



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 1 March to 30 May 2009.

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

"Argos and Homebase each enjoyed better than expected sales in the quarter and grew market share. Homebase in particular saw its performance in gardening and outdoor products benefit from the excellent weather conditions. At this early stage of the financial year we continue to plan cautiously, with our trading focus remaining on driving cash gross margin and achieving further cost efficiencies."

Argos

Sales
Like-for-like change in sales
Net new space contribution to sales change
Total sales change
Gross margin movement

Homebase

Sales
Like-for-like change in sales
Net new space contribution to sales change
Total sales change
Gross margin movement

	Q1 (13 weeks to 30 May)
	£937m
	(2.8%)
	3.7%
	0.9%
	Down c.75bps
	£465m
	3.8%
	2.0%
	5.8%
	Down c.250bps

Argos

Total sales at Argos grew by 0.9% to £937m. Net new space contributed 3.7%; five new stores opened in the quarter, taking the portfolio to 735.

Like-for-like sales declined by 2.8% in the quarter. Good growth continued in consumer electronics as a whole, and toy sales were strongly ahead. The furniture and homewares markets continued to be challenging.

Multi-channel sales accounted for 42% of total Argos sales; within this, online Check & Reserve grew by 45%.

The approximate 75 basis point gross margin decline was driven mainly by the sales mix. We continue to expect that the impact of adverse currency movements on the gross margin rate will increase through the course of the year.

Homebase

Total sales at Homebase grew by 5.8% to £465m. Net new space contributed 2.0%; three new stores opened in the quarter, taking the portfolio to 348.

Like-for-like sales increased by 3.8% in the quarter. Seasonally-related categories account for around 40% of first quarter sales and saw low double-digit growth; the weather patterns resulted in the year-on-year demand being particularly strong in March and April but down year-on-year in May. Kitchen sales continued to be strong during the quarter. Sales for the remaining categories overall were only marginally lower than the first quarter last year.

The approximate 250 basis point gross margin decline was driven mainly by the sales mix and an increased promotional stance. We continue to expect that the impact of adverse currency movements on the gross margin rate will increase through the course of the year.

Financial position

No material events, transactions or other impacts on the Group's strong financial position have taken place since the previously announced 28 February 2009 balance sheet date.

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

Richard Ashton	Finance Director	01908 600 291
Stuart Ford	Head of Investor Relations	

Media (Finsbury)

Rollo Head		020 7251 3801
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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 of 31 May 2009 to 29 August 2009 on Thursday 10 September 2009, and its half-year results on Wednesday 21 October 2009.

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.