



Home Retail Group plc Interim Management Statement

Home Retail Group, the UK's leading home and general merchandise retailer, today publishes an Interim Management Statement covering the 13 weeks from 4 March to 2 June 2012.

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

"Over a particularly volatile trading period, Argos had a solid start to the year supported by its multi-channel performance, while at Homebase the poor weather conditions adversely impacted seasonal product sales. At this early stage of the financial year we are comfortable with current market expectations for full year benchmark profit. We will continue to plan cautiously, managing robustly both the cost base and the cash position of the Group while prioritising our investment in the ongoing development of our multi-channel capabilities."

Q1

(13 weeks to
2 June 2012)

Argos

Sales	£819m
Like-for-like change in sales	(0.2%)
Net space contribution to sales change	0.4%
Total sales change	0.2%
Gross margin movement	Down c.25bps

Homebase

Sales	£421m
Like-for-like change in sales	(8.3%)
Net space contribution to sales change	0.2%
Total sales change	(8.1%)
Gross margin movement	Up c.225bps

Argos

Total sales at Argos grew by 0.2% to £819m. Net new space contributed 0.4% and two stores closed in the quarter reducing the store portfolio to 746.

Like-for-like sales declined by 0.2% in the quarter. Consumer electronics saw an improved performance with sales level on the previous year, driven by continued strong growth in laptops and tablets which offset the sales declines in the TV, audio and video gaming categories for which the markets remained challenging.

Sales via the online Check & Reserve service grew 24% and represented 29% of total Argos sales. Total internet sales grew 17% and represented 41% of total Argos sales. Total multi-channel sales represented 51% of Argos sales, up from 46% a year earlier.

The approximate 25 basis point gross margin decline was driven by the adverse sales mix and ongoing price investment, partially offset by the expected benefit of a reduced level of stock clearance activity and the anticipated net benefit of favourable currency and reduced shipping costs.

Homebase

Total sales at Homebase declined by 8.1% to £421m. Net new space contributed 0.2% in the quarter with the store portfolio remaining at 341.

Like-for-like sales declined by 8.3% in the quarter, principally driven by sales of seasonal products, which represented about 40% of total sales and which were down by around 15% having been impacted by the poor weather conditions. Big ticket sales were also down in a market that continues to be challenging, while sales for the remaining categories were level.

The approximate 225 basis point gross margin improvement was driven by a combination of a reduced level of promotional sales, the impact of the anticipated net benefit of favourable currency and reduced shipping costs and the sales mix.

No other material events, transactions or impacts on the Group's financial position have taken place since the previously announced 3 March 2012 balance sheet date.

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 details of trading for the 13 weeks from 3 June 2012 to 1 September 2012 on Thursday 13 September 2012, and its half-year results on Wednesday 24 October 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.