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Signet Group plc
Annual Review and Summary
Financial Statement
Year ended 1 February 2003

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Building lasting relationships

Motivation for the purchase of jewellery is associated with romance and appreciation. Over 40% of US sales and more than 14% of UK sales are in the bridal and anniversary category and take place all year round. Sales peaks occur during the key gift giving holidays Christmas, Valentine's Day and Mother's Day.



Diamond solitaire ring in 18 carat yellow gold



Wedding band with milgrain edge in 14 carat yellow gold

Signet – One business, two markets

Signet Group plc is the world's largest speciality retail jeweller and operates in the US and UK.

Signet is the second largest US speciality retail jeweller having a total jewellery market share of approximately 3.3%, with 1,050 stores in 45 states at 1 February 2003. Its mall stores trade nationwide as Kay Jewelers ("Kay"), and regionally under a number of well established and recognised names. The destination

superstores trade as Jared The Galleria Of Jewelry ("Jared").

In the UK Signet is the largest speciality retailer of fine jewellery with 610 stores at 1 February 2003 and a total jewellery market share of approximately 17%. Primarily situated in prime "High Street" locations (main shopping streets with high pedestrian traffic) or shopping malls, the stores trade as "H.Samuel", "Ernest Jones" and "Leslie Davis".



2002/03 Group highlights

Sales	up	1.9%	to	£1,608.0m
Operating profit	up	7.7%	to	£216.2m
Profit before tax	up	9.2%	to	£199.7m
Earnings per share	up	5.6%	to	7.5p
Dividend per share	up	17.9%	to	2.11p
Return on capital employed	up from	23.3%	to	23.8%
Gearing	down from	29.7%	to	20.1%

Chairman's statement



James McAdam, Chairman

Results

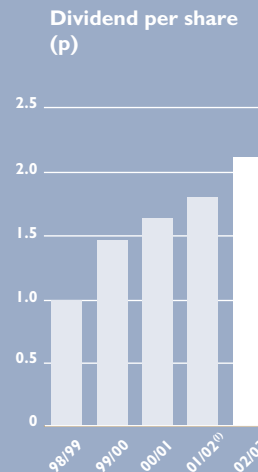
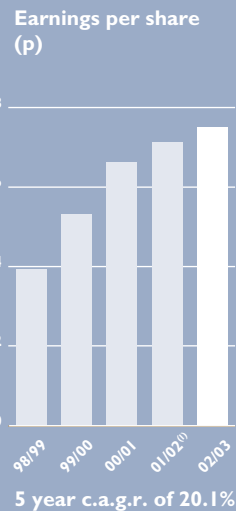
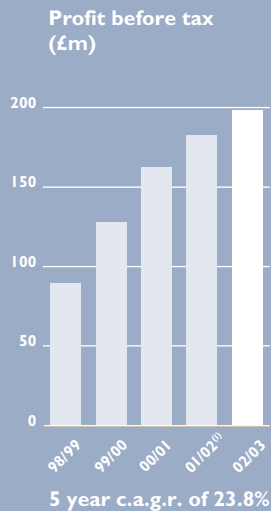
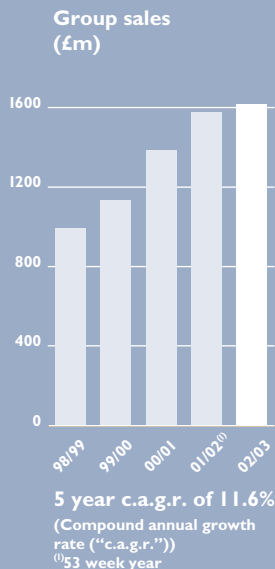
In the 52 weeks to 1 February 2003 the Group built further on the growth trend of the last eight years. Profit before tax rose to £199.7 million compared to £182.8 million in the 53 week period last year. This represented a 16.2% increase on a comparable 52 week basis at constant exchange rates.

Earnings per share rose from 7.1p to 7.5p, the tax rate having increased as anticipated from 34.5% to 35.5%. Like for like sales rose by 5.3% and total sales grew to £1,608.0 million (2001/02 53 weeks: £1,578.1 million), a 7.9% increase on a comparable 52 week basis at constant exchange rates.

Net debt was reduced to £140.1 million at the year end (2 February 2002: £201.7 million), £27.9 million of the improvement being accounted for by exchange rate movement. Gearing fell to 20.1% (2 February 2002: 29.7%). Interest cover (operating profit divided by net interest cost) was a very comfortable 13.1 times.

Overall these were strong results given comparison with a 53 week period, a weaker US dollar and a softening in the trading environment on both sides of the Atlantic in the last quarter.

The US business did extremely well in a challenging retail market. The division continued to implement its proven strategy and again outperformed the speciality jewellery sector.



The UK division also had a very encouraging outcome. Like for like sales growth again exceeded that of the general retail market, with Ernest Jones achieving a particularly good result.

Dividend

The Board is pleased to recommend a 20% increase in the final dividend to 1.80p per share (2001/02: 1.50p), the total dividend for the year being 2.110p per share (2001/02: 1.789p). The full year dividend cover was 3.6 times (2001/02: 3.9 times).

Future dividend policy will continue to take account of earnings, cash flow, gearing and the needs of the business.

People

I would again like to thank all management and staff on both sides of the Atlantic for their hard work and professionalism which has contributed to the further progress of the Group during the year.

I am pleased to welcome Russell Walls to the Board. He joined the Group as a non-executive director in August 2002 and will chair the Audit Committee from 1 April 2003.

Ian Dahl resigned from the Board and his position as Chief Executive of the UK jewellery division with effect from 30 September 2002. The Board thanks him for his contribution to the Group during his period of office.

Richard Miller, Chief Financial Officer of the US division, who has been with the Group for 21 years and has been an alternate director since 1994, will be retiring in April 2003. The Board expresses its appreciation for his contribution to the Group.

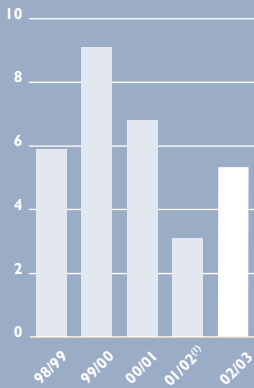
Current trading

Overall the Group has had a generally satisfactory start to the year. Both the US and the UK businesses had strong Valentine's Day performances. Subsequent trading has been affected by inclement weather in the US, the timing of Easter and the geopolitical situation.

James McAdam

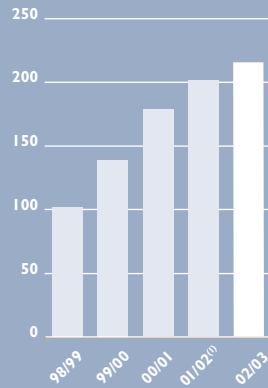
Chairman
26 March 2003

Group like for like sales growth (%)



5 year c.a.g.r. of 6.0%
⁽¹⁾53 week year

Group operating profit (£m)



5 year c.a.g.r. of 18.9%

At 1 February 2003 Kay Jewelers had 676 stores throughout the US. Investment in real estate continues, funded from operating cash flows, with a programme of store refurbishments, relocations and openings. Kay is the second largest speciality retail jewellery chain in the US and is the largest single brand within the Group.

Further growth from a proven strategy

Group Chief Executive's review



Terry Burman, Group Chief Executive

Group like for like sales increased by 5.3%, with both the US and UK businesses exceeding the performance of the general retail sector in their respective markets. Group operating profit rose to £216.2 million from £200.7 million, an increase of 7.7% (14.8% on a comparable 52 week basis at constant exchange rates). The operating margin increased to 13.4% (2001/02: 12.7%) and the return on capital employed ("ROCE") increased to 23.8% (2001/02: 23.3%). The year saw a further strengthening of the balance sheet after investment in fixed and working capital of £121.3 million.

The US business continued to build on its competitive strengths in a fluctuating and uncertain trading environment. Operating profit rose from £145.1 million to £155.2 million, an increase of 7.0% (15.6% increase on a 52 week basis at constant exchange rates). Consolidation within the US speciality jewellery sector continues and the US division's share of the speciality market is estimated to have risen over the last five years to circa 6.7% from circa 4.7%. Like for like sales have

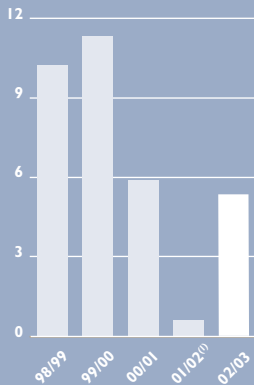


risen at a compound annual growth rate of 6.6% over the same period. During last year some 6% was added to selling space, with the increase over the last five years being some 64%. A core objective of the US business is to increase selling space by 6% – 8% per annum, the majority of this being related to expansion of the Jared concept. In the longer term the potential is for over 200 Jared stores generating total sales of over \$1 billion. Space growth and improved store productivity should contribute further to leveraging of both central overhead costs and marketing expenditure. Continued enhancement of customer service is another key aim. It is planned to achieve this through the implementation of leading edge operating systems and procedures, which should result in staff spending less time on administrative functions. New merchandising initiatives, including branding programmes, continue to be identified, tested and developed. A continued shift to broadcast advertising is increasing brand name awareness and driving footfall.

The UK business took a further significant step forward in its strategy to increase store productivity and make existing space work harder: Operating profit rose by 10.4% (13.2% on a comparable 52 week basis). Like for like sales in the year increased by 5.2%, the compound annual growth rate over the last five years being 5.3%. Average sales per store during the same period increased from £589,000 to £747,000. The drive to gain market share in diamonds, which is a core objective of the division's strategy, continues to show considerable success. The compound annual growth rate of the diamond category over the last five years was 14.4% per annum, a performance which was considerably ahead of the 8.9% recorded by the overall diamond market. A range of initiatives being implemented in merchandising, store operations, marketing and real estate will continue to assist the business in achieving its strategic targets, as will the continuing transfer of best practice from the US division.

United States

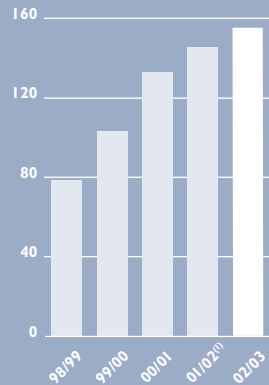
US like for like sales growth (%)



5 year c.a.g.r. of 6.6%

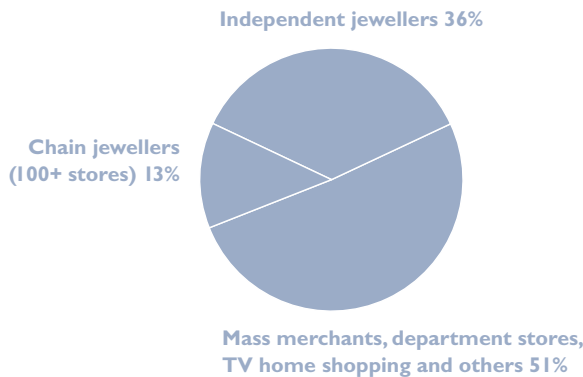
⁽¹⁾53 week year

US operating profit (£m)

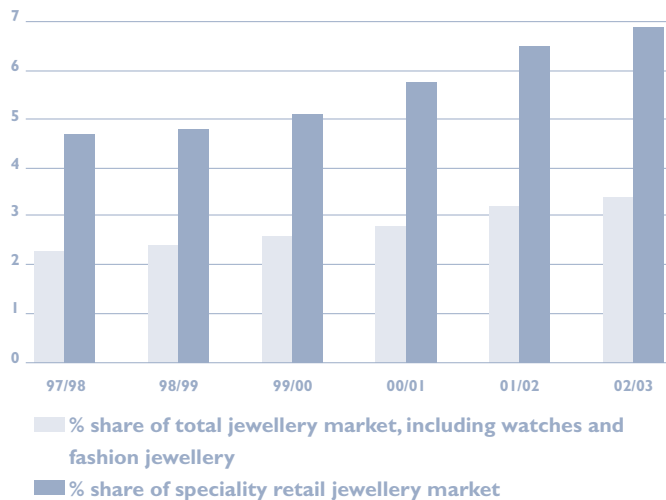


5 year c.a.g.r. of 19.7%

US jewellery market (approximately \$53 billion market)



Signet US market share %



US Operating review

The US business accounted for 71% of Group sales. Details of the US division's performance are set out below:

	2002/03	2001/02	Change	Like for like change
	£m	£m	%	%
Sales	1,134.4	1,126.0	+0.7 ⁽¹⁾	+5.4
Operating profit	155.2	145.1	+7.0 ⁽²⁾	
Operating margin %	13.7	12.9		
ROCE %	21.5	20.4		

(1) On a comparable 52 week basis and at constant exchange rates US total sales increased by 8.6% (2.2% at actual exchange rates).

(2) On a comparable 52 week basis and at constant exchange rates US operating profit increased by 15.6% (8.8% at actual exchange rates).

Costs, gross margin and inventories remained under tight control. Significant benefit was obtained from a number of management initiatives, including the development of the Leo Diamond® and three-stone diamond jewellery ranges, increased levels of staff training, expansion of television advertising and continued investment in real estate.

The increase in operating margin and ROCE reflected leverage from like for like sales growth which more than offset the adverse impact of immature store space. The gross margin rate was slightly down on last year's level due to anticipated changes in sales mix. The increase in the price of gold bullion had limited effect on the year but could have greater impact in the current year. The proportion of sales through the in-house credit card decreased to 49.5% (2001/02: 50.4%). The bad debt charge was at the bottom of the range of the last six years at 3.0% of total sales (2001/02: 3.2%). This was before a \$2.2 million one-off benefit from a better than anticipated performance of the residue of the acquired Marks & Morgan receivables portfolio.

Customers responded positively to the merchandise programmes, many of which have been developed and tested over a number of years. An example was the Leo Diamond range where the Group has exclusive rights. Leo Diamonds have more brilliance than normally cut stones of similar size and quality. The range was first tested in Jared stores during Christmas 2000, rolled out to 300 mall stores in 2001, and by Christmas 2002 it was in all the division's stores. Three-stone diamond merchandise is another example of a range that has been successfully developed over a number of years.

Staff training was undertaken at a record level in 2002/03, with emphasis on improving product knowledge and selling skills. A longer term programme has also been introduced to reduce and simplify administrative functions

Three-stone princess cut
diamond ring in
14 carat yellow gold



carried out in the stores, thereby allowing sales staff more time to serve customers. This programme has already contributed some improvement in stock losses.

Marketing events and promotional activity proved to be particularly successful during critical selling periods such as Valentine's Day, Mother's Day and Christmas. Broadcast advertising was further extended and Kay television advertising impressions were increased by 16% over the Christmas period. The romance and appreciation based advertising theme, "Every kiss begins with Kay", once more proved successful in heightening name recognition. The Leo Diamond was featured strongly in this advertising. The annual gross marketing spend amounted to 6.4% of sales (2001/02: 6.3%), the increase reflecting growth in the number of Jared stores where the advertising spend is higher than for mall stores.

Jared now has sales of over \$250 million and its like for like sales performance was significantly better than that of the rest of the division. The Jared concept is the primary vehicle for US space growth and in the period a further 12 stores were opened, bringing the total up to 67 such stores at the end of the period. Jared television advertising was expanded from three markets in 2001 to ten markets over Christmas 2002 and will be developed further in 2003. An initiative to increase sales of luxury watches in Jared stores was also launched.

In 2002/03 total fixed capital investment in the US business was £33.1 million (2001/02: £41.0 million, £38.6 million at constant exchange rates). The enhancement and expansion of the real estate portfolio continued, although at the lower end of the planned range. This reflected the tightened investment criteria in place to take account of the uncertain trading environment.

Details of recent investment in the store portfolio are set out below:

	Number of stores		
	2002/03	2001/02	2000/01
Store refurbishments and relocations	71	91	99
New mall stores	36	41	40
New Jared stores	12	12	15
Fixed capital expenditure	£28m	£37m	£40m
Total investment ⁽¹⁾	£63m	£68m	£72m

(1) Fixed and working capital investment in new space and refurbishments/relocations.

The change in store numbers by chain is shown in the following table:

	Total	Kay	Regional	Jared
2 February 2002	1,025	667	303	55
Openings	48	22	14	12
Closures	(23)	(13)	(10)	–
1 February 2003	1,050	676	307	67

In 2003/04 it is planned to refurbish or relocate approximately 90 stores and to increase selling space by circa 7%. A further 12 new Jared stores should account for some 65% of the increase, the remainder comprising up to 30 net mall store openings and a trial of up to 10 Kay stores in outdoor centres.

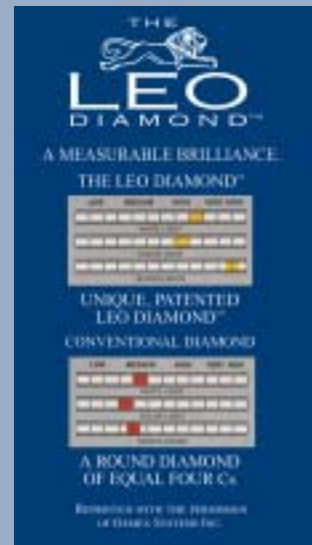
The US retail jewellery industry is very competitive and highly fragmented. Total US jewellery sales, including watches and fashion jewellery, are estimated by the US Department of Commerce to have been \$53 billion in 2002 (2001: \$51 billion). The US speciality market in which the division competes is approximately \$26 billion (2001: \$25 billion). Speciality jewellery sales have risen at a compound annual growth rate of 5.6% from 1997 to 2002

Developing the Leo Diamond[®] brand

Programmes are being developed to support branded products such as the Leo Diamond, which has a patented cut resulting in greater brilliance than a conventionally cut diamond of equal colour, clarity and weight. Independently measured and certified for its superior return of light, or brilliance, the Leo Diamond is available

in Signet stores in the US and UK. In 2000 the Group entered into a partnership agreement with Leo Schachter, one of the world's largest diamond suppliers, for exclusive distribution in both markets. By 2002 the Leo Diamond range was available in all the US division's stores and was also expanded to include a broader selection of cuts

and styles. This merchandising programme is supported by staff training, store displays and marketing in print, radio and television commercials. The division's merchandising process, market share and relationship with key suppliers position Signet US as an attractive partner for launching new branding initiatives.



(US Department of Commerce). Over a similar period total Signet US sales rose at a compound annual growth rate of 12.8%. Signet has an approximate 6.7% share of the US speciality retail jewellery market.

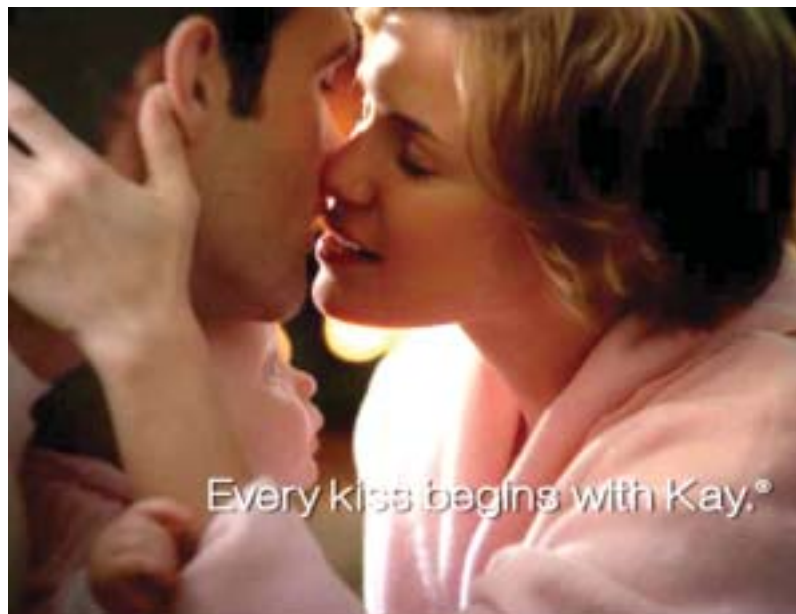
Management attributes the sales outperformance to a range of competitive advantages in merchandising, store operations, marketing and real estate. The division's sophisticated merchandising systems track, forecast and respond to consumer preferences and provide competitive advantage by ensuring high in-stock positions of key merchandise assortments and fast-moving items. In addition, management believes that in comparison to its competitors Signet has greater capacity and expertise to direct-source loose diamonds, which should provide superior value and quality to the consumer. Diamonds account for approximately 69% of the US division's total annual sales. The salesperson's ability to communicate and explain the value and quality of the merchandise plays a significant part in a diamond sale. Therefore the US division has developed specialised training for its sales associates and its size allows it to leverage training resources and systems. Moreover, the cost of national network television advertising for Kay is

leveraged as the number of Kay stores increases. Furthermore management believes that the quality of its store locations is superior to that of its competitors.

The division's competitive advantages are reflected in its average sales per store and operating margin, which are substantially higher than that of other quoted mid-market mall speciality retail jewellers operating stores of similar size.

Kay Jewelers

The expansion of Kay as a nationwide chain is an important element of the US growth strategy. Kay, with 676 primarily mall stores in 45 states at 1 February 2003 (2 February 2002: 667 stores), is targeted at the middle income consumer. It is believed that in the longer term there is potential to expand the Kay chain by around 200 mall stores (net of closures). Kay is one of only two US speciality jewellery retail brands with a nationwide presence large enough to justify national network television advertising, the most cost effective way to attract customers and increase brand recognition. The average retail price of merchandise sold in the Kay chain during 2002/03 was \$242 (2001/02: \$236). Average annual sales per Kay store were \$1,490,000 (2001/02: \$1,430,000).



The successful romance and appreciation based advertising campaign, “Every kiss begins with Kay”, has supported the rollout of the Leo Diamond across the

US and has improved Kay name recognition. Over the Christmas 2002 period the number of Kay television impressions increased by 16%.

Regional chains

In order to increase market share in selected geographic areas Signet also operates mall stores under a variety of established regional trade names: JB Robinson Jewelers, Marks & Morgan Jewelers, Belden Jewelers, Friedlander's Jewelers, Goodman Jewelers, LeRoy's Jewelers, Osterman Jewelers, Roger's Jewelers, Shaw's Jewelers and Weisfield Jewelers. At 1 February 2003 307 regional stores operated in 30 states (2 February 2002: 303 stores). The opening of new regional chain stores is considered if real estate satisfying the

investment criteria becomes available in their respective trading areas. The average retail price of merchandise sold in the regional chains during 2002/03 was \$265 (2001/02: \$263). Average annual sales per store in the regional chains were \$1,558,000 (2001/02: \$1,575,000).

Jared The Galleria Of Jewelry

Jared is the leading destination speciality retail jewellery chain in its sector of the market. Its main competitors are independent operators, with the next largest having

Jared – building towards national coverage

The Jared concept has been continually evaluated, developed and refined since the first store opened in 1993. At 1 February 2003 annual sales exceeded \$250 million and the chain had grown to 67 units, the space equivalent of



approximately one-third as many stores. If Jared was a stand-alone operation it would be the eighth largest US speciality jewellery company by sales.

Jared offers superior merchandise selection, customer service and value, and targets an underserved sector at the upper end of the middle market. The customer profile is of a more mature, higher income customer than that of Signet's US mall stores.

An important advantage of a destination store is that the potential customer visits the store with the intention of

making a jewellery purchase, whereas in the mall there is a greater possibility of the intended spend being diverted.

At 1 February 2003 there were 67 Jared stores (2 February 2002: 55 stores). The average retail price of merchandise sold in Jared stores during 2002/03 was \$558 (2001/02: \$522), which was more than double that of a Signet US mall store. Average annual sales per Jared store were \$4,310,000 (2001/02: \$4,284,000). Jared has the potential to grow to over 200 stores, generating annual sales in excess of \$1 billion.

approximately 300 Signet US mall stores.

The typical Jared store is about 5,800 square feet. Its size permits significantly expanded product ranges and enhanced customer services, including in-store repair and custom design

facilities. A private viewing room is available for customers when required. There are also complimentary refreshments and a children's play area.

A television advertising test for Jared was

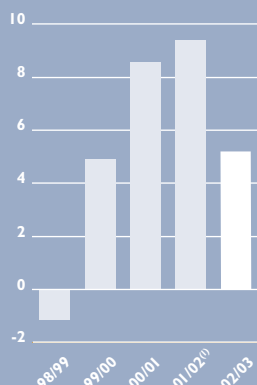
extended to ten selected markets in 2002/03 from three during 2001/02, and will be developed further in 2003/04. When the Jared chain reaches the critical mass to justify national network television advertising,

the most efficient and cost effective form of marketing, such a programme would give improved access to real estate in large, high-cost advertising markets and enhance brand recognition nationwide.



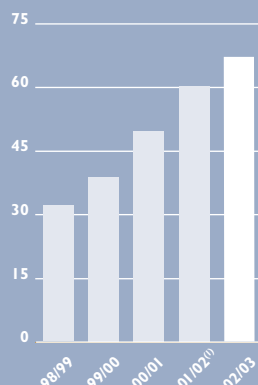
United Kingdom

UK like for like sales growth (%)



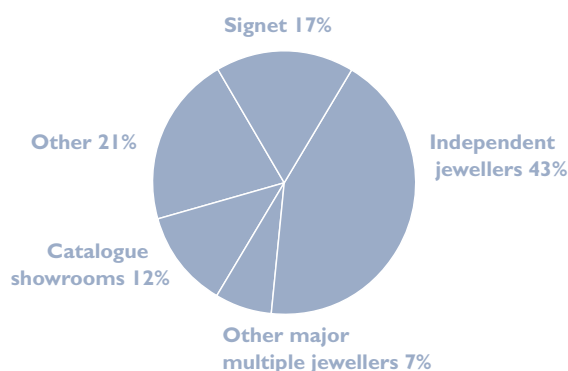
5 year c.a.g.r. of 5.3%
⁽¹⁾53 week year

UK operating profit (£m)

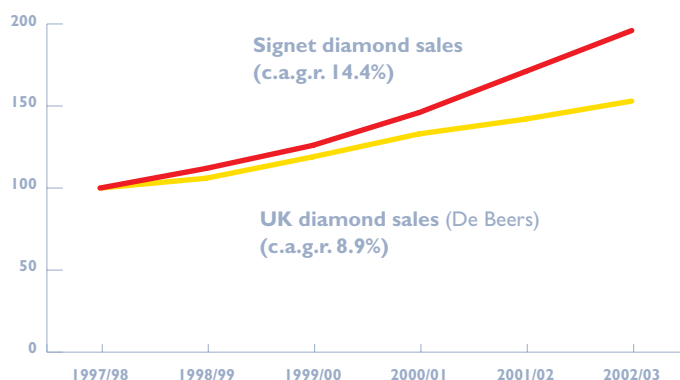


5 year c.a.g.r. of 13.2%

UK jewellery market (approximately £3.3 billion market)



UK growth in diamonds



Index of diamond sales for UK total market and Signet UK
100 = sales in 1997/98

UK Operating review

The UK business accounted for 29% of Group sales. Details of the UK division's performance are set out below:

	2002/03	2001/02	Change	Like for like change
	£m	£m	%	%
Sales:				
H.Samuel	279.1	277.3	+0.6	+2.6
Ernest Jones	188.0	168.5	+11.6	+9.4
Other	6.5	6.3		
Total	473.6	452.1	+4.8 ⁽¹⁾	+5.2
Operating profit	67.0	60.7	+10.4 ⁽²⁾	
Operating margin %	14.1	13.4		
ROCE %	38.0	39.4		

(1) On a comparable 52 week basis UK total sales increased by 6.2%.

(2) On a comparable 52 week basis UK operating profit increased by 13.2%.

The strategy to improve store productivity by increasing the average transaction value again proved successful, despite an increasingly challenging trading environment. Benefit was gained from a range of management initiatives. The initial phase of a trial of new store designs was expanded.

The gross margin rate was slightly ahead of last year. Increased store productivity contributed to the improved operating margin while the decrease in ROCE reflected the benefit of the 53rd week in 2001/02 and higher investment in diamond inventory.

Fixed capital investment, principally in the store portfolio, amounted to £16.4 million (2001/02: £18.8 million). Four new H.Samuel stores were opened and eight closed. Ernest Jones saw eight openings and no closures. At the year end there were 610 stores (418 H.Samuel and 192 Ernest Jones). In total 42 stores were refurbished in the period compared with 93 in 2001/02. Capital expenditure was at a similar level to last year as more large key stores were refurbished, including 13 under the new format. Some 32 stores are scheduled for refurbishment in 2003/04. Details of recent investment in the store portfolio are set out below:

	2002/03	2001/02	2000/01
Store refurbishments and relocations	42	93	24
New H.Samuel stores	4	10	9
New Ernest Jones stores	8	9	3
Fixed capital expenditure	£14m	£15m	£6m

Management believes that in calendar year 2002 the size of the total UK market for fine jewellery, fashion jewellery and watches was approximately £3.3 billion (\$5.2 billion) (including VAT of 17.5%).

The UK retail jewellery industry is very fragmented and competitive, with a substantial number of independent speciality jewellery retailers. Management believes that there are in total approximately 7,000 speciality jewellery retail stores in the UK.

Ernest Jones

Ernest Jones accounts for 11.7% of Group sales (2001/02: 10.7%) and is positioned at the upper end of the middle market. It is the second largest UK speciality retail jewellery chain and is represented in most large retail centres. Its principal product categories are diamonds, branded watches and gold jewellery. During the year average sales per store increased by 12.1% to £1,030,000 (2001/02: £919,000) and have increased at a five year compound annual growth rate of 10.6%.



Ernest Jones, the diamond and watch specialist, operated 192 stores at 1 February 2003. The strategy is to grow sales in diamonds

and luxury and fashion watches. Watches now account for 32% of the sales mix. Over the last five years Ernest Jones diamond sales, as a

percentage of total sales, have risen from 28% to 35%. The growth is supported by focusing on the increasing popularity of diamonds

in the UK and the introduction of proprietary branded merchandise such as the Leo Diamond.

**Tag Heuer Carrera
Gentlemen's Automatic
Chronograph**

**Omega Gentlemen's
Seamaster Professional**

**Gucci Ladies' polished
stainless steel bracelet watch
with diamond set bezel**



Ernest Jones store data⁽¹⁾

	2002/03	2001/02	2000/01
Number of stores:			
Opened during year	8	9	3
Closed during year	-	(2)	(5)
Open at end of year	192	184	177
Percentage increase in like for like sales	9.4%	14.6%	13.5%
Average retail price of items sold ⁽²⁾	£130	£119	£109
Average sales per store in thousands (exc. VAT) ⁽³⁾	£1,030	£919	£805

(1) Including Leslie Davis stores.

(2) Excluding accessories, repairs and warranties.

(3) Including only stores operated for the full financial year.

H.Samuel

H.Samuel, accounting for 17.4% of Group sales (2001/02: 17.6%), is the largest chain of speciality retail jewellers in the UK. The chain targets the middle market, offering a wide range of jewellery, gold, watches and gifts. Average sales per store in 2002/03 rose by 1.5% to £677,000 (2001/02: £667,000), and have increased at a five year compound annual growth rate of 3.6%.

H.Samuel store data

	2002/03	2001/02	2000/01
Number of stores:			
Opened during year	4	10	9
Closed during year	(8)	(16)	(8)
Open at end of year	418	422	428
Percentage increase in like for like sales	2.6%	6.4%	6.0%
Average retail price of items sold ⁽¹⁾	£33	£31	£28
Average sales per store in thousands (exc. VAT) ⁽²⁾	£677	£667	£609

(1) Excluding accessories, repairs and warranties.

(2) Including only stores operated for the full financial year.

The average retail price of items sold increased by 6.5% to £33 (2001/02: £31) in H.Samuel and by 9.2% to £130 (2001/02: £119) in Ernest Jones. Diamond assortments were further enhanced, with the Leo Diamond range being rolled out in Ernest Jones and the Forever Diamonds range being tested in H.Samuel. Diamond sales again achieved an above average increase and outpaced the growth in the UK diamond market; they now account for 25% of the sales mix (18% in H.Samuel and 35% in Ernest Jones). This represents a significant increase on five years ago when diamonds accounted for 16% of the mix (14% in H.Samuel and 28% in Ernest Jones).

Staff training remains a priority, with focus on improving product knowledge, particularly in respect of diamonds. During the year increased training support was given to store managers and a more structured training programme introduced. Progress in improving customer service was monitored through a mystery shopper programme.

In 2002/03 new store formats were tested in 17 locations (15 H.Samuel and 2 Ernest Jones). The new designs enable improved interaction with the customer and better presentation of the diamond range by replacing the former window displays with staffed display counters. In 2003/04 the trial will be extended, with the planned new and refurbished stores utilising the new formats.

Signet believes that the UK division's competitive advantages include its strong, well established brand names; the national coverage of the chains and their complementary socio-demographic coverage; the prime locations of stores; economies of scale in buying, marketing and central administration; and the capacity to contract with jewellery manufacturers utilising direct-sourced gold and loose polished diamonds, thereby delivering better value to the customer. The UK business also enjoys a unique competitive advantage due to its close relationship with Signet's US operations. Synergies are gained by sharing merchandising knowledge and trend information, best practice procedures and systems.

**Three-stone diamond
Trilogy ring in 18 carat
yellow gold**



Testing innovative designs

The strategy of the UK division is to increase store profitability by growing diamond sales. In order to make the stores more appropriate for

the sale of diamonds new store designs were tested in 15 H.Samuel locations and two Ernest Jones locations during 2002. The new features include open

frontages intended to make the store more accessible and inviting to the customer, together with improved lighting of the merchandise.

The new designs are being developed further, and it is planned to extend the trial in 2003/04.





Walker Boyd
Group Finance Director

Operating profit and ROCE Group operating profit increased by 7.7% to £216.2 million (2001/02: £200.7 million). Operating profit to sales ratio was 13.4% (2001/02: 12.7%) and ROCE was 23.8% (2001/02: 23.3%). Capital employed is based on the average of the monthly balance sheets and at 1 February 2003 included

US in-house credit card debtors amounting to £299.2 million (2 February 2002: £327.0 million).

Net income Net income for the year increased by 7.7% to £128.9 million (2001/02: £119.7 million).

Group costs Group central costs amounted to £6.0 million including a property provision of £0.5 million (2001/02: £5.1 million which did not include any property related item).

Net interest payable Net interest payable and similar charges amounted to £16.5 million (2001/02: £17.9 million, at constant exchange rates the equivalent figure was £16.8 million).

Taxation The charge of £70.8 million (2001/02: £63.1 million) represents an effective tax rate of 35.5% (2001/02: 34.5%). It is anticipated that the effective tax rate will remain at approximately the same level in 2003/04.

Impact of 53rd week in prior year 2001/02 was a 53 week financial year. The extra week increased total sales by £22.4 million (£16.5 million in the US and £5.9 million in the UK) and contributed £4.0 million to operating profit

(£2.5 million in the US and £1.5 million in the UK). Net of additional interest costs of £0.4 million, profit before tax benefited by £3.6 million in 2001/02.

Liquidity and capital resources Cash generated from operating activities amounted to £182.2 million (2001/02: £188.0 million). This reflected an increase in operating profit offset by working capital requirements for stores opened in the period. It is anticipated that in 2003/04 there will be a further increase in working capital due to planned store openings. Net financing costs of £16.5 million (2001/02: £17.9 million) and tax of £57.3 million (2001/02: £57.9 million) were paid. Cash flow before investing activities was £108.5 million (2001/02: £112.2 million).

Group capital expenditure was £49.5 million (2001/02: £60.7 million, £58.1 million at constant exchange rates). The level of capital expenditure was some 1.4 times the depreciation charge of £36.6 million (2001/02: £33.4 million). Capital expenditure in 2003/04 is expected to be approximately £65 million, the vast majority relating to store openings, refurbishments and relocations.

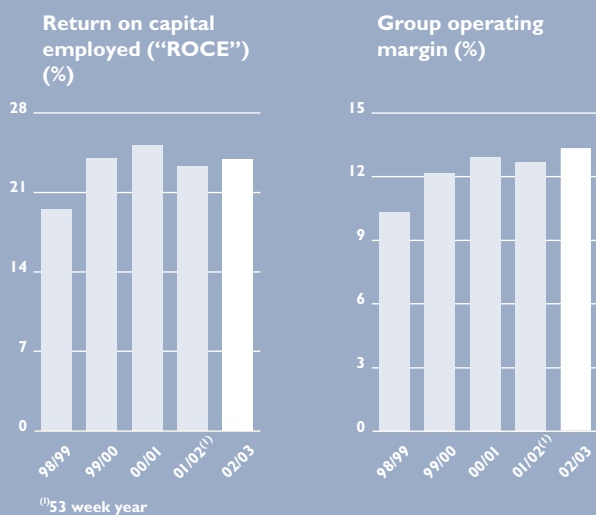
Equity dividends of £30.8 million (2001/02: £27.7 million) were paid.

Net debt Net debt at 1 February 2003 was £140.1 million (2 February 2002: £201.7 million, £175.6 million restated at a constant exchange rate). Group gearing (that is the ratio of net debt to shareholders' funds) at the year end was 20.1% (2 February 2001: 29.7%). Excluding the facility secured on the receivables, net cash at the year end was £12.9 million (2 February 2002: net debt £24.9 million).

Pensions In 2002/03 the Group has continued to account for its UK defined benefit scheme under SSAP 24. Consistent with prior years, the Group has used the most recent actuarial update (for 2002/03 as at 5 April 2002) as the basis for the SSAP 24 calculations.

Under this accounting treatment the net pension charge in respect of the UK scheme is £nil (2001/02: £nil). The balance sheet continues to reflect a deferred asset, before deferred tax, of £19.1 million (2001/02: £19.1 million).

The Group's Annual Report & Accounts for the 52 weeks ended 1 February 2003 sets out the additional required disclosures under the transitional arrangements for FRS 17. In summary, compliance would have resulted in a net pension credit of £0.2 million in respect of the UK Scheme for 2002/03. As a result of the fall in the value of the UK Scheme's assets under FRS 17 the market value of those assets compared to the present value of the UK Scheme's liabilities at 1 February 2003 was a deficit of £6.7 million before deferred tax, compared to a surplus of £24.9 million at 2 February 2002.



This Summary Financial Statement is only a summary of information in the Company's annual accounts, directors' report and directors' remuneration report and does not contain sufficient information to allow as full an understanding of the results of the Group and state of affairs of the Company or of the Group, and of their policies and arrangements concerning directors' remuneration as would be provided by the full Annual Report & Accounts.

Members requiring more detailed information have the right to obtain, free of charge, a copy of the 2003 Annual Report & Accounts by contacting the Registrars, the US Depository or the Company Secretary at the respective addresses shown on page 28.

Members wishing to receive the full Annual Report & Accounts for all future financial years may do so by contacting the Registrars at the address on page 28.

The auditors' report on the 2003 Annual Accounts and the auditable part of the directors' remuneration report was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

The Annual Review and Summary Financial Statement were approved by the Board of Directors on 26 March 2003 and were signed on its behalf by:

James McAdam Director

Walker Boyd Director

Cautionary statement regarding forward-looking statements

The Company desires to take advantage of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 with respect to the forward-looking statements about its financial performance and objectives in this Annual Review and Summary Financial Statement.

Statement of the Independent Auditors to the members of Signet Group plc pursuant to Section 251 of the Companies Act 1985

We have examined the Summary Financial Statement set out on pages 18 to 26.

Respective responsibilities of directors and independent auditors

The directors are responsible for preparing the Annual Review and Summary Financial Statement in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Annual Review and the Summary Financial Statement with the full annual accounts, directors' report and directors' remuneration report and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and Summary Financial Statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6 "The auditor's statement on the summary financial statement" issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's full annual accounts describes the bases of our audit opinion on those accounts.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts, directors' report and directors' remuneration report of Signet Group plc for the 52 weeks ended 1 February 2003 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

KPMG Audit Plc

Chartered Accountants, Registered Auditor

London

26 March 2003

Consolidated profit and loss account

for the 52 weeks ended 1 February 2003

	52 weeks ended 1 February 2003	53 weeks ended 2 February 2002
	£m	£m
Sales	1,608.0	1,578.1
Cost of sales	(1,331.6)	(1,318.3)
Gross profit	276.4	259.8
Administrative expenses	(60.2)	(59.1)
Operating profit	216.2	200.7
Net interest payable and similar charges	(16.5)	(17.9)
Profit on ordinary activities before taxation	199.7	182.8
Tax on profit on ordinary activities	(70.8)	(63.1)
Profit for the financial period	128.9	119.7
Dividends	(36.1)	(30.5)
Retained profit attributable to equity shareholders	92.8	89.2
Earnings per share – basic	7.5p	7.1p
– diluted	7.5p	7.0p

Summary consolidated balance sheet

at 1 February 2003

	1 February 2003	2 February 2002
	£m	£m
Fixed assets	225.3	238.3
Current assets:		
Stocks	539.5	555.5
Debtors	359.8	380.7
Cash at bank and in hand	89.2	66.5
	988.5	1,002.7
Creditors: amounts falling due within one year	(324.9)	(320.5)
Net current assets	663.6	682.2
Total assets less current liabilities	888.9	920.5
Creditors: amounts falling due after more than one year	(184.4)	(224.6)
Provisions for liabilities and charges:		
Deferred taxation	(0.5)	(9.2)
Other provisions	(7.5)	(7.0)
Total net assets	696.5	679.7
Capital and reserves – equity	696.5	679.7

Summary consolidated cash flow statement

for the 52 weeks ended 1 February 2003

	52 weeks ended 1 February 2003	53 weeks ended 2 February 2002
	£m	£m
Net cash inflow from operating activities	182.2	188.0
Net cash outflow from returns on investments and servicing of finance	(16.5)	(17.9)
Taxation	(57.3)	(57.9)
Net cash outflow from capital expenditure	(48.2)	(60.7)
Equity dividends paid	(30.8)	(27.7)
Proceeds from issue of shares	4.3	8.9
Change in net debt resulting from cash flows	33.7	32.7
Translation difference	27.9	(5.3)
Movement in net debt in the year	61.6	27.4
Opening net debt	(201.7)	(229.1)
Closing net debt	(140.1)	(201.7)

Segment information

	2003	2002
	£m	£m
Sales by origin and destination:		
UK	473.6	452.1
US	1,134.4	1,126.0
	1,608.0	1,578.1
Operating profit:		
UK – Trading	67.0	60.7
– Group central costs ⁽¹⁾	(6.0)	(5.1)
	61.0	55.6
US	155.2	145.1
	216.2	200.7
Net assets:		
UK	144.3	136.1
US	692.3	745.3
Net debt	(140.1)	(201.7)
	696.5	679.7

(1) Group central costs include a charge of £0.5 million relating to an increase in the provision against an onerous lease of a Group property (2002: £nil).

Summary directors' report

Corporate governance

The Board considers that the Group complied with the Combined Code published by the London Stock Exchange and with "Internal Control: Guidance for Directors on the Combined Code" ("the Turnbull guidance") throughout the year and up to the date of approval of the Annual Report & Accounts.

Business review

A review of performance during the year and likely future developments in the Group's businesses are included on pages 2 to 16 and form part of this Summary directors' report.

Dividend

The amount recommended to be paid by way of final dividend is set out in the Chairman's statement on page 2. The proposed final dividend is to be paid on 14 July 2003 to those shareholders on the register of members on 6 June 2003.

Corporate social responsibility

Signet is committed to managing the social, ethical and environmental risks and responsibilities facing the Group. In 2001/02 a statement of Social, Ethical and Environmental Principles and a Supplier Code of Conduct were published. In 2002/03 the focus was on developing an environmental policy, reviewing the environmental management systems and implementing the Kimberley Process, which regulates the trade in rough diamonds. (see www.signetgroupplc.com for details)

Directors

James McAdam CBE, 72, Chairman, appointed in 1992. He was also Group Chief Executive from 1992 until March 2000. From 31 March 2001, while continuing as Chairman, he ceased to be a full-time executive.

Lee Abraham*, 75, appointed in 1994. He has wide experience of US retailing over many years and is a director of Salomon Smith Barney Investment Funds. Mr. Abraham served as the lead director of Liz Claiborne Inc. before his retirement in 1997.

Robert Blanchard*, 58, appointed in 2000. He was a Group Vice President of Procter & Gamble and President of its Global Skin Care and Cosmetics business until his retirement in 1999. He is a non-executive director of Best Buy Co. Inc. and Bandag Inc. Mr. Blanchard also serves as President of Strategic and Marketing Services, a consulting company he founded upon his retirement from Procter & Gamble.

Walker Boyd, 50, appointed Group Finance Director in 1995. He is a member of the Institute of Chartered Accountants of Scotland. From 1992 he was Finance Director of the Group's UK division.

Terry Burman, 57, appointed Group Chief Executive in March 2000. He is also Chief Executive Officer of the Group's US division. Mr Burman was appointed to the Board in 1996. Prior to joining the Group in 1995 he was Chief Executive Officer of Barry's Jewelers, Inc.

Brook Land*, 54, appointed in 1995. Until 1996 he was a senior partner of, and is now a consultant to, solicitors Nabarro Nathanson. He is also non-executive Chairman of RPS Group plc and Medal Entertainment & Media plc. He was nominated as the senior independent director of Signet in June 2002.

Russell Walls*, 59, appointed in August 2002. He was Group Finance Director at BAA plc until his retirement in August 2002. He has been a non-executive director of Hilton Group plc for seven years but has announced his intention to resign with effect from 16 May 2003. He serves as their senior independent director. Mr. Walls is also a non-executive director of Stagecoach Group plc and Mersey Docks and Harbour Co. He is a fellow of the Association of Chartered Certified Accountants.

*Non-executive directors, all of whom satisfy the definitions of independence in the "Review of the role and effectiveness of non-executive directors" (the "Higgs report").

Alternate director

Richard Miller, 58, Executive Vice President and Chief Financial Officer of the Group's US division. He was appointed as an alternate director in 1994, and has announced his intention to retire in April 2003.

Committees

Remuneration Robert Blanchard (Chairman), Lee Abraham, Brook Land (until 31 March 2003), Russell Walls.

Audit Brook Land (Chairman until 31 March 2003), Lee Abraham, Robert Blanchard (until 31 March 2003), Russell Walls (Chairman from 1 April 2003).

Nomination Brook Land (Chairman), Lee Abraham (until 31 March 2003), Robert Blanchard, James McAdam, Russell Walls (until 31 March 2003).

David Wellings retired from the Board with effect from 13 June 2002. Up until this time he also served on all the above committees and was the senior independent director of Signet.

Ian Dahl resigned from the Board with effect from 30 September 2002.

I. Remuneration policy

The Remuneration Committee believes that the Group's remuneration policy must be based on sound, clearly stated principles which recognise the long term interests of the Group, its shareholders, and employees. After careful consideration during the past year, the Remuneration Committee formally adopted the following six principles:

- (i) Signet's primary business objective should be to deliver results that consistently outperform the average of the Group's industry sector.
- (ii) It is recognised that to consistently deliver above industry-average performance Signet will need to retain, and where necessary attract, executives of well above industry-average ability and leadership potential.
- (iii) It is also recognised that retaining, and where necessary recruiting, senior executives of this calibre will require that the Group provides above industry-average total remuneration.
- (iv) Therefore, Signet's executive directors and other senior executives should be remunerated in a range beginning with the 51st and ending with the 75th percentiles of industry total remuneration, based on current surveys of relevant companies. The remuneration of each executive within this range will be based on performance (both of the Group and the individual executive), potential (i.e. the executive's potential to grow in responsibility and performance), and scarcity (i.e. the availability of candidates to replace the executive should he/she leave the Group).
- (v) Total remuneration for executive directors and other senior executives should be highly geared towards performance with the proportion of "at risk" pay increasing disproportionately according to: a) the level of performance achieved, and b) the seniority of the executives and their ability to influence results. Excluding pensions there should be only one element of "guaranteed" remuneration, base salary, which in itself should be competitive. The performance related portion of total remuneration should reward short term and long term performance separately, with the potential level of payment being heavily weighted in favour of the latter. Short term achievement should be recognised through the annual bonus plan with long term achievement being recognised through executive share option awards and participation in long term incentive plans.
- (vi) Surveys will be undertaken on a regular basis to ensure that total remuneration packages remain in the percentile range described in (iv) above. Recognising that over 70% of Signet's sales and profits are generated in the US, and that significant differences in remuneration practices exist between the US and the UK, separate surveys will be conducted in each country.

Details of share option plans and long term incentive plans are set out below:

(a) Share option plans

The Remuneration Committee believes that an executive share option plan is necessary to execute the remuneration principles, and that a well constructed plan forms an important element in motivating executives to deliver the long term performance needed to generate strong returns to shareholders.

It is the policy of the Remuneration Committee that all employees, including directors, who satisfy certain qualifying conditions should have the opportunity to participate in the equity of the Company through a savings related share option scheme, and annual offers are normally made. Under the relevant legislation the exercise of these share options is not subject to performance criteria.

The condition set for the exercise of options under the Executive Share Option Scheme 1993 was that for vesting to take place a post inflation minimum growth in earnings per share of 10% over any consecutive three year period had to be achieved. This performance condition was chosen as the Remuneration Committee believed it to be in line with market practice.

Subject to shareholder approval, it is intended to introduce a new executive share option plan during 2003. It is expected that details of the plan will be set out in a separate circular that will be sent to shareholders in due course.

(b) Long term incentive plan ("LTIP")

The Remuneration Committee believes that, in addition to the provision of share options, it is appropriate to operate an LTIP to encourage executive directors, senior members of the divisional executive management committees and certain other senior executives with a similar level of responsibility, to meet long term strategic and financial objectives set by the Board. The policy is to make annual awards subject to the general principles explained in paragraphs I (iv) and I (v) above. Vesting is dependent on the achievement of performance conditions set by the Committee at the time the awards are made.

Awards are subject to fulfilment of minimum performance conditions set at the time of the award as to:

- compound annual growth in the profit before tax of the Group using a constant exchange rate (or, in the case of the former Chief Executive of the UK division, the operating profit of the UK division) ("Profit Growth") and
- the return on capital employed ("ROCE") of the Group (or, in the case of the former Chief Executive of the UK division, the ROCE of the UK division),

in each case over a fixed period of three successive financial years starting with the one in which the award was made. Nothing will be payable under the award unless both minimum performance conditions are achieved. The minimum Profit

Summary directors' remuneration report (continued)

LTIP performance criteria

	2002/03 award		2001/02 award		2000/01 award	
	Group ⁽¹⁾	UK ⁽²⁾	Group ⁽¹⁾	UK ⁽²⁾	Group ⁽¹⁾	UK ⁽²⁾
Minimum performance for any vesting						
Profit measure		Profit Growth in excess of threshold inflation level				
ROCE measure	20.5%	35.0%	20.5%	32.0%	20.5%	25.0%
Profit Growth performance measure						
Profit Growth rate – inflection point	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Profit Growth rate required for maximum vesting	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
ROCE performance measure						
Specified ROCE required	21.5%	37.0%	22.5%	34.0%	22.5%	27.0%

(1) For Group Chief Executive and Group Finance Director.

(2) For the former Chief Executive of the UK division, the 2001/02 and 2002/03 awards were forfeited following his resignation.

Growth is set at a threshold level based on inflation. The conditions were selected to ensure that awards would only vest provided that growth in profits exceeded the rate of inflation and that the business's ROCE is broadly maintained or improved. If the performance conditions are achieved the award will vest and its value will depend on the extent to which the minimum performance conditions are exceeded:

- if Profit Growth exceeds the minimum threshold inflation level, the amount of the award will be calculated on a straight line basis from that level up to a specified inflection point.
- if the minimum threshold inflation level of Profit Growth is achieved but the maximum award has not been earned by reference to Profit Growth, then, in addition to the percentage of base salary which has been earned on the above basis, the amount of the award earned on the basis of Profit Growth may be increased on the basis of the ROCE increase.

The table above shows the percentages and the inflection points which have been specified for the existing awards and indicates the relevant profits and ROCE to be used for measurement in the case of each participant.

(c) Performance criteria

The Remuneration Committee believe that where performance criteria are used they should be:

- easily understood,
- able to be directly linked to the performance of the Group or relevant business unit and to be influenced by managements' own actions,
- designed to motivate management to increase profitability significantly beyond the rate of inflation,
- designed to incentivise senior management to make efficient use of capital and to increase shareholder value,
- equity based for long term schemes, and
- consistent with the overall objectives of the Group.

The criteria used to measure performance are based on the audited results of the Group (subject to minor adjustments that are approved by the Remuneration Committee) so as to provide clarity and objectivity.

(d) Service contracts

It is the policy of the Remuneration Committee that an executive director's contract should be a one year rolling contract with the period of notice to terminate the contract to be given by either side not exceeding one year and that, if it is necessary to grant a longer period of notice when recruiting from outside the Group, this should reduce to a maximum of one year after an initial period.

(e) Early termination

The Remuneration Committee believes that the circumstances of early termination vary. Only in exceptional circumstances will explicit terms for compensation for early termination be included in contracts. Where no explicit compensation terms are included, departing directors or senior managers are expected to mitigate their loss within the framework of individual circumstances.

The Group Chief Executive has a rolling contract (dated 20 December 2000) with a US subsidiary, which can be terminated on one year's notice in writing by either party. The Group Finance Director has a rolling service contract (dated 14 June 1995 and amended on 15 May 2000) with the Company, which can be terminated on one year's notice in writing by either party and terminates on his 60th birthday. The service contracts for the Group Chief Executive and the Group Finance Director provide for liquidated damages in case of early termination or change of control. In these circumstances the amount of liquidated damages due to the Group Chief Executive would equal, in summary, the aggregate of (i) 100% of his annual salary at the time of termination, (ii) 25% of his base salary in respect of pension and other benefits, (iii) his outstanding contractual entitlement to a cash bonus

under the annual bonus plan in respect of the period prior to termination, and (iv) a further sum equal to a variable percentage (currently 87.8%) of the next cash bonus to which he would have become entitled under the annual bonus plan. The amount of liquidated damages due to the Group Finance Director would equal, in summary, the aggregate of (i) his annual salary as at the time of termination, (ii) the market value of the contractual benefits in kind (including any pension contribution) to which he would have become entitled during the following 12 months, and (iii) all payments to which he would have become entitled under the annual bonus plan during the same 12 month period. Entitlement to any share option or LTIP awards is governed by the rules of the relevant scheme. The contracts contain confidentiality and non-competition clauses.

2. Directors' emoluments*

Information in sections and figures marked * has been audited.

	Base salary or fees		Benefits ⁽¹⁾		Short term bonuses ⁽²⁾		Termination payments ⁽³⁾		Total	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Executive										
James McAdam Chairman	271	286	24	22	–	270	–	–	295	578
Walker Boyd Group Finance Director	291	268	21	16	131	70	–	–	443	354
Terry Burman ⁽⁴⁾ Group Chief Executive	743	735	30	32	444	288	–	–	1,217	1,055
Ian Dahl ⁽⁵⁾ former Chief Executive of UK division	184	262	15	18	–	159	304	–	503	439
Non-executive										
Lee Abraham	35	31	–	–	–	–	–	–	35	31
Robert Blanchard	35	31	–	–	–	–	–	–	35	31
Brook Land	35	31	–	–	–	–	–	–	35	31
Russell Walls ⁽⁶⁾	18	–	–	–	–	–	–	–	18	–
David Wellings ⁽⁷⁾	13	31	–	–	–	–	–	–	13	31
Total	1,625	1,675	90	88	575	787	304	–	2,594	2,550

The figures above represent emoluments earned as directors during the relevant financial year. Such emoluments are paid in the same financial year with the exception of bonuses, which are paid in the year following that in which they are earned.

(1) Benefits incorporate all benefits arising from employment by the Group, which relate in the main to the provision of a company car and private health insurance.

(2) The growth rates used to calculate the annual bonus in 2001/02 and 2002/03 were adjusted to take account of the 53rd week in 2001/02.

(3) On 30 September 2002 the former Chief Executive of the UK division, Ian Dahl, resigned giving 12 months notice. The Group opted to make his resignation effective immediately in accordance with the terms of his contract and made him a payment in February 2003 of £280,000 in lieu of notice. Signet also agreed to continue providing certain benefits that would have been payable had Ian Dahl remained in employment during his notice period, which are estimated to amount to £24,000 in total. No payments were made in respect of pensions. In accordance with the rules of the schemes the Remuneration Committee exercised its discretion to allow 434,211 executive share options, with an exercise price of 57.0p to become exercisable in May 2003 and the 2000 LTIP grant to vest in 2003. Under the LTIP grant a payment of £62,222 will be made and an option over 112,619 shares at an exercise price of £1 in total will be granted. All other options and LTIP awards held by Ian Dahl were forfeited.

(4) Terry Burman's emoluments are specified in US dollars and an average exchange rate of US\$1.53 was used (2001/02: US\$1.44).

(5) Until his resignation on 30 September 2002.

(6) From his appointment on 1 August 2002.

(7) Until his resignation on 13 June 2002.

(f) External consultants

The Remuneration Committee draws on external professional advice on a regular basis and makes use of relevant and reliable independent market surveys. In 2002/03 the Committee reviewed its use of external advisers and appointed Towers Perrin. Previously the Committee had been advised by Andersen Consulting who had been appointed by the Committee. Neither Towers Perrin nor Andersen Consulting were retained in any other capacity within the Group.

(g) Other matters

There are certain other policy matters which are the concern of the Remuneration Committee. These include base salary, annual bonus plan, pensions, companies used for comparison, and outside appointments of executive directors.

Summary directors' remuneration report (continued)

Pension benefits

The Chairman does not receive any pension provision. In 2002/03 the amount paid in respect of life assurance for him in the period was £19,100 (2001/02: £19,100).

The Group Chief Executive is a member of the Sterling Jewelers Inc. 401(k) Retirement Savings Plan and an unfunded, unqualified deferred compensation plan. Contributions made by Signet's US division in respect of the Group Chief Executive during the period totalled £1,797* (2001/02: £1,771*) and £145,571* (2001/02: £144,061*) respectively.

Under the Group pension scheme the accumulated accrued pension entitlement at 1 February 2003, which would be paid annually on retirement based on service to the end of the year and excluding any increase for inflation, was £34,954 for Walker Boyd and £9,450 for Ian Dahl. Supplemental payments of £38,787 (2001/02: £34,540) in respect of Walker Boyd and £30,027 (2001/02: £33,457) in respect of Ian Dahl, were paid by the Company to the funded unapproved retirement benefit scheme. Life assurance contributions for Walker Boyd totalled £2,127 (2001/02: £1,756) and for Ian Dahl totalled £4,265 (2001/02: £3,536).

3. Directors' interests

Except as set out in table (c) on page 26, no director nor any member of any director's immediate family had an

interest in, or was granted or exercised any right to subscribe for, shares or debentures of the Company or any subsidiary, nor did any such right to subscribe lapse during the financial year, nor was there any change between the end of the financial year and 26 March 2003 in the interests of any director of the Company disclosed to the Company under the provisions of section 324 (duty of directors to disclose shareholdings in own company) as extended by section 328 (extension of section 324 to spouses and children) of the Companies Act 1985 nor in any right to subscribe for shares in, or debentures of, the Company. At 2 February 2002, 1 February 2003 and 26 March 2003, according to the register kept by the Company under section 325 of the Companies Act 1985, the directors held interests in the shares of the Company as indicated in tables (a), (b) and (c) below.

As explained on page 21 the value of the awards that vest under the 2000 LTIP depends upon the extent to which the performance conditions are met. The awards are also capped by reference to a percentage of the recipient's base salary. Although the performance condition for the 2000/01 award has been met, vesting will only occur within 60 days of the Preliminary Results announcement for the year ended 1 February 2003.

The Group operates the Signet Qualifying Share Trust ("QUEST") which is used to facilitate the Sharesave

(a) Directors' interests in share options*

Director	Number of shares under option					At year end	Exercise price	Date from which exercisable	Expiry date
	At start of year	Granted	Forfeited	Exercised					
Walker Boyd	3,622,593	225,000	–	(800,000) ⁽¹⁾	3,047,593	51.91p ⁽²⁾	6.10.00 to 11.4.05	30.6.05 to 10.4.12	
Terry Burman	5,790,690	1,250,689	–	(14,760) ⁽³⁾	7,026,619	\$0.98 ⁽²⁾	28.4.01 to 11.4.05	31.1.05 to 10.4.12	
Ian Dahl ⁽⁴⁾	786,370	220,833	(572,992)	–	434,221	57.00p ⁽²⁾	8.5.03	7.11.03	
James McAdam	2,009,080	–	–	(45,588) ⁽⁵⁾	1,963,492	46.19p ⁽²⁾	28.4.01 to 1.1.05	30.6.05 to 31.3.09	

All options were granted to directors while they were directors and the performance conditions are set out on page 21.

(1) As already disclosed in last year's accounts 800,000 of these options were exercised on 8 February 2002, when the market price was 102.25p.

(2) These are weighted averages of the exercise prices per share for the options held at year end.

(3) Exercised on 23 January 2003 when the market price was 69p.

(4) Until his resignation as a director on 30 September 2002.

(5) As already disclosed in last year's accounts these options were exercised on 7 March 2002, when the market price was 113p.

The aggregate amount of gains made by the three directors on the exercise of options during the year amounted to £594,191 (2001/02: £4,476,654).

Scheme, and the Signet Employee Share Ownership Trust ("ESOT"). Walker Boyd and James McAdam, at 2 February 2002, 1 February 2003 and 26 March 2003, and Ian Dahl at 2 February 2002 and 30 September 2002, were, in common with all other UK employees of the Group, deemed to have an interest in the shares held by the

QUEST and the ESOT. No director had been granted any specific interest in such shares other than options held by them under a savings related share option scheme.

The Company's register of directors' interests, which is open to inspection at the registered office, contains full details of directors' shareholdings and share options.

(b) Directors' interests in LTIPs*

Director	Date of award	Awards subject to performance conditions		Awards where the performance condition has been satisfied ⁽¹⁾			Total current value ⁽⁵⁾ £	Vested and paid in year £	Expiry of award or vested option
		Cash value ⁽²⁾ £	Number of share options ⁽²⁾	Cash interest ⁽³⁾ £	Number of share options ⁽³⁾	Option interest value ⁽⁴⁾ £			
Walker Boyd									
2000/01 award ⁽⁶⁾	19.7.00	–	–	73,750	133,484	97,110	170,860	–	18.7.10
2001/02 award ⁽⁶⁾	4.5.01	73,750	98,662	–	–	–	145,527	–	(7)
2002/03 award	26.4.02	73,750	60,950	–	–	–	118,091	–	(7)
Awards at end of year		147,500	159,612	73,750	133,484	97,110	434,478		
Terry Burman									
1999/00 award ⁽⁶⁾	6.4.99	–	–	–	–	–	–	520,000 ⁽⁸⁾	
2000/01 award ⁽⁶⁾	19.7.00	–	–	256,369	464,017	337,572	593,941	–	18.7.10
2001/02 award ⁽⁶⁾	4.5.01	256,369	342,969	–	–	–	505,879	–	(7)
2002/03 award	26.4.02	256,369	211,876	–	–	–	410,508	–	(7)
Awards at end of year		512,738	554,845	256,369	464,017	337,572	1,510,328		
Ian Dahl									
2000/01 award ⁽⁶⁾	19.7.00	–	–	62,222	112,619	81,931	144,153	–	30.9.03
2001/02 award ⁽⁶⁾⁽⁹⁾	4.5.01	70,000	93,333	–	–	–	–	–	forfeited
2002/03 award ⁽⁹⁾	26.4.02	70,000	57,851	–	–	–	–	–	forfeited
Awards at end of year		–	–	62,222	112,619	81,931	144,153		

All grants were made to directors while they were directors and the performance conditions relating to the awards are set out on page 22.

- (1) In respect of the 2000/01 awards the Group performance achieved was a growth in profit before tax of 14.1% per annum and a ROCE of 24.1% and the UK performance achieved was a growth in operating profit of 19.5% and ROCE of 37.7%. This resulted in 100% of the award vesting with regard to both the Group and UK performance conditions.
- (2) Assumes maximum performance conditions satisfied and is based on salary at 26 March 2003, a share price at the time of grant in 2001 of 74.75p and in 2002 of 121.0p and in the case of Terry Burman an exchange rate of \$1.57.
- (3) Based on salary at 26 March 2003 and a share price at the time of grant in 2000 of 55.25p. The LTIP payment is made in the year following the last year in respect of which the performance condition was set. In the case of Terry Burman an exchange rate of \$1.57 was used.
- (4) Calculated using share price as at 26 March 2003 of 72.75p.
- (5) Cash interest plus option interest value at 26 March 2003. For awards where the level of performance is currently unknown no payment or a reduced payment may be made under the LTIP. In respect of awards where the performance is known the base salary and market value may be different at the date of vesting.
- (6) Awards at start of year.
- (7) Expiry dates of awards are 60 days after the announcement of the Preliminary Results for the last financial year in the performance period.
- (8) Until the introduction of the 2000 LTIP Terry Burman was the only director entitled to participate in a LTIP. This was included in his service contract on recruitment. The terms were similar to the 2000 LTIP but has a 100% cash payment. As already disclosed in last year's accounts an award made in 1999/00 vested on 8 April 2002 and was the maximum payable as the performance conditions exceeded the target criteria laid down. An exchange rate of \$1.44 was used.
- (9) Until he resigned as a director on 30 September 2002 and the 2001/02 and 2002/03 awards were forfeited.

Summary directors' remuneration report (continued)

(c) Directors' interests in shares*

Director	Number of shares		
	At start of year	At end of year	At 26 March 2003
Lee Abraham	75,000	75,000	75,000
Robert Blanchard	6,360	6,360	6,360
Walker Boyd	433,495	433,495	433,495
Terry Burman	307,509	322,266	322,266
Ian Dahl ⁽¹⁾	–	10,000	–
Brook Land	25,000	25,000	25,000
James McAdam ⁽²⁾	131,500	242,088	242,088
Russell Walls ⁽³⁾	–	4,000	4,000
David Wellings ⁽⁴⁾	32,500	32,500	–

(1) Ian Dahl acquired 10,000 shares on 8 February 2002 and held them at the time of his resignation as a director on 30 September 2002.

(2) 22,000 of those shares held were, at each date, held by James McAdam's wife in trust for their grandchildren and, while James McAdam is taken to have an interest in them for Companies Act purposes, neither he nor his wife has a beneficial interest in them.

(3) Russell Walls acquired 4,000 shares on 15 January 2003.

(4) Until his retirement as a director on 13 June 2002.

4. Share price

The middle market price of a Signet share on the London Stock Exchange was 75.00p on 1 February 2003 and was 103.50p on 2 February 2002. During the 52 weeks ended 1 February 2003, the middle market prices on the London Stock Exchange ranged between a low of 65.00p and a high of 132.50p. On 26 March 2003 the middle market price was 72.75p.

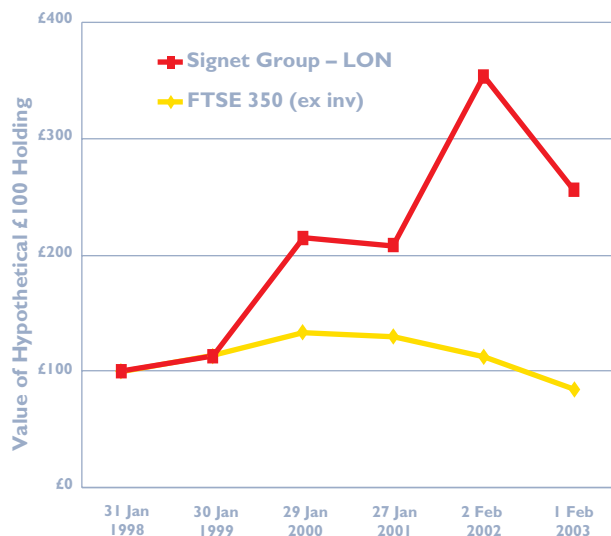
5. Total shareholder return

The graph below (left) shows the cumulative annual total return (share price movement and dividends) to shareholders of the Group since 1 February 1998 based on the 30 day average of value of the share price compared to the FTSE 350 index. This index was chosen as a suitable comparator as it is a major market index of which the Group is a member. Also shown on a similar basis on the graph below (right), is the Group's performance compared to the FTSE general retail sector:

Five year historical TSR performance

Growth in the value of a hypothetical £100 holding over five years

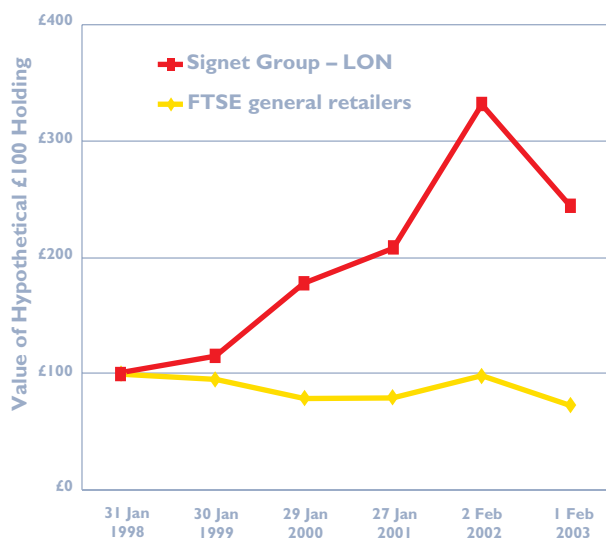
FTSE 350 (ex inv) comparison based on 30 trading day average values



Five year historical TSR performance

Growth in the value of a hypothetical £100 holding over five years

FTSE general retailers index comparison based on 30 trading day average values



Five year financial summary

	2002/03	2001/02 ⁽¹⁾	2000/01	1999/00	1998/99
	£m	£m	£m	£m	£m
Sales	1,608.0	1,578.1	1,387.3	1,136.5	991.2
Operating profit	216.2	200.7	178.7	139.1	102.3
Net interest payable	(16.5)	(17.9)	(15.9)	(11.4)	(13.1)
Profit before tax	199.7	182.8	162.8	127.7	89.2
Taxation	(70.8)	(63.1)	(52.1)	(38.3)	(24.0)
Profit for the period	128.9	119.7	110.7	89.4	65.2
Earnings per share ⁽²⁾	7.5p	7.1p	6.6p	5.3p	3.9p
Dividend per share	2.110p	1.789p	1.625p	1.450p	1.000p
Capital expenditure	49.5	59.8	56.2	39.3	30.9
Investment in fixed and working capital	121.3	108.1	132.0	83.2	56.9
Depreciation and amortisation	37.8	34.7	30.6	27.8	27.6
Net debt	140.1	201.7	229.1	91.6	111.5
Shareholders' funds (as restated) ⁽³⁾	696.5	679.7	565.4	448.3	379.6
Gearing ⁽⁴⁾	20.1%	29.7%	40.5%	20.4%	29.4%
Return on capital employed ⁽⁵⁾	23.8%	23.3%	25.2%	24.1%	19.5%
Number of stores open at end of period:					
US	1,050	1,025	999	827	788
UK	610	606	605	606	606
Percentage increase/(decrease) in like for like sales:					
US	5%	1%	6%	11%	10%
UK	5%	9%	9%	5%	(1)%
Average sales per store £000's: ⁽⁶⁾					
US	1,088	1,125	1,117	939	823
UK	747	735	665	613	580
Number of employees (full time equivalents)	14,160	13,525	12,520	11,450	10,919

(1) 53 week year. The impact of the additional week on sales was £22.4 million, operating profit £4.0 million, net interest payable £0.4 million and profit before tax £3.6 million.

(2) Profit attributable to shareholders divided by the weighted average number of shares in issue.

(3) During 2001/02 the Group adopted FRS19 – 'Deferred Tax'. The adoption of the standard has resulted in a prior year adjustment affecting UK GAAP shareholders' funds for 1998/99, 1999/00 and 2000/01.

(4) Net debt as a percentage of shareholders' funds.

(5) Operating profit divided by monthly average capital employed.

(6) Including only stores operated for the full financial period.

UK shareholders

Enquiries concerning the following matters should be addressed to:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham, Kent BR3 4TU
Telephone: 0870 162 3100
Telephone (overseas): +44 208 639 2157
e-mail: ssd@capitaregistrars.com
web site: www.capitaregistrars.com

- Dividend payments
- Dividend mandate instructions
- Dividend reinvestment plan
- Loss of share certificates
- Notification of change of address or name
- Transfer of shares to another person
- Amalgamation of shareholdings: if you receive more than one copy of the Annual Review, you may wish to amalgamate your accounts on the share register.

ADS information

The Company is subject to the regulations of the United States Securities and Exchange Commission ("SEC") as they apply to foreign private issuers, and will file with the SEC its Annual Report on Form 20-F and other information as required. The shares of 0.5p each in Signet Group plc are quoted on the NASDAQ National Market (symbol: SIGY) in the form of American Depositary Shares ("ADS"), each of which represents 30 shares. The ADS programme is administered on behalf of the Company by The Bank of New York and enquiries should be addressed to:

The Bank of New York
Depositary Receipt Division
22nd Floor
101 Barclay Street
New York, NY 10286
Telephone: toll-free +1 888 269 2377

To obtain copies of the full Annual Report & Accounts and Form 20-F in the US, call The Bank of New York on toll-free telephone: +1 888 269 2377.

Registered office

Zenith House
The Hyde
London NW9 6EW
Telephone: 0870 909 0301

Investor Relations contact

Timothy Jackson
Company Secretary and Investor Relations Director
Zenith House
The Hyde
London NW9 6EW
Telephone: 0870 909 0301
email: investorrelations@signet.co.uk

Corporate web site

Further information about the Group including the Annual and Interim Reports, public announcements and share price data is available in electronic format from the Group's corporate web site at www.signetgroupplc.com.

Unsolicited mail

As the Company's share register is, by law, open to public inspection, shareholders may receive unsolicited mail from organisations that use it as a mailing list. To limit the amount of unsolicited mail you receive, write to:

Mailing Preference Service
FREEPOST 22
London
W1E 7EZ

Annual general meeting

The annual general meeting is to be held at 2.00 pm on 8 July 2003 at The Café Royal, 68 Regent Street, London W1B 5EL. A description of the business to be transacted at the annual general meeting is included with the notice of the meeting.



www.signetgroupplc.com