20 NOVEMBER 2008

HALFORDS GROUP PLC (“HALFORDS”)

SOLID PERFORMANCE DRIVES EARNINGS AND DIVIDEND GROWTH

Halfords, the UK’s leading automotive and leisure products retailer, announces its Interim results for the 26 weeks to 26 September 2008.

Financial Highlights

- Revenue £407.1m up 1.6% (2007: £400.7m)
- Like-for-like sales decrease by 1.1%
- Gross profit percentage improves by 70 basis points to 51.6% (2007: 50.9%)
- Operating profit £55.0m up 4.6% (2007: £52.6m)
- Profit before tax £49.1m up 3.2% (2007: £47.6m)
- Basic earnings per share 16.7p up 9.2% (2007: 15.3p)
- Interim dividend 5.00p up 5.3% (2007: 4.75p)
- Operating cash flow £72.6m (2007: £59.4m)

Business Highlights

- Solid growth in traditional core areas of car maintenance and cycling
- Active management of operating infrastructure to further improve cost control
- Additional cost reduction programmes to be implemented during second half year
- 8 new store openings during the period
- Czech Republic operation continues to trade in line with expectations
- Pilot results provide confidence to accelerate Central European store-openings
- National pilot of standalone cycle store through stores in York and Norwich

Commenting on the results, David Wild, Chief Executive, said:

“In the current economic environment the core areas of Halfords’ business have performed well, particularly car maintenance which is characterised as needs driven, with low transaction values and higher than average margins. We continue to control costs whilst maintaining a solid platform for future earnings growth and ensuring that we maintain a support structure appropriate to this part of the business cycle.

Halfords’ ongoing product and service developments together with continuing cost management provide the Board with confidence in the delivery of full year profit before tax, from trading activities, in line with expectations. Furthermore, the success of our initial pilot in Central Europe encourages us to accelerate our operations in this region to secure future growth. This is an exciting opportunity.

The resilient performance in the first half of the financial year and continued confidence in our future prospects has enabled the Board to increase the interim dividend by 5.3%.

I would like to thank the Halfords’ team for their efforts in this challenging environment.”

Results Presentation

A presentation for analysts and investors will be held, today, from 9.30 a.m. at The City Presentation Centre, 4 Chiswell Street, London EC1Y 4UP.

Enquiries:

Halfords Group plc (www.halfordscompany.co.uk)

Nick Wharton, Finance Director	+44 (0)1527 513047
Tony Newbould, Investor Relations	+44 (0)7753 809522 (on the day)
	+44 (0)1527 513113 (thereafter)

Hogarth Partnership

Julian Walker, James Longfield	+44 (0) 207 357 9477

Notes to Editors
Halfords (www.halfords.com)

The Group employs in excess of 10,500 staff and sells over 10,000 different product lines, ranging from car parts and cycles through to the latest in-car technology, alloy wheels, child seats, roof boxes and outdoor leisure and camping equipment. Halfords' own brands include *Ripspeed*, for car enhancement and *Bikehut*, for cycles and cycling accessories, including the *Apollo* and *Carrera* brands. Two further premium brands were added during 2008; *Boardman* cycles and accessories, where Halfords has exclusive UK distribution rights, and *URBAN Escape* for camping equipment. Operating from 455 stores, including four stores in the Czech Republic, 25 smaller format, neighbourhood stores and six standalone cycle stores, Halfords offers a *"we*fit*"* service for car parts, child seats, satellite navigation and in-car entertainment systems, and a "*we*repair" service for cycles.

Cautionary Statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.

Chief Executive's Review

I am pleased to report that in this, my first interim results announcement since joining the company on 4 August 2008, Halfords has seen a solid trading performance.

Against challenging comparatives and a tightening consumer environment, revenue grew by 1.6% with performance weighted into more defensive, needs driven product categories. Gross margin per cent increased by 70 basis points ("bps") against the prior period, reflecting the favourable mix towards these higher margin categories and ongoing margin management strategies across all categories.

Cost growth in the period of 2.4%, resulted in profit before tax of £49.1m, an increase of 3.2% year on year and represented 12.1% of sales (2007:11.9%). Operating costs remained under close scrutiny throughout the period and further action has been taken subsequent to the half-year end in head office and stores designed both to contain cost growth and to increase their variability with sales.

Summary of Group Results

Unaudited	**26 weeks to**		
	26 September 2008	**28 September 2007**	**Change %**
Revenue (£m)	407.1	400.7	1.6
Gross profit (£m)	210.0	204.0	2.9
Operating profit (£m)	55.0	52.6	4.6
Operating profit %	*13.5%*	*13.1%*	
Profit before tax (£m)	49.1	47.6	3.2
Basic earnings per share	16.7 pence	15.3 pence	9.2
Dividend per share	5.00 pence	4.75 pence	5.3

Operating Review

Halfords has a unique and broad retail proposition; from the resilience of the low average transaction value, needs driven car maintenance business to the growth provided by a cycling market benefiting from increased use of cycles for leisure, health and commuting. These core categories represent almost half of revenue.

In each of our product categories we provide unrivalled range, product innovation and through the knowledge and fitting capability of store based colleagues, a key service based point of differentiation.

In a tightening consumer environment and when compared against strong growth in the prior year, our year-on-year sales increase of 1.6% reflects the benefit provided by the breadth of our offer and our position as the store of first choice and market leader in each of the core product categories in which we participate.

Our Car Maintenance category continues to grow and clearly demonstrates the resilient foundation that this needs driven product area provides our business. We work hard to maintain our market leadership of this category; continually updating the customer offer to ensure that, on average, a Halfords store will range parts for over 90% of the cars in the UK. Through collaboration with our suppliers we are able to bring the latest technology, that would ordinarily be available on higher specification new cars, to the aftermarket. Our *Tradecard* operation, that provides a dedicated pricing structure to committed home mechanics and small garages, continues to grow encouragingly.

The migration of technology including digital music, DVD, mobile phone connectivity and satellite navigation to the car continues to provide a base for ongoing growth and as with our core categories, Halfords' market leadership position is clear. The Car Enhancement market has, however, proved challenging during the period under review. During the second quarter the satellite navigation market continued to show volume growth, but average sales value declined significantly as the two largest brands updated their ranges and reduced their prices against a tough backdrop of discretionary consumer spending. Despite the prevailing market conditions, Halfords retained its position as the UK's number one retailer of in-car technology products.

In our Leisure category, the cycle market is enjoying a period of encouraging growth, through a combination of leisure, environmental, fitness and commuting needs. Our focus on increasing market share in both the premium cycle sector through our exclusive premium range of *Boardman* cycles and cycle accessories, and in children's cycles, where our own brand *Apollo* range are the only cycles engineered to comply fully with the more stringent European Cycle Safety Standards, has delivered encouraging results.

Performance was mixed in Travel Solutions, where sales of roof boxes and ancillary equipment suffered due to the poor weather this Summer whilst our Active Leisure camping offer had its strongest season to date, with encouraging sales from the recently introduced range of premium own brand camping products under the *Urban Escape* brand.

Store Portfolio

Through the investment in superstores with mezzanine floors and development of the neighbourhood store, we have clearly defined formats for both large and medium sized catchments respectively.

We remain committed to enhancing our market-leading position by the introduction of new stores. We remain on target to open around 15 new stores during the current financial year and believe there remains a significant opportunity for further Halfords stores across the UK, Republic of Ireland and Central Europe.

During the 26 weeks to 26 September 2008 the Group opened eight new stores and closed three stores resulting in 455 stores trading at the period end. Of these new stores six were superstores and one was in our smaller "neighbourhood" format, taking the total of these stores to 25. The remaining new store opening was the sixth Bikehut pilot store located adjacent to St Paul's Cathedral in Central London.

Multi Channel

We have invested in and significantly improved our multi-channel proposition as we continue to extend the customer shopping experience. Our strategy seeks to place our highly accessible and, therefore, convenient stores at the centre of our multi-channel proposition while providing maximum shopping flexibility to our customers.

Our experience remains that our customers prefer the option of shopping in store where they can interact with knowledgeable colleagues ensuring their purchase is the right one, complete and takes advantage of our full range of fitting services. "Reserve (on-line) and Collect (in-store)" fits precisely to this model and the number of customers availing themselves of this service continues to grow period on period.

During the period we have significantly overhauled our web-site to give it a cleaner, fresher feel to further encourage web browsing. We have also introduced improvements to web-site navigation and added a significant number of product lines. The new site was successfully re-launched during October and we are already seeing material improvements in visitor "dwell time" and customer conversion.

In conjunction with the *halfords.com* re-launch we have produced a 200 page catalogue, whose sales impact, either via distribution to households or pick-up via our store network, will be evaluated across the third quarter.

Stand-Alone Cycle Shops

Building upon our position as the UK's largest cycle retailer, the concept is targeted to increase our share of the premium cycle market and is clearly differentiated in terms of range, environment and location type, from our superstore offering.

Throughout the trial to date, we have iteratively improved the store location, format, product range and service offering, in order to develop an operating model that is appealing to the targeted specialist consumer and provides an acceptable return on invested capital.

Our most recent Southern-based trial stores under this latest format are performing satisfactorily. Prior to any scale rollout we will test this revised format nationally and, as part of this extended trial, stores were opened during October in Norwich and York, trading under an alternative brand, *Cycle Republic*, which has researched positively with customers. We currently believe that there is the potential for at least 50 stand-alone cycle stores across the country.

International Expansion

We continue to expand our international operations rolling out our successful format in the Republic of Ireland and completing our initial pilot within Central Europe. At the end of the period Halfords traded from 20 stores in Ireland and four stores in the Czech Republic.

Republic of Ireland:

The tough economic backdrop in the Republic of Ireland has had an inevitable impact on revenue in the period. However, consumer acceptance for our offer continues to be positive with new stores generating above average returns on investment.

After only four years in the market we trade from 20 stores and have clear leadership in each of our core categories. This scale of presence enables us to take advantage of new market opportunities as they arise, including the Cycle to Work scheme recently announced by the Irish Government.

Having concentrated initially on opening superstores, the performance of our first smaller "neighbourhood" format since opening has confirmed our belief that this format is ideally suited to the smaller catchments in Ireland and will support further growth.

This strategy of rapid roll-out to achieve operational scale represents our intended template for expansion in each of our chosen overseas markets.

Central Europe:

Within Central Europe we continue to be pleased with the performance of our Czech stores. Reflecting Halfords' growing brand presence and increased customer awareness of this new proposition to the Czech market, the stores continue to trade in line with our internal expectations with delivery against our key performance indicators including, critically, sales maturity, particularly pleasing.

Our key targeted Central European markets of Poland and Czech Republic provide, through their combined 50 million inhabitants, a scale opportunity for further growth. These markets share attractive characteristics such as relatively high GDP growth, estimated to average 4.4% in real terms over the next four years and growing levels of personal disposable income and car ownership (Source: Economist Intelligence Unit).

We will complete our operational pilot during the current financial year opening a further two stores in the Czech Republic and expanding into Poland with the opening of a superstore in Wroclaw during December.

Similar to our experience in Ireland, having developed a successful operating model through our scale pilot, we intend to rapidly increase the scale of our Central European operations opening 10 to 15 stores in the next financial year.

Financial Review

Income Statement

Revenue for the 26 weeks to 26 September 2008 was £407.1m (2007: £400.7m) an increase of 1.6% on the comparable period last year and representing a decrease in like-for-like sales of 1.1%.

Gross profit at £210.0m (2007: £204.0m) was up 2.9% and gross margin at 51.6% represented a 70bps improvement compared to the prior year (2007: 50.9%). This performance reflects the Group's continued margin management, the flow-through of Far East sourcing benefits and sales growth in higher margin categories.

Halfords continues to look to control support costs in order to manage cost growth at most in line with sales, while funding investment in both our growth initiatives and enhancing our store-based service proposition. Primarily reflecting the impact of increased utility costs, the cost impact throughout the supply chain of higher than anticipated inventory levels and depreciation associated with the new store system, "eVolve", operating expenses as a per cent of sales at 38.1% increased by 30bps versus the prior year (2007: 37.8%).

Looking forward, the rate of rental settlement inflation continues to slow and, while the all year round nature of our business largely insulates us from seasonal inventory risk, stock levels will be managed to reflect a more cautious consumer outlook.

Our investment in eVolve over the past 18 months has enhanced the efficiency of key operational processes associated with inventory and cash handling. It has also significantly improved our ability to more effectively rota store-based colleagues to match customer flows.

Subsequent to the half-year, using this enhanced capability, changes have been made to rotas in approximately half of our stores and we are already seeing efficiency gains from these stores. Reflecting our determination to access the efficiencies from our investment in core enterprise systems over the past four years, prudent reductions in support infrastructure are also in progress. The costs associated with each of these programmes, which are anticipated to total approximately £2m, will be accounted for in the current financial year with an anticipated annualised benefit of approximately £3m to £4m being realised in the next financial year.

Halfords continues to manage its store portfolio to maximise value. Landlord contributions during the period totalled £1.0m, compared to £1.6m last year and the group retains the guidance previously given of a full year contribution of approximately £4m.

Net finance costs for the half-year were £5.9m (2007: £5.0m). The increased charge for the period is largely attributable to the non-cash costs associated with forward foreign exchange contracts, which have increased year-on-year by £0.7m to £1.1m.

Taxation

In this financial period the standard rate of UK Corporation Tax was reduced by two percentage points to 28.0%.

The underlying taxation charge on trading in the 26 weeks to 26 September 2008 is 29.6% (2007: 31.4%) principally due to the non-deductibility of depreciation charged on capital expenditure in respect of mezzanine floors and other store infrastructure.

The lower actual tax rate of 28.3% for the period is due to a £0.7m provision release, following the settlement with HM Revenue and Customs, of prior year capital allowance claims.

Balance Sheet and Cash Flow

Total net debt at 26 September 2008 was £174.0m (28 March 2008: £181.7m) and includes £12.1m (28 March 2008: £12.2m) in respect of the Head Office finance lease.

The Group's debt facility comprises a £180m five-year non-amortising loan, maturing with a "bullet" repayment on 13 July 2011 and a £120m revolving credit facility. The Group has sufficient headroom to enable it to conform to covenants on these existing borrowings and has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing capital investments.

The Group continues to generate strong net cash flows from operations, which were £72.6m for the 26 weeks to 26 September 2008 (2007: £59.4m). The year-on-year improvement reflects the impact of the accounting calendar on working capital, and specifically the quarterly VAT payment, store rates and the payment of the September payroll. Consequently, the underlying net debt position at 26 September 2008 was £182.4m.

Stock levels continue to be actively managed. The year-on-year increase of 6.0% maintains stock turn at 2.5 times (2007: 2.5 times). In addition to inventory investment in new stores and to support sales growth, the closing stock position reflects higher than anticipated inventory levels resulting from the poor summer season together with targeted tactical purchases to secure beneficial supply and / or price arrangements in Halfords' core product areas. The Board remains comfortable with current stock levels given that the Group's Leisure category is not seasonally biased, with significant volumes of cycles, roofboxes and other travel solutions product being sold throughout the Autumn/Winter period.

Capital expenditure during the first half totalled £9.8m (2007: £13.8m) and the Group is forecast to spend approximately £25m for the full year (52 weeks to 28 March 2008: £29.5m). We continue to invest to support strategic growth, with £4.7m expended in the period on new and refurbished stores (2007: £4.6m), and £1.5m (2007: £0.4m) in respect of the ongoing development of our multi-channel proposition.

Dividend and Share Buy-back

Halfords remains strongly cash generative. The Company is committed to a progressive dividend policy and continued investment in the growth of the business, both through organic development and other business development opportunities as they might arise. The Board has increased the interim dividend by 5.3% to 5.00 pence per share (2007: 4.75 pence per share). The dividend will be paid on 7 January 2009 to shareholders on the register on 28 November 2008.

In accordance with the Board's intention to maintain an efficient capital structure and retain financial flexibility, the Group has continued to use share buy-back as a flexible tool in balance sheet management.

Recognising current market conditions, it was decided by the Board neither to undertake a closed period buy-back programme, nor, in the short term, to recommence share buy-back.

During the period the Company purchased, for cancellation, 4,687,816 of its own shares for a consideration, excluding costs, of £12,981,587, at an average price of 276.9 pence per share. Cumulatively since the buy back programme commenced on 8 June 2006, 23,145,510 shares have been purchased at an average of 315.7 pence per share.

Second Half Outlook

The Group operates within a unique mix of defensive and more cyclical markets, enjoying leading positions in each of its categories, has a well structured balance sheet and is highly cash generative. These characteristics position Halfords well to trade robustly in an environment that is expected to continue to be challenging.

The short period since the end of the half-year has seen some further slow-down in like-for-like sales performance. However gross margin per cent continues to improve, benefiting from active management and mix towards more defensive categories that carry higher margins. Combined with ongoing cost focus and product and service initiatives, these provide the Board with confidence in the delivery of full year profit before tax, from trading activities, in line with expectation. Full year reported profit before tax will reflect reorganisation costs, expected to total approximately £2m, with the resultant benefits crystalising in the next and future financial years.

Third Quarter Interim Management Statement

Halfords will announce its interim management statement on 15 January 2009, covering trading for the 13 weeks ended 26 December 2008. Revenue is not critically dependent on this quarter as, typically, sales in each half of the year are broadly similar.

Principal risks and uncertainties

The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving Halfords' strategic corporate objectives, and in the Annual Report 2008 it set out what it considers to be the principal commercial and financial risks to achieving the Group's objectives. The main areas of potential risk and uncertainty in the balance of the financial year are those identified below:

Economic and market conditions

The economy is a major influence on consumer spending. Trends in employment, inflation, taxation, consumer debt levels and interest rates impact consumer expenditure in discretionary areas. During 2008 it has been widely reported that global factors are impacting consumer spending, with many retailers reporting substantial declines in like-for-like sales growth. The Board views Halfords as resilient to economic downturn, although not immune, and whilst many of the products that we sell are of a non-discretionary nature some of the higher value items, such as in-car technology products, may be impacted as households become more prudent in their spending behaviour, and other products, such as children’s cycles, face competition from alternative products. Halfords reflects the latest independently sourced estimates in its internal plans.

Competition

The retail industry is highly competitive. The Group competes with a wide variety of retailers of varying sizes and faces competition from UK retailers, as well as international operators. Failure to compete with competitors on areas including price, product range, quality and service could have an adverse effect on the Group's financial results.

We aim to have a broad appeal in price, range and store format in a way that allows us to compete in different markets and to use service as a point of differentiation in each market segment.

HALFORDS GROUP PLC

Consolidated Income Statement

26 weeks to 26 September 2008

	Notes	**26 weeks to 26 September 2008 Unaudited £m**	26 weeks to 28 September 2007 Unaudited £m	52 weeks to 28 March 2008 Audited £m
Revenue	4	**407.1**	400.7	797.4
Cost of sales		**(197.1)**	(196.7)	(394.9)
Gross profit		**210.0**	204.0	402.5
Operating expenses		**(155.0)**	(151.4)	(301.5)
Operating profit	5	**55.0**	52.6	101.0
Finance costs	6	**(7.2)**	(6.4)	(13.5)
Finance income	6	**1.3**	1.4	2.7
Profit before tax		**49.1**	47.6	90.2
Taxation	7	**(13.9)**	(14.0)	(26.2)
Profit attributable to equity shareholders		**35.2**	33.6	64.0

Earnings per share				
Basic	9	**16.7p**	15.3p	29.3p
Diluted	9	**16.7p**	15.3p	29.3p

A final dividend of 10.35 pence per share for the 52 weeks to 28 March 2008 (2007: 9.50 pence per share) was paid on 30 July 2008. The directors have approved an interim dividend of 5.0 pence per share in respect of the 26 weeks to 26 September 2008 (2007: 4.75 pence per share).

HALFORDS GROUP PLC

Consolidated Balance Sheet

As at 26 September 2008

	Notes	**26 September 2008 Unaudited £m**	28 September 2007 Unaudited £m	28 March 2008 Audited £m
Assets				
Non-current assets				
Goodwill	10	**253.1**	253.1	253.1
Other intangible assets	10	**5.7**	5.1	3.7
Property, plant and equipment	10	**112.2**	110.5	116.2
Derivative financial instruments		**0.8**	1.2	-
		371.8	369.9	373.0
Current assets				
Inventories		**163.7**	154.4	151.6
Trade and other receivables		**44.5**	38.0	41.6
Derivative financial instruments		**5.7**	-	1.9
Cash and cash equivalents	12	**18.0**	69.3	10.0
		231.9	261.7	205.1
Total assets		**603.7**	631.6	578.1
Liabilities				
Current liabilities				
Borrowings	12	**(0.5)**	(50.8)	(0.2)
Derivative financial instruments		**(0.2)**	(2.8)	(0.3)
Trade and other payables		**(141.2)**	(129.7)	(121.3)
Current tax liabilities		**(14.2)**	(14.4)	(12.3)
Provisions		**(2.0)**	(1.7)	(2.0)
		(158.1)	(199.4)	(136.1)
Net current assets		**73.8**	62.3	69.0
Non-current liabilities				
Borrowings	12	**(191.5)**	(191.5)	(191.5)
Derivative financial instruments		**(0.4)**	(0.2)	-
Deferred tax liabilities		**(0.1)**	(0.3)	(1.0)
Accruals and deferred income: – lease incentives		**(27.2)**	(26.9)	(27.8)
		(219.2)	(218.9)	(220.3)
Total liabilities		**(377.3)**	(418.3)	(356.4)
Net assets		**226.4**	213.3	221.7
Shareholders' equity				
Share capital	13	**2.1**	2.2	2.1
Share premium account	13	**145.6**	145.5	145.6
Share buy back reserve		**-**	(2.0)	-
Capital redemption reserve		**0.2**	0.1	0.2
Retained earnings		**78.5**	67.5	73.8
Total equity		**226.4**	213.3	221.7

HALFORDS GROUP PLC

Consolidated Statement of Changes in Shareholders' Equity

26 weeks to 26 September 2008

	Share capital £m	Share premium account £m	Share buy back reserve £m	Capital redemption reserve £m	Retained earnings (hedging reserve) £m	Retained earnings £m	**Total equity £m**
Balance at 30 March 2007	2.2	133.2	-	0.1	(0.6)	68.2	**203.1**
Profit for the period	-	-	-	-	-	33.6	**33.6**
Purchase of own shares – share buy-back	-	-	(2.0)	-	-	(13.7)	**(15.7)**
Shares issued	-	12.3	-	-	-	-	**12.3**
Cash flow hedges (net of tax):							
Fair value losses in the period	-	-	-	-	(2.1)	-	**(2.1)**
Transfers to inventory	-	-	-	-	2.0	-	**2.0**
Transfers to net profit							
Cost of sales	-	-	-	-	0.3	-	**0.3**
Employee share options	-	-	-	-	-	0.6	**0.6**
Tax on employee share options	-	-	-	-	-	0.2	**0.2**
Dividends	-	-	-	-	-	(21.0)	**(21.0)**
Balance at 28 September 2007	2.2	145.5	(2.0)	0.1	(0.4)	67.9	**213.3**

	Share capital £m	Share premium account £m	Share buy back reserve £m	Capital redemption reserve £m	Retained earnings (hedging reserve) £m	Retained earnings £m	**Total equity £m**
Balance at 30 March 2007	2.2	133.2	-	0.1	(0.6)	68.2	**203.1**
Profit for the period	-	-	-	-	-	64.0	**64.0**
Shares issued	-	12.4	-	-	-	-	**12.4**
Purchase of own shares – share buy back	(0.1)	-	-	0.1	-	(30.3)	**(30.3)**
Purchase of own shares for Employee Trust	-	-	-	-	-	(0.6)	**(0.6)**
Cash flow hedges (net of tax):							
Fair value losses in the period	-	-	-	-	(1.2)	-	**(1.2)**
Transfers to inventory	-	-	-	-	3.2	-	**3.2**
Transfers to net profit:							
Cost of sales	-	-	-	-	0.2	-	**0.2**
Finance costs	-	-	-	-	1.2	-	**1.2**
Employee share options	-	-	-	-	-	1.0	**1.0**
Tax on employee share options	-	-	-	-	-	0.1	**0.1**
Dividends	-	-	-	-	-	(31.4)	**(31.4)**
Balance at 28 March 2008	2.1	145.6	-	0.2	2.8	71.0	**221.7**

HALFORDS GROUP PLC

Consolidated Statement of Changes in Shareholders' Equity

26 weeks to 26 September 2008

	Share capital £m	Share premium account £m	Share buy back reserve £m	Capital redemption reserve £m	Retained earnings (hedging reserve) £m	Retained earnings £m	**Total equity £m**
Balance at 28 March 2008	2.1	145.6	-	0.2	2.8	71.0	**221.7**
Profit for the period	-	-	-	-	-	35.2	**35.2**
Purchase of own shares	-	-	-	-	-	(13.1)	**(13.1)**
Cash flow hedges (net of tax):							
Fair value gains in the period	-	-	-	-	5.4	-	**5.4**
Transfers to inventory	-	-	-	-	(2.3)	-	**(2.3)**
Transfers to net profit							
Cost of sales	-	-	-	-	(0.5)	-	**(0.5)**
Finance costs	-	-	-	-	1.1	-	**1.1**
Employee share options	-	-	-	-	-	0.7	**0.7**
Dividends	-	-	-	-	-	(21.8)	**(21.8)**
Balance at 26 September 2008	**2.1**	**145.6**	**-**	**0.2**	**6.5**	**72.0**	**226.4**

HALFORDS GROUP PLC

Consolidated Cash Flow Statement

26 weeks to 26 September 2008

	Notes	**26 weeks to 26 September 2008 Unaudited £m**	26 weeks to 28 September 2007 Unaudited £m	52 weeks to 28 March 2008 Audited £m
Cash flows from operating activities				
Cash generated from operations	11	**72.6**	59.4	111.6
Finance income received		**1.1**	1.4	2.9
Finance costs paid		**(6.7)**	(6.0)	(12.3)
Taxation paid		**(12.9)**	(13.4)	(27.1)
Net cash from operating activities		**54.1**	41.4	75.1
Cash flows from investing activities				
Purchase of intangible assets		**(3.2)**	(0.3)	(1.7)
Purchase of property, plant and equipment		**(8.8)**	(11.6)	(25.0)
Net cash used in investing activities		**(12.0)**	(11.9)	(26.7)
Cash flows from financing activities				
Net proceeds from issue of ordinary shares		**-**	12.3	12.4
Purchase of own shares	13	**(12.5)**	(13.7)	(30.9)
Finance lease principal payments		**(0.2)**	(0.1)	(0.3)
Dividends paid to shareholders	8	**(21.8)**	(21.0)	(31.4)
Net cash used in financing activities		**(34.5)**	(22.5)	(50.2)
Net increase in cash and bank overdrafts	12	**7.6**	7.0	(1.8)
Cash and bank overdrafts at the beginning of the period	12	**10.0**	11.8	11.8
Cash and bank overdrafts at the end of the period	12	**17.6**	18.8	10.0

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 26 September 2008

1. General Information

Halfords Group plc (the "Company") together with its subsidiary undertakings (the "Group") are retailers of automotive and leisure products.

The Company is a limited liability company incorporated, domiciled and registered in England and Wales. Its registered office is Icknield Street Drive, Washford West, Redditch, Worcestershire, B98 0DE.

The Company is listed on the London Stock Exchange.

The condensed interim financial information was approved on 20 November 2008.

2. Basis of Preparation

The condensed interim financial information for the 26 weeks to 26 September 2008 has been prepared in accordance with the Disclosure and Transparency Rules ("DTR") of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed interim financial information should be read in conjunction with the 2008 Annual Reports and Accounts, which have been prepared in accordance with IFRSs as adopted by the European Union.

This condensed interim financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the 52 weeks to 28 March 2008 are derived from the statutory accounts filed with the Registrar of Companies. The audit report on the 2008 Annual Reports and Accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain a statement under section 237 of the Companies Act 1985.

3. Accounting Policies

The interim condensed consolidated financial statements have been prepared using the same accounting policies as set out in the 2008 Annual Reports and Accounts, which are published on the Halfords Group website, *www.halfordscompany.com*, except for the adoption of new standards and interpretations, noted below:

- IFRIC 11 IFRS2 – Group and treasury share transactions
  This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments, to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The adoption of this interpretation did not have any effect on the financial position or performance of the Group.

- IFRIC 12 – Service concession arrangements
  This interpretation although adopted is not relevant to the Group.

Accounting Policies (continued)

- IFRIC14 IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction.
  This interpretation although adopted is not relevant to the Group.

The following standards, amendments and interpretations to existing standards have been published but are not effective for the periods presented and the Group has chosen not to early adopt:

- IFRS 8 "Operating segments" (effective for accounting periods beginning on or after 1 January 2009) - This standard replaces IAS 14 "Segment reporting" and aligns the segment information on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management. As goodwill is allocated to groups of cash-generating units based on segment level, the new standard may result in a reallocation of goodwill to any new segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.
- Revised IAS 1 "Presentation of financial statements" (effective for accounting periods beginning on or after 1 January 2009) - The new standard requires "non-owner changes in equity" to be presented separately from owner changes in equity. The revised IAS 1 also states that entities making restatements or reclassifications of comparative information will be required to present a restated balance sheet at the beginning of the comparative period in addition to the current requirements. These revised presentation and disclosure requirements are not anticipated to have an impact on the Group's reported results.

- IFRS 2 (amendment) "Share-based payments transactions" (effective for accounting periods beginning on or after 1 January 2009). The expected impact is still being assessed in detail by management, but is not anticipated to result in a material impact on the Group's results.

The following standards, amendments to standards and interpretations have been published are relevant to the Group but are not expected to have a material impact on the Group's reported results or financial statements:

- IAS 23 (Amendment) "Borrowing costs".
- Amendment to IFRS 3 "Business combinations" and consequential amendments to IAS 27 "Consolidated and separate financial statements", IAS 28 "Investments in associates" and IAS 31 "Interests in joint ventures".

The following interpretations to existing standards have been published but are not relevant to the Group's operations:

- IFRIC 13 "Customer loyalty programmes".
- IAS 32 (amendment) "Financial instruments: presentation".

4. Segmental Reporting

The Group has one main business segment, which is retail, and one main geographical segment, which is the United Kingdom. The business segment reporting format reflects the Group's management and internal reporting structure.

5. Operating Profit

The following item has been credited to the operating profit during the 26 weeks to 26 September 2008:

	26 weeks to 26 September 2008	26 weeks to 28 September 2007	52 weeks to 28 March 2008
	Unaudited	Unaudited	Audited
	£m	£m	£m
Landlord contributions	**1.0**	1.6	4.5

6. Net Finance Costs

	26 weeks to 26 September 2008	26 weeks to 28 September 2007	52 weeks to 28 March 2008
	Unaudited	Unaudited	Audited
	£m	£m	£m
Finance costs:			
Bank borrowings	**(5.4)**	(5.4)	(10.9)
Amortisation of issue costs on loans	**(0.1)**	(0.1)	(0.2)
Commitment and guarantee fees	**(0.1)**	(0.1)	(0.2)
Cost of forward foreign exchange contracts	**(1.1)**	(0.4)	(1.2)
Interest payable on finance leases	**(0.4)**	(0.4)	(0.8)
Interest payable on rent reviews	**(0.1)**	-	(0.2)
Finance costs	**(7.2)**	(6.4)	(13.5)
Finance income:			
Bank and similar income	**1.3**	1.4	2.7
Net finance costs	**(5.9)**	(5.0)	(10.8)

7. Taxation

In this financial period the UK corporation tax standard rate was reduced by 2% to 28%. The underlying tax charge on trading is 29.6% (2007: 31.4%), principally due to the non-deductibility of depreciation charged on capital expenditure in respect of mezzanine floors and other store infrastructure.

The lower actual tax rate of 28.3% for the 26 weeks to 26 September 2008 (2007: 29.4%) is due to a £0.7m provision release following the settlement of prior year capital allowance claims.

The lower tax rate of 29.4% in the last financial period was due to the financing structure that was put in place, as part of the refinance on 14 July 2006. The benefit of this structure ceased on 15 November 2007.

8. Dividends

During the period the Group paid a final dividend of 10.35 pence per share in respect of the 52 weeks to 28 March 2008 (2007: 9.5 pence per share), which absorbed £21.8m of shareholders' funds (2007: £21.0m).

The directors have approved an interim dividend of 5.0 pence per share for the 26 weeks to 26 September 2008 (2007: 4.75 pence per share), which equates to £10.5m (2007: £10.4m) and will be paid on 7 January 2009 to those shareholders on the share register at the close of business on 28 November 2008.

9. Earnings Per Share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period. The weighted average number of shares excludes shares held by the Employee Benefit Trust and has been adjusted for the issue/repurchase of shares during the period.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the 26 weeks to 26 September 2008.

	26 weeks to 26 September 2008	26 weeks to 28 September 2007	52 weeks to 28 March 2008
	Unaudited	Unaudited	Audited
	Number	Number	Number
	m	m	m
Weighted average number of shares in issue	**211.5**	220.2	219.3
Less: shares held by the Employee Benefit Trust	**(1.1)**	(0.9)	(0.9)
Weighted average number of shares for calculating basic earnings per share	**210.4**	219.3	218.4
Weighted average number of dilutive shares options	**0.1**	0.1	-
Total number of shares for calculating diluted earnings per share	**210.5**	219.4	218.4

	26 weeks to 26 September 2008	26 weeks to 28 September 2007	52 weeks to 28 March 2008
	Unaudited	Unaudited	Audited
	£m	£m	£m
Basic earnings attributable to equity shareholders	**35.2**	33.6	64.0
Basic earnings per ordinary share	**16.7p**	15.3p	29.3p
Diluted earnings per ordinary share	**16.7p**	15.3p	29.3p

10. Capital Expenditure – Tangible and Intangible Assets

	Unaudited £m
Net book value at 30 March 2007	365.3
Additions	13.8
Disposals	(0.3)
Depreciation, amortisation and impairments and other movements	(10.1)
Net book value at 28 September 2007	368.7

	Unaudited **£m**
Net book value at 28 March 2008	**373.0**
Additions	**9.8**
Disposals	**(0.3)**
Depreciation, amortisation and impairments and other movements	**(11.5)**
Net book value at 26 September 2008	**371.0**

The Group is expected to spend approximately £25.1m for the 53 weeks to 3 April 2009 (expenditure in the 52 weeks to 28 March 2008 was £29.5m). At the 26 September 2008 the Group had capital expenditure contracted, but not provided for, of £2.4m (2007: £2.0m).

11. Cash Generated from Operations

	26 weeks to 26 September 2008 Unaudited £m	26 weeks to 28 September 2007 Unaudited £m	52 weeks to 28 March 2008 Audited £m
Operating profit	**55.0**	52.6	101.0
Depreciation - property, plant and equipment	**10.3**	9.2	19.2
Amortisation - intangible assets	**1.2**	0.9	2.2
Loss on sale of property, plant and equipment	**0.3**	0.3	0.4
Share option scheme charges	**0.7**	0.6	1.0
Fair value (gain)/loss on derivative financial instruments	**(1.7)**	0.5	(0.5)
Increase in inventories	**(12.1)**	(12.8)	(10.0)
Increase in trade and other receivables	**(2.7)**	(5.4)	(9.2)
Increase in trade and other payables	**21.6**	13.4	7.1
Increase in provisions	**-**	0.1	0.4
Cash generated from operations	**72.6**	59.4	111.6

12. Analysis of Movements in the Group's Net Debt in the Period

	At 30 March 2007 Audited £m	Cash flow Unaudited £m	Other non cash changes Unaudited £m	At 28 September 2007 Unaudited £m
Cash in hand and at bank	24.8	44.5	-	69.3
Bank overdraft	(13.0)	(37.5)	-	(50.5)
	11.8	7.0	-	18.8
Debt due after one year	(179.1)	-	(0.1)	(179.2)
Total net debt excluding finance leases	(167.3)	7.0	(0.1)	(160.4)
Finance leases due within one year	(0.3)	0.1	(0.1)	(0.3)
Finance leases due after one year	(12.4)	-	0.1	(12.3)
Total finance leases	(12.7)	0.1	-	(12.6)
Total net debt	(180.0)	7.1	(0.1)	(173.0)

	At 28 March 2008 Audited £m	Cash flow Unaudited £m	Other non cash changes Unaudited £m	**At 26 September 2008 Unaudited £m**
Cash in hand and at bank	10.0	8.0	-	**18.0**
Bank overdraft	-	(0.4)	-	**(0.4)**
	10.0	7.6	-	**17.6**
Debt due after one year	(179.3)	-	(0.1)	**(179.4)**
Total net debt excluding finance leases	(169.3)	7.6	(0.1)	**(161.8)**
Finance leases due within one year	(0.2)	0.2	(0.1)	**(0.1)**
Finance leases due after one year	(12.2)	-	0.1	**(12.1)**
Total finance leases	(12.4)	0.2	-	**(12.2)**
Total net debt	(181.7)	7.8	(0.1)	**(174.0)**

Non-cash changes relate to the finance costs of £0.1m (2007: £0.1m) in relation to the amortisation of capitalised debt issue costs.

The Group's debt facility comprises a £180m five-year non-amortising loan, maturing with bullet repayment on 13 July 2011 and a £120m revolving credit facility. The Group has sufficient headroom to enable it to conform to covenants on these existing borrowings and has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing capital investments.

13. Share Capital

	Number of shares m	Share capital £m	Share premium account £m
As at 30 March 2007	219.0	2.2	133.2
Shares issued – employee options	4.7	-	12.3
Purchase of own shares	(3.5)	-	-
As at 28 September 2007	220.2	2.2	145.5

	Number of shares m	Share capital £m	Share premium account £m
As at 28 March 2008	214.3	2.1	145.6
Shares issued – employee LTIP	0.1	-	-
Purchase of own shares	(4.6)	-	-
As at 26 September 2008	**209.8**	**2.1**	**145.6**

During the 26 weeks to 26 September 2008, 0.1m shares were awarded under the Group's Long Term Incentive Plan ("LTIP") for nil consideration. In the 26 weeks to 28 September 2007, options exercised by employees resulted in 4.7m shares being issued for a total consideration of £12.3m.

14. Seasonality

In general, the Group's results are not seasonal with revenue in the first half broadly similar to that of the second, however sales of certain products tend to fluctuate by season. For example, sales of children's cycles peak in the Christmas season and sales of adult cycles tend to peak in the summer. It should be noted that in the 53 weeks to 3 April 2009 there are no Easter periods, whereas in the 52 weeks to 28 March 2008 there were two Easter periods.

15. Related Party Transactions

There were no material related party transactions during the 26 weeks to 26 September 2008.

16. Post Balance Sheet Events

Subsequent to the half year the Group has initiated a suite of cost reduction programmes, including headcount reduction, in both stores and Head Office. The costs associated with these programmes, which are anticipated to total approximately £2m, will be accounted for in the current financial year with the benefits largely accruing in future years.

HALFORDS GROUP PLC

Statement of Directors' Responsibilities

26 weeks to 26 September 2008

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management information 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 set of financial statements, and a description of the principal risks and uncertainties for the remaining 27 weeks of the financial period; and
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report

The directors of Halfords Group plc are listed in the 2008 Annual Report and Accounts, with the exception of the following changes in the period:

- Richard Pym resigned as Chairman on 22 August 2008 and Nigel Wilson was appointed as Acting Chairman
- David Wild was appointed as Chief Executive on 4 August 2008

A list of current directors is maintained on the Halfords Group plc website: *www.halfordscompany.com*

By order of the Board

Nick Wharton, Finance Director **David Wild, Chief Executive**

HALFORDS GROUP PLC

Interim Review Report to Halfords Group plc

26 weeks to 26 September 2008

Introduction

We have been engaged by the Company to review the condensed set of interim financial statements in the interim report for the 26 weeks to 26 September 2008, which comprises the consolidated income statement, consolidated balance sheet, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

HALFORDS GROUP PLC

Interim Review Report to Halfords Group plc

26 weeks to 26 September 2008

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the 26 weeks to 26 September 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
20 November 2008

Notes:

a) The maintenance and integrity of the Halfords Group plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim report since it was initially presented on the website.

b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.