



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 27 February 2010.

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

"Group benchmark profit before tax for the year will be around £290m, slightly ahead of current market expectations. This is a good outcome to a challenging year, and is combined with excellent cash generation. The final short trading period reported today saw volatile trading patterns, making it difficult to assess any changes in underlying consumer demand. For the new financial year, we continue to plan cautiously given the uncertain economic outlook, but do so from our position of operational and financial strength."

	Latest period (8 weeks to 27 February)	H2 (26 weeks to 27 February)	Full year (52 weeks to 27 February)
Argos			
Sales	£537m	£2,459m	£4,347m
Like-for-like change in sales	(9.4%)	(2.2%)	(2.1%)
Net new space contribution	2.8%	3.6%	3.6%
Total sales change	(6.6%)	1.4%	1.5%
Gross margin movement	Down c.100bps	Down c.225bps	Down c.175bps
Homebase			
Sales	£205m	£706m	£1,572m
Like-for-like change in sales	(0.6%)	2.6%	2.7%
Net new space contribution	0.6%	0.6%	1.2%
Total sales change	0.0%	3.2%	3.9%
Gross margin movement	Down c.425bps	Down c.400bps	Down c.350bps

Argos

Total sales at Argos declined by 6.6% to £537m. Net new space contributed 2.8%; there were three openings and two closures in the period, increasing the store portfolio to 745. Like-for-like sales declined by 9.4%, which included the approximate 3% negative impact of the later launch of the Spring/Summer catalogue, as well as an adverse impact of poor weather in this short and low volume period. The approximate 100 basis point gross margin decline was driven principally by the anticipated net impact of adverse currency movements.

Homebase

Total sales at Homebase were held at £205m. Net new space contributed 0.6%; there were 349 stores trading throughout the period. Like-for-like sales declined by 0.6%, which included an adverse weather impact. The approximate 425 basis point gross margin decline was driven principally by the anticipated net impact of adverse currency movements.

Other

The actuarial valuation of the Group's defined benefit pension scheme, as at 31 March 2009, has recently been completed, and has resulted in a deficit of £102m. Increases to funding have been agreed with the pension trustee, the cash flow impact of which is an additional payment of £17m in the year to 27 February 2010, reducing to £16m and £14m in the two subsequent financial years.

The Group's net cash position at 27 February 2010 is estimated to be approximately £410m, after the payment of the additional £17m pension contribution.

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. The call can be listened to live on the Group's 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 28 April 2010.

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.