

## Summary directors' report

The directors of Boots Group PLC present their summary financial statement to shareholders for the year ended 31st March 2004. It is a summary of the information contained in the Annual Report and Accounts.

### Principal activities

The group's principal activities during the year were:

- retailing of chemists' merchandise.
- the provision of opticians' and other healthcare services.
- the development, manufacture and marketing of healthcare and consumer products.

### Business review and future developments

A review of group activities during the year, research and development, and likely future developments are dealt with in the introduction, Chairman's statement, chief executive's review and operational review on pages 1 to 19.

### Appropriations

The directors recommend the payment of a final dividend of 21.0p per share which, if approved by shareholders, will be paid on 13th August 2004 to shareholders registered on 11th June 2004. When added to the interim dividend of 8.8p paid on 6th February 2004, this makes a total dividend payment for the year of 29.8p per share (2003 28.6p per share). Payment of these dividends requires £226.3m (2003 £230.7m), leaving a profit of £186.3m (2003 £69.3m) retained in the business.

### Directors

Details of directors are shown on page 24. Dr J G S Buchanan, Mr J B McGrath, Mr S G Russell and Mr A P Smith were directors of the company until their resignations on 24th July 2003, 15th September 2003, 31st May 2003 and 31st October 2003 respectively.

Mme H Ploix and Dr M P Read retire by rotation at the annual general meeting in accordance with article 87 of the company's articles of association and offer themselves for reappointment.

Mr R A Baker and Mr G N Dawson, who were appointed as directors on 15th September 2003 and Mr T C Parker, who was appointed as a director on 28th January 2004, retire at the annual general meeting in accordance with article 86 and offer themselves for reappointment.

The performance of each director standing for reappointment has been formally evaluated by the Chairman, and the Chairman will recommend their reappointment. The board believes that each director standing for reappointment continues to demonstrate commitment, to be an effective member of the board, and to contribute to the balance of skills and knowledge and experience required by the board.

### Auditors

Resolutions to reappoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration will be proposed at the annual general meeting.

### Corporate Governance

The requirements of corporate governance are set out in the Financial Services Authority (FSA) Listing Rules together with the related Principles of Good Governance and Code of Best Practice (the 'Combined Code'), adopted by the FSA.

Directors are assisted in complying with the internal control requirements of the Combined Code by the Institute of Chartered Accountants in England and Wales' publication 'Internal Control: Guidance for Directors on the Combined Code' (the 'Turnbull guidance').

The board considers that good corporate governance is an essential element of achieving its overall objectives. It has reviewed the group's corporate governance policies and practices, and has determined that during the period 1st April 2003 to 31st March 2004 the company complied with the provisions of the Combined Code applicable during that period, with the exception that Mr J B McGrath served as both Chairman and acting chief executive for the period following the resignation of Mr S G Russell from the office of chief executive on 31st May 2003 until 15th September 2003, when Mr R A Baker was able to join the company as chief executive.