0	11.7	11.5	7.9
Preferential procurement	20	**18.73**	17.4	18.0	16.6	18.5
Enterprise development	15	**15.0**	15.0	15.0	15.0	15.0
Socio-economic development	5	**5.0**	5.0	5.0	5.0	5.0
Total	100	**66.97**	69.58	71.6	69.2	59.1
B-BBEE contributor status		**Level 4**	Level 4	Level 4	Level 4	Level 5

Employment equity

Management is committed to ensuring that the group's employee profile is representative of the customer base it serves and the communities in which it trades.

The group's employment equity plan focuses on increasing the representation of designated groups, mainly in the senior management and professionally qualified areas. Strategies have been developed to achieve internal employment equity targets, including the implementation of a comprehensive learning and development plan, in-service training of retail management students, granting bursaries, job profiling and performance assessments.

Black staff account for 92.5% of the staff complement, with females comprising 56.7%.

The employment equity profile of the workforce in South Africa (excluding neighbouring countries) at 31 March 2015 is contained in the following table:

Employee profile

Occupational levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	2	0	3	0	0	0	0	5
Senior management	2	3	0	22	0	2	0	3	32
Professionally qualified	32	18	4	68	18	12	3	41	191
Skilled technical	228	70	6	64	274	141	22	145	950
Semi-skilled	2 111	555	13	30	2 585	778	44	187	6 303
Unskilled	20	3	0	0	2	2	0	0	27
Non-permanent	0	0	0	0	0	0	0	0	0
Total	**2 393**	**646**	**23**	**187**	**2 879**	**935**	**69**	**376**	**7508**

Skills development

A total of 7 536 training interventions were completed in 2015, far exceeding the target of 3 000. Black staff accounted for 87.5% of total employees trained. In the past year the internship programme was extended to include 376 students.

As part of the commitment to staff development, a central learning and development centre was opened in Bloemfontein. The centre will be utilised for the development of management for store operations in the five countries in which the group operates.

The group's training department is accredited with the Wholesale and Retail Sector Education and Training Authority and offers a range of e-learning programmes.

Preferential procurement and enterprise development

The group's merchandise strategy is to offer exclusive, differentiated and value-for-money products to customers. Large volumes of locally sourced merchandise, goods and services are bought from small businesses which are mainly black-owned. These businesses have continued to benefit from the group's preferential procurement and enterprise development initiatives. This continued investment in enterprise development strengthens the local supply base and stimulates job creation in the domestic economy.

The support provided to enterprise development partners includes raw material sourcing, product development and design, quality control, and administrative business support.

In 2015 the group made a strategic decision to increase its spend on local merchandise which has increased its investment in enterprise development and contributed to further job creation locally.

Socio-economic development

The group is committed to contributing to the communities where customers live. Many of these communities are affected by a lack of education, poverty and poor health.

Community investment is focused on educational infrastructure, educational bursaries, nutrition, upliftment of disadvantaged communities and long-term sustainable community upliftment programmes. The group has invested R9.7 million through its socio-economic development programme.

Primary projects

Afrika Tikkun undertakes projects mainly to support orphans and vulnerable children that allow the community to take ownership within five years and ensure the projects are self-sustaining. Lewis has funded the building of an early childhood development centre in Mfuleni. Over 250 children from the Mfuleni community attend the Lewis Group Early Childhood Development centre and Lewis has committed to contribute to the operatiing costs for five years. In 2015 the group contributed R605 000.

Project Build Trust has been building educational facilities in Kwa-Zulu Natal and surrounding areas for 30 years. Lewis has committed to funding the infrastructure upgrades at two schools near East London in the Eastern Cape at a cost of R1.2 million.

Rotary Club/Early Development Centres
In collaboration with The Rotary Club of Claremont, the group has once again committed to upgrading and refurbishing five early development centres in the Brown's Farm area of Philippi, Western Cape. The budget for this project is R1.8 million.

Community Chest is an active contributor to many welfare organisations. The strategic focus of the Community Chest is aligned with that of the Lewis Group and the group is an anchor sponsor for the Annual Twilight Run in Cape Town. The group continues to fund capacity building and training programmes where NGO's are trained in sustainable business management.

Peninsula School Feeding Association provides daily meals to children in primary, secondary and special-needs schools across the Western Cape. Lewis has adopted 11 schools and provides meals to over 1 250 children each school day.

Social, ethics and transformation report (continued)

Employee community engagement

Employees are encouraged to propose deserving local community projects. This ensures that staff are involved in assisting communities that support the company and creates staff awareness of CSI projects. These projects included AIDS orphans homes, shelters for abused/vulnerable children, disabled children's homes, educational support for the underprivileged, feeding schemes/soup kitchens for the underprivileged, homes for the aged/hospices/home-based care programmes, and informal organisations which support communities in terms of shelter, medical assistance, education, training and development.

Bursaries

Internal bursaries

Bursaries are granted to the children of staff for school and university education. School children receive R500 each and the top 22 university student applications for bursaries each receive up to R50 000 based on merit.

TSiBA

TSiBA Education is a private provider of higher education in business. TSiBA targets scholars and potential students that would otherwise not have access to tertiary level education, by offering full tuition scholarships. Lewis funds scholarships for the top ten students from their first year to the final year at an annual cost of R750 000.

Environmental sustainability

The group recognises the need to introduce and maintain environmentally sustainable business practices to ensure that it meets its responsibilities in maintaining the environment in which it operates.

The group's environmental practices will evolve, guided by environmental principles, economic drivers and the commitment to being a responsible corporate citizen.

Practices are guided by the group's environmental policy and the environmental management system implemented over the past two years.

Carbon footprint

A carbon footprint assessment was performed by independent environmental specialists. The footprint was calculated for Scope 1, 2 and selected scope 3 Greenhouse Gas (GHG) emissions utilising the GHG protocol.

- Scope 1 is the direct impact of the group's activities – fuel combustion in company vehicles.
- Scope 2 is indirect emissions resulting from electricity consumption.
- Scope 3 is the measure of the corporate value chain. This year's carbon footprint assessment was expanded to include the following selected Scope 3 categories:
  - Upstream distribution focused on South African road logistics
  - Business travel – domestic and international flights and car hire
  - Employee commuting
  - The consumption of paper, printing materials and recycling of paper.

Carbon footprint results for Scope 1 and 2 emissions

Scope	Source	2015 Emissions (tonnes CO_2e)	% Change	2014 Emissions (tonnes CO_2e)	2013 Emissions (tonnes CO_2e)
Scope 1	South African fuel	22 050	5.6%	20 886	19 911
	International fuel	2 640	3.5%	2 550	2 483
	Total Scope 1	**24 690**	**5.4%**	**23 436**	**22 394**
Scope 2	South African electricity	25 020	4.7%	23 890	23 240
	International electricity	1 655	1.4%	1 632	1 588
	Total Scope 2	**26 675**	**4.5%**	**25 522**	**24 828**
Total Scope 1 and 2		**51 365**	**4.9%**	**48 958**	**47 222**
Average number of stores		673		636	619
Scope 1 and 2 emissions per store		76.32	(0.86)%	76.98	76.29

Even though the total scope 1 and 2 emissions have increased by 4.9%, the emissions per store have shown a slight decrease from 76.98 in 2014 to 76.32 in 2015, as the business has grown in size.

Carbon footprint results for selected Scope 3 emissions

Scope 3 Category	Emission Source	Comments	2015 Emissions (tonnes CO_2e)	% Change	2014 Emissions (tonnes CO_2e)
Fuel and Energy	Upstream emissions from synfuel production	Complete assessment	24 150	7.2%	22 538
Upstream transportation and distribution	Outsourced road distribution within South Africa	Partial assessment – excludes shipping	3 600	5.6%	3 410
Business travel	Domestic and international flights	Complete assessment	355	51.7%	234
	Car hire	Complete assessment	205	130.3%	89
Employee commuting	Staff transport emissions travelling to and from work	Average data method used	4 750	6.7%	4 450

The carbon footprint for business travel increased significantly in 2015 due mainly to the purchase and integration of the Beares brand.

Partial assessment of scope 3 emissions is accepted practice and is compliant with the GHG protocol, as conducting a comprehensive scope 3 assessment is often prohibitively data and resource intensive. The implication, however, is that the total of these figures should not be interpreted as the complete scope 3 carbon footprint.

Social, ethics and transformation report (continued)

The group is committed to improving the direct impact of its business activities in the areas of fuel consumption, electricity and water consumption, material usage reduction, and recycling paper and packaging materials.

Values and ethics

The group's values are core to its business philosophy and guide the way the group conducts its business practices. A formalised policy details the group's code of ethical and acceptable conduct in line with the Principles of the United Nations Global Compact. This policy, together with the group's behavioural code and code of conduct, is made available to all employees.

In addition, the group has a written policy regarding the acceptance of gifts from current or prospective suppliers and participation in recreational events sponsored by these suppliers.

Suppliers and supplier contracts

The supplier code of conduct includes the Ten Principles of the United Nations Global Compact. This code of conduct is implemented with suppliers as the agreements are renewed.

Political party support and lobbying activities

The group supports the multi-party democratic process but does not make donations to any political parties in South Africa or elsewhere. The group does not provide corporate resources to political candidates or parties.

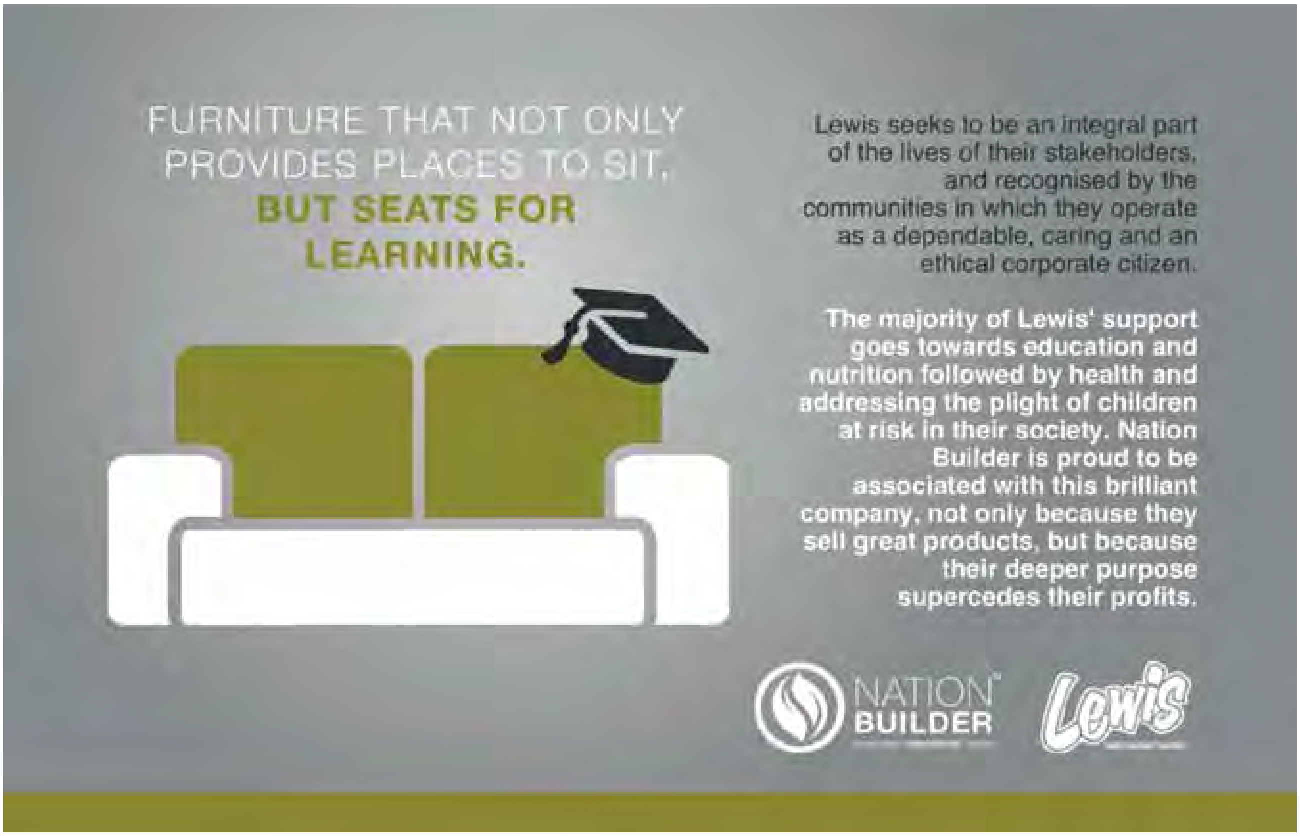
Engaging with stakeholders

Stakeholder engagement is central to the group's sustainability. Engagement aimed at establishing and maintaining mutually beneficial relationships not only limits risks to the business but creates opportunities to enhance revenue and performance, and ultimately ensures longer-term sustainability.

Lewis Group focuses primarily on stakeholders who have an interest in the business or who could influence the business in a positive or negative manner.

The group has identified the following primary stakeholders:

- **Customers** across the three trading brands
- **Shareholders** and the broader investment community
- **Employees** throughout the group
- **Suppliers** of merchandise and services
- **Communities** in which the group operates
- **Industry** regulators



Engaging with stakeholders (continued)

Stakeholder	Rationale for engaging	Means of engaging	Issues of engagement
Customers	• Customer loyalty and retention • Brand and product awareness • Sustainable revenue stream to generate returns to shareholders	• Customer contact in stores • Media advertising • In-store promotions • Market research	• High levels of customer retention • Improved credit offerings • Improved service levels
Shareholders and analysts	• Ensure access to capital by attracting investors • Provide relevant and timeous information • Balanced analysis of the company	• Interim and annual results presentations • Integrated annual report • Investor website • Shareholder meetings • SENS announcements • Brokers conferences • Meetings with local and international investors and analysts	• Strategy • Regulation • Trading environment • Performance • Credit management • Store expansion • Capital management • Prospects
Employees	• Attract and retain talent • Employee motivation • Increase productivity • Engender loyalty	• Regular communication through electronic media • Monthly in-store review meetings • Regular meetings with unions • Induction and training courses	• Highly trained and skilled staff • Performance-linked incentives and awards • Reduced staff turnover • Employment equity
Suppliers	• Securing reliable and sustainable supply of goods and services • Consistent quality of exclusive merchandise	• Regular supplier meetings • Factory visits • Supplier audits • Service level agreements	• Quality standards • Product availability • Product exclusivity • Pricing • Delivery lead times
Communities	• Responsible corporate citizen	• Community investment and upliftment through CSI programme and local support through stores	• Continued investment in CSI programme • Store and staff involvement in CSI projects
Regulatory bodies	• Legislative and regulatory compliance • Sound governance	• Statutory reporting • Regulatory submissions • Liaison with regulators • Membership of industry bodies and forums	• Insight into regulatory changes • Submissions to draft regulation • Compliance • Statutory reporting and returns

Abridged consolidated financial statements

Abridged consolidated financial statements

Introduction

The abridged consolidated financial statements on pages 83 to 95 are derived from the audited group annual financial statements for the year ended 31 March 2015. The group has applied the provisions of the Companies Act 71 of 2008, as amended, which allows for abridged financial statements to be published in the Integrated Report.

The abridged consolidated financial statements should be read in conjunction with the group's audited annual financial statements which are available at **www.lewisgroup.co.za**, or on request from the company secretary.

The audited group annual financial statements have been prepared under the supervision of the chief financial officer, Les Davies CA (SA).

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the abridged consolidated financial statements, comprising the abridged consolidated balance sheet as at 31 March 2015, and the abridged consolidated income statement, changes in equity and cash flows for the year then ended, and related notes in accordance with the requirements of Section 8.57 of the JSE Limited Listings requirements.

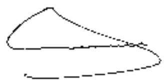
The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of group annual financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors believe that the group has adequate resources to continue in operation for the foreseeable future and the audited group annual financial statements have therefore been prepared on a going concern basis.

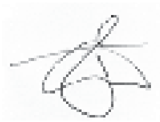
The auditors are responsible for reporting on whether the abridged consolidated financial statements, derived from the audited group annual financial statements, are consistent, in all material respects, with those audited group annual financial statements.

Approval of the abridged consolidated financial statements

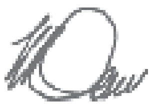
The audited group annual financial statements, including these abridged consolidated financial statements set out on pages 83 to 95, were approved by the board of directors of the Lewis Group and are signed on its behalf by:



David Nurek
Independent non-executive chairman



Johan Enslin
Chief executive officer



Les Davies
Chief financial officer

Audit committee report

The Audit Committee (the committee) has pleasure in submitting its report for the year ended 31 March 2015 in compliance with the Companies Act 71 of 2008, as amended.

Introduction

The committee has an independent role with accountability to the board. The committee operates in accordance with a documented charter and complies with all relevant legislation, regulation and governance codes. The committee's terms of reference are reviewed annually and approved by the board.

The committee's role and responsibilities includes its statutory duties and further responsibilities as assigned by the board. The committee executed its duties in terms of the requirements of King III.

The committee acts as the Audit Committee for all the subsidiaries in the Lewis Group except for Monarch Insurance Company Limited (Monarch) which has its own Audit and Risk Committee.

Objectives

The objectives of the committee are:

- To assist the board to discharge its duties relating to the safeguarding of assets, the operation of adequate systems and controls, overseeing integrated reporting, reviewing of financial information and the preparation of interim and annual financial statements in compliance with all applicable legal requirements and accounting standards.
- To facilitate and promote communication and liaison between the board of directors and the company's management in respect of the matters referred to above.
- To recommend the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the company.
- To perform their statutory functions under section 94 of the Companies Act.
- To advise on any matter referred to the committee by the board of directors.

Relationship with the Monarch Audit and Risk Committee

- Due to the integrated nature of the group's systems and processes, the Lewis Group Audit Committee has responsibility relating to:
  - Internal and external audit management
  - Maintenance of an effective internal control system
- In order for the Monarch Audit and Risk Committee to discharge its responsibilities under the Short-term Insurance Act, the Lewis Group Audit Committee refers any issues relating to these matters to the Monarch Audit and Risk Committee where such issues impact on Monarch.
- The duty and scope of the Monarch Audit and Risk Committee in monitoring the compliance with legal and regulatory requirements has been extended to include the Financial Advisory and Intermediary Services Act due to its interrelationship with the insurance activities of the group.
- The minutes of all Monarch Audit and Risk Committee meetings are submitted and reviewed by the Lewis Group Audit Committee.

Membership

The committee consists of three independent non-executive directors:
H Saven (chairman)
D Nurek
BJ van der Ross

Biographical details of the committee members are provided on pages 22 and 23 of the Integrated Report. Fees paid to the committee members are outlined in the table of directors' remuneration on page 55 of the remuneration report.

The chief executive officer, chief financial officer, certain of the other non-executive directors and representatives of the internal and external auditors attend the meetings as invitees.

The chairman of the committee also meets separately with the external and internal auditors, without members of executive management being present. The effectiveness of the committee is assessed as part of the annual board and committee self-evaluation process.

Audit committee report (continued)

Committee activities

The committee met four times during the year under review. Attendance of the members has been set out on page 64 of the corporate governance report.

The committee attended to the following material matters:

Financial statements

- reviewed the interim results and year-end financial statements, including the public announcements of the company's financial results, and made recommendations to the board for their approval. In the course of its review, the committee :
  - took appropriate steps to ensure that the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS);
  - considered the appropriateness of accounting policies and disclosures and material judgements applied.
  - completed a detailed review of the going concern assumption and confirmed that the going concern assumption was appropriate in the preparation of the financial statements.

Integrated report

The committee fulfils an oversight role regarding the company's integrated report and the reporting process.

- considered the company's integrated report and has assessed its consistency with operational, financial and other information known to the audit committee members, and for consistency with the group annual financial statements. The committee is satisfied that the integrated report is materially accurate, complete and reliable and consistent with the group annual financial statements.
- the committee has, at its meeting held on 25 May 2015, recommended the integrated report for the year ended 31 March 2015 for approval by the board of directors.

External auditors

- reviewed the independence of PricewaterhouseCoopers Inc., the company's external auditors, and the nominee for the appointment of the designated auditor, before recommending to the board that their re-election be proposed to shareholders (refer section on Independence of External Auditors);
- approved, in consultation with management, the audit fee and engagement terms for the external auditors for the 2015 financial year. The fees paid to the auditors are disclosed in note 22 to the group annual financial statements;
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services. It is the policy of the group that the auditor is restricted from rendering accounting, IT consulting services, company secretarial, internal audit and human resource services.
- reviewed and approved the external audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable; and
- reviewed the external audit reports and management's response, considered their effect on the financial statements and internal financial control.

The committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the group's annual financial statements, the internal financial controls and related matters.

Internal audit

- reviewed and approved the existing internal audit charter which ensures that the group's internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties;
- satisfied as to the credibility, independence and objectivity of the internal audit function.
- internal audit has direct access to the committee, primarily through the committee's chairman.
- reviewed and approved the annual internal audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable;
- reviewed the quarterly internal audit reports, covering the effectiveness of internal control, material fraud incidents and material non-compliance with group policies and procedures. The committee is advised of all internal control developments and advised of any material losses, with none being reported during the year;
- considering and reviewing with management and internal auditors any significant findings and management responses thereto in relation to

reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken.

- oversaw the co-operation between internal audit and external auditors, and the committee is satisfied that the company has optimised the assurance coverage obtained from management, internal and external assurance providers in accordance with an appropriate combined assurance model.
- assessed the performance and qualification of the internal audit function and found them to be satisfactory.

Internal financial control and compliance

- reviewed and approved the group's existing treasury policy and reviewed the quarterly treasury reports prepared by management;
- reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the group;
- reviewed the quarterly report on taxation;
- reviewed information technology reports; and
- considered and, where appropriate, made recommendations on internal financial control.

Internal audit has performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls. This written assessment by internal audit, as well as other information available to the committee, formed the basis for the committee's recommendation to the board, on the effectiveness of the system of internal controls to be included in the Integrated Report.

Governance of risk

The board has assigned oversight of the company's risk management function to the Risk committee. The minutes of the Risk committee are made available to the Audit committee to assist them in fulfilling its oversight role with respect to financial reporting risks arising from internal financial controls, fraud and information technology risks.

Evaluation of expertise and experience of the chief financial officer and finance function

- in terms of the JSE Listings Requirements, the committee satisfied itself as to the appropriateness of the expertise and experience of the group's chief financial officer.
- the committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Independence of external auditors

The committee is satisfied that PricewaterhouseCoopers Inc. are independent of the group. This assessment was made after considering the following:

- confirmation from the external auditors that they, or their immediate family, do not hold any significant direct or indirect financial interest or have any material business relationship with Lewis. The external auditors also confirmed that they have internal monitoring procedures to ensure their independence.
- The auditors do not, other than in their capacity as external auditors or rendering permitted non-audit services, receive any remuneration or other benefits from the group.
- The auditor's independence was not impaired by the non-audit work performed having regard to the quantum of audit fees relative to the total fee base and the nature of the non-audit work undertaken.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements.
- The criteria specified for independence by the Independent Regulatory Board for Auditors.
- The audit firm and the designated auditor is accredited with the JSE.

The committee confirms it has functioned in accordance with its terms of reference for the 2015 financial year.

Hilton Saven
Chairman
Audit Committee

25 May 2015

Directors' report

Nature of business

Lewis Group Limited is a holding company listed on the JSE Limited, operating through two main trading subsidiaries, Lewis Stores Proprietary Limited and Monarch Insurance Company Limited. Lewis Stores Proprietary Limited offers a selected range of furniture and appliances through 508 Lewis, 129 Best Home and Electric and 79 Beares/My Home stores. Sales are mainly on credit. Monarch Insurance Company Limited, a registered short-term insurer, underwrites customer protection insurance benefits to South African customers. In addition, there are also trading subsidiaries in Botswana, Lesotho, Namibia and Swaziland operating under the Lewis and Best Home and Electric brands.

With effect from 1 December 2014, Lewis Stores Proprietary Limited acquired the business of Beares from Ellerines Furnishers Proprietary Limited (in business rescue). The purchase price of R66.6 million was determined with reference to the value of inventory, trademark and fixed assets.

Review of financial results and activities

The financial results and affairs of the group are reflected in the abridged consolidated financial statements set out on pages 83 to 95.

Segmental analysis

Segmental information is set out in the segmental report on page 88 of the abridged consolidated financial statements.

Share capital

The company's authorised and issued share capital remained unchanged during the year.

Treasury shares

The group holds 9 216 928 (9.4%) of its own shares through its subsidiary, Lewis Stores Proprietary Limited (refer note 9.1 and 9.2 for more detail).

Dividends

The following dividends have been declared or proposed for the financial year ended 31 March 2015:

	Dividend per share	Date declared	Payment date
Interim – declared	215 cents	10 Nov 2014	26 Jan 2015
Final – proposed	302 cents	27 May 2015	20 July 2015
Total for the year	517 cents		

Notice is hereby given that a final gross cash dividend of 302 cents per share in respect of the year ended 31 March 2015 has been declared payable to holders of ordinary shares.

The number of shares in issue as of the date of declaration is 98 057 959.

The dividend has been declared out of income reserves and is subject to a dividend tax of 15%. The dividend for determining the dividend tax is 302 cents and the dividend tax payable is 45.3 cents for shareholders who are not exempt. The net dividend for shareholders who are not exempt will therefore be 256.7 cents. The dividend tax rate may be reduced where the shareholder is tax resident in a foreign jurisdiction which has a Double Tax Convention with South Africa and meets the requirements for a reduced rate.

The company's tax reference number is 9551/419/15/4.

The following dates are applicable to this declaration:

- Last date to trade "cum" dividend: Friday 10 July 2015
- Date trading commences "ex" dividend: Monday 13 July 2015
- Record date: Friday 17 July 2015
- Date of payment: Monday 20 July 2015

Share certificates may not be dematerialised or rematerialised between Monday 13 July 2015 and Friday 17 July 2015, both days inclusive.

Directors

The following directors resigned during the year:

- Z B M Bassa 15 August 2014
- M S P Marutlulle 30 June 2014

In terms of the Memorandum of Incorporation of the company the following directors will retire and have offered themselves for re-election:

- D M Nurek
- B J van der Ross
- J Enslin
- L A Davies

Company secretary

MG McConnell remained as company secretary throughout the year. The address of the company secretary is that of the registered office, on page 60 of the group annual financial statements.

Directors' interests

At 31 March 2015 the directors' beneficial direct and indirect interest in the company's issued shares were as follows:

	2015		2014	
Director	**Direct**	**Indirect**	Direct	Indirect
DM Nurek	–	20 000	–	20 000
H Saven	–	6 440	–	6 440
AJ Smart	319 070	–	319 070	–
J Enslin	106 239	28 912	45 000	45 951
LA Davies	242 157	22 944	188 490	36 905
Total	667 466	78 296	552 560	109 296

There have been no changes in the directors' interests between the end of the reporting period and the date of this report.

The following share awards have been made to directors:

- J Enslin 255 946
- LA Davies 196 579

Full details of the terms and conditions in relation to these share awards are set out in note 19.4 to the group annual financial statements.

During the course of the year, no director had a material interest in any contract of significance with the company or any of its subsidiaries that could have given rise to a conflict of interest.

No related party transaction in terms of the JSE Limited Listings Requirements took place between the group and its directors or their associates, other than remuneration for services rendered to the company as set out in note 19.5 to the group annual financial statements.

Subsidiary companies

Details of the company's subsidiaries are set out on page 57 of the group annual financial statements.

The company's interest in the aggregate profits and losses after taxation of the subsidiary companies is as follows:

	2015 Rm	2014 Rm
Profit	870.2	863.1
Losses	–	–

Borrowing powers

Borrowings were R1 574 million at 31 March 2015 (2014: R1 758 million). Borrowings are subject to the treasury policy adopted by the board of directors. In terms of the articles of association, the group has unlimited borrowing powers.

Independent auditors' report

Report of the independent auditor on the abridged consolidated financial statements to the shareholders of Lewis Group Limited

The abridged consolidated financial statements, which comprise the abridged consolidated balance sheet as at 31 March 2015, and the abridged consolidated income statement, changes in equity and cash flows for the year then ended, and related notes, as set out on page 83 to 95, are derived from the audited group annual financial statements of Lewis Group Limited for the year ended 31 March 2015. We expressed an unmodified audit opinion on those group annual financial statements in our report dated 27 May 2015.

The abridged consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the abridged consolidated financial statements, therefore, is not a substitute for reading the audited group annual financial statements of Lewis Group Limited and its subsidiaries.

Directors' responsibility for the abridged group financial statements

The company's directors are responsible for the preparation of an abridged version of the audited group annual financial statements in accordance with the requirements of Section 8.57 of the JSE Limited Listings Requirements.

Auditors' responsibility

Our responsibility is to express an opinion on the abridged consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the abridged consolidated financial statements derived from the audited group annual financial statements of Lewis Group Limited for the year ended 31 March 2015 are consistent, in all material respects with those group annual financial statements, in accordance with the requirements of Section 8.57 of the JSE Limited Listings Requirements.

The Other Matter paragraph in our audit report dated 27 May 2015 states that as part of our audit of the group annual financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the company secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited group annual financial statements. These reports are the responsibility of the respective preparers. The Other Matter paragraph states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited group annual financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The Other Matter paragraph does not have an effect on the abridged consolidated financial statements or our opinion thereon.

PricewaterhouseCoopers Inc.
Director: Z Abrahams
Registered Auditor
Cape Town

Date: 27 May 2015

Income statement
for the year ended 31 March 2015

	Notes	2015 Rm	2014 Rm
Revenue		5 703.3	5 281.7
Merchandise sales		2 591.5	2 409.1
Finance charges and initiation fees earned		1 326.4	1 208.9
Insurance revenue		981.4	975.5
Ancillary services		804.0	688.2
Cost of merchandise sales	3	(1 644.3)	(1 524.4)
Operating Costs		(2 918.8)	(2 603.3)
Employment costs	4	(880.8)	(818.9)
Administration and IT		(241.1)	(217.1)
Debtor costs	5	(858.1)	(702.4)
Marketing		(177.0)	(173.1)
Occupancy costs		(273.6)	(245.2)
Transport and travel		(215.8)	(192.6)
Depreciation		(63.8)	(58.5)
Other operating costs		(208.6)	(195.5)
Operating profit		1 140.2	1 154.0
Investment income		148.0	125.8
Profit before finance costs		1 288.2	1 279.8
Net finance costs		(119.7)	(102.7)
Interest paid		(135.1)	(116.8)
Interest received		12.2	6.5
Forward Exchange Contracts		3.2	7.6
Profit before taxation		1 168.5	1 177.1
Taxation	6	(329.1)	(334.9)
Net profit attributable to ordinary shareholders		839.4	842.2

Statement of comprehensive income
for the year ended 31 March 2015

	2015 Rm	2014 Rm
Net profit for the year	839.4	842.2
Movement in other reserves (recycled to income statement on disposal):	119.3	60.9
Fair value adjustment to available-for-sale investments	156.8	71.5
Disposal of available-for-sale investments	(40.6)	(23.9)
Foreign currency translation reserve	3.1	13.3
Retirement Benefit remeasurements	(10.4)	30.5
Other comprehensive income	108.9	91.4
Total comprehensive income for the year attributable to equity shareholders	948.3	933.6

Earnings and dividends per share

for the year ended 31 March 2015

		2015	2014
1.	**Weighted average number of shares**		
	Weighted average	88 840	88 762
	Diluted weighted average	89 585	89 614
2.	**Headline earnings (Rm)**		
	Attributable earnings	839.4	842.2
	Profit on disposal of assets and investments	(43.2)	(24.6)
	Gain on acquisition of Beares	(12.0)	–
	Headline earnings	784.2	817.6
3.	**Earnings per share (cents)**		
	Earnings per share	944.8	948.8
	Diluted earnings per share	937.0	939.8
4.	**Headline earnings per share (cents)**		
	Headline earnings per share	882.7	921.1
	Diluted headline earnings per share	875.4	912.4
5.	**Dividends per share (cents)**		
	Dividends paid per share		
	Final dividend 2014 (2013)	302.0	302.0
	Interim dividend 2015 (2014)	215.0	215.0
		517.0	517.0
	Dividends declared per share		
	Interim dividend 2015 (2014)	215.0	215.0
	Final dividend 2015 (2014)	302.0	302.0
		517.0	517.0

Balance sheet
as at 31 March 2015

	Notes	2015 Rm	2014 Rm
Assets			
Non-current assets			
Property, plant and equipment		352.9	327.3
Trademark		60.1	–
Deferred taxation		0.5	0.6
Retirement benefit asset		77.4	79.7
Insurance investments	7	1 715.6	1 415.0
		2 206.5	1 822.6
Current assets			
Inventories		420.3	324.6
Trade and other receivables	8	5 395.9	5 078.9
Insurance investments	7	127.0	283.7
Taxation		34.8	–
Cash on hand and deposits		222.3	480.1
		6 200.3	6 167.3
Total assets		8 406.8	7 989.9
Equity and liabilities			
Capital and reserves			
Share capital and premium		110.8	109.2
Other reserves		548.2	436.1
Retained earnings		5 165.0	4 796.5
		5 824.0	5 341.8
Non-current liabilities			
Long-term interest bearing borrowings		825.0	1 000.0
Deferred taxation		248.3	173.5
Retirement benefit liability		106.7	92.9
		1 180.0	1 266.4
Current liabilities			
Trade and other payables		283.8	227.9
Reinsurance and insurance liabilities		370.0	388.7
Taxation		–	7.1
Short-term interest-bearing borrowings		749.0	758.0
		1 402.8	1 381.7
Total equity and liabilities		8 406.8	7 989.9

Statement of changes in equity
for the year ended 31 March 2015

	Notes	2015 Rm	2014 Rm
Share capital and premium			
Opening balance		109.2	88.4
Cost of own shares acquired (treasury shares)		(26.5)	(10.7)
Share awards to employees		28.1	31.5
		110.8	109.2
Other reserves			
Opening balance		436.1	397.8
Other comprehensive income for the year		119.3	60.9
Share-based payment		19.7	27.0
Transfer to retained earnings		(26.9)	(49.6)
		548.2	436.1
Retained earnings			
Opening balance		4 796.5	4 361.1
Net profit attributable to ordinary shareholders		839.4	842.2
Distribution to shareholders		(459.3)	(459.3)
Share awards to employees		(28.1)	(28.1)
Transfer from other reserves		26.9	49.6
Profit on sale of own shares		–	0.5
Retirement benefit remeasurements		(10.4)	30.5
		5 165.0	4 796.5
Balance as at 31 March 2015		5 824.0	5 341.8

Cash flow statement

for the year ended 31 March 2015

	Notes	2015 Rm	2014 Rm
Cash flow from operating activities			
Cash flow from trading		1 376.1	1 360.2
Change in working capital		(514.0)	(429.3)
Cash generated from operations		862.1	930.9
Interest and dividends received		113.1	104.1
Interest paid		(131.9)	(109.2)
Taxation paid		(337.9)	(326.9)
		505.4	598.9
Cash flow from investing activities			
Net disposals of insurance investments		48.2	87.6
Purchase of insurance investments		(630.5)	(514.3)
Disposals of insurance investments		678.7	601.9
Acquisition of property, plant and equipment		(86.7)	(59.1)
Purchase of Beares business	9	(66.6)	–
Proceeds on disposal of property, plant and equipment		11.7	6.8
		(93.4)	35.3
Cash flow from financing activities			
Dividends paid		(459.3)	(459.3)
Decrease in long-term borrowings		(175.0)	(250.0)
(Decrease)/increase in short-term borrowings		(50.0)	650.0
Purchase of own shares		(26.5)	(10.7)
Proceeds on sale of own shares		–	3.9
		(710.8)	(66.1)
Net (decrease)/increase in cash and cash equivalents		(298.8)	568.1
Cash and cash equivalents at the beginning of the year		472.1	(96.0)
Cash and cash equivalents at the end of the year		173.3	472.1

	2015 Rm	2014 Rm
Analysis of borrowings and facilities		
Borrowings		
Long-term		
Banking facilities	525.0	700.0
Domestic Medium-Term Note Programme	300.0	300.0
Short-term		
Banking facilities	700.0	550.0
Domestic Medium-Term Note Programme	–	200.0
	1 525.0	1 750.0
Cash and cash equivalents		
Short-term facilities utilised	49.0	8.0
Cash on hand	(222.3)	(480.1)
	(173.3)	(472.1)
Net borrowings	1 351.7	1 277.9
Unutilised facilities		
Banking facilities	973.3	1 272.1
Domestic Medium-Term Note Programme	1 700.0	1 500.0
Banking facilities and Domestic Medium-Term Note Progamme	4 025.0	4 050.0

Segmental report
for the year ended 31 March 2015

Reportable Segment	Lewis Rm	Best Home and Electric Rm	(2)Beares/ My Home Rm	Group Rm
2015				
Segment income statement				
Total revenue to external customers				
Merchandise sales	2 102.2	347.6	141.7	2 591.5
Other revenue	2 586.3	454.0	71.5	3 111.8
	4 688.5	801.6	213.2	5 703.3
Cost of merchandise sales	(1 332.5)	(223.5)	(88.3)	(1 644.3)
Operating costs	(2 390.6)	(409.0)	(119.2)	(2 918.8)
Segment operating profit	965.4	169.1	5.7	1 140.2
Segment operating margin	20.6%	21.1%	2.7%	20.0%
Segment assets(1)	4 719.5	760.3	225.3	5 705.1
Capital expenditure	67.7	5.0	23.7	96.4
Depreciation	54.5	5.4	2.9	62.8
2014				
Segment income statement				
Total revenue to external customers				
Merchandise sales	2 004.5	336.5	68.1	2 409.1
Other revenue	2 395.5	419.1	58.0	2 872.6
	4 400.0	755.6	126.1	5 281.7
Cost of merchandise sales	(1 265.4)	(217.8)	(41.2)	(1 524.4)
Operating costs	(2 171.8)	(361.9)	(69.6)	(2 603.3)
Segment operating profit	962.8	175.9	15.3	1 154.0
Segment operating margin	21.9%	23.3%	12.1%	21.8%
Segment assets(1)	4 421.1	715.3	128.8	5 265.2
Capital expenditure	55.8	2.8	0.5	59.1
Depreciation	52.0	5.5	1.0	58.5

(1) Segment assets include net instalment sale and loan receivables of R 5 284.8 million (2014: R4 940.6 million) and inventory of R420.3 million (2014: R324.6 million).

(2) The Beares/My Home segment consists of the My Home brand for the full year and Beares from the effective date of acquisition of 1 December 2014.

Geographical	South Africa Rm	BLNS(*) Rm	Total Rm
2015			
Revenue	4 931.5	771.8	5 703.3
Fixed assets	337.3	15.6	352.9
2014			
Revenue	4 552.4	729.3	5 281.7
Fixed assets	310.5	16.8	327.3

(*) Botswana, Lesotho, Namibia and Swaziland

Notes to the annual financial statements for the year ended 31 March 2015

1. Basis of Reporting

These summary financial statements are prepared in accordance with the requirements of the JSE Limited (JSE) for summary financial statements, and the requirements of the Companies Act applicable to summary financial statements. The JSE requires summary financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides and Circulars as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The group's annual financial statements and these abridged financial statements have been audited by the group's external auditors, PricewaterhouseCoopers Inc. and their unqualified opinion on both such financial statements are available for inspection at the company's registered office.

The accounting policies applied in the preparation of the consolidated financial statements from which the summary financial statements were derived are in terms of International Financial Reporting Standards and are consistent with those accounting policies applied in the consolidated annual financial statements for the year ended 31 March 2015 except for the additional policy included as a result of the purchase of the Beares business:

1.1 Trademarks:

Trademarks acquired in a business acquisition are recognised at fair value at the acquisition date. Trademarks are amortised over their useful life using the straight-line method.

The Beares trademark acquired is reflected at fair value and will be amortised over its useful life of 20 years.

Changes to accounting policies and disclosures arising from the adoption of new standards, amendments and interpretations to standards effective for the current year are disclosed in note 2.

2. Other standards, interpretations, revisions and amendments effective for the current year

The following revisions and amendments to standards and interpretations have become effective for the current financial reporting year, but have had no material impact on the group's results and financial position:

IFRS 2: Share Based Payment
IFRS 3: Business Combinations

Notes to the annual financial statements for the year ended 31 March 2015 (continued)

		2015 Rm	2014 Rm
3.	**Cost of merchandise sales**		
	Purchases	1 740.0	1 543.2
	Movement in inventory	(95.7)	(18.8)
	Cost of merchandise sales	1 644.3	1 524.4
	Merchandise gross profit	947.2	884.7
	Gross profit %	36.6%	36.7%
4.	**Employment costs**		
	Salaries, wages, commissions and bonuses	800.0	734.3
	Retirement benefit costs	53.4	53.1
	Share based payments	19.7	27.0
	Other employment costs	7.7	4.5
		880.8	818.9
5.	**Debtor costs**		
	Bad debts, repossession losses and bad debt recoveries	693.3	570.1
	Movement in impairment provision	164.8	132.3
		858.1	702.4
	Debtor cost as a % of net debtors	13.0%	11.6%
6.	**Taxation**		
6.1	**Taxation charge**		
	Normal taxation	296.0	334.0
	Deferred taxation	33.1	0.9
	Taxation per income statement	329.1	334.9
6.2	**Tax rate reconciliation**		
	Profit before taxation	1 168.5	1 177.1
	Taxation calculated at a tax rate of 28% (2014: 28%)	327.2	329.6
	Differing tax rates in foreign countries	6.5	5.0
	Disallowances and exemptions	(5.8)	7.2
	Prior years	1.2	(6.9)
	Taxation per income statement	329.1	334.9
	Effective tax rate	28.2%	28.5%

	2015 Rm	2014 Rm
7. Insurance investments – available for sale		
Listed		
Listed shares	846.5	701.9
Fixed income securities	869.1	713.1
Unlisted		
Money market	127.0	283.7
	1 842.6	1 698.7
Analysed as follows:		
Non-current	1 715.6	1 415.0
Current	127.0	283.7
	1 842.6	1 698.7

Investments are classified as available-for-sale and are reflected at fair value. Changes in fair value are reflected in the statement of comprehensive income.

In terms of the fair value hierarchy set out in IFRS 13, listed and unlisted investments are categorised as Level 1 and Level 2 respectively.

	2015 Rm	2014 Rm
8. Trade and other receivables		
Instalment sale and loan receivables	7 763.1	7 314.4
Provision for unearned maintenance income	(215.9)	(211.0)
Provision for unearned finance charges and unearned initiation fees	(241.5)	(230.6)
Provision for unearned insurance premiums	(726.6)	(802.7)
Net instalment sale and loan receivables	6 579.1	6 070.1
Provision for impairment	(1 294.3)	(1 129.5)
	5 284.8	4 940.6
Other receivables	111.1	138.3
	5 395.9	5 078.9

Amounts due from instalment sale and loan receivables after one year are reflected as current, as they form part of the normal operating cycle. The credit terms of instalment sale and loan receivables range from 6 to 36 months.

The average effective interest rate on instalment sale and loan receivables is 21.7% (2014: 21.1%) and the average term of the sale is 32.3 months (2014: 32.5 months).

As there is no observable market for instalment sale and loan receivables of the nature that the group holds, fair value is not readily available and consequently a valuation could be misleading. The carrying value of trade and other receivables approximates their fair values.

Notes to the annual financial statements for the year ended 31 March 2015 (continued)

8.1 Receivables analysis

The company assesses each customer individually on a monthly basis and categorises customers into 13 payment categories. This assessment is integral to the calculation of the debtors' impairment provision and incorporates both payment behaviour and the age of the account. The 13 payment categories have been summarised into four main groupings of customers.

An analysis of the debtors book based on the payment ratings is set out below.

		No. of Customers			Distribution of Impairment Provision	
		2015	2014		**2015**	2014
Satisfactory paid:						
Customers who have paid 70% or more of amounts due over the contract period. The provision in this category results from an *in duplum* provision.	No. %	**473 901** **68.7%**	463 048 68.3%	Rm %	**21.1** **1.6%**	22.9 2.0%
Slow payers:						
Customers who have paid 65% to 70% of amounts due over the contract period. The provision in this category ranges from 12% to 74% of debtors and includes an *in duplum* provision (2014: 12% to 79%).	No. %	**56 347** **8.2%**	56 876 8.4%	Rm %	**140.4** **10.9%**	121.3 10.8%
Non-performing customers						
Customers who have paid 55% to 65% of amounts due over the period of the contract. The provision in this category ranges from 23% to 87% of debtors (2014: 23% to 90%).	No. %	**52 433** **7.6%**	51 640 7.6%	Rm %	**199.6** **15.4%**	180.0 15.9%
Non-performing customers						
Customers who have paid 55% or less of amounts due over the contract period. The provision in this category ranges from 32% to 100% of debtors (2014: 33% to 100%).	No. %	**107 167** **15.5%**	106 545 15.7%	Rm %	**933.2** **72.1%**	805.3 71.3%
Total	No.	**689 848**	678 109	Rm	**1294.3**	1129.5
Debtors impairment provision as a % of net debtors					**19.7%**	18.6%

	2015 Rm	2014 Rm
9. Purchase of Beares business		
Trademarks at fair value	(61.1)	
Property, plant and equipment	(9.7)	
Inventory	(33.6)	
Accounts Payable	8.7	
Deferred tax	17.1	
Gain on acquisition of Beares	12.0	
Total consideration	(66.6)	

The wholly owned subsidairy of the group, Lewis Stores Proprietary Limited acquired the Beares business effective from 1 December 2014 from Ellerines Furnishers Proprietary Limited (in business rescue).

The business consisted of the acquisition of 61 stores, the Beares brand, inventory and fixed assets.

The purchase consideration was paid by cash and the assumption of liabilities.

Shareholders' information

Shareholders spread as at 31 March 2015:

	Number of shareholders		Number of shares	
	Total	%	Total	%
1 – 1 000 shares	1 948	63.52	794 018	0.81
1 001 – 10 000 shares	791	25.79	2 665 692	2.72
10 001 – 100 000 shares	224	7.30	7 487 734	7.64
100 001 – 1 000 000 shares	89	2.90	29 076 084	29.65
1 000 001 shares and over	15	0.49	58 034 431	59.18
Total	3 067	100.00	98 057 959	100.00

Distribution of shareholders as at 31 March 2015:

	Number of shareholders		Number of shares	
	Total	%	Total	%
Public:	3 058	99.71	88 023 669	89.77
Unit Trusts/Mutual Funds			44 176 388	45.06
Pension Funds			21 826 731	22.26
Other managed funds			10 545 564	10.75
Other			11 474 986	11.70
Non-public:	9	0.29	10 034 290	10.23
Lewis Stores Proprietary Limited	1	0.03	9 216 928	9.40
Directors:				
Lewis Group Limited	5	0.16	745 762	0.76
Lewis Stores Proprietary Limited	3	0.10	71 600	0.07
	3067	100.00	98 057 959	100.00

Major shareholdings as at 31 March 2015:

According to the company's register of disclosures of beneficial interests made by registered shareholders acting in a nominee capacity, and the disclosures made by fund managers in terms of section 56 of the Companies Act of 2008, the following entities owned in excess of 3% of the company's shares as at 31 March 2015:

Beneficial shareholders:	
Government Employees Pension Fund	10.50
Lewis Stores Proprietary Limited	9.40
Trimark Global Endeavour Fund	7.31
Trimark Global Balanced Fund	3.16
By fund manager:	
Invesco Limited	10.59
Public Investment Corporation	8.38
FMR LLC	5.89
Dimensional Fund Advisors	5.34
Stonehage Trust Holdings (Jersey)	5.16
LSV Asset Management	3.80
Oceana Investment Partners	3.11
Geographical analysis of shareholders:	
Beneficial shareholders:	
South Africa	44.40
North America	35.95
Europe	11.06
United Kingdom	5.39
Rest of World	3.20
	100.00
By fund manager:	
South Africa	41.56
North America	35.33
Europe	10.49
United Kingdom	7.49
Rest of World	5.13
	100.00

Domestic medium-term note programme:

Under this programme, the following note has been issued:

– 3 year floating note maturing on 31 October 2016

In accordance with section 56(7) of the Companies Act, disclosure of beneficial holdings in excess of 5% of each class of note issued is set out below:

3 year floating rate note:

Nedcor Capital Treasury	50.00
Sanlam Life Insurance Limited	21.00
PT Conservative Managed Fund	13.33
Santam Limited	6.00

Shareholder calendar

Financial year-end	31 March 2015
Final profit announcement	27 May 2015
Final dividend declared	27 May 2015
Annual report	30 June 2015
Last day to trade "cum" dividend	10 July 2015
Date trading commences "ex" dividend	13 July 2015
Record date	17 July 2015
Date of dividend payment	20 July 2015
Record date for voting at the annual general meeting	31 July 2015
Annual general meeting	14 August 2015
Interim profit announcement	9 November 2015

Notice of annual general meeting

Notice of annual general meeting

Lewis Group Limited

(Incorporated in the Republic of South Africa)
(Registration number: 2004/009817/06)
JSE Share Codes:
LEW ISIN: ZAE000058236
LEW01 ISIN: ZAG000110222
("Lewis Group" or "the Company")

Notice is hereby given that the eleventh annual general meeting of shareholders ("AGM") of Lewis Group Limited for the year ended 31 March 2015 will be held at Lewis Group head office, 53A Victoria Road, Woodstock, Cape Town at 08:30 on Friday, 14 August 2015. **Registration will start at 08:00.**

The board of directors of the Company determined that the record date for the purpose of determining which shareholders of the Company are entitled to participate in and vote at the AGM is 31 July 2015. The board of directors ("the board") has determined that the record date by when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive the notice of AGM is 12 June 2015.

The purpose of the AGM is for the following business to be transacted, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's Memorandum of Incorporation ("MOI"), the Companies Act No. 71 of 2008, as amended ("the Companies Act"), as read with the Listings Requirements of the exchange operated by JSE Limited ("the JSE") ("the JSE Listings Requirements"):

1. **Presentation of Directors' Report**

2. **Presentation of Audit Committee Report**

3. **Presentation of Social, Ethics and Transformation Committee Report**

4. **Ordinary resolution number 1**

   Adoption of annual financial statements

   Explanatory Note

   The purpose of this ordinary resolution is to adopt the annual financial statements of the Company and its subsidiaries. A summary of such annual financial statements is set out on pages 83 to 95 of the document of which this notice of AGM forms part (the integrated annual report). This summary is not exhaustive and the complete annual financial statements of the Company and its subsidiaries should be read in their entirety for a full appreciation of their contents. The complete annual financial statements of the Company and its subsidiaries are available for inspection at the Company's registered office, and an electronic copy is available on the Company's website (www.lewisgroup.co.za). Alternatively, shareholders can request that a complete copy of the annual financial statements of the Company and its subsidiaries be posted or e-mailed to them by contacting Diane Rafferty on diane.rafferty@lewisgroup.co.za.

   "Resolved that the audited annual financial statements of the Company and its subsidiaries for the year ended 31 March 2015 accompanying this notice be accepted and adopted."

5. **Ordinary resolution number 2**

   Election of directors

   Explanatory Note

   In terms of the Company MOI, at each AGM, one third of the longest-serving non-executive directors of the Company must retire. In addition, any non-executive director who has held office for three years since his/her last election must retire at the AGM. The non-executive directors who are due to retire by rotation at this AGM are Mr DM Nurek and Mr B van der Ross.

In addition, all executive directors who have held office for three years since their last election must retire at the AGM in terms of the Company's MOI. Mr J Enslin and Mr LA Davies are due to retire at the AGM.

The purpose of these ordinary resolutions is to propose the re-election of each director who retires in terms of the Company's Memorandum of Incorporation, being Mr. DM Nurek, Mr B van der Ross, Mr J Enslin and Mr LA Davies. The election will be conducted by a series of separate votes in respect of each candidate.

Each of these directors offers himself/herself for re-election.

Brief CV's of the directors are on pages 22 to 23 of the document of which this notice of AGM forms part.

Election of Mr DM Nurek as director

2.1 "Resolved that Mr DM Nurek be and is hereby elected as a non-executive director of the Company."

Election of Mr BJ van der Ross as director

2.2 "Resolved that Mr BJ van der Ross be and is hereby elected as a non-executive director of the Company."

Election of Mr J Enslin as director

2.3 "Resolved that Mr J Enslin be and is hereby elected as an executive director of the Company for a period of three years in accordance with the terms of the Company's MOI."

Election of Mr LA Davies as director

2.4 "Resolved that Mr LA Davies be and is hereby elected as an executive director of the Company for a period of three years in accordance with the terms of the Company's MOI."

6. Ordinary resolution number 3

Election of members of the audit committee

Explanatory Note

In terms of the Companies Act, at each annual general meeting an audit committee comprising at least three members must be elected. It is proposed that the following current members of the audit committee be re-elected for the ensuing year. The election of each member of the audit committee will be voted on separately.

Brief CV's of the members are on pages 22 to 23 of the document of which this notice of AGM forms part.

Election of Mr DM Nurek as member of the audit committee

3.1 "Resolved that Mr DM Nurek be and is hereby elected as a member of the audit committee, subject to his election as a non-executive director in terms of ordinary resolution number 2.1."

Election of Mr H Saven as member of the audit committee

3.2 "Resolved that Mr H. Saven be and is hereby elected as a member of the audit committee. "

Election of Mr BJ van der Ross as member of the audit committee

3.3 "Resolved that Mr BJ van der Ross be and is hereby elected as a member of the audit committee, subject to his election as a non-executive director in terms of ordinary resolution number 2.2."

Notice of annual general meeting (continued)

7. **Ordinary resolution number 4**

   Approval of reappointment of auditors

   Explanatory Note

   In terms of the Companies Act, the Company must each year at its AGM appoint an external auditor. The Company's current external auditor is PricewaterhouseCoopers Inc, which has indicated that Mr Zuhdi Abrahams who is a director of the firm, a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements will undertake the audit. The Company's Audit Committee has recommended that the firm, PricewaterhouseCoopers Inc, and the designated auditor, Mr Zuhdi Abrahams, be reappointed for the ensuing period.

   "Resolved that the firm PricewaterhouseCoopers Inc and Zuhdi Abrahams as the designated auditor be re-appointed for the ensuing year."

8. **Non-Binding advisory vote**

   Approval of the Company's remuneration policy

   Explanatory Note

   In terms of principle 2.27 of the King Report on Corporate Governance in South Africa, 2009, the Company's remuneration policy should be tabled to shareholders for a non-binding advisory vote at the AGM. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Accordingly, the shareholders are requested to endorse the Company's remuneration policy on pages 48 to 55 in the remuneration report, by way of a non-binding advisory vote.

   "Resolved that the company's remuneration policy accompanying this notice be accepted and approved."

9. **Special resolution number 1**

   Approval of directors' fees

   Explanatory Note

   In terms of section 66(8) of the Companies Act, the Company may pay remuneration to its directors for their service as directors. Section 66(9) requires the remuneration to be paid in accordance with a special resolution approved by shareholders within the previous two years.

   The effect of the adoption of this special resolution number 1 will be that the directors will be entitled to be paid the fees listed below in respect of the period from 1 July 2015 until 30 June 2016, such fees to be paid in instalments at the end of each quarter. The proposed fees include an annual increase of approximately 5.0%.

   "Resolved that the fees of the directors as reflected below be approved for the period from 1 July 2015 until 30 June 2016:

Chairman	R515 000
Non-executive director	R246 000

If a member of the Audit Committee the following additional amount:

Chairman	R252 000
Member	R108 000

If a member of the Risk Committee the following additional amount:

Chairman	R120 000

Member	R 76 000

If a member of the Remuneration Committee the following additional amount:

Chairman	R120 000
Member	R 60 000

If a member of the Nomination Committee the following additional amount:

Chairman	R 80 000
Member	R 35 000

If a member of the Social, Ethics and Transformation Committee the following additional amount:

Chairman	R120 000
Member	R 60 000

Invitation Fee:

All non-executive directors who attend the committee meetings by invitation at the request of the board shall be eligible to receive the same fee as if they were a member of the committee."

10. Special resolution number 2

Shareholders' authorisation of the continued issuance of Notes under the Company's Domestic Medium Term Notes Programme

Explanatory Note

By special resolution passed on 16 August 2013, shareholders of the Company authorised the establishment of Company's domestic medium term notes programme ("DMTN Programme") and authorised the board to issue tranches of notes ("Notes") thereunder from time to time provided that the maximum nominal amount of Notes outstanding from time to time is ZAR2 billion. The reason for this special resolution number 2 is to authorise the board to continue to issue further Notes under the DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme.

"Resolved that board is hereby authorized to continue to issue Notes under the Company's DMTN Programme from time to time in accordance with and subject to the terms and conditions of the DMTN Programme."

11. Special resolution number 3

Shareholders' general authorisation of financial assistance

Explanatory Note

The reason for this special resolution number 3 is to provide general authority, in terms of sections 44(3)(ii) and 45(3)(a)(ii) of the Companies Act, for the Company to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations including pursuant to the Company's DMTN Programme.

Sections 44 and 45 of the Companies Act provide, *inter alia*, that any financial assistance to related or inter-related companies and corporations, including, *inter alia*, to subsidiaries of the Company, must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category, and the board of directors must be satisfied that;

– immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act;

- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- any conditions or restrictions in respect of the granting of financial assistance set out in the Company's MOI have been satisfied.

When the need arises, the Company provides loans to and/or guarantees loans or other obligations of its subsidiaries. The Company requires the ability to continue providing financial assistance, when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company, in accordance with sections 44 and 45 of the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

The passing of this special resolution will have the effect of allowing the directors of the Company to authorise the Company to provide direct or indirect financial assistance to the Company's subsidiaries and other related and inter-related companies and corporations to allow such companies or corporations to have access to financing and/or financial backing from the Company.

"Resolved that the board of directors of the Company may, subject to compliance with the requirements of the Company's MOI and the Companies Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company for any purpose or in connection with any matter. The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 (two) years after such date."

12. Special resolution number 4

General authority to repurchase shares

Explanatory note

The reason for special resolution number 4 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Companies Act and the JSE Listings Requirements to acquire no more than 3% of the Company's ordinary shares in aggregate, subject to the terms and conditions set out in the resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

"Resolved that the Company hereby approves, as a general approval contemplated in sections 46 and 48 of the Companies Act (including but not limited to section 48(8)(a) of the Companies Act), the acquisition by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements as presently constituted and which may be amended from time to time, and provided further that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 3% (three per cent) of the Company's issued ordinary share capital of the class of the repurchased shares from the date of the grant of this general authority;
- any such repurchase shall be implemented through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;

- authorisation thereto being given by the MOI;
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- an announcement will be published as soon as the Company and/or its subsidiaries has/have acquired ordinary shares in terms of this authority constituting, on a cumulative basis, 3% (three per cent) of the initial number of ordinary shares in issue at the time that this authority is granted by the shareholders, and for each 3% (three per cent) in aggregate of the initial number of shares repurchased thereafter, containing full details of such repurchases as required in terms of the JSE Listings Requirements;
- in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% (ten per cent) of the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected;
- the Company and/or its subsidiaries do not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and such programme has been submitted to the JSE in writing. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- the repurchase shall only be effected if the board of directors has at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Companies Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries; and
- the Company only appoints one agent at any point in time to effect repurchases on its behalf."

Director's statement:

The board of directors has no specific intention, at present, for the Company to repurchase any of its shares, but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which the board deems to be in the best interests of the Company and its shareholders, taking prevailing market conditions and other factors into account.

Pursuant to and in terms of the JSE Listings Requirements, the board of directors of the Company hereby confirms that, after considering the effect of a repurchase of ordinary shares in terms of the aforegoing general authority (being 3% (three per cent) of the Company's issued ordinary share capital of the class of the repurchased shares in any financial year from the date of the grant of this general authority), the directors are of the opinion that the following conditions have been and will be met:

- the Company and the group will be able in the ordinary course of business to pay their debts for a period of 12 (twelve) months after the date of this notice of the AGM;
- the assets of the Company and group are to be in excess of the liabilities of the Company and group for a period of 12 (twelve) months after the date of this notice of AGM (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2015);
- the share capital and reserves of the Company and group will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the AGM;

- the working capital of the Company and the group are adequate for ordinary business purposes for a period of 12 (twelve) months after the date of this notice of the AGM; and
- a resolution being passed by the board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the group.

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

Major beneficial shareholders – page 95 of the document of which this notice of AGM forms part.

Share capital of the Company – page 27 of the annual financial statements.

Directors' responsibility statement

The directors, whose names appear in the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution 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 the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the group since the date of signature of the audit report and up to the date of this notice.

14. Ordinary resolution number 5

Directors' authority to implement Company resolutions

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

15. To transact such other business that may be transacted at an annual general meeting.

General instructions and information

1. Unless otherwise specifically provided in this notice of AGM, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus 1 vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.
2. In accordance with section 63(1) of the Companies Act, participants at the AGM will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly provide a copy of their identity document, passport or drivers' licence at the AGM for verification.
3. The Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication. Should you wish to participate in the AGM by way of electronic communication, you are required to give notice of such proposed participation to the Company at its registered office by no later than 12h00 on 31 July 2015. Such notice must be accompanied by the following:
   a. if the shareholder is an individual, a certified copy of his identity document and/or passport;

b. if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the AGM and a certified copy of the authorised representative's identity document and/or passport;

c. a valid e-mail address and/or facsimile number for the purpose of receiving notice of the manner in which the electronic participation will be conducted.

If you provide the Company with the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify you of the relevant details of the electronic communication through which you can participate in the AGM.

4. All shareholders are encouraged to attend, speak and vote at the AGM and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company.

5. On a show of hands, every shareholder of the Company present in person or represented shall have one vote only. On a poll, every shareholder present in person, by proxy or represented shall have one vote for each share held.

6. If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own name dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name in the Company sub-register) then:

   - you may attend and vote at the AGM; alternatively
   - you may appoint a proxy to represent you at the AGM by completing the attached form of proxy and, for administrative reasons, returning it to the Company's transfer secretary (Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2017)) or lodging it at the registered office of the Company by no later than **48 hours** prior to the time appointed for the holding of the meeting; and/or
   - you may participate in the AGM by way of electronic participation in accordance with paragraph 3 above.

7. Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's electronic settlement system, Share Transactions Totally Electronic ("STRATE")) held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder" then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker as the case may be:

   - if you wish to participate in the AGM (either by being physically present at the meeting or by way of electronic participation in accordance with paragraph 3 above) you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
   - if you are unable to attend the AGM but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the AGM and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

- CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the AGM (either by being physically present at the meeting or by way of electronic participation in accordance with paragraph 3 above) or by completing the attached form of proxy in accordance with the instructions thereon and for administrative purposes, returning it to the Company's Transfer Secretary (Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2017)) or lodging it at the registered office of the Company, for administrative reasons, not less than 48 hours prior to the time appointed for the holding of the meeting.

8. Shareholders of the Company that are companies, that wish to participate in the AGM, may authorise any person to act as its representative at the AGM.

By order of the Board

MG McCONNELL

Company secretary

25 May 2015

Proxy Form

Lewis Group Limited

(Incorporated in the Republic of South Africa)

(Registration Number: 2004/009817/06)

JSE Share Codes:

LEW ISIN: ZAE000058236

LEW01 ISIN: ZAG000110222

("Lewis Group" or "the Company")

For use at the annual general meeting of the Company to be held at Lewis Group Head Office, 53A Victoria Road, Woodstock, on Friday, 14 August 2015 at 08:30 ("the annual general meeting").

Not to be used by beneficial holders of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as an "own name" dematerialised shareholder ("own name dematerialised shareholder"). Generally, you will not be an own name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

Only for use by certificated, own name dematerialised shareholders and CSDP's or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

I/We (block letters), ____________________

Of (address) ____________________

Telephone: (Work) ____________________ Telephone: (Home) ____________________

Being the holder/s of ____________________ ordinary shares in the Company, hereby appoint (see instruction overleaf)

1. ____________________ or failing him/her
2. ____________________ or failing him/her
3. The chairperson of the annual general meeting,

as my/our proxy to attend, speak and vote (or abstain from voting) and act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering and if deemed fit passing, with or without modification, the resolutions to be proposed thereat and at any adjournment or postponement thereof and to vote for or against such resolutions or to abstain from voting in respect of the shares in the issued capital of the Company registered in my/our name/s in accordance with the following instructions (see instruction overleaf).

	Insert an "X"		
	In favour of	Against	Abstain
Ordinary resolution 1 Adoption of annual financial statements			
Ordinary resolution 2.1 Election of Mr DM Nurek as a non-executive director			
Ordinary resolution 2.2 Election of Mr BJ van der Ross as a non-executive director			
Ordinary resolution 2.3 Election of Mr J Enslin as an executive director			
Ordinary resolution 2.4 Election of Mr LA Davies as an executive director			
Ordinary resolution 3.1 Election of Mr DM Nurek as a member of the audit committee			
Ordinary resolution 3.2 Election of Mr H Saven as a member of the audit committee			
Ordinary resolution 3.3 Election of Mr BJ van der Ross as a member of the audit committee			
Ordinary resolution number 4 Approval of reappointment of auditors			
Non-Binding advisory vote Approval of the Company's remuneration policy			
Special resolution number 1 Approval of directors' fees			
Special resolution number 2 Shareholders' authorisation of continued issuance of Notes under the Company's Domestic Medium Term Notes Programme			
Special resolution number 3 General authorisation of financial assistance			
Special resolution number 4 General authority to repurchase shares			
Ordinary resolution number 5 Directors' authority to implement Company resolutions			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you desire to vote (instruction overleaf).

Signed at ____________________ on ____________________ 2015

Signature/s ____________________

(Authority of signatory to be attached of applicable-see instruction overleaf)

Assisted by ____________________

(where applicable)

Telephone number: ____________________

Please read the notes on reverse side.

Instructions on signing and lodging the proxy form:

1. A certificated or own-name dematerialised shareholder or CSDP or broker registered in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as a proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all of 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 by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Proxy forms should be forwarded to reach the Company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2017), or lodged with the company secretary to be received, for administrative reasons, by no later than 10:00 on Wednesday, 12 August 2015.
5. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting. CSDPs or brokers registered in the Company's sub-register voting on instructions from owners of shares registered in the Company's sub-sub-register, are requested that they identify the owner in the sub-sub-register on whose behalf they are voting and return a copy of the instruction from such owner to the company's secretary together with this form of proxy.
6. In the case of joint holder, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the register of shareholders in respect of the joint holding.
7. The completion and lodging of this proxy form shall not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such member wish to do so.
8. The completion of any blank spaces overleaf need to be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
9. The chairman of the annual general meeting may in his absolute discretion reject or accept any proxy form which is completed other than in accordance with these notes.
10. If required, additional forms of proxy are available from the secretary of the Company.
11. Shareholders which are a company or body corporate may by resolution of their directors, or other properly authorised body, authorise any person to act as their representative. The representative will be counted in the quorum and will be entitled to vote on a show of hands or on a poll.
12. The shareholder's proxy may delegate his/her authority to act on the shareholder's behalf to another person, subject to any restriction set out in the proxy form.
13. The appointment of the proxy or proxies will be suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any of the shareholder's rights as a shareholder at the annual general meeting.
14. The appointment of a proxy is revocable unless the shareholder expressly states otherwise in the proxy form.
15. As the appointment of the shareholder's proxy is revocable, the shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. Please note the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on the shareholder's behalf as of the later of (i) the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the Company and the proxy as aforesaid.
16. If the proxy form has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act to be delivered by the Company to the shareholder will be delivered by the Company to the shareholder or the shareholder's proxy or proxies, if the shareholder has directed the Company to do so, in writing and paid any reasonable fee charged by the Company for doing so.
17. The shareholder's proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder at the annual general meeting, but only as directed by the shareholder on the proxy form.
18. The appointment of the shareholder's proxy remains valid only until the end of the annual general meeting or any adjournment or postponement thereof or for a period of one year, whichever is shortest, unless it is revoked by the shareholder before then on the basis set out above.

CORPORATE INFORMATION

Lewis Group Limited
Incorporated in the Republic of South Africa

Registration number	2004/009817/06
Share code	LEW
ISIN	ZAE 000058236
Bond Code	LEW01
Bond ISIN No	ZAG000110222
Registered office	53A Victoria Road, Woodstock, 7925
Postal address	PO Box 43, Woodstock, 7915
Sponsor	UBS South Africa (Pty) Ltd
Attorneys	Edward Nathan Sonnenbergs
Auditors	PricewaterhouseCoopers
Bankers	ABSA Bank Limited First National Bank Limited Investec Bank Limited
Transfer secretaries	Computershare Investor Services Pty Ltd (Transfer Secretaries) PO Box 61051 Marshalltown, 2017
Investor relations consultants	Tier 1 Investor Relations Tel: +27 (0)21 702 3102 E-mail: ir@tier1ir.co.za
Website	www.lewisgroup.co.za