Financial review

The Group has delivered strong profit growth during a year in which we have increased investment in our core businesses.

Sales
The Group's turnover grew by 7% from £6,041m to £6,457m, including £42m from acquisitions. Excluding acquisitions and currency movements, Group turnover was 6% higher than last year.

Profit
Group profit before amortisation of goodwill and exceptional items increased by 13% to £552m. Return on sales before exceptional items and goodwill amortisation rose from 8.1% to 8.6%. The improvement reflects a focus on our core businesses where profitability has risen, together with the disposal of other less profitable businesses. The goodwill charge increased to £127m from £92m largely as a result of an exceptional charge of £27m relating to impairment of the goodwill associated with Reality Solutions, the web design business, and with Experian's credit business in Argentina.

Shareholder return and dividends
Basic earnings per share before goodwill amortisation and exceptional items were 41.7p in the year ended 31 March 2002 compared to 37.2p last year. The Board has proposed a final dividend of 15.2p per share, a rise of 0.4p (2.7%) on last year. The dividend for the year as a whole of 21.7p is covered 1.9 times from earnings before goodwill amortisation and exceptional items.

Shareholders' funds
Shareholders' funds amount to £2,417m, a reduction of £6m in the year. This is equivalent to 240p per share compared with 241p last year.

Cash flow and investment in the business
Cash flow before acquisitions, disposals and dividends amounted to £478m compared to £481m in the previous year. Cash flow benefited from the growth in profits in the year and from lower working capital levels despite the growth in the Argos store card loan book. Capital expenditure, however, grew by £54m to £322m and was equivalent to 152% of the depreciation charge in 2002.

Liquidity and funding
At 31 March 2002, the Group had net borrowings of £1,485m, including securitised loans of £201m. This shows a reduction of £227m in net borrowings which were £1,712m at 31 March 2001, including securitised loans of £582m. The maturity, currency and interest rate profile of the Group's borrowings are shown in note 33 to the financial statements.

Treasury and risk management
The Group's Treasury function seeks to reduce or eliminate the Group's exposure to foreign exchange, interest rate and other financial risks, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. It does not operate as a profit centre and transacts only in relation to underlying business requirements. It operates policies and procedures which are periodically reviewed and approved by the Board and is subject to regular Group Internal Audit reviews.

David Tyler
Group Finance Director

Group cash flow

12 months to 31 March	2002 £m	2001 £m
Profit before goodwill, exceptionals and tax	**552**	487
Exceptional items	**(45)**	(85)
Corporation tax	**(82)**	(95)
Change in working capital	**163**	226
Capital expenditure	**(322)**	(268)
Depreciation	**212**	216
Free cash flow	**478**	481
Dividends	**(213)**	(206)
Acquisitions and divestments	**(35)**	63
Net cash flow	**230**	338
Securitisation repayments	**(380)**	(296)
Foreign exchange movements	**(4)**	(119)
Movement in net debt	**(154)**	(77)

Interest rate management

The Group's interest rate exposure is managed by the use of fixed and floating rate borrowings and by the use of interest rate swaps to adjust the balance of fixed and floating rate liabilities. The Group also mixes the duration of its borrowings to smooth the impact of interest rate fluctuations.

Interest expense in the year fell by £4.5m to £66.5m largely because of the re-financing of a fixed rate US $800m term loan at lower rates in November 2001, and generally lower interest rates.

Currency risk management

The Group's reported profit can be significantly affected by currency movements. Approximately 40% of the Group's operating profit generated in the year ended 31 March 2002 was earned in foreign currencies. In order to reduce the impact of currency fluctuations on the value of investments in overseas countries, the Group has for some years had a policy of borrowing in US dollars and euros, as well as in sterling, and entering into forward foreign exchange contracts in these two currencies. Subsequent to 31 March 2002 the Group has also entered into a forward foreign exchange contract to sell South African Rand, in order to hedge a proportion of the value of its investment in its South African retailing business.

Additionally, the Group has a policy of hedging foreign currency denominated transactions by entering into forward exchange sale and purchase contracts.

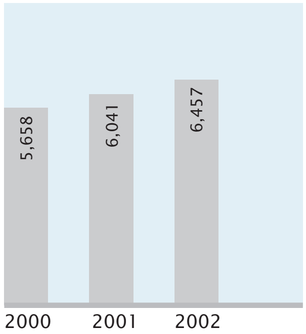
Re-organisation costs and savings

The costs of re-organising Argos Retail Group and Reality are shown as an exceptional item in the profit and loss account, and amounted to £36m in 2002. The total spend in 2001 and 2002 amounted to £67m. This compares to our original estimate of £65m. We remain on track to achieve annualised cost savings of £80m from this re-organisation in the year to 31 March 2003.

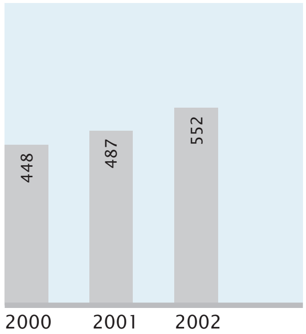
Exceptional items

In addition to the re-organisation of the Argos Retail Group and Reality, we incurred exceptional costs of £8.7m relating to businesses or assets sold during the year. The (non-cash) charge of £27.5m relating to impairment of goodwill takes the total exceptional items to £72.6m compared with £84.7m last year.

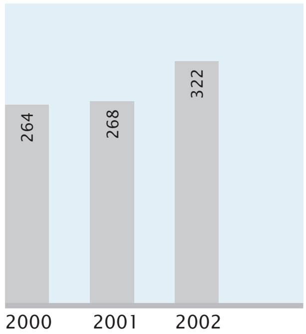
Financial review



Sales
£ million



Profit before exceptionals and tax
£ million



Capital expenditure
£ million

12 months to 31 March

Taxation

The Group's effective tax rate for the year, before goodwill charge and loss on sale of businesses, has increased from 23.5% to 23.8%. This continues to be lower than the UK standard corporate tax rate, mainly because of the corporate reorganisation undertaken in 1998.

Minority interests

Profit attributable to equity minority interests in 2002 of £1.4m relates to profit attributable to minority shareholdings in companies acquired by Experian International.

Minority interests on the balance sheet represent the minority share of the net assets of these companies where a small portion of the equity is held by either external investors or management.

Accounting policies and standards

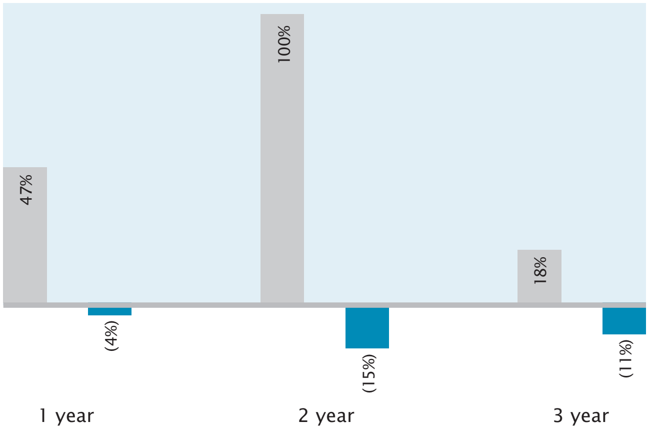
The principal accounting policies used by the Group are shown on pages 40 and 41.

The implementation by the Group of Financial Reporting Standards 18 'Accounting Policies' and 19 'Deferred Tax' has had no material effect on reported profits. The basis on which interest is reported has been changed in relation to the Financial Services and Finance Divisions to provide a more appropriate presentation of their profitability. Financial Services operating profit is stated after charging £3.0m of funding costs for the Argos store card. The Finance Division is stated after charging a further £4.4m of funding costs over and above the interest charge associated with its non-recourse borrowing. Comparative figures have been restated and the effect is to reduce both operating profit and net interest by £13.9m in the year ended 31 March 2001. There is no effect on profit before taxation.

The transitional disclosure requirements of FRS 17 'Retirement Benefits' have been adopted in the year, but these have no effect on the primary financial statements.

Under FRS 17 a snapshot is taken of retirement benefit fund assets and liabilities at a specific point in time. Thus, movements in equity and bond markets and in discount rates are expected to create volatility in the calculation of the scheme assets and liabilities.

The transitional disclosure requirements of FRS 17 require the value of retirement benefit scheme assets and liabilities to be disclosed. Under FRS 17 the net retirement benefit liability in the balance sheet at 31 March 2002 would be £17m higher than that provided for in the financial statements. This should be seen in the context of total retirement benefit liabilities of over £700m.



Total shareholder return (TSR) relative to FTSE 100

percent, to 31 March 2002

GUS ■ FTSE 100

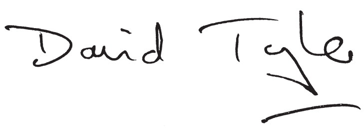
Share price and total shareholder return

The share price of GUS ranged from a low of 441p to a high of 704p during the financial year. On 31 March 2002, the mid market price was 700p, giving a market capitalisation of £7.0bn at that date.

Total shareholder return (the increase in the value of a share including reinvested dividends) was 47% over the year, with GUS ranked eighth in the FTSE 100, whose average return was minus 4%.

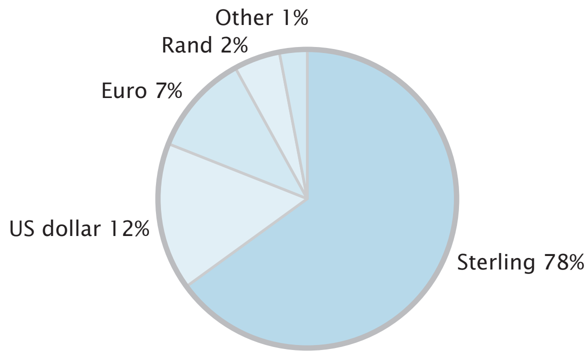
Post balance sheet event

In April 2002, ConsumerInfo.com was acquired for $130m. It is the leading supplier of online credit reports, scores and related information to consumers in the United States.

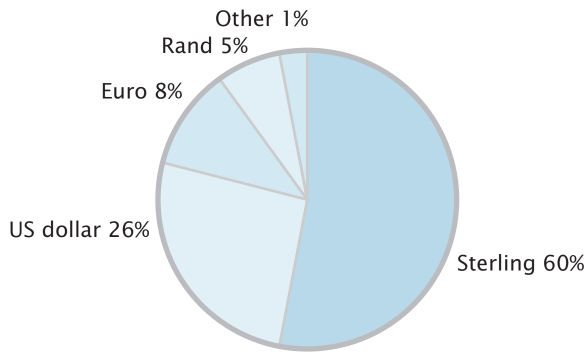


David Tyler
Group Finance Director

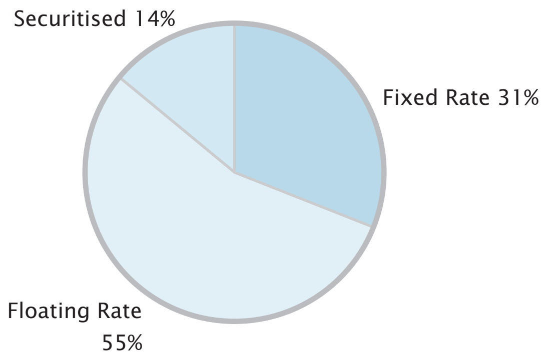
Group sales by currency



Group profit by currency



Analysis of net borrowings



12 months to 31 March 2002