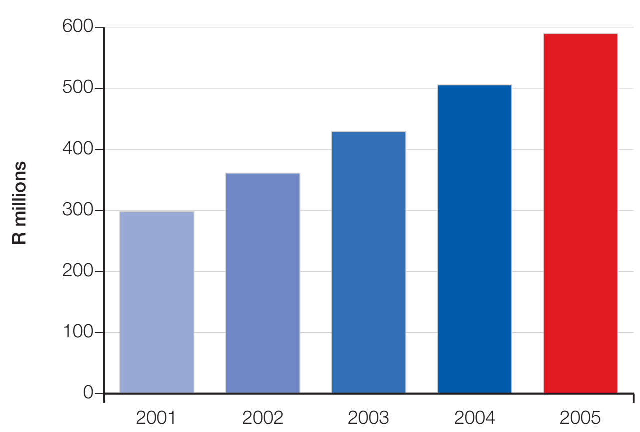
LEWIS GROUP FINAL AUDITED RESULTS

FOR THE 12 MONTHS ENDED 31 MARCH 2005

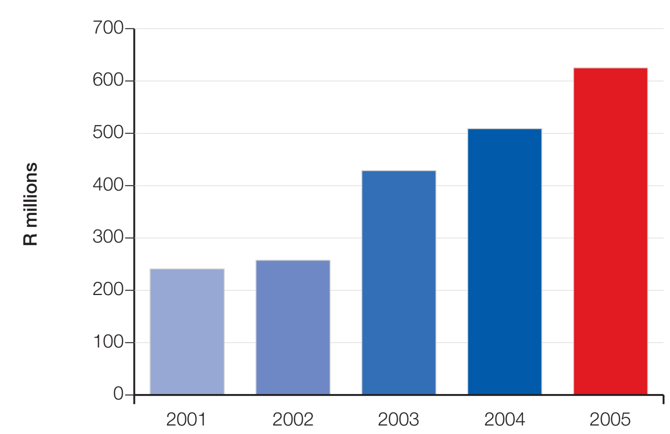
HIGHLIGHTS

- MERCHANDISE SALES VALUE UP 14%
- MERCHANDISE SALES VOLUMES UP 18%
- OPERATING MARGIN INCREASED TO 23.5% FROM 22.2%
- OPERATING PROFIT UP BY 17% TO R590 MILLION
- HEADLINE EARNINGS UP BY 41% TO R404 MILLION
- FURTHER IMPROVEMENT IN QUALITY OF DEBTORS BOOK
- STRONG OPERATING CASH FLOWS
- GEARING RATIO AT RECORD LOW OF 6%

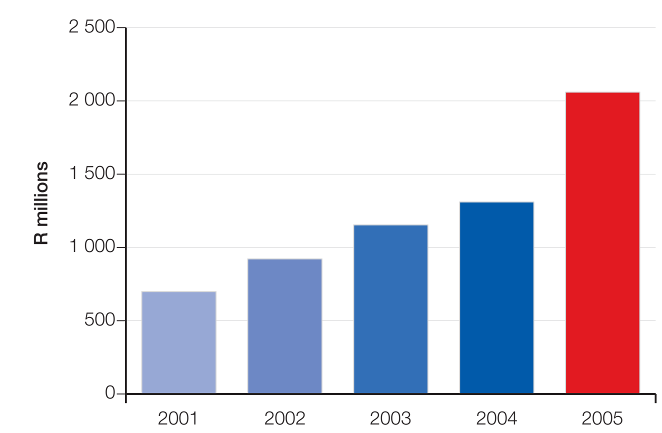
Operating profit



Cash generated from operations



Net asset value



GROUP INCOME STATEMENT

	Notes	12 months ended 31 March 2005 Rm Audited	% change	12 months ended 31 March 2004 Rm Audited
Revenue	3	2 511.5	10.4	2 274.7
Cost of sales		(1 050.9)		(919.6)
Gross profit		1 460.6		1 355.1
Bad debts and impairment provision	4	(101.6)		(115.1)
Depreciation		(37.3)		(38.7)
Employment costs		(409.4)		(367.8)
Occupancy costs		(89.2)		(83.4)
Other operating costs		(233.4)		(244.5)
Operating profit		589.7	16.6	505.6
Investment income		45.9		34.9
Profit before finance costs		635.6	17.6	540.5
Net finance costs	5	(42.7)		(141.7)
Profit before taxation		592.9	48.7	398.8
Taxation		(184.0)		(111.5)
Net profit attributable to ordinary shareholders		408.9	42.3	287.3
Reconciliation of headline earnings				
Net profit attributable to ordinary shareholders		408.9		287.3
Adjusted for				
Amortisation of negative goodwill		–		(1.0)
Profit on disposal of property, plant and equipment		(4.7)		(3.1)
Disposal/impairment of available-for-sale assets		(1.6)		3.5
Taxation effect		1.7		0.9
Headline earnings		404.3	40.6	287.6
Number of ordinary shares (000)				
In issue		100 000		100 000
Weighted average		100 000		100 000
Fully diluted weighted average		100 000		100 000
Earnings per share (cents)		408.9	42.3	287.3
Headline earnings per share (cents)		404.3	40.6	287.6
Fully diluted earnings per share (cents)		408.9	42.3	287.3
Fully diluted headline earnings per share (cents)		404.3	40.6	287.6

ABRIDGED GROUP CASH FLOW STATEMENT

	Notes	12 months ended 31 March 2005 Rm Audited	12 months ended 31 March 2004 Rm Audited
Cash flow from operating activities			
Cash flow from trading	8	610.7	535.9
Working capital movement	9	14.5	(27.0)
Cash generated from operations		625.2	508.9
Dividends and interest received		34.8	49.5
Finance costs		(307.8)	(18.9)
Taxation paid		(207.7)	(99.2)
Dividends paid		(61.0)	–
Cash retained from operating activities		83.5	440.3
Net cash outflow from investing activities		(53.0)	(59.0)
Net cash outflow from financing activities		(506.0)	(6.3)
Net (decrease)/increase in cash and cash equivalents		(475.5)	375.0
Cash and cash equivalents at the beginning of the period		358.8	(16.2)
Cash and cash equivalents at the end of the period		(116.7)	358.8

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital and premium Rm	Non-distributable reserves Rm	Distributable reserves Rm	**Total Rm**
Balance at 31 March 2003	300.9	17.1	691.3	**1 009.3**
Net profit attributable to ordinary shareholders	–	–	287.3	**287.3**
Fair value adjustments of available-for-sale investments	–	26.7	–	**26.7**
Loss on disposal of available-for-sale investments recognised	–	3.0	–	**3.0**
Transfer to contingency reserve	–	1.6	(1.6)	**–**
Foreign currency translation reserve movement	–	(16.3)	–	**(16.3)**
Balance at 31 March 2004	300.9	32.1	977.0	**1 310.0**
Negative goodwill derecognised in terms of AC 140	–	–	4.2	**4.2**
Restated balance at 1 April 2004	300.9	32.1	981.2	**1 314.2**
Issue of shares	376.0	–	–	**376.0**
Net profit attributable to ordinary shareholders	–	–	408.9	**408.9**
Fair value adjustments of available-for-sale investments	–	25.5	–	**25.5**
Profit on disposal of available-for-sale investments recognised	–	(1.4)	–	**(1.4)**
Transfer to contingency reserve	–	2.2	(2.2)	**–**
Revaluation surplus realised on sale of properties	–	(0.8)	0.8	**–**
Deferred taxation release on revaluation surplus realised	–	–	0.1	**0.1**
Foreign currency translation reserve movement	–	(2.9)	–	**(2.9)**
Dividends paid	–	–	(61.0)	**(61.0)**
Balance at 31 March 2005	**676.9**	**54.7**	**1 327.8**	**2 059.4**

GROUP BALANCE SHEET

	Note	31 March 2005 Rm Audited	31 March 2004 Rm Audited
ASSETS			
Non-current assets			
Property, plant and equipment		112.2	115.4
Negative goodwill		–	(4.2)
Investments – insurance business		171.6	146.2
Deferred taxation		46.8	–
		330.6	257.4
Current assets			
Investments – insurance business		334.2	296.7
Inventories		160.1	155.3
Trade and other receivables	6	1 750.6	1 751.7
Cash on hand and deposits		55.3	358.8
		2 300.2	2 562.5
Total assets		2 630.8	2 819.9
EQUITY AND LIABILITIES			
Capital and reserves			
Shareholders' equity and reserves		2 059.4	1 310.0
Non-current liabilities			
Interest-bearing borrowings		1.7	683.8
Deferred taxation		12.0	28.1
Retirement benefits		36.6	36.0
		50.3	747.9
Current liabilities			
Trade and other payables		216.3	207.4
Taxation		125.6	82.4
Current portion of interest-bearing borrowings		7.2	472.2
Overdrafts and short term interest-bearing borrowings		172.0	–
		521.1	762.0
Total equity and liabilities		2 630.8	2 819.9

GROUP SEGMENT REPORT

	12 months ended 31 March 2005 Rm Audited	12 months ended 31 March 2004 Rm Audited
BUSINESS GROUPING		
Revenue		
Merchandise	2 153.6	1 942.1
Insurance	357.9	332.6
Total	2 511.5	2 274.7
Operating profit		
Merchandise	469.0	400.5
Insurance	120.7	105.1
Total	589.7	505.6
GEOGRAPHICAL		
Revenue		
South Africa	2 243.4	2 026.6
Other	268.1	248.1
Total	2 511.5	2 274.7

KEY RATIOS FOR THE GROUP

	12 months ended 31 March 2005	12 months ended 31 March 2004
Operating efficiency ratios		
Gross profit %	58.2%	59.6%
Operating margin %	23.5%	22.2%
Number of stores	475	465
Revenue per store (R000's)	5 287	4 892
Operating profit per store (R000's)	1 241	1 087
Number of employees	5 870	5 776
Revenue per employee (R)	427 853	393 818
Operating profit per employee (R)	100 460	87 531
Trading space (sqm)	207 595	205 793
Revenue per sqm (R)	12 098	11 053
Operating profit per sqm (R)	2 841	2 457
Stock turn (times)	5.7	5.1
Current ratio	4.4	3.4
Credit ratios		
Cash sales % of total sales	25.1%	18.2%
Bad debts and impairment charge as a % of gross debtors book	3.8%	4.4%
Debtors impairment provision as a % of gross instalment receivables	14.4%	15.6%
Total debtors provisions as a % of gross instalment receivables	35.6%	35.0%
Credit application decline rate	20.5%	22.3%
Average age of book (months)	14.8	15.4
Arrear % (full contractual)	27.3%	28.9%
Shareholder ratios		
Net asset value per share (cents)	2 059	1 310
Gearing ratio	6.1%	60.8%
Return on average equity	24.3%	24.8%
Return on average capital employed	18.6%	17.0%

Note: All ratios based on figures at end of year unless otherwise disclosed

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. Basis of accounting

These consolidated financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP") and are consistent with those applied for the year ended 31 March 2004, except for the treatment of negative goodwill. In order to comply with AC 140 negative goodwill is no longer amortised, but recognised immediately to income. Previously recognised negative goodwill has been treated in accordance with the transitional provisions of AC 140 and derecognised to retained income on 1 April 2004.

2. Holding company

In anticipation of the listing Lewis Group Limited acquired the entire issued share capital of Lewis Stores (Pty) Ltd from the GUS PLC Group and, in return, issued its entire share capital to the GUS PLC Group. The shares were issued at the IPO price of R28 per share and the effect of the transaction was to interpose Lewis Group Limited as the holding company of Lewis Stores (Pty) Ltd. The restructuring affected the share capital of Lewis Group Limited but it had no impact on the equity of the consolidated Lewis Group as in substance, no transaction occurred. The shareholders equity and reserves, and the results disclosed for the Lewis Group are therefore those of Lewis Stores (Pty) Ltd and its subsidiaries.

	31 March 2005 Rm Audited	31 March 2004 Rm Audited
3. Revenue		
Merchandise sales	1 351.9	1 190.4
Finance charges earned	605.0	602.1
Insurance premiums earned	357.9	332.6
Fees for services rendered	196.7	149.6
	2 511.5	2 274.7
4. Bad debts and impairment provision		
Bad debts, bad debt recoveries and repossession losses	125.3	131.2
Movement in impairment provision	(23.7)	(16.1)
	101.6	115.1
5. Net finance costs		
Interest paid:		
– Fellow subsidiary	32.8	136.2
– Bank and other loans	16.9	14.6
– Other	5.1	4.3
Interest received:		
– Bank	(12.0)	(13.2)
– Other	(0.1)	(0.2)
	42.7	141.7
6. Trade and other receivables		
Instalment sale and loan receivables	2 677.1	2 630.4
Provision for unearned finance charges, unearned insurance premiums and unearned maintenance income	(568.8)	(511.9)
Impairment provision	(385.4)	(409.1)
Net instalment sale and loan receivables	1 722.9	1 709.4
Other receivables	27.7	42.3
	1 750.6	1 751.7

The credit terms of instalment sale and loan receivables range from 6 to 24 months. Amounts due from instalment sale and loan receivables after one year are reflected as current, as they form part of the normal operating cycle.

7. Material capital commitments

There were no material capital commitments contracted for or authorised and contracted at the end of the year under review.

	31 March 2005 Rm Audited	31 March 2004 Rm Audited
8. Cash flow from trading		
Operating profit	589.7	505.6
Adjusted for:		
Depreciation and amortisation	37.3	37.7
Profit on sale of property, plant and equipment	(4.7)	(3.1)
Movement in debtors impairment provision	(23.7)	(16.1)
Movement in retirement benefits provisions	0.6	2.3
Movement in other provisions	11.5	9.5
	610.7	535.9
9. Working capital movement		
Increase in inventory	(5.5)	(28.9)
Decrease/(increase) in trade and other receivables	21.9	(28.6)
(Decrease)/increase in trade and other payables	(1.9)	30.5
	14.5	(27.0)

COMMENTARY

The Lewis Group is pleased to announce its maiden final results as a listed entity for the financial year ending 31 March 2005.

TRADING ENVIRONMENT

The retail trading environment is one of the most positive experienced by furniture and appliance retailers in the past three decades. It is particularly encouraging that the factors that have contributed to the buoyant trading environment are not only cyclical but also structural in nature increasing the likelihood of sustainable levels of growth. The rapid growth of the emerging middle class and the related increase in spending power of this class, which is the main target market of Lewis Group, has significant benefits for the Group.

Consumer confidence and expenditure have been stimulated by the favourable macroeconomic environment as a result of a decline in interest rates during the year, the ongoing reductions in income tax and above-inflation wage increases. Household debt continues to remain at its lowest levels in recent history. The Minister of Finance is once again to be commended for his efforts to reduce the income tax burden of middle income South Africans, and we welcome the further tax relief of over R7 billion which was granted in the parliamentary budget in February this year. Furthermore, segments of the Lewis Group's target market have also benefited from the development of water and electricity infrastructure in previously under-serviced areas as well as the delivery of an increasing number of houses for first time owners.

FINANCIAL PERFORMANCE

The Group's performance over the past year was particularly pleasing.

The Group's revenue grew by 10.4% to R2 512 million (2004: R2 275 million). Merchandise sales increased by 13.6% compared to last year while volumes increased by 17.9%. Like for like merchandise sales increased by 9.6%.

Furniture sales, which account for 49% of total sales, increased by 19% in Rand terms and 16% in unit sales. Sales of electronic and white appliances increased by 10% in Rand terms and 20% in unit sales. The overall price deflation for the year was 4%.

Cash sales have increased to 25% of total merchandise sales as compared to 18% in the previous financial year. Cash sales have been stimulated by price deflation in electronic and white appliances. Higher income earners who were not traditionally customers of the Group are now buying goods for cash owing to the competitive pricing of branded goods.

The gross profit margin was 58.2% compared to 59.6% in 2004 mainly as a result of lower finance charges and insurance premiums written as a consequence of the higher proportion of cash sales and lower interest rate environment.

The bad debts and impairment charge in the year continued to improve and decreased to 3.8% (2004: 4.4%) of the gross debtors book. Our efficient collection procedures and advanced credit risk systems, combined with the current favourable credit environment, contributed to this performance.

The Group continued to manage costs tightly during the year with total costs increasing by only 5%. Employment costs grew by 11% and reflects higher commissions and incentives paid on increased turnovers. The inclusion of Lifestyle Living for a full year also contributed to the increase in overall costs. The management of costs will continue to be one of the priorities of the Group.

Operating profit margin increased to 23.5% (2004: 22.2%) and continues to demonstrate the benefits of management's focus on sustained revenue growth, operating efficiencies, credit management and cost control. This is in keeping with the high sustainable operating margins achieved over many years.

Investment income has increased as a consequence of the higher market value of gilts held by the insurance subsidiary, Monarch Insurance Company Limited, which have been accounted for at fair value through the income statement in accordance with AC133.

Finance costs declined by R99 million owing to the capital restructuring of the Group in anticipation of the listing and excellent cash collections. Prior to the restructuring, Lewis had an inter-company loan with GUS Holdings BV (GUS) of R1 174 million. In July 2004 the loan and the interest accruing was repaid from available cash resources and third party debt. The balance of the loan to GUS of R376 million was capitalised.

The taxation charge is R184 million (2004: R112 million). The Group's effective tax rate is currently 31% (2004: 28%).

Attributable profit and headline earnings per share have increased by 42.3% and 40.6% respectively.

In line with the dividend policy of three times cover adopted by the Group's Board, a final dividend of 74 cents per share has been declared and together with the interim dividend of 61 cents per share resulted in a total dividend for the year of 135 cents per share.

Balance Sheet review

Current assets have declined by R262 million, mainly as a consequence of cash and cash equivalents being utilised for the repayment of the loan to GUS. Current insurance investments increased by R38 million, mainly due to the cash generated by the insurance subsidiary and the increasing market value of gilts resulting from the buoyant bond market.

Inventory turn has improved to 5.7 times (2004: 5.1 times). Further improvements in inventory management are anticipated in the 2006 year as the benefits of the implementation of a new inventory management system begin to be realised.

The gross debtors book has remained flat, despite the increase in revenue due to strong cash collections and lower credit sales. The continued improvement of the debtors book has resulted in a reduction of the impairment provision. Unearned finance, premium and maintenance reserves have increased as a result of the increased revenue from these categories during the current year.

Long term interest-bearing borrowings declined by R682 million due to the repayment of the loan to GUS. The Group's gearing has declined substantially from 60.8% in 2004 to 6.1% at year end.

Current liabilities have decreased by R241 million, mainly as a consequence of the repayment of the GUS loan.

Cash Flow

The Group continued to generate strong cash flow from operations which increased by 23% to R625 million. The increase can be attributed to good debt collections and tight working capital management.

OPERATIONAL REVIEW

The focus during the past year has been on improving the merchandise offering and more targeted marketing to attract new customers while continuing to retain existing customers through the Re-serve system. Upgraded merchandise ranges were added in response to our customers' demands and the changing customer demographics. Further improvements in our credit granting/scorecard were implemented.

During the year 4 new Lewis stores were opened and 4 closed resulting in 400 stores at year end. Best Electric comprised 58 stores after opening 12 new stores and closing 1. The Lifestyle Living chain was successfully migrated into the Lewis systems. During the year 3 stores were opened and 4 closed with a total of 17 stores at year end. The Lifestyle portfolio of stores is currently being evaluated, in line with the strategy at acquisition.

Operating profit per square metre increased by 15.6% to R2 841 per square metre and operating profit per employee increased by 14.7% to R100 460 per employee underlying the benefits of Lewis' business model.

The annual 'Markinor and Sunday Times top brand review' placed the Lewis brand in second position, in the category of consumer awareness of furniture retail brands. This rating was the same as that in the prior year.

In addition, Lewis was rated number one by manufacturers and suppliers in the category 'White/electrical goods retailers/wholesalers' in the Professional Management Review award (PMR) for 2004.

STRATEGY

Lewis has continued to focus on its key strategic business initiatives of:

- Generating sustainable revenue growth through:
  - Increasing sales from existing stores using innovative merchandising and marketing strategies; and
  - Expanding the store base;
- Acquisitions that complement and add value to our business;
- Optimisation of our balance sheet; and
- Developing ancillary products through strategic partnerships.

CORPORATE GOVERNANCE

The Group, at all levels, subscribes to the values of good corporate governance and substantially complies with the Code of Corporate Practices and Conduct as set out in the King II Report on Corporate Governance and the JSE Securities Exchange South Africa Listings Requirements.

PROSPECTS

Consumer confidence is expected to remain buoyant in the year ahead as the economy currently shows little sign of slowing down. The interest rate and inflation environment are expected to remain fairly stable in the year ahead and the social and economic climate prevailing in South Africa in recent years has contributed to the overall retail sector and we expect this to continue. The transformation process in South Africa over the past 10 years has increased the size of the middle income market and Lewis is ideally positioned to service that market. The Government's large-scale capital expenditure on infrastructure development that is planned over the next few years is expected to directly benefit the Lewis Group's target market.

These factors, coupled with the Group's continued focus on its business model should result in real growth in revenue and merchandise sales. The Board believes that real growth in headline earnings should be achieved in the year ahead, although not necessarily at the same high levels experienced in 2005.

DECLARATION OF FINAL DIVIDEND NO. 2

In terms of the Board's dividend policy of three-times-cover, a final dividend of 74 cents per share has been declared for the twelve months ended 31 March 2005. In accordance with settlement procedures of STRATE, the following dates will apply to the final dividend:

Last day to trade *cum* dividend	Friday, 15 July 2005
Trading *ex* dividend commences	Monday, 18 July 2005
Record date	Friday, 22 July 2005
Dividend payment date	Monday, 25 July 2005

Share certificates may not be dematerialised or rematerialised between Monday, 18 July 2005 and Friday, 22 July 2005 both dates inclusive.

For and on behalf of the Board

David Nurek
Chairman

Alan Smart
Chief Executive Officer

Cape Town
16 May 2005

EXTERNAL AUDITORS' REVIEW

The external auditors, PricewaterhouseCoopers Inc, have audited the Group annual financial statements and the abridged financial statements contained herein for the 12 months ended 31 March 2005 and a copy of their unqualified reports are available on request at the company's registered office.

Executive director:	AJ Smart (*Chief Executive Officer*)
Non-executive directors:	DM Nurek* (*Chairman*), H Saven*, B van der Ross*, DA Tyler† ** Independent, †British*
Company secretary:	PB Croucher
Registered office:	53A Victoria Road, Woodstock, 7925
Registration number:	2004/009817/06
Share code:	LEW
ISIN:	ZAE000058236
Transfer secretaries:	Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001. PO Box 61051, Marshalltown, 2107
Auditors:	PricewaterhouseCoopers Inc.
Sponsor:	UBS South Africa (Pty) Ltd

These results are also available on our website:
www.lewisgroup.co.za

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Lewis
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Monarch
Insurance Company Ltd.