

Chief executive's review: GUS has delivered another strong financial performance. Our major businesses are positioned for long-term growth and sector leadership.

Financial summary

for the years ended 31 March	Sales		Profit before taxation	
	2003 £m	2002 £m	2003 £m	2002 £m
Experian	1,201	1,115	256.4	224.2
Argos Retail Group	5,234	4,703	285.1	255.2
Burberry	594	499	116.7	90.3
Other	117	140	42.3	48.9
Total	7,146	6,457	700.5	618.6
Net interest			(58.1)	(66.5)
Profit before amortisation of goodwill, exceptional items and taxation			642.4	552.1
Amortisation of goodwill			(142.9)	(99.4)
Exceptional items			(90.1)	(72.6)
Profit before taxation			409.4	380.1
EPS before amortisation of goodwill and exceptional items			47.8p	41.7p
Reported EPS			25.1p	25.7p

Continued sales and profits growth

This has been our third consecutive year of sales and profit growth. Sales in the year to March 2003 increased by 11% and profit before amortisation of goodwill, exceptional items and taxation by 16%. Experian, Argos and Burberry all reported record profits.

The year also saw strong operating cash flow, as a result of the profit growth and tight control of costs and working capital.

Increased focus

We have continued to reposition GUS around our major businesses – Experian, Argos Retail Group and Burberry.

The partial flotation of Burberry in July 2002 enabled us to establish an independent market value for this business and raised £239m for GUS. The flotation was successfully undertaken in difficult market conditions, reflecting Burberry's strong financial momentum. GUS has retained a 77.5% stake in Burberry.

Our property joint venture with British Land and our vehicle financing business continued to be wound down, releasing over £200m during the year.

Since the year-end, we have disposed of our home shopping businesses in the UK, Ireland and Sweden, together with our logistics and customer care business, Reality. These operations were sold to March U.K. Limited for approximately £590m.

We have also announced our intention, subject to market conditions, to arrange a partial IPO for our South African Retailing business during calendar year 2004. A partial IPO will enable GUS to realise some value, while enhancing the development opportunities for our South African business.

Strong investment

The release of capital during the year enabled us to make significant investments in our major businesses, including several acquisitions that will enhance their growth prospects. The largest of these was Homebase, which is the number two brand in the UK's do-it-yourself market. It has taken ARG into an important growth sector and provided the potential for substantial operational synergies.

Experian's acquisition of ConsumerInfo.com, which supplies online credit information to consumers in North America, has firmly established Experian as the leading direct-to-consumer player in its marketplace. Experian in North America has also continued to acquire its affiliated regional credit bureaux, in order to gain a greater share of the value chain for credit products. Internationally, Experian strengthened its position with the acquisition of Nordic Info Group, a leading information company in Denmark and Norway. Experian also acquired its outstanding stakes in Scorex to create a global decision solutions business.

Burberry opened or refurbished 12 new stores, including flagship stores in New York, London (Knightsbridge) and Barcelona. The company also acquired its Korean distributor and, in doing so, completed the programme to take direct control of key Asian markets outside Japan.

Growth opportunities

The major businesses of GUS now have a consistent track record of sales and profit growth. They are focused on growing markets and are well positioned in those markets. They are also attracting people of exceptional talent.

Experian is a leader in the growing international market for business solutions, offering the broadest range of information and services in its sector. ARG is the UK's leading general merchandise retailer. Burberry continues to consolidate its position as a leading luxury brand.

Over the next few pages you will read about the progress that these businesses have made during the last year, together with the strategies that are being put in place to ensure their long-term success.



John Peace
Group Chief Executive