21 October 2015

Home Retail Group plc
Half-Year Results

Home Retail Group, the UK's leading home and general merchandise retailer, today announces its results for the 26 weeks to 29 August 2015.

Operating highlights

- Argos Transformation Plan progress:
  - Substantially completed development and testing of new digital propositions – Fast Track Collection and Fast Track Delivery – which launched early in the second half of FY16
  - Opened 86 digital concessions, bringing total digital stores to 148
  - Internet penetration accounted for 45% of total sales including mobile commerce which grew 13% to represent 25% of total sales
- Homebase Productivity Plan progress:
  - A further 25 store closures completed
  - Infrastructure cost reduction programme accelerated
  - 43% digital sales growth to 10% of total sales

Financial highlights

- Sales down 2% to £2,629m
- Cash gross margin down 1% to £973m
- Operating and distribution costs decreased by £10m to £941m, Homebase costs decreased by £26m, Argos costs increased by £14m
- Benchmark profit before tax[2] increased by £3.2m or 10% to £34.1m, Homebase increased by £6.5m, Argos decreased by £5.6m
- Basic benchmark earnings per share[3] increased by 13% to 3.4p
- Reported profit before tax increased by 73% to £23.4m; reported basic earnings per share of 2.3p
- Cash utilisation in the period of £116m with closing net cash of £193m
- Interim dividend of 1.0p (H1 FY15: 1.0p)

John Walden, Chief Executive of Home Retail Group, said:
"While Group benchmark profit before tax increased slightly during the first half, performance overall was mixed. Homebase delivered a good first half, with like-for-like sales growth and an improvement in operating profit. It also made good progress with its Productivity Plan and the store closure plan in particular, which helped Homebase to achieve further cost reductions.

"Argos' first half sales and profit were negatively impacted by declines in both electrical and seasonal product categories. Argos continued to make good progress with its Transformation Plan, delivering strongly against its digital store opening programme. Argos also substantially completed the technology and operational steps necessary to launch 'Fast Track' – its new home delivery and store collection propositions. Argos is investing significantly in the launch of Fast Track and although the rate of customer take-up cannot be certain, we are confident that customers will increasingly embrace this market leading service over time.

"We look forward to an improved sales performance for both Argos and the Group in the second half. However, as I have previously stated, trading at Argos during this year's important Christmas season seems less predictable than usual, as both retailers and customers determine whether to repeat last year's unusual Black Friday patterns. The combination of this trading uncertainty, an increased level of investment in the launch of Fast Track and the underlying profit reduction from Argos' challenging first half, mean that at this stage of the financial year we expect the Group's full-year benchmark profit before tax to be slightly below the bottom end of the current range of market expectations of £115m to £140m."

1. **Benchmark operating profit** is defined as operating profit before amortisation of acquisition intangibles, post-employment benefit scheme administration costs, store impairment and onerous lease charges or releases and costs or income associated with store closures and exceptional items.

2. **Benchmark profit before tax (benchmark PBT)** is defined as profit before amortisation of acquisition intangibles, post-employment benefit scheme administration costs, store impairment and onerous lease charges or releases and costs or income associated with store closures, exceptional items, financing fair value remeasurements, financing impact on post-employment benefit obligations, the discount unwind on non-benchmark items and taxation.

3. **Basic benchmark earnings per share (benchmark EPS)** is defined as benchmark PBT less taxation attributable to benchmark PBT, divided by the weighted average number of shares in issue (excluding shares held in the Home Retail Group share trust net of vested but unexercised share awards).

Enquiries

Analysts and investors (Home Retail Group)

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There will be a presentation today at 9.30am to analysts and investors at the Auditorium, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ. The presentation can be viewed as a live webcast on the Home Retail Group website www.homeretailgroup.com. The supporting slides and an indexed replay will also be available on the website later in the day.

A Trading Statement, covering the 18 weeks from 30 August 2015 to 2 January 2016, will be published on Thursday 14 January 2016.

FINANCIAL SUMMARY

26 Weeks to £m	29 August 2015	30 August 2014
Argos	1,743.1	1,769.1
Homebase	816.4	834.5
Financial Services	69.0	65.0
Sales	**2,628.5**	**2,668.6**
Cost of goods	(1,655.3)	(1,687.9)
Gross margin	973.2	980.7
Operating and distribution costs	(940.7)	(950.8)
Argos	6.4	12.0
Homebase	34.3	27.8
Financial Services	3.5	3.1
Central Activities	(11.7)	(13.0)
Benchmark operating profit	**32.5**	**29.9**
Net interest income	1.6	1.0
Benchmark PBT	**34.1**	**30.9**
Amortisation of acquisition intangibles	(0.9)	(0.9)
Post-employment benefit scheme administration costs	(0.9)	(0.7)
Adjustments in respect of store impairment and property provisions	0.7	0.7
Exceptional items	(4.4)	(11.8)
Financing fair value remeasurements	(0.1)	0.3
Financing impact on post-employment benefit obligations	(1.9)	(1.6)
Discount unwind on non-benchmark items	(3.2)	(3.4)
Profit before tax	**23.4**	**13.5**
Taxation	(6.1)	(4.0)
of which: taxation attributable to benchmark PBT	*(8.2)*	*(7.9)*
Benchmark effective tax % rate	*24.0%*	*25.5%*
Profit for the period	**17.3**	**9.5**
Basic benchmark EPS	**3.4p**	**3.0p**
Basic EPS	**2.3p**	**1.2p**
Weighted average number of shares for basic EPS	763.7m	773.1m
Interim dividend	**1.0p**	**1.0p**
Closing net cash position	**193.1**	**333.1**

The above tables and those throughout this announcement have been prepared in accordance with Note 1 to the Financial Information on page 23.

OPERATING COMPANY REVIEWS

Argos

26 weeks to £m	29 August 2015	30 August 2014
Sales	**1,743.1**	**1,769.1**
Benchmark operating profit	**6.4**	**12.0**
Benchmark operating margin	**0.4%**	**0.7%**
Like-for-like sales change	(3.4%)	2.9%
Net space sales change	1.9%	0.1%
Total sales change	(1.5%)	3.0%
Gross margin rate movement	Up c.100bps	c.0bps
Benchmark operating profit change	(47%)	57%
Number of stores at period-end	840	747
Of which are digital format	148	32

In October 2012 Argos outlined a five-year Transformation Plan to reinvent itself as a digital retail leader, transforming from a catalogue-led business to a digitally-led business. The Plan is designed to address competitive challenges, exploit emerging market opportunities and restore sustainable growth.

There are four key strategic elements to the Transformation Plan:

1. ***Provide more product choice, available to customers faster*** - Fulfilment remains highly competitive amongst retailers. Argos is uniquely positioned through its store estate and supply chain to provide market leading fulfilment options to customers on a national scale.
2. ***Reposition Argos' channels for a digital future*** - Growth in digital channels is expected to outpace the market generally. By focussing on and leading in these channels Argos believes it can secure future growth. Stores remain a strategic advantage for Argos as local points of collection and customer service, however their role is being adapted to support a digital offer.
3. ***Develop a customer offer that has universal appeal*** - Historically Argos' offering has been biased towards less affluent customers. By providing products, pricing, marketing programmes and customer experiences that are more appealing across the range of our customers, we have a significant opportunity to grow the business.
4. ***Operate a lean and flexible cost base*** – Stores are one of Argos' biggest costs. Historically lease terms are long and inflexible, yet customer usage of stores is changing and space requirements are less predictable. Reducing the lease terms across the estate will provide flexibility to adjust the estate as required.

Operational review

Digital fulfilment propositions

In the past two years Argos has been building on the systems and operations underlying its product fulfilment, including improving its real-time stock visibility and stock picking systems, and implementing its 'hub & spoke' distribution network on a national scale. In the first half of FY16, Argos further evolved 'hub & spoke' to improve stock availability, through both better stock allocation systems and increased investment in stock. In the first half Argos also substantially completed the systems, operational and marketing preparations for the launch of new propositions – Fast Track Collection and Fast Track Delivery – both of which were successfully introduced shortly after the half-year.

Both Fast Track Collection and Fast Track Delivery offer customers Argos' most popular general merchandise products, stocked locally and flagged online with a Fast Track logo.

These propositions have been introduced nationally after extensive operational testing, which began early in 2015, and included several weeks of market testing in a pilot region. Both offers require customers to pay for their Fast Track products online, which is a capability new to Argos and which was introduced nationally in the first half. Online payment allows customers to store credit card details for future purchases and will improve store collection rates. In addition to systems, operational and marketing testing, the new propositions have required substantial improvements to digital navigation, features and performance, for example improved payment options, increased delivery slots with better options, more relevant search on store browsers and improved page load speeds.

Fast Track Collection enables customers to choose from c.20,000 products, pay online and collect their products from their local store on the same day, from a dedicated Fast Track counter, in as little as 60 seconds. The service is free of charge.

Fast Track Delivery offers customers the same c.20,000 products for same day home delivery, with the choice of four time slots per day. Orders can be placed until 6pm for same day delivery by 10pm, 7 days per week, at a standard cost of £3.95. To make this offer available to customers throughout the UK, Argos has recruited and trained c.2,300 new colleagues as customer fulfilment drivers for its dedicated fleet of c.800 vans, and expects to increase this to c.3,300 drivers over its peak Christmas period.

Fast Track Collection was introduced nationally in September and Fast Track Delivery was launched nationally in October. The media plan for the launch of these new propositions is significant and includes a standalone Fast Track TV campaign, display campaigns across digital channels, increased advertising in store at both point of sale and on TV screens, promotion in the Christmas gift guide and investment in delivery vans with Fast Track liveries. These new digital propositions represent for many customers, the most significant output of the Argos transformation to date. Although Argos expects customers to be receptive to the offers, the take-up rate is likely to build over time as customers become familiar with them.

Argos has also been improving its delivery offer for larger, 'two man' products. The market for large item delivery has been particularly competitive for white goods, where next day delivery is now common. For other product categories, delivery standards are longer – days or even weeks. Home Retail Group has one of the biggest large item delivery networks in the UK, which can be used to greater advantage. During the first half of FY16, Argos progressed the systems and operational capabilities supporting large item delivery. During the second half of FY16 it will introduce express next day delivery for its most popular large products, 7 days per week, with new evening slots, and expanded routes and capacity.

Digital stores

Convenient local product collection, supported by good customer service, continues to be of increasing value to customers. Argos' store estate therefore remains a key point of competitive advantage and it is being adapted to support a more digital future. Facilitated by the 'hub & spoke' distribution model, Argos continued to increase its number of collection points through its digital concession stores during the first half of FY16.

- It opened a further 76 digital concessions within Homebase, taking the total number to 96. This is in line with previous guidance of a further 80 concessions during FY16
- 10 digital concessions within Sainsbury's were also opened during the first half of FY16; and
- One small format store was opened in London (Islington), which brings the total number to eight

In addition, Argos completed one conversion of an existing store to a digital format during the first half of FY16, which tested a new, lower cost version relative to the 33 conversions completed to date. Around a further 50 digital conversions are planned for completion during the second half of FY16. Overall, the investment in digital format stores to date, is on track to deliver a good return on investment and Argos remains on target to complete a cumulative total of 200 digital format stores by the end of FY16.

Products

Product strategies continue to be a focus for Argos, as it aims to provide strong choice across its breadth of customers. During the first half of FY16, Argos added approximately 3,000 products to its range, and introduced another six aspirational brands including Nespresso coffee machines and Makita power tools. Argos also improved its own brand portfolio. For example, Chad Valley benefitted from both a range extension and a new visual identity across its packaging, catalogue, online and in-store execution whilst Bush has been given a brand refresh. Furthermore, Cherokee, a new exclusive clothing brand to Argos, was launched during the first half of FY16 with a focus on children’s clothing. Heart of House, a furniture and home brand, has experienced an improving sales trend since its launch in mid-FY15.

Financial Review

Total sales in the 26 weeks to 29 August 2015 declined by 1.5% to £1,743m. Net space increased sales by 1.9% with the store estate increasing by a net 85 stores to 840. Like-for-like sales declined by 3.4%. As anticipated, sales of electrical products declined versus last year, driven principally by TVs, tablets and white goods. These declines were partially offset by growth in mobiles and toys.

The gross margin rate increased by approximately 100 basis points. This was principally driven by the anticipated impact of favourable currency and shipping costs, together with the timing benefit of a small number of other positive items, both of which are expected to reverse in the second half of FY16. These increases were partially offset by an increased level of promotional sales. In respect of the timing benefit of a small number of other positive items, this represented c.50 basis points of the first half gross margin improvement which, based on Argos’ first half sales of £1.7bn, equates to approximately £8m of gross margin that benefitted the first half profit versus the comparable period last year. This £8m timing benefit is expected to unwind in the second half of FY16.

Total operating and distribution costs increased by £14m principally driven by cost increases as a result of the Transformation Plan’s strategic initiatives, such as the net 93 stores added since the first half of FY15 and the commencement of the hiring of vehicles and drivers for Argos’ new Fast Track delivery capabilities, together with the impact of an increased level of depreciation and underlying cost inflation.

Benchmark operating profit declined by £5.6m, or 47% to £6.4m (H1 FY15: £12.0m).

Homebase

26 weeks to £m	29 August 2015	30 August 2014
Sales	**816.4**	**834.5**
Benchmark operating profit	**34.3**	**27.8**
Benchmark operating margin	**4.2%**	**3.3%**
Like-for-like sales change	5.6%	4.1%
Net space sales change	(7.8%)	(2.6%)
Total sales change	(2.2%)	1.5%
Gross margin rate movement	Down c.125bps	Down c.75bps
Benchmark operating profit change	23%	2%
Number of stores at period-end	271	316
Store selling space at period-end (million sq. ft.)	12.5	14.6
Of which - garden centre area	3.0	3.4
- mezzanine floor area	1.7	1.8

In October 2014 Homebase outlined a three-year Productivity Plan to position itself for long-term growth. There are three key elements to the Productivity Plan:

1. Right-size the store estate
2. Strengthen customer standards and propositions; and
3. Digital enhancements

These elements focus on improving Homebase's store and digital foundations, including its operational efficiency, in order to position the business for successful future investment and growth.

Operational review

Right-size the store estate
There were 25 store closures in the first half of FY16, reducing the store estate to 271. Homebase expects to close around 10 further stores in the second half of FY16. This means that combined with the 30 closures in FY15, Homebase has made significant progress towards its FY18 goal of a reduction of c.25% from the 323 stores as at the end of FY14.

As previously communicated, an agreement has been reached for the sale of the Battersea freehold site to a residential property developer for £57m. A £30m deposit was received in FY15, with the remaining £27m being due on completion in the second half of FY16. We still anticipate therefore that the cumulative store closure programme to date will be cash positive at the end of FY16.

With the ongoing reduction in the store estate, Homebase has also accelerated the associated cost reduction programme to reduce both head office support costs and infrastructure costs. A restructure programme to reduce head office support costs was concluded in the first half of FY16 while the closure of a distribution centre, which will take effect in the second half of FY16, will contribute towards more efficient and effective operations.

Strengthen customer standards and propositions
During the first half of FY16, Homebase has continued to focus on improving in-store customer experiences and consistency of store operating standards. This has included some system optimisation to improve stock availability to customers, and simplified stockroom and replenishment processes to improve store productivity.

Strengthening the customer propositions through efficient promotional programmes and more competitive product pricing remains key to the achievement of Homebase's Productivity Plan. The first half of FY16 has seen a change in promotional activity towards more focused and effective programmes. Two blanket promotional events towards the end of the first half of FY16 were removed and replaced by more targeted and seasonally relevant promotions, while pricing investment trials across some of our key categories continued.

The performance of exclusive brands such as Habitat, Odina, Schreiber, Hygena and Qualcast continues to be of key importance to Homebase. The rebranding of the Kitchen Essentials range to Simply Hygena emphasises the good quality, reliability and stylish selection of kitchens. The Simply Hygena brand has delivered strong sales growth when compared to the same period in FY15. Homebase made key developments in other categories, extending its plants range in-store and online, and adding the Ideal Standards premium bathroom range which will be rolled out to more stores in the second half of FY16.

The Habitat brand continues to deliver greater choice around premium quality to the Homebase customer. Sales of Habitat products in Homebase, including concessions, grew by over 30% compared to the same period last year. There are now 68 Habitat concessions, an increase from 35 concessions at the end of FY15. Argos opened 76 digital concessions in Homebase during the first half of FY16, taking the total number of Argos digital concessions in Homebase to 96.

Digital enhancements

In the first half of FY16 Homebase implemented some key digital developments, with particular focus on aligning and improving content across all digital channels. The launch of a new product information system has facilitated the enhancement of product descriptions and content on the website, which provides customers with better information to support researching and buying choices. Further to this, product recommendations have been added across the digital channels to enable customers to view more related products in one place. Digital sales in the period grew by 43% year-on-year, and now represent c.10% of total sales.

Financial review

Total sales in the 26 weeks to 29 August 2015 declined by 2.2% to £816m. Homebase closed 25 stores during the period reducing its store estate to 271 stores, with net space reducing sales by 7.8%. Like-for-like sales increased by 5.6% with growth broadly across all product categories, but particularly in big ticket kitchen, bathroom and furniture products. This growth continued to be partially supported by both the trade transfer and the stock clearance sales benefits attributable to the previously announced store closure programme and distribution centre closure.

The gross margin rate was down by approximately 125 basis points, principally driven by an increased level of stock clearance in respect of the store closure programme and distribution centre closure, together with an adverse sales mix impact from the growth in margin dilutive big ticket products, partially offset by the anticipated impact of favourable currency and shipping costs.

Total operating and distribution costs decreased by £26m, with increases from the impact of underlying cost inflation and cost investment in strategic initiatives being more than offset by further cost savings, principally driven by the reduction in the store estate.

Benchmark operating profit increased by £6.5m, or 23%, to £34.3m (H1 FY15: £27.8m).

Financial Services

26 weeks to **£m**		**29 August 2015**	**30 August 2014**
Sales		**69.0**	**65.0**
Benchmark operating profit before financing costs		5.5	4.8
Financing costs		(2.0)	(1.7)
Benchmark operating profit		**3.5**	**3.1**
As at	**29 August 2015**	**28 February 2015**	**30 August 2014**
Store card gross receivables	611.6	644.1	584.6
Provision	(62.0)	(64.6)	(68.4)
Store card net receivables	549.6	579.5	516.2
Provision % of gross receivables	10.1%	10.0%	11.7%

Financial Services works in conjunction with Argos and Homebase to provide their customers with the most appropriate credit offers to drive both retail sales and ensure appropriate customer outcomes. In doing so, it aims to achieve a return on equity on the revolving element of its loan book that is typical of the financial service industry norm and in addition, to recover its costs on the promotional element of its loan book. The profit earned by Financial Services over and above this amount accrues to the retail companies, which is where both the transactions and the customer relationships originate.

Operational & financial review

Consistent with the wider consumer credit industry, Financial Services is currently managing the change in regulation of consumer credit activity from the Office of Fair Trading to the Financial Conduct Authority. The appropriate applications have been made and the business is engaged in a wide programme of compliance activity.

In the first half of FY16 in-house store card credit sales were 1% lower at £318m (H1 FY15: £321m) and represented 10.6% (H1 FY15: 10.5%) of Group retail sales. In addition to credit sales on the Group's own store cards, credit offers for purchases at Homebase which are greater than £1,000 are principally provided through product loans from a third party provider. Including these product loans, total credit sales were down 1% at £367m (H1 FY15: £372m) and represented 12.2% (H1 FY15: 12.1%) of Group retail sales.

Store card net receivables grew by £33m versus a year ago to £550m, principally as a result of the increased level of in-house credit sales in the second half of FY15. The Group finances these receivables internally with no third party debt being required.

Total sales in the 26 weeks to 29 August 2015 increased by 6% to £69m. Delinquency rates continue their downward trend of the last few years resulting in a small reduction in the bad debt cost. Financing costs were marginally higher than last year due to the year-on-year growth in the loan book, with a corresponding credit for this internal financing cost recharge being recognised in Group net interest income. Overall, the improved performance in sales and the reduced bad debt cost were partially offset by a small increase in operating costs which is partly attributable to the previously discussed change in the regulatory environment. Benchmark operating profit increased 13% to £3.5m (H1 FY15: £3.1m).

GROUP FINANCIAL REVIEW

Sales and benchmark operating profit

Group sales were 2% lower at £2,629m (H1 FY15: £2,669m) while Group benchmark operating profit increased 9% to £32.5m (H1 FY15: £29.9m). The drivers of the Argos, Homebase and Financial Services performances have been analysed as part of the preceding business reviews. Central Activities, which represents the cost of central corporate functions, were well controlled in the first half of FY16 and decreased by 10% to £11.7m (H1 FY15: £13.0m), with underlying cost inflation being more than offset by cost saving initiatives.

Benchmark net interest income

Net interest income within benchmark PBT increased by 60% to £1.6m (H1 FY15: £1.0m).

Benchmark PBT

Benchmark PBT increased by 10% to £34.1m (H1 FY15: £30.9m) driven by the factors previously discussed.

Amortisation of acquisition intangibles

A charge of £0.9m was incurred (H1 FY15: £0.9m), relating to the amortisation of the value of the brand which arose on the Habitat UK acquisition.

Post-employment benefit scheme administration costs

A charge of £0.9m was incurred (H1 FY15: £0.7m), in respect of the administration costs of the Home Retail Group Pension Scheme.

Adjustments in respect of store impairment and property provisions

A net credit of £0.7m (H1 FY15: £0.7m) was recorded. The net credit reflects a £3.4m reversal in respect of previous property provisions that are no longer required, partially offset by a charge of £2.7m relating to store closures.

Exceptional items

The exceptional charge incurred was £4.4m (H1 FY15: £11.8m). This charge relates to the ongoing programme to transform Argos into a digital retail leader and forms part of the total charge announced at the time of the Argos Transformation Plan of c.£50m over the first three years of the Plan to FY16.

Financing fair value remeasurements

Certain foreign exchange movements are recognised in the income statement within net financing income. These amounted to a net charge of £0.1m (H1 FY15: net gain of £0.3m), which arose principally as a result of translation differences on overseas subsidiary currency balances. Equal and opposite adjustments to the translation differences are recognised as part of the movements in reserves. As required by accounting standards, the net nil exchange adjustment is split between the income statement and the statement of comprehensive income.

Financing impact on post-employment benefit obligations

The financing impact on post-employment benefit obligations is a net charge of £1.9m (H1 FY15: £1.6m).

Discount unwind on non-benchmark items

A charge of £3.2m (H1 FY15: £3.4m) within net financing income relates to the discount unwind on onerous lease provisions. As these provisions were items previously excluded from benchmark PBT, the discount unwind has also been excluded from benchmark PBT.

Net interest reconciliation

The following table illustrates both the benchmark and non-benchmark impact of net financing items within the income statement.

	29 August 2015	30 August 2014
Net interest income within benchmark PBT	**1.6**	**1.0**
Financing fair value remeasurements	(0.1)	0.3
Financing impact on post-employment benefit obligations	(1.9)	(1.6)
Discount unwind on non-benchmark items	(3.2)	(3.4)
Income statement net financing charge	**(3.6)**	**(3.7)**

Profit before tax

Profit before tax increased by 73% to £23.4m (H1 FY15: £13.5m).

Taxation

Taxation attributable to benchmark PBT was £8.2m (H1 FY15: £7.9m), representing an estimated effective tax rate for the period of 24.0% (H1 FY15: 25.5%). The lower effective tax rate principally reflects the 1% reduction in the UK corporation tax rate.

Taxation attributable to non-benchmark items amounted to a credit of £2.1m (H1 FY15: £3.9m). The total tax expense was therefore £6.1m (H1 FY15: £4.0m).

Number of shares and earnings per share

The number of shares for the purpose of calculating basic earnings per share (EPS) was 763.7m (H1 FY15: 773.1m), representing the weighted average number of issued ordinary shares of 813.4m (H1 FY15: 813.4m), less an adjustment of 49.7m (H1 FY15: 40.3m) representing shares held in the Group share trust net of vested but unexercised share awards.

The calculation of diluted EPS reflects the potential dilutive effect of employee share incentive schemes. This increases the number of shares for diluted EPS purposes by 28.7m (H1 FY15: 28.3m) to 792.4m (H1 FY15: 801.4m). Basic benchmark EPS is 3.4p (H1 FY15: 3.0p), with diluted benchmark EPS of 3.3p (H1 FY15: 2.9p). Reported basic EPS is 2.3p (H1 FY15: 1.2p), with reported diluted EPS being 2.2p (H1 FY15: 1.2p).

Dividends

At this stage of the financial year, as we approach Argos' peak trading period, the Board announces an interim dividend of 1.0p. This is consistent with the Group's previous practice that, to reflect the weighting of the Group's earnings profile to the second half of the financial year, the interim dividend would be held at 1.0p, with any changes to the full year dividend being made to the final dividend. The dividend will be paid on 21 January 2016 to shareholders on the register at the close of business on 13 November 2015.

Balance sheet

As at £m	29 August 2015	28 February 2015	30 August 2014
Goodwill	1,543.9	1,543.9	1,543.9
Intangible assets	246.7	235.5	210.8
Property, plant and equipment	411.3	412.9	444.3
Inventories	988.8	963.0	930.1
Financial Services loan book	549.6	579.5	516.2
Other assets	263.6	240.8	187.4
	4,003.9	3,975.6	3,832.7
Trade and other payables	(1,271.8)	(1,329.5)	(1,252.2)
Provisions	(191.2)	(221.9)	(227.6)
	(1,463.0)	(1,551.4)	(1,479.8)
Invested capital	**2,540.9**	**2,424.2**	**2,352.9**
Post-employment benefit obligations	(100.5)	(114.4)	(104.9)
Net tax assets	29.0	26.7	38.4
Forward foreign exchange contracts	0.6	27.1	(0.6)
Net cash	193.1	309.3	333.1
Net assets	**2,663.1**	**2,672.9**	**2,618.9**

Net assets as at 29 August 2015 were £2,663m, equivalent to 347p (H1 FY15: 348p) per share excluding shares held in the Group share trust. Invested capital as at 29 August 2015 was £2,541m, an increase of £117m versus the balance sheet as at 28 February 2015.

This increase in invested capital was principally driven by the following factors;

- A £26m increase in inventories, due to an increase at Argos, principally driven by the addition of a net 85 new stores during the first half of FY16, together with an investment in inventories to improve product availability as discussed in Argos' operating review. The increase in inventories at Argos in the first half was slightly higher than planned, due to sales in Argos in the first half of FY16 being marginally below its original expectations. The increase in inventories at Argos was partially offset by a reduction at Homebase, attributable to its previously discussed store and warehouse closure programme
- A £30m reduction in the Financial Services loan book, which reflects the usual reduction experienced in the first half of the financial year as the loan book reduces from its post-Christmas peak
- A £58m reduction in trade and other payables, principally as a result of the anticipated reversal of the FY15 timing benefit attributable to the earlier timing of Easter, together with the previously discussed slower sell-through of inventories in the first half at Argos; and
- A reduction of £31m in provisions, principally relating to the utilisation of provisions held for both restructuring costs and in respect of PPI customer redress payments

The reduction in net assets of £10m versus the balance sheet as at 28 February 2015 was principally driven by reductions in both net cash and forward foreign exchange contracts partially offset by the previously discussed increase in invested capital.

Cash flow and net cash position

26 weeks to £m	29 August 2015	30 August 2014
Benchmark operating profit	32.5	29.9
Exceptional items	(4.4)	(11.8)
Post-employment benefit scheme administration costs	(0.9)	(0.7)
Amortisation of acquisition intangibles	(0.9)	(0.9)
Adjustments in respect of store impairment and property provisions	0.7	0.7
Statutory operating profit	27.0	17.2
Depreciation and amortisation	69.6	66.8
Movement in trade working capital	(94.8)	69.8
Movement in Financial Services loan book	29.9	7.9
Cash impact of restructuring charges	(14.3)	(13.0)
Pension scheme deficit recovery payments	(11.0)	(11.0)
Disposal of leasehold property	(5.8)	(5.0)
Cash impact of PPI customer redress payments	(17.7)	(2.7)
Financing costs charged to Financial Services	2.0	1.7
Movement in post-employment benefit obligations	0.5	0.3
Other operating items	8.7	14.9
Cash flows from operating activities	**(5.9)**	**146.9**
Net capital expenditure	(79.2)	(71.7)
Taxation	(7.3)	(6.0)
Net interest	(2.7)	0.3
Cash inflow before financing activities	**(95.1)**	**69.5**
Dividends paid	(21.2)	(17.8)
Cash flow in relation to Employee Share Trust	0.8	(49.7)
Net increase in cash and cash equivalents	**(115.5)**	**2.0**
Effect of foreign exchange rate changes	(0.7)	0.1
Increase in financing net cash	**(116.2)**	**2.1**
Opening financing net cash	309.3	331.0
Closing financing net cash	**193.1**	**333.1**

Cash flows from operating activities were an outflow of £6m (H1 FY15: inflow of £147m). This decrease of £153m was principally attributable to a cash outflow from trade working capital discussed in more detail in the previously discussed review of the Balance Sheet.

Net capital expenditure was £79m (H1 FY15: £72m), representing the continued higher level of investment across the Group in the strategic initiatives of both retail businesses. Tax paid was £7m (H1 FY15: £6m). Dividends paid to shareholders amounted to £21m (H1 FY15: £18m). A cash receipt of £1m was received in respect of the exercise of a small number of incentive scheme share options.

The Group net cash position decreased to £193m with a net cash utilisation of £116m in the first half of FY16.

Group pension arrangements
The Group's pension arrangements are operated principally through the Home Retail Group Pension Scheme, a defined benefit scheme, which was closed to future accrual with effect from 31 January 2013, together with the Home Retail Group Personal Pension Plan, a defined contribution scheme.

The IAS 19 valuation as at 29 August 2015 for the Group's defined benefit pension scheme was a net deficit of £100.5m (28 February 2015: £114.4m). The decrease in the deficit is principally driven by the increase in the discount rate assumption to 3.8% (28 February 2015: 3.5%).

A full actuarial valuation of the defined benefit pension scheme is carried out every three years with interim reviews in the intervening years. The last full actuarial valuation of the scheme was carried out as at 31 March 2012 and resulted in a deficit of £158m. The full actuarial valuation of the scheme as at 31 March 2015 is currently underway, with the results of this valuation expected around the time of the FY16 financial year end.

Group financing arrangements
The Group finances its operations through a combination of cash, property leases and committed bank facilities. The Group's net cash balance averaged approximately £315m (H1 FY15: approximately £440m) over the period.

The Group has a £250m committed unsecured borrowing facility, which is currently undrawn and which expires in March 2019. In addition, as at 29 August 2015 the Group's Financial Services business held a net loan book balance of £550m (H1 FY15: £516m), against which there is no third party debt.

The Group has additional liabilities through its obligations to pay rents under operating leases; the operating lease charge for the last 12 months amounted to £324m (H1 FY15: £342m). Total lease commitments stood at £2,181m at 29 August 2015 (H1 FY15: £2,502m), which is a £2,149m, or a 50% reduction from the peak total lease commitments of £4,330m held at 1 March 2008. Based upon the discounted cash flows of these expected future operating lease charges, the capitalised value of these liabilities is £1,780m (H1 FY15: £1,994m) utilising a discount rate of 4.3% (H1 FY15: 4.6%).

National living wage
In July, the Government announced the introduction of the national living wage ("NLW") from April 2016. It is anticipated that, without any actions to mitigate the increase in wages attributable to the new NLW, the associated FY17 Group cost increase would be around £15m. Approximately one-third of this increase relates to a "normal level of wage inflation", which is already included in the Group's longer term financial forecasts.

As the Group completes its forthcoming annual budget and strategic planning process, it will further refine its approach to the implementation of this complex change and therefore the cost impact. The Group will look at all opportunities to mitigate an element of this NLW cost increase through its existing operational excellence cost efficiency programmes.

Accounting standards and use of non-GAAP measures
The Group has prepared its consolidated financial statements based on International Financial Reporting Standards for the 26 weeks ended 29 August 2015. The basis of preparation is outlined in Note 1 to the Financial Information on page 23.

The Group has identified certain measures that it believes provide additional useful information on the underlying performance of the Group. These measures are applied consistently but as they are not defined under GAAP they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are outlined in Note 2 to the Financial Information on page 23.

Principal risks and uncertainties

The Group set out in its 2015 Annual Report and Financial Statements the principal risks and uncertainties which could impact its performance; these remain unchanged since its publication. The Group operates a structured risk management process which identifies and evaluates risks and uncertainties and reviews mitigating activity.

On a short-term forward-looking basis over the remainder of the financial year, which includes Argos' peak Christmas trading period, the main areas of potential risk and uncertainty centre on the impact on sales volumes and thereby profitability in relation to both economic conditions and overall consumer demand. Other potential risks and uncertainties around sales and/or profit growth include the cost of goods and services to the Group, competitor activity, seasonal weather patterns, failure to deliver the strategy, reliance on key personnel, failure to meet customer expectations, currency exposures, product supply and other operational processes, infrastructure development, product safety, the regulatory environment and business interruption. These risks, together with examples of mitigating activity, are set out in more detail in the 2015 Annual Report and Financial Statements on pages 24 and 25.

Appendix 1. Trading statement comparables

	Q1 13 weeks to 31 May 2014	Q1 13 weeks to 30 May 2015
Argos		
Sales	£868m	£846m
Like-for-like sales change	4.9%	(3.9%)
Net space sales change	(0.1%)	1.3%
Total sales change	4.8%	(2.6%)
Gross margin movement	Down c.25bps	Up c.50bps
Homebase		
Sales	£445m	£438m
Like-for-like sales change	7.9%	5.4%
Net space sales change	(2.4%)	(7.0%)
Total sales change	5.5%	(1.6%)
Gross margin movement	Down c.50bps	Down c.175bps

	Q2 13 weeks to 30 Aug 2014	H1 26 weeks to 30 Aug 2014	Q2 13 weeks to 29 Aug 2015	H1 26 weeks to 29 Aug 2015
Argos				
Sales	£901m	£1,769m	£897m	£1,743m
Like-for-like sales change	1.2%	2.9%	(2.8%)	(3.4%)
Net space sales change	0.2%	0.1%	2.4%	1.9%
Total sales change	1.4%	3.0%	(0.4%)	(1.5%)
Gross margin movement	Up c.25bps	c.0bps	Up c.125bps	Up c.100bps
Homebase				
Sales	£390m	£835m	£378m	£816m
Like-for-like sales change	0.1%	4.1%	5.9%	5.6%
Net space sales change	(2.9%)	(2.6%)	(8.7%)	(7.8%)
Total sales change	(2.8%)	1.5%	(2.8%)	(2.2%)
Gross margin movement	Down c.75bps	Down c.75bps	Down c.75bps	Down c.125bps

	Q3 18 weeks to 3 Jan 2015	YTD 44 weeks to 3 Jan 2015
Argos		
Sales	£1,822m	£3,591m
Like-for-like sales change	0.1%	1.5%
Net space sales change	0.7%	0.4%
Total sales change	0.8%	1.9%
Gross margin movement	Up c.25bps	c.0bps
Homebase		
Sales	£451m	£1,286m
Like-for-like sales change	0.6%	2.9%
Net space sales change	(3.3%)	(2.9%)
Total sales change	(2.7%)	0.0%
Gross margin movement	Down c.100bps	Down c.75bps

	Q4 8 weeks to 28 Feb 2015	H2 26 weeks to 28 Feb 2015	FY 52 weeks to 28 Feb 2015
Argos			
Sales	£505m	£2,327m	£4,096m
Like-for-like sales change	(5.0%)	(1.1%)	0.6%
Net space sales change	1.0%	0.8%	0.5%
Total sales change	(4.0%)	(0.3%)	1.1%
Gross margin movement	Up c.100bps	Up c.25bps	Up c.25bps
Homebase			
Sales	£193m	£644m	£1,479m
Like-for-like sales change	(0.9%)	0.1%	2.3%
Net space sales change	(3.8%)	(3.4%)	(3.0%)
Total sales change	(4.7%)	(3.3%)	(0.7%)
Gross margin movement	Down c.225bps	Down c.150bps	Down c.100bps

HOME RETAIL GROUP PLC

UNAUDITED CONDENSED HALF-YEARLY FINANCIAL INFORMATION

CONSOLIDATED INCOME STATEMENT

For the 26 weeks ended 29 August 2015

52 weeks ended 28 February 2015 £m		Notes	**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
5,710.4	**Revenue**	4	**2,628.5**	2,668.6
(3,937.4)	Cost of sales	5	**(1,790.6)**	(1,822.7)
1,773.0	**Gross profit**		**837.9**	845.9
(1,635.6)	Net operating expenses before exceptional items		**(806.5)**	(816.9)
(35.5)	Exceptional items	6	**(4.4)**	(11.8)
101.9	**Operating profit**		**27.0**	17.2
3.4	Finance income		**0.9**	1.7
(11.5)	Finance expense		**(4.5)**	(5.4)
(8.1)	Net financing expense	7	**(3.6)**	(3.7)
93.8	**Profit before tax**		**23.4**	13.5
(22.2)	Taxation	8	**(6.1)**	(4.0)
71.6	**Profit for the period attributable to equity holders of the Company**		**17.3**	9.5
pence	**Earnings per share**	9	**pence**	pence
9.4	Basic		**2.3**	1.2
8.9	Diluted		**2.2**	1.2

52 weeks ended 28 February 2015 *£m*	***Non-GAAP measures***	*Notes*	**26 weeks ended 29 August 2015 *£m***	26 weeks ended 30 August 2014 *£m*
	Reconciliation of profit before tax (PBT) to benchmark PBT			
93.8	***Profit before tax***		***23.4***	*13.5*
	Adjusted for:			
1.8	*Amortisation of acquisition intangibles*		***0.9***	*0.9*
1.9	*Post-employment benefit scheme administration costs*	*14*	***0.9***	*0.7*
(0.1)	*Adjustments in respect of store impairment and property provisions*		***(0.7)***	*(0.7)*
35.5	*Exceptional items*	*6*	***4.4***	*11.8*
1.0	*Financing fair value remeasurements*	*7*	***0.1***	*(0.3)*
3.0	*Financing impact on post-employment benefit obligations*	*7*	***1.9***	*1.6*
6.7	*Discount unwind on non-benchmark items*	*7*	***3.2***	*3.4*
(11.5)	*Balance sheet review*		***-***	*-*
132.1	***Benchmark PBT***		***34.1***	*30.9*
pence	***Benchmark earnings per share***		***pence***	*pence*
13.0	*Basic*	*9*	***3.4***	*3.0*
12.4	*Diluted*	*9*	***3.3***	*2.9*

HOME RETAIL GROUP PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 26 weeks ended 29 August 2015

52 weeks ended 28 February 2015 £m		Notes	**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
71.6	**Profit for the period attributable to equity holders of the Company**		**17.3**	9.5
	Items that may be reclassified subsequently to profit or loss:			
	Net change in fair value of cash flow hedges			
49.1	- Foreign currency forward exchange contracts		**2.4**	4.9
	Net change in fair value of cash flow hedges transferred to inventory			
(3.3)	- Foreign currency forward exchange contracts		**(20.1)**	27.4
0.7	Fair value movements on available-for-sale financial assets		**(0.5)**	0.3
(1.5)	Currency translation differences		**0.1**	(0.5)
(9.1)	Tax credit/(charge) in respect of items that will be or have been recycled		**3.5**	(6.2)
35.9	**Total items that may be reclassified subsequently to profit or loss**		**(14.6)**	25.9
	Items that will not be reclassified subsequently to profit or loss:			
(55.6)	Remeasurement of the net defined benefit liability	14	**5.3**	(37.4)
11.1	Tax (charge)/credit in respect of items not recycled		**(1.1)**	7.5
(44.5)	**Total items that will not be reclassified subsequently to profit or loss**		**4.2**	(29.9)
(8.6)	**Other comprehensive income for the period, net of tax**		**(10.4)**	(4.0)
63.0	**Total comprehensive income for the period attributable to equity holders of the Company**		**6.9**	5.5

HOME RETAIL GROUP PLC

CONSOLIDATED BALANCE SHEET

At 29 August 2015

28 February 2015 £m		Notes	**29 August 2015 £m**	30 August 2014 £m
	ASSETS			
	Non-current assets			
1,543.9	Goodwill		**1,543.9**	1,543.9
235.5	Other intangible assets		**246.7**	210.8
412.9	Property, plant and equipment		**411.3**	444.3
44.6	Deferred tax assets		**38.0**	43.5
1.4	Trade and other receivables		**1.2**	1.8
10.6	Other financial assets	13	**10.1**	10.2
2,248.9	**Total non-current assets**		**2,251.2**	2,254.5
	Current assets			
963.0	Inventories		**988.8**	930.1
790.0	Trade and other receivables	11	**783.6**	691.6
13.2	Current tax assets		**13.8**	4.3
30.0	Other financial assets	13	**8.3**	5.8
309.3	Cash and cash equivalents		**193.1**	333.1
2,105.5	**Total current assets**		**1,987.6**	1,964.9
18.3	**Non-current assets classified as held for sale**		**18.3**	-
4,372.7	**Total assets**		**4,257.1**	4,219.4
	LIABILITIES			
	Non-current liabilities			
(46.4)	Trade and other payables		**(47.3)**	(48.1)
(126.2)	Provisions	12	**(123.4)**	(161.7)
(24.3)	Deferred tax liabilities		**(20.6)**	(9.4)
(114.4)	Post-employment benefits	14	**(100.5)**	(104.9)
(311.3)	**Total non-current liabilities**		**(291.8)**	(324.1)
	Current liabilities			
(1,283.1)	Trade and other payables		**(1,224.5)**	(1,204.1)
(95.7)	Provisions	12	**(67.8)**	(65.9)
(2.9)	Other financial liabilities	13	**(7.7)**	(6.4)
(6.8)	Current tax liabilities		**(2.2)**	-
(1,388.5)	**Total current liabilities**		**(1,302.2)**	(1,276.4)
(1,699.8)	**Total liabilities**		**(1,594.0)**	(1,600.5)
2,672.9	**Net assets**		**2,663.1**	2,618.9
	EQUITY			
81.3	Share capital		**81.3**	81.3
6.4	Capital redemption reserve		**6.4**	6.4
(348.4)	Merger reserve		**(348.4)**	(348.4)
(61.5)	Other reserves		**(53.4)**	(74.0)
2,995.1	Retained earnings		**2,977.2**	2,953.6
2,672.9	**Total equity**		**2,663.1**	2,618.9

HOME RETAIL GROUP PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 26 weeks ended 29 August 2015

	Attributable to equity holders of the Company					
	Share capital	**Capital redemption reserve**	**Merger reserve**	**Other reserves**	**Retained earnings**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Balance at 1 March 2015	81.3	6.4	(348.4)	(61.5)	2,995.1	2,672.9
Profit for the period	-	-	-	-	17.3	17.3
Other comprehensive income	-	-	-	(14.2)	3.8	(10.4)
Total comprehensive income for the period ended 29 August 2015	-	-	-	(14.2)	21.1	6.9
Transactions with owners:						
Movement in share-based compensation reserve	-	-	-	-	6.1	6.1
Net movement in own shares	-	-	-	22.3	(21.5)	0.8
Tax credit related to share-based compensation reserve	-	-	-	-	(1.3)	(1.3)
Equity dividends paid during the period	-	-	-	-	(21.2)	(21.2)
Other distributions	-	-	-	-	(1.1)	(1.1)
Total transactions with owners	-	-	-	22.3	(39.0)	(16.7)
Balance at 29 August 2015	**81.3**	**6.4**	**(348.4)**	**(53.4)**	**2,977.2**	**2,663.1**

	Attributable to equity holders of the Company					
	Share capital	Capital redemption reserve	Merger reserve	Other reserves	Retained earnings	Total
	£m	£m	£m	£m	£m	£m
Balance at 2 March 2014	81.3	6.4	(348.4)	(52.3)	2,986.5	2,673.5
Profit for the period	-	-	-	-	9.5	9.5
Other comprehensive income	-	-	-	25.6	(29.6)	(4.0)
Total comprehensive income for the period ended 30 August 2014	-	-	-	25.6	(20.1)	5.5
Transactions with owners:						
Movement in share-based compensation reserve	-	-	-	-	5.6	5.6
Net movement in own shares	-	-	-	(47.3)	(2.4)	(49.7)
Tax credit related to share-based compensation reserve	-	-	-	-	2.1	2.1
Equity dividends paid during the period	-	-	-	-	(17.8)	(17.8)
Other distributions	-	-	-	-	(0.3)	(0.3)
Total transactions with owners	-	-	-	(47.3)	(12.8)	(60.1)
Balance at 30 August 2014	81.3	6.4	(348.4)	(74.0)	2,953.6	2,618.9

HOME RETAIL GROUP PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 26 weeks ended 29 August 2015

52 weeks ended 28 February 2015 £m		Notes	**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
	Cash flows from operating activities			
211.8	Cash generated from operations	15	**(0.1)**	151.9
(12.1)	Tax paid		**(7.3)**	(6.0)
(9.0)	Disposal of leasehold property		**(5.8)**	(5.0)
190.7	**Net cash (outflow)/inflow from operating activities**		**(13.2)**	140.9
	Cash flows from investing activities			
(81.2)	Purchase of property, plant and equipment		**(39.4)**	(32.7)
(93.3)	Purchase of other intangible assets		**(42.2)**	(40.1)
30.0	Proceeds from the disposal of property, plant and equipment - freehold property		**-**	-
6.7	Proceeds from the disposal of property, plant and equipment - other		**2.4**	1.1
(137.8)	**Net cash used in investing activities**		**(79.2)**	(71.7)
	Cash flows from financing activities			
(50.0)	Purchase of shares for Employee Share Trust		**-**	(50.0)
1.5	Proceeds from disposal of shares held by Employee Share Trust		**0.8**	0.3
(25.3)	Dividends paid	10	**(21.2)**	(17.8)
0.7	Interest and other financing fees (paid)/received		**(2.7)**	0.3
(73.1)	**Net cash used in financing activities**		**(23.1)**	(67.2)
(20.2)	**Net (decrease)/increase in cash and cash equivalents**		**(115.5)**	2.0
	Movement in cash and cash equivalents			
331.0	Cash and cash equivalents at the beginning of the period		**309.3**	331.0
(1.5)	Effect of foreign exchange rate changes		**(0.7)**	0.1
(20.2)	Net (decrease)/increase in cash and cash equivalents		**(115.5)**	2.0
309.3	**Cash and cash equivalents at the end of the period**		**193.1**	333.1

HOME RETAIL GROUP PLC

ANALYSIS OF NET CASH/(DEBT)

At 29 August 2015

28 February 2015 £m	Non-GAAP measures	29 August 2015 £m	30 August 2014 £m
	Financing net cash		
309.3	*Cash and cash equivalents*	***193.1***	*333.1*
309.3	***Total financing net cash***	***193.1***	*333.1*
	Operating net debt		
(1,914.4)	*Off balance sheet operating leases*	***(1,780.1)***	*(1,993.9)*
(1,914.4)	***Total operating net debt***	***(1,780.1)***	*(1,993.9)*
(1,605.1)	***Total net debt***	***(1,587.0)***	*(1,660.8)*

The Group uses the term 'total net debt' to highlight the Group's aggregate net indebtedness to banks and other financial institutions together with debt-like liabilities, notably operating leases. The gross lease commitments are £2,181.0m (28 February 2015: £2,342.2m), the discounted value of these leases is £1,780.1m (28 February 2015: £1,914.4m), based upon discounting the existing lease commitments at the Group's estimated current long-term cost of borrowing of 4.3% (28 February 2015: 4.1%).

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

1. Basis of preparation

The unaudited condensed half-yearly financial information comprises the results for the 26 weeks ended 29 August 2015, the 26 weeks ended 30 August 2014, and the audited consolidated results for the 52 weeks ended 28 February 2015. The audited consolidated financial information for the 52 weeks ended 28 February 2015 has been extracted from Home Retail Group plc's Annual Report and Financial Statements, which was approved by the Board of Directors on 29 April 2015 and delivered to the Registrar of Companies. The report of the Group's auditors, PricewaterhouseCoopers LLP, on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006. The condensed half-yearly financial information is not audited or reviewed and does not constitute statutory financial statements within the meaning of Section 434 of the Companies Act 2006.

The directors considered it appropriate to adopt the going concern basis of accounting in preparing the half-yearly financial information.

IFRS and accounting policies

This condensed half-yearly financial information for the 26 weeks ended 29 August 2015 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed half-yearly financial information should be read in conjunction with Home Retail Group plc's Annual Report and Financial Statements for the 52 weeks ended 28 February 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union.

The accounting policies adopted by Home Retail Group are set out in Home Retail Group plc's Annual Report and Financial Statements, dated 29 April 2015, which is available on Home Retail Group's website www.homeretailgroup.com. These policies have been consistently applied for all periods presented.

Changes in accounting standards

There are no new standards, amendments to existing standards or interpretations which are effective for the first time during the period ended 29 August 2015 that have a material impact on the Group.

At the balance sheet date there are a number of new standards and amendments to existing standards in issue but not yet effective, including IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments' which are both effective for periods beginning on or after 1 January 2018. The Group has not early-adopted any of these new standards or amendments to existing standards. The Group will assess their full impact in due course. There are no other new standards, amendments to existing standards or interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Non-GAAP financial information

Home Retail Group has identified certain measures that it believes will assist the understanding of the performance of the business. The measures are not defined under IFRS and they may not be directly comparable with other companies' adjusted measures. The non-GAAP measures are not intended to be a substitute for, or superior to, any IFRS measures of performance but Home Retail Group has included them as it considers them to be important comparables and key measures used within the business for assessing performance. The following are the key non-GAAP measures identified by Home Retail Group:

Exceptional items

Items which are both non-recurring and material in either size or nature are presented as exceptional items within their relevant income statement line. The separate reporting of exceptional items helps provide a better indication of underlying performance of the Group. Examples of items which may be recorded as exceptional items are restructuring costs and the profits and/or losses on the disposal of businesses.

Benchmark measures

The Group uses the following terms as measures which are not formally recognised under IFRS:

- Benchmark operating profit is defined as operating profit before amortisation of acquisition intangibles, post-employment benefit scheme administration costs, store impairment and onerous lease charges or releases and costs or income associated with store closures and exceptional items.

- Benchmark profit before tax (benchmark PBT) is defined as profit before amortisation of acquisition intangibles, post-employment benefit scheme administration costs, store impairment and onerous lease charges or releases and costs or income associated with store closures, exceptional items, financing fair value remeasurements, financing impact on post-employment benefit obligations, the discount unwind on non-benchmark items and taxation.

- Basic benchmark earnings per share (benchmark EPS) is defined as benchmark PBT less taxation attributable to benchmark PBT, divided by the weighted average number of shares in issue (excluding shares held in Home Retail Group's share trust net of vested but unexercised share awards).

These measures are considered useful in that they provide investors with an alternative means to evaluate the underlying performance of the Group's operations.

Total net debt

The Group uses the term 'total net debt' which is considered useful in that it highlights the Group's aggregate net indebtedness to banks and other financial institutions together with debt-like liabilities, notably operating leases.

3. Foreign currency

The principal exchange rates used were as follows:

	Average			Closing		
	26 weeks ended 29 August 2015	52 weeks ended 28 February 2015	26 weeks ended 30 August 2014	**29 August 2015**	28 February 2015	30 August 2014
US dollar	**1.53**	1.63	1.68	**1.54**	1.54	1.66
Euro	**1.39**	1.26	1.23	**1.37**	1.38	1.26

Assets and liabilities of overseas undertakings are translated into sterling at the rates of exchange ruling at the balance sheet date and the income statement is translated into sterling at average rates of exchange.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

4. Segmental information

The Board of Directors and Group Executive Board review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports, which reflect the distinct retail brands and different risks associated with the different businesses. The Group is organised into three main business segments: Argos, Homebase and Financial Services together with Central Activities. The Board of Directors and Group Executive Board assess the performance of the operating segments based on a combination of revenue and benchmark operating profit.

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
	Revenue		
4,096.0	Argos	**1,743.1**	1,769.1
1,479.3	Homebase	**816.4**	834.5
135.1	Financial Services	**69.0**	65.0
5,710.4	**Total revenue**	**2,628.5**	2,668.6
	Benchmark operating profit		
129.2	Argos	**6.4**	12.0
19.8	Homebase	**34.3**	27.8
7.0	Financial Services	**3.5**	3.1
(26.5)	Central Activities	**(11.7)**	(13.0)
129.5	**Total benchmark operating profit**	**32.5**	29.9
2.6	Benchmark net financing income	**1.6**	1.0
132.1	**Benchmark profit before tax**	**34.1**	30.9
(1.8)	Amortisation of acquisition intangibles	**(0.9)**	(0.9)
(1.9)	Post-employment benefit scheme administration costs	**(0.9)**	(0.7)
0.1	Adjustments in respect of store impairment and property provisions	**0.7**	0.7
(35.5)	Exceptional items	**(4.4)**	(11.8)
(1.0)	Financing fair value remeasurements	**(0.1)**	0.3
(3.0)	Financing impact on post-employment benefit obligations	**(1.9)**	(1.6)
(6.7)	Discount unwind on non-benchmark items	**(3.2)**	(3.4)
11.5	Balance sheet review	**-**	-
93.8	**Profit before tax**	**23.4**	13.5
(22.2)	Taxation	**(6.1)**	(4.0)
71.6	**Profit for the period attributable to equity holders of the Company**	**17.3**	9.5

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

4. Segmental information (continued)

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
	Segment assets		
2,395.9	Argos	**2,471.9**	2,310.2
915.4	Homebase	**880.4**	897.7
622.8	Financial Services	**589.4**	552.5
71.5	Central Activities	**70.5**	78.1
4,005.6	**Total segment assets**	**4012.2**	3,838.5
57.8	Tax assets	**51.8**	47.8
309.3	Cash and cash equivalents	**193.1**	333.1
4,372.7	**Total assets per balance sheet**	**4,257.1**	4,219.4

Segment assets include goodwill and other intangible assets, property, plant and equipment, investments in associates, inventories, trade and other receivables and other financial assets. Tax assets and cash and cash equivalents are not allocated to segments.

5. Cost of sales

Total cost of sales for the 26 weeks ended 29 August 2015 was £1,790.6m (2014: £1,822.7m). This consists of cost of goods of £1,655.3m (2014: £1,687.9m) and distribution costs of £135.3m (2014: £134.8m).

6. Exceptional items

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
(31.4)	Argos transformation and other restructuring charges	**(4.4)**	(11.8)
(4.1)	Customer redress – Payment Protection Insurance	**-**	-
(35.5)	**Exceptional items in operating profit**	**(4.4)**	(11.8)
7.1	Tax on exceptional items in profit before tax	**0.9**	2.5
(28.4)	**Exceptional loss after tax for the period**	**(3.5)**	(9.3)

Exceptional restructuring charges totalling £4.4m were incurred in Argos during the 26 weeks ended 29 August 2015 in respect of the ongoing project to transform Argos into a digital retail leader.

In the 26 weeks ended 30 August 2014 exceptional restructuring charges totalling £11.8m were incurred. These charges related to £6.7m in Argos in respect of the ongoing project to transform Argos into a digital retail leader and Group restructuring costs of £5.1m principally relating to the transitioning of Information Systems infrastructure and services that supports the Group’s operations.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

7. Net financing expense

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
	Finance income:		
0.7	Bank Deposits	**0.2**	**0.3**
2.7	Financing fair value remeasurements – net exchange gains	**0.7**	**1.4**
3.4	**Total finance income**	**0.9**	**1.7**
	Finance expense:		
(7.5)	Discount unwind	**(3.5)**	**(3.8)**
(3.7)	Financing fair value remeasurements – net exchange losses	**(0.8)**	**(1.1)**
(3.0)	Net interest expense on post-employment benefit obligations	**(1.9)**	**(1.6)**
(1.2)	Other finance expense	**(0.3)**	**(0.6)**
(15.4)	**Total finance expense**	**(6.5)**	**(7.1)**
3.9	Less: finance expense charged to Financial Services cost of sales	**2.0**	**1.7**
(11.5)	**Total net finance expense**	**(4.5)**	**(5.4)**
(8.1)	**Net financing expense**	**(3.6)**	**(3.7)**

Included within discount unwind is a £3.2m charge (2014: £3.4m) relating to the discount unwind on non-benchmark property provisions.

8. Taxation

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
(21.2)	UK tax	**(5.9)**	(3.6)
(1.0)	Overseas tax	**(0.2)**	(0.4)
(22.2)	**Total tax expense**	**(6.1)**	(4.0)

The statutory tax charge for the period of £6.1m (2014: £4.0m) is based on an estimated annual benchmark effective rate of tax of 24.0% (2014: 25.5%), which is adjusted for the tax impact of non-benchmark items arising during the half year, to derive the effective tax rate for the half year of 26.0% (2014: 29.6%). The benchmark tax charge for the period is £8.2m (2014: £7.9m).

The benchmark effective rate of tax is defined as the tax on benchmark PBT divided by benchmark PBT. The current year benchmark effective rate of tax includes the favourable impact of a 1% reduction to the UK corporation tax rate from 21% to 20%.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

9. Basic and diluted earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held in the Home Retail Group share trust net of vested but unexercised share awards. Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares.

52 weeks ended 28 February 2015		**26 weeks ended 29 August 2015**	26 weeks ended 30 August 2014
£m	**Earnings**	**£m**	£m
71.6	**Profit after tax for the financial period**	**17.3**	9.5
	Adjusted for:		
1.8	Amortisation of acquisition intangibles	**0.9**	0.9
1.9	Post-employment benefit scheme administration costs	**0.9**	0.7
(0.1)	Adjustments in respect of store impairment and property provisions	**(0.7)**	(0.7)
35.5	Exceptional items	**4.4**	11.8
1.0	Financing fair value remeasurements	**0.1**	(0.3)
3.0	Financing impact on post-employment benefit obligations	**1.9**	1.6
6.7	Discount unwind on non-benchmark items	**3.2**	3.4
(11.5)	Balance sheet review	**-**	-
(7.8)	Attributable taxation credit	**(2.1)**	(3.9)
(3.0)	Non-benchmark tax credit in respect of prior years	**-**	-
99.1	**Benchmark profit after tax for the financial period**	**25.9**	23.0
millions	**Weighted average number of shares**	**millions**	millions
764.3	Number of ordinary shares for the purpose of basic EPS	**763.7**	773.1
36.0	Dilutive effect of share incentive awards	**28.7**	28.3
800.3	**Number of ordinary shares for the purpose of diluted EPS**	**792.4**	801.4
pence	**EPS**	**pence**	pence
9.4	Basic EPS	**2.3**	1.2
8.9	Diluted EPS	**2.2**	1.2
13.0	Basic benchmark EPS	**3.4**	3.0
12.4	Diluted benchmark EPS	**3.3**	2.9

10. Dividend

An interim dividend of 1.0 pence (2014: 1.0 pence) per Home Retail Group plc ordinary share, amounting to a total interim dividend of £7.9m (2014: £7.5m), has been announced (but not provided) and will be paid on 21 January 2016 to shareholders on the register at the close of business on 13 November 2015.

In July 2015, a final dividend of 2.8 pence (2014: 2.3 pence) per Home Retail Group plc ordinary share, amounting to a total final dividend of £21.2m (2014: £17.8m), was paid to shareholders.

11. Commercial income

Within trade and other receivables there is £29.4m (28 February 2015: £22.9m) of commercial income balances. The balance consists of marketing and advertising funding earned during the period and agreed volume-based rebates which are expected to be collected during FY16.

The above commercial income balances are based on current contractual arrangements with suppliers. The Group's commercial arrangements with its suppliers can either be structured with a relatively high up-front unit cost, partially offset by a commercial arrangement, or a more straightforward arrangement with a lower up-front unit cost. The net cost position can end up being either the same, or very similar, in both situations. The key financial metric in assessing the Group's performance in this area is therefore the overall amount of gross margin, which incorporates all components of the overall unit cost price.

12. Provisions

	Property £m	**Insurance £m**	**Restructuring £m**	**PPI Customer redress £m**	**Other £m**	**Total £m**
At 1 March 2015	(130.7)	(35.5)	(20.8)	(29.0)	(5.9)	(221.9)
Charged to the income statement	(2.7)	(3.8)	(4.4)	-	(3.0)	(13.9)
Released to the income statement	3.4	-	-	-	-	3.4
Utilised during the year – cash	6.8	2.1	14.3	17.7	3.0	43.9
Utilised during the year – non-cash	0.5	-	1.2	-	-	1.7
Transfer from accruals	(0.9)	-	-	-	-	(0.9)
Discount unwind	(3.5)	-	-	-	-	(3.5)
At 29 August 2015	**(127.1)**	**(37.2)**	**(9.7)**	**(11.3)**	**(5.9)**	**(191.2)**

28 February 2015 £m	**Analysed as:**	**29 August 2015 £m**	30 August 2014 £m
(95.7)	Current	**(67.8)**	(65.9)
(126.2)	Non-current	**(123.4)**	(161.7)
(221.9)		**(191.2)**	(227.6)

Property provisions principally comprise obligations on onerous leases together with other costs or income associated with store closures. In respect of onerous leases, provision is made for onerous lease contracts on stores that have either closed, or where projected future trading income is insufficient to cover the lower of exit cost or cost of continuing to trade the store. Where the cost of continuing to trade the store is lower, the provision is based on the present value of expected future cash flows relating to rents, rates and other property costs to the end of the lease terms net of expected trading or sublet income. The majority of this provision is expected to be utilised over the period to 2020.

Provision is made for the estimated costs of insurance claims incurred by the Group but not settled at the balance sheet date, including the costs of claims that have arisen but have not yet been reported to the Group. The estimated cost of claims includes expenses to be incurred in settling claims. The majority of this provision is expected to be utilised over the period to 2018.

The restructuring provision relates to a number of actions undertaken by the Group during the current and prior years. Actions currently being undertaken by the Group include: the ongoing project to transform Argos into a digital retail leader; the Homebase Productivity Plan which includes head office restructuring costs and costs associated with the planned closure of a Distribution centre in December 2015; and Group restructuring costs principally relating to the transitioning of Information Systems infrastructure and services that support the Group's operations to Fujitsu.

Financial Services offers Payment Protection Insurance (PPI) to its customers. In response to an industry wide review by the Financial Conduct Authority, a full investigation was undertaken in FY14 with the support of an independent expert. As a result, an exceptional charge was recognised. In FY15 an additional charge of £4.1m was recognised which principally reflected an

12. Provisions (continued)

anticipated increase in operating costs associated with future customer redress payments. In the 26 weeks ended 29 August 2015, £17.7m customer redress payments and associated operating costs have been made, resulting in partial utilisation of this provision. The provision comprises the estimated cost of making redress payments to customers in respect of past sales of PPI policies, including the related administrative expenses. The eventual cost is dependent upon response rates, uphold rates, redress costs, claim handling costs and those costs associated with claims that are subsequently referred to the Financial Ombudsman Service. The provision represents management's best estimate of future costs and will remain under review. Had management used different assumptions, a larger or smaller provision charge would have resulted. The most significant assumption is the expected response rate to the customer contact exercise which has been estimated at 35%. If the response rate is one percentage point higher/(lower) than estimated then the provision at 29 August 2015 would have increased/(decreased) by approximately £1m. This provision is expected to be utilised within one year.

13. Other financial assets and liabilities

IFRS 13 requires disclosure of fair value measurements by level of the following measurement hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

29 August 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Assets				
Other financial assets	10.0	-	0.1	10.1
Other financial assets - forward foreign exchange contracts	-	8.3	-	8.3
Total assets	**10.0**	**8.3**	**0.1**	**18.4**
Liabilities				
Other financial liabilities - forward foreign exchange contracts	-	(7.7)	-	(7.7)
Total liabilities	**-**	**(7.7)**	**-**	**(7.7)**

30 August 2014	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Assets				
Other financial assets	10.1	-	0.1	10.2
Other financial assets - forward foreign exchange contracts	-	5.8	-	5.8
Total assets	10.1	5.8	0.1	16.0
Liabilities				
Other financial liabilities - forward foreign exchange contracts	-	(6.4)	-	(6.4)
Total liabilities	-	(6.4)	-	(6.4)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

The fair value of the level 2 forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. The financial asset within the level 3 hierarchy is measured at cost less impairment. The impairment has been calculated to write down the asset to its recoverable value based on the actual financial position of the Group's associate. The fair value measurement is hence not sensitive to changes in inputs.

There have been no movements in level 3 financial assets or transfers of assets or liabilities between levels of the fair value hierarchy during the period.

The fair value of trade and other receivables, cash and cash equivalents and trade and other payables approximate their carrying amounts.

14. Post-employment benefits

As at the balance sheet date, the Group's defined benefit pension scheme obligations were £1,084.8m (28 February 2015: £1,103.7m) and the market value of the scheme assets was £984.3m (28 February 2015: £989.3m), resulting in a net deficit of £100.5m (28 February 2015: £114.4m).

52 weeks ended 28 February 2015 £m		**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
(76.6)	Opening net deficit	**(114.4)**	(76.6)
(1.9)	Post-employment benefit scheme administration costs	**(0.9)**	(0.7)
(3.0)	Net finance expense on post-employment benefit obligations	**(1.9)**	(1.6)
(55.6)	Remeasurement of the net defined benefit liability	**5.3**	(37.4)
22.0	Contributions paid by the Group – deficit recovery	**11.0**	11.0
0.7	– other	**0.4**	0.4
(114.4)	**Closing net deficit**	**(100.5)**	(104.9)

The material assumptions used to assess the Group's defined benefit pension scheme obligations have been updated based on advice from the Group's independent qualified actuaries as at the period end. The most significant of these are the discount rate and the rate of inflation which are 3.8% (28 February 2015: 3.5%) and 3.2% (28 February 2015: 3.0%) respectively.

Contributions paid by the Group total £11.4m (2014: £11.4m), including £11.0m (2014: £11.0m) as part of the deficit recovery plan agreed with the scheme trustees following the completion of the 31 March 2012 actuarial valuation.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

15. Notes to the consolidated statement of cash flows

52 weeks ended 28 February 2015 £m	Cash generated from operations	**26 weeks ended 29 August 2015 £m**	26 weeks ended 30 August 2014 £m
93.8	Profit before tax	**23.4**	13.5
8.1	Net financing expense	**3.6**	3.7
101.9	Operating profit	**27.0**	17.2
(1.5)	(Profit)/loss on sale of property, plant and equipment and other intangible assets	**0.1**	(0.1)
136.0	Depreciation and amortisation	**69.6**	66.8
15.8	Impairment charge	**-**	-
3.9	Finance expense charged to Financial Services cost of sales	**2.0**	1.7
(60.6)	(Increase) in inventories	**(25.8)**	(27.7)
(23.0)	(Increase)/decrease in receivables	**(20.9)**	12.2
120.2	(Decrease)/increase in payables	**(48.1)**	86.8
36.6	Movement in trade working capital	**(94.8)**	71.3
(55.4)	Decrease/(increase) in Financial Services loan book	**29.9**	7.9
(18.8)	Movement in total working capital	**(64.9)**	79.2
(13.0)	(Decrease) in provisions	**(28.4)**	(7.5)
(20.8)	Movement in post-employment benefit obligations	**(10.5)**	(10.7)
8.3	Share-based payment expense (net of dividend equivalent payments)	**5.0**	5.3
211.8	**Cash generated from operations**	**(0.1)**	151.9

16. Seasonality

The retail sales for Argos and Homebase are subject to seasonal fluctuations. Demand for Argos products is highest during the months of November and December, whilst demand for Homebase products is highest through the spring, at Easter and during the summer months and, for big ticket items, during the January sales.

NOTES TO THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION
For the 26 weeks ended 29 August 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed half-yearly financial information has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed half-yearly financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of Home Retail Group plc are listed in the Home Retail Group plc Annual Report and Financial Statements 2015. There have been no changes of director since the Annual Report. A list of current directors is maintained on the Home Retail Group website, www.homeretailgroup.com.

By order of the Board

John Walden	Richard Ashton
Chief Executive	Finance Director
21 October 2015	21 October 2015

HOME RETAIL GROUP PLC

SHAREHOLDER INFORMATION

Registrar

For all enquiries and shareholder administration (other than for American Depositary Receipts), please contact Capita Asset Services:
Postal address: Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.
email: homeretailgroup@capitaregistrars.com
Telephone: 0871 664 0437* (from abroad +44 20 8639 3377).
Text phone: 0871 664 0532* (from abroad +44 20 8639 2062).
Fax number: 0871 664 0438 (from abroad +44 1484 600 914).
*Calls cost 10p per minute plus network extras

American Depositary Receipt (ADR)

Home Retail Group's ADR programme is administered by Citibank and ADR enquiries may be directed to:
Postal address: Citibank Shareholder Services, P.O. Box 43077, Providence, Rhode Island 02940-3077, USA.
email: Citibank@shareholders-online.com
Telephone (toll free): 1-877-Citi-ADR (248-4237)
Telephone (international): 1-781-575-4555
Website: www.citi.com/dr

Electronic communications

Shareholders can register to receive reports and notifications by email, browse shareholder information and submit voting instructions at www.homeretailgroup-shares.com. This service is provided by Capita Asset Services.

Home Retail Group plc website

Investor relations information, such as webcasts of results presentations to analysts and investors and accompanying slides, is available at www.homeretailgroup.com.

Dividend reinvestment plan

The Home Retail Group Dividend Reinvestment Plan (DRIP) enables shareholders to use their cash dividends to purchase Home Retail Group shares. Shareholders who wish to participate in the DRIP for the first time, in respect of the interim dividend to be paid on 21 January 2016, should return a completed and signed DRIP mandate form to be received by the Registrar, by no later than 27 December 2015. For further details, please contact Capita Asset Services.

Share price information

The latest Home Retail Group share price is available on the Home Retail Group website, at www.homeretailgroup.com.

Share dealing facility

Investors can buy or sell Group shares through Capita Share Dealing Services. Go to www.capitadeal.com or call 0871 664 0454 (calls cost 10p per minute plus network extras) between 8.30 am and 4.30 pm weekdays.

Financial calendar

Interim ex-dividend date	12 November 2015
Interim dividend record date	13 November 2015
Trading Statement	14 January 2016
Interim dividend paid	21 January 2016
End of Year Trading Statement	10 March 2016
Full-year results for the 52 weeks to 27 February 2016	27 April 2016
Final ex-dividend date	19 May 2016
Final dividend record date	20 May 2016
First Quarter Trading Statement	9 June 2016
Final dividend paid	21 July 2016

Registered office

Home Retail Group plc, Avebury, 489 - 499 Avebury Boulevard, Milton Keynes MK9 2NW.