



**Home Retail Group plc
End of Year Trading Statement**

Home Retail Group, the UK’s leading home and general merchandise retailer, is required for the financial year just ended, to report its financial results for the 53-week statutory period ended 3 March 2012. The numbers reported today cover the final eight-week period for the proforma 52-week period ended 25 February 2012.

Terry Duddy, Chief Executive of Home Retail Group, commented:

“With trends in this short, low volume, trading period being broadly as we anticipated, Group benchmark profit before tax for the 52-week period ended 25 February 2012 is expected to be in-line with current market expectations. Whilst we begin the new financial year in good operational shape, we will continue to manage robustly both the cost base and the cash position of the Group, while prioritising investment in the ongoing development of our multi-channel capabilities.”

	Latest period (8 weeks to 25 February 2012)	H2 (26 weeks to 25 February 2012)	Full year (52 weeks to 25 February 2012)
Argos			
Sales	£480m	£2,197m	£3,873m
Like-for-like change in sales	(8.5%)	(8.7%)	(8.9%)
Net space contribution to sales change	0.8%	1.0%	1.2%
Total sales change	(7.7%)	(7.7%)	(7.7%)
Gross margin movement	c.0bps	Down c.50bps	Down c.50bps
Homebase			
Sales	£195m	£670m	£1,510m
Like-for-like change in sales	(6.5%)	(3.7%)	(2.0%)
Net space contribution to sales change	0.3%	0.1%	(0.6%)
Total sales change	(6.2%)	(3.6%)	(2.6%)
Gross margin movement	Up c.175bps	Up c.50bps	c.0bps

Argos

Total sales at Argos declined by 7.7% to £480m in the period. Net new space contributed 0.8%; one new store opened and 12 stores closed reducing the store portfolio to 748. Like-for-like sales declined by 8.5% in the period, principally driven by the continued weakness in the consumer electronics market. Total internet sales grew slightly with internet penetration remaining strong at 40% of Argos’ total sales, up from 36% a year ago.

The gross margin rate was flat.

Homebase

Total sales at Homebase declined by 6.2% to £195m in the period. Net new space contributed 0.3%; there was one store closure reducing the store portfolio to 341. Like-for-like sales declined by 6.5% in the period, principally driven by the continued weakness in big ticket sales.

The approximate 175 basis point gross margin improvement was driven mainly by stock management benefits.

Other

The Group's net cash position at 25 February 2012 is expected to be approximately £180m following a cash outflow for the 52-week period ended 25 February 2012 of approximately £80m.

As stated above, the financial year just ended requires the Group to report on a statutory 53-week period basis. The 53rd week to 3 March 2012, is expected to contribute approximately £15m of additional benchmark profit before tax and approximately £15m of additional cash. Both these amounts are in addition to the 52-week period financial performance referred to above and therefore, the Group's net cash position at 3 March 2012 is expected to be approximately £195m.

Enquiries**Analysts and investors (Home Retail Group)**

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There will be a conference call for analysts and investors to discuss this statement at 8.30am this morning. The call can be listened to live on the Home Retail Group website www.homeretailgroup.com. An indexed replay will also be available on the website later in the day.

Home Retail Group will announce its full-year results on Wednesday 2 May 2012.

Information in this announcement is based upon unaudited management accounts. In addition, certain statements made are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements.