



13 March 2008

Home Retail Group plc End of Year Trading Statement

Home Retail Group, the UK's leading home and general merchandise retailer, today announces details of the final eight-week trading period for the financial year ended 1 March 2008.

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

"Argos' sales performance has rounded off a successful year in which we expect the Group to deliver another year of double-digit earnings growth in line with market forecasts. Looking ahead, we continue to believe that the weakening consumer outlook, as already evidenced at Homebase, is likely to restrict growth in like-for-like sales in both businesses. While the new financial year therefore looks challenging, we will continue building on our significant operational strengths across the Group."

Period to 1 March 2008	8 weeks	H2 26 weeks	Full year 52 weeks
Argos			
Sales	£566m	£2,486m	£4,321m
Like-for-like change in sales	1.9%	0.3%	0.7%
Net new space contribution to sales change	3.5%	2.8%	3.1%
Total sales change	5.4%	3.1%	3.8%
Gross margin movement	Down c.50bps	Down c.25bps	Up c.50bps
Homebase			
Sales	£217m	£715m	£1,569m
Like-for-like change in sales	(5.3%)	(6.0%)	(4.1%)
Net new space contribution to sales change	4.6%	3.0%	2.5%
Total sales change	(0.7%)	(3.0%)	(1.6%)
Gross margin movement	Up c.150bps	Up c.200bps	Up c.250bps

Argos

Total sales at Argos grew 5.4% to £566m in the eight weeks to 1 March 2008. Net new space contributed 3.5%; there were seven openings and one relocation in the period, with the portfolio increasing by a net 27 over the full year to reach 707 stores.

Like-for-like growth was 1.9% in the period. A further excellent performance in the video gaming category was the key driver of this, with a strong January sale and the earlier timing of Mother's Day also being contributory factors. An adverse product mix impact, together with the January sale, led to an approximate 50 basis point decline in the gross margin; ongoing sourcing gains and foreign exchange benefits continued to be reinvested in lower prices for customers. Argos' Internet sales grew by over a third to represent 23% of all sales, driven in particular by the convenience of online orders for immediate store collection on over 14,000 products out of the catalogue's total 18,500.

Homebase

Total sales at Homebase declined 0.7% to £217m in the eight weeks to 1 March 2008. Net new space contributed 4.6%; there was one opening and two relocations completed in the period, with a net eight stores added over the full year. The portfolio of 331 stores at the year-end also included 12 relaunched from the Focus purchase, with further stores anticipated to reopen in the coming weeks.

Like-for-like sales declined 5.3% in the period. Most product categories continued to see a difficult trading environment, although kitchens were once again an area of strong growth. Further supply chain progress and foreign exchange benefits led to an approximate 150 basis point gross margin increase.

Enquiries

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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 30 April 2008.

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.