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South African Retailing: GUS is planning a partial IPO of its South African business during calendar year 2004, subject to market conditions.



South African Retailing

Despite the tough economic environment, our South African Retailing business continued to make progress. Strong price competition and high interest rates held back sales, which were up 2% in local currency on the previous year. However, profits were up 13% in rand, as the result of an expanded financial services offer, careful control of bad debt and cost savings initiatives.

South African Retailing has a strong market position and an excellent management team. It currently operates 398 Lewis stores and 45 Best Electric stores and, in recent years, has undertaken a number of initiatives to enhance the product range, improve credit controls and reduce costs. The business is now well placed to take advantage of the widely expected recovery in consumer spending in South Africa.

Subject to market conditions, we intend to arrange a partial IPO on the Johannesburg Securities Exchange for our South African Retailing business during calendar year 2004.

Our social responsibilities

Our businesses have continued to focus on the issues of Corporate Social Responsibility with enthusiasm and commitment. The Group's latest CSR Report records strong progress in our environmental, community and human rights management. We also continue to be listed in the main indices of socially responsible investment, including FTSE4Good and the Dow Jones Global Sustainability Index.

In our environmental management, we have improved our energy efficiency for the third year running, while finding new ways to reduce our use of packaging across the Group. We have also devoted considerable effort to implementing our Supplier Principles to ensure that suppliers share our concern for human rights in the workplace.

Such progress relies greatly on the wholehearted enthusiasm and support of GUS people at all levels, but nowhere more so than in our relationships with local communities. The GUS Charitable Trust is the primary focus for the Group's direct giving to community projects and donated £967,000 during the year. In a groundbreaking move, it brought together over 20 medical charities in the field of prostate cancer to work together for change.

Experian undertook a wide range of community initiatives, including sponsorship of the Robin Hood Marathon in Nottingham, which was supported by over 700 employees, and the Habitat for Humanity project in North America to provide affordable housing for low-income families. Argos Retail Group focused many of its fundraising efforts on its charity of the year, Barnardo's, raising over £370,000.

Our people

Our ability to attract and motivate talented people remained a high priority during the year. Our recruitment policies benefited from the increasing strength of our brands and we continued to develop the working environment and incentives to encourage top performance. The GUS 'Sharesave' arrangements were extended to four new countries and a further four countries will be included this year.

Summary

GUS has had another good year. We have continued to focus and strengthen the Group, while generating increased sales and profits for the third consecutive year. Our main businesses have strong management teams, clear strategies and many further opportunities for growth and we remain confident about their future prospects.

John Peace

Group Chief Executive

27 May 2003

Experian marathon: The Experian Robin Hood Marathon in Nottingham was voted by Runners World magazine as the best marathon in the UK after the London Marathon. More than 700 Experian employees supported this fund raising event.

Barnardo's: Employees of Argos Retail Group raised over £370,000 for their charity of the year, Barnardo's.

GUS Sharesave: The GUS Sharesave Scheme, which enables employees to take a stake in the business through a SAYE share option plan, continues to be rolled out beyond the UK.

