22 NOVEMBER 2007

HALFORDS GROUP PLC ("HALFORDS")

CONTINUED GROWTH IN ALL KEY CATEGORIES AND TRADING IN LINE WITH EXPECTATIONS

Halfords, the UK's leading auto, leisure and cycling products retailer, announces its interim results for the 26 weeks to 28 September 2007.

Financial Highlights

- Revenue £400.7m up 8.5% (2006: £369.2m)
- Like-for-like sales up 5.5%
- Operating profit £52.6m up 8.5% (2006: £48.5m)
- Profit before tax £47.6m up 16.4% (2006: £40.9m)
- Profit before tax and exceptional items £47.6m up 9.4% (2006: £43.5m)
- Basic earnings per share 15.3p up 20.5% (2006: 12.7p)
- Basic earnings per share before exceptional items 15.3p up 13.3% (2006: 13.5p).
- Interim dividend 4.75p up 9.2% (2006: 4.35p)

Business Highlights

- Continued growth in all key categories
- Gross Profit at 50.9%, broadly flat year-on-year
- 10 new store openings during the period
- Bikehut and Czech Republic stores trading in line with management expectations and further store openings remain on track

Commenting on the results, Ian McLeod, Chief Executive, said:

"Halfords continues to grow sales in all of its key categories, maintaining the long-term momentum in the business. Our market-leading positions in leisure, in-car technology and car maintenance, together with our high levels of service and store opening programme continue to differentiate Halfords within the retail sector. Trading in the seven weeks since the half-year end is in line with our expectations and, whilst acknowledging a challenging retail environment, we remain confident in our second half performance."

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Notes to Editors

Halfords

www.halfords.co.uk

Established in 1892 as F.W. Rushbrooke and subsequently renamed Halfords in 1907, the Company was floated on the London Stock Exchange in June 2004. The Group employs in excess of 10,500 staff and sells 11,000 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, *Bikehut*, for cycles and cycling accessories, including the *Apollo* and *Carrera* brands and *Urban Escape* for its premium range of camping equipment. Operating from 433 stores, including two stores in the Czech Republic, 17 smaller format, neighbourhood stores and two standalone Bikehuts (located in Brighton and Putney), 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 which 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.

Overview

This first six months of the year saw a solid trading performance with a consistent level of underlying growth that has seen growth in all of the key categories. Gross margin is broadly flat year-on-year and with cost growth managed in line with sales, profit before tax and exceptional charges as a percent of sales at 11.9% compares to 11.8% last year.

Summary of Group Results

Unaudited	**26 weeks to**		
	28 September 2007	**29 September 2006**	**Change %**
Revenue (£m)	400.7	369.2	8.5%
Gross profit (£m)	204.0	188.4	8.3%
Operating profit (£m)	52.6	48.5	8.5%
Operating profit %	*13.1%*	*13.1%*	
Profit before tax and exceptional items (£m)	47.6	43.5	9.4%
Exceptional finance costs[1] (£m)	-	(2.6)	
Profit before tax (£m)	47.6	40.9	16.4%
Basic earnings per share before exceptional items	15.3 pence	13.5 pence	13.3%
Basic earnings per share	15.3 pence	12.7 pence	20.5%

Note: 1. The exceptional finance costs in the prior year are detailed in Note 5 to the Interim Report.

Financial Review

Income Statement

Revenue for 26 weeks to 28 September 2007 was £400.7m (2006: 369.2m) an increase of 8.5% on the comparable period last year and representing like-for-like sales increase of 5.5%.

Gross profit at £204.0m (2006: £188.4m) was up 8.3% and gross margin at 50.9% is broadly flat when compared to the prior year (2006: 51.0%). This performance reflects the group's continued margin management, the flow-through of Far East sourcing benefits and sales improvements in higher margin categories.

Operating expenses as a per cent of sales at 37.8% (2006: 37.9%) was broadly in line with last year and reflects an improvement in the selling and distribution costs ratio, in part driven by the slowing down of rental inflation. Halfords seeks to maintain a firm control of support costs in order to manage cost growth in line with sales, while funding investment in both enhancing our store based service proposition and growth initiatives. Operating costs within the first half include the costs associated with opening our first store in Prague, Czech Republic and the full cost of our Central European management team established during the second quarter of last year.

Halfords continues to manage its store portfolio to maximise value, Landlord contributions during the period totalled £1.6m, compared to £1.2m last year and the group remains in line with the guidance previously given of a full year contribution at a similar level to the previous financial year (52 weeks to 30 March 2007: £4.5m).

Net finance costs for the half-year were £5.0m. It should be noted that in last year's comparative figure of £7.6m there were £2.6m of exceptional finance costs in respect of expenses arising out of the debt re-financing exercise.

Taxation

The taxation charge is based upon an estimated effective tax rate of 29.4% (2006: 30.1%) on profit for the 52-weeks to 28 March 2008. From April 2008, the statutory corporation tax rate decreases to 28%.

Balance Sheet and Cash Flow

Total net debt at 28 September 2007 was £173.0m (30 March 2007: £180.0m) and includes £12.4m (30 March 2007: £12.5m) in respect of the Head Office finance lease.

The group continues to generate strong net cash flows from operations, which were £59.4m for the 26 weeks to 28 September 2007 (2006: £60.7m).

Stock levels continue to be well managed. The year-on-year increase of 12.1% reflects the underlying sales improvement of 8.5%, investment in 10 new stores and targeted inventory increases to further increase availability in Halfords core product areas. Stock turn remains in line with management expectation at 2.5 times (2006: 2.6 times).

Capital expenditure during the first half totalled £13.8m (2006: £10.8m) and the group is forecast to spend approximately £30.0m for the full year (52 weeks to 30 March 2007: £23.9m). The major areas of expenditure during this period have been £4.6m on new store openings, (2006: £5.2m), and £4.1m (2006: £1.9m) in respect of the ongoing rollout of our new store systems.

Dividend and Share Buy back

The Board has increased the interim dividend by 9.2% to 4.75 pence per share (2006: 4.35 pence per share). The dividend will be paid on 9 January 2008 to shareholders on the register on 30 November 2007.

The share buy-back programme continues to progress. In the period from June 2006 to 28 September 2007 Halfords purchased 12.6m of its own shares at a consideration of £43.7m, an average of 345.6 pence per share, with 3.5m shares bought back at a consideration of £13.7m, during the 26 week period to 28 September 2007.

On 28 September 2007 the group announced that it had given an irrevocable instruction to it's brokers to continue the buy back process during the close period up to a maximum of £2.0m and this was duly completed on 9 November 2007. Cumulatively, therefore, 13.1m shares have been bought back at a cost of £45.7m.

Halfords remains strongly cash generative. The Company is committed to both 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.

Upon the completion of the current buy back programme, the Board intends to maintain an efficient capital structure and retain financial flexibility. We therefore intend, subject to market conditions, to continue to use share buy backs as a flexible tool in balance sheet management by maintaining key performance debt ratio indicators, consistent with optimising Halfords' balance sheet and enhancing shareholder returns. These indicators, the basis for which are detailed in Note 11 to the Interim Report, being lease adjusted net debt to EBITDA and fixed charge cover.

Operating Review

Our year-on-year sales increase of 8.5%, particularly when set against equally strong growth in the prior year, reflects our continuing focus on providing a differentiated, well promoted, in-store offer supported by the unique service and fitting proposition of our store based colleagues.

Our trading teams have continued to source and develop improved product ranges to maintain sales momentum in each category, complemented by the promotion of a series of compelling consumer offers communicated throughout the year via national and specialist press as well as dedicated TV advertising. Once again sales growth has been achieved in all of our three key categories.

Performance in Car Maintenance further demonstrates the resilient foundation that this needs-driven product area provides our business. Our market leadership and competitive advantage is clearly demonstrated through continued growth, the continuation of our wide product range, strong availability and also our ability to target new consumers through our growing *Tradecard* operation.

The Car Enhancement market remains vibrant, with Halfords now firmly established as the UK's number one retailer of in-car technology products. The continued migration of technology including digital music, DVD, mobile phone connectivity and satellite navigation to the car provide a firm base for further growth. We continually reinforce our leading position through range development, including private label electronics, strong offers and our unique "Set Up and Demo" service.

In our Leisure category, the cycle market is enjoying a period of encouraging growth, through a combination of leisure, environmental, fitness and commuting needs. During the first six months, we introduced over 100 new models under the *Apollo* or *Carrera* branding. *Apollo* is now the UK's leading cycle brand and the product re-launch was timed to coincide with the Easter trading period when we were able to benefit from the warmer weather compared to April last year.

Our exclusive premium range of Boardman cycles and cycle accessories, developed in partnership with Chris Boardman OBE, is exceeding our expectations. Initial sales are very encouraging and the range has benefited from positive reviews by the specialist press.

Travel Solutions was re-merchandised, re-ranged and re-branded for the start of the financial year. A Travel and Touring sub-shop was created to provide a stronger identity to this part of our business, with encouraging results. A full training programme was also undertaken, in order that colleagues could respond to customer enquiries with confidence.

In Active Leisure, following the success of Halfords branded standard tent packs, we introduced a range of premium own brand camping products under the *Urban Escape* brand. Broader ranges, innovative packaging and effective marketing all combined to produce a strong performance from the category.

Store Portfolio

Over the past two years we have developed a number of new store formats to complement our core supermezzanine format aimed at targeting customers in specific catchment areas. We remain focused on opening new stores across these various formats.

During the 26 weeks to 28 September 2007 the group opened 10 new stores, resulting in 433 stores trading at the half-year end. Of these new stores nine were superstores, of which seven were in supermezzanine format and one was in our smaller store "neighbourhood" format, taking the total of these stores to 16.

Encouragingly, space from new stores continues to contribute positively to overall sales growth, representing 3.0% (2006: 2.8%) of the first half sales growth.

We remain committed to enhancing our market-leading position by the introduction of new stores. We remain on target to open 20 new stores during the current financial year and believe that there is the opportunity for approximately 120 additional Halfords stores across the UK and the Republic of Ireland.

Halfords.com

Performance from our internet offer continues to improve, with strong growth in web-site visitors, conversion and sales. The website represents our largest "store" and is consistently the most visited web-site in our retail segment.

With ongoing investment in our multi-channel proposition we continue to improve the customer experience on our site. This includes the introduction of more than 2,500 new product lines over the past year, further improvements to web-site navigation and the introduction of a "reserve on-line, collect in-store" service before Christmas.

Stand-Alone Bikehut

Our Bikehut stand-alone concept was first introduced in November 2006. Building upon our position as the UK's largest cycle retailer, the concept is clearly differentiated, in terms of both range and environment from our superstore offering and is proving appealing to the specialist consumer that it targets.

The results from our initial two pilot stores in Brighton and Putney provide us with the confidence to increase the number of stores to at least six by the end of the financial year, of which four will be opened by Christmas. We believe there is the potential for at least 50 stand-alone Bikehut stores across the country.

International Expansion

The extent of our progress within the international arena was best evidenced on 29 June 2007, when Halfords opened three stores on the same day in three countries, trading in three currencies.

Within the Republic of Ireland consumer acceptance for our offer continues to be extremely positive with new stores generating above average returns on investment. We opened two further stores during the first half, taking the total number of stores in Ireland to 14. We believe our smaller "neighbourhood" format is ideally suited to the smaller catchments in Ireland and envisage opening our first neighbourhood store during the second half of the financial year.

Our first store in the Czech Republic opened, in Prague, in June 2007, and a second opened on 14 November 2007 also in Prague. A further store will open, outside Prague, prior to Christmas. Another three stores across the country will open in 2008 to achieve our extended pilot scale of six stores. Initial trading is positive, with strong acceptance of our proposition that introduces Halfords market leading product range and service complemented by a full garage-servicing offer to the Czech consumer.

Service Proposition

Earlier this year we re-branded our service proposition to more clearly communicate the wide range of services that we provide. "we fit" has been established as an integral element within our advertising, which has helped to underpin it's growing resonance with the customer and has driven a 10% year-on-year growth in the number of jobs fitted, which now stands at 1.3m.

Second Half Outlook and Current Trading

With like-for-like sales increasing by 5.5% we are encouraged by Halfords trading performance during the first 26 weeks of this financial year. Continued growth across each of our core product categories provides the Group with further confidence in its trading prospects for the second half.

The innovation and development within our car electronics and accessories ranges has provided us with an opportunity to capitalise further on the Christmas market, complimenting the already strong performance of our children's bike offer during that period. However, our sales growth is not critically dependent on this quarter, as, typically, sales in each half of the year are broadly the same.

In the seven weeks since 28 September 2007 Halfords has continued to trade in line with expectations and we remain on track to be trading from three stores in the Czech Republic and four Bikehuts by the end of the calendar year.

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 2007 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. Whilst many of the products that Halfords sell are non-discretionary in their nature some of these products, such as children's cycles, face competition from alternative products (such as games consoles). 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 28 September 2007

	Notes	**26 weeks to 28 September 2007 Unaudited £m**	26 weeks to 29 September 2006 Unaudited £m	52 weeks to 30 March 2007 Audited £m
Revenue	3	**400.7**	369.2	744.0
Cost of sales		**(196.7)**	(180.8)	(367.9)
Gross profit		**204.0**	188.4	376.1
Operating expenses		**(151.4)**	(139.9)	(282.6)
Operating profit	4	**52.6**	48.5	93.5
Finance costs	5	**(6.4)**	(8.3)	(14.0)
Finance income	5	**1.4**	0.7	1.4
Profit before tax		**47.6**	40.9	80.9
Taxation	6	**(14.0)**	(12.3)	(23.5)
Profit attributable to equity shareholders		**33.6**	28.6	57.4

Earnings per share				
Basic	8	**15.3p**	12.7p	25.8p
Diluted	8	**15.3p**	12.7p	25.6p

A final dividend of 9.50 pence per share for the 52 weeks to 30 March 2007 (8.75 pence per share for the 52 weeks to 31 March 2006) was paid on 1 August 2007. The directors have approved an interim dividend of 4.75 pence per share in respect of the 26 weeks to 28 September 2007 (4.35 pence per share for the 26 weeks to 29 September 2006).

HALFORDS GROUP PLC

Consolidated Balance Sheet

As at 28 September 2007

	Notes	**28 September 2007 Unaudited £m**	29 September 2006 Unaudited £m	30 March 2007 Audited £m
Assets				
Non-current assets				
Goodwill	9	**253.1**	253.1	253.1
Other intangible assets	9	**5.1**	5.0	4.7
Property, plant and equipment	9	**110.5**	105.2	107.5
Derivative financial instruments		**1.2**	-	1.3
		369.9	363.3	366.6
Current assets				
Inventories		**154.4**	137.7	141.6
Trade and other receivables		**38.0**	32.8	32.6
Cash and cash equivalents		**69.3**	45.2	24.8
		261.7	215.7	199.0
Total assets		**631.6**	579.0	565.6
Liabilities				
Current liabilities				
Borrowings		**(50.8)**	(34.7)	(13.3)
Derivative financial instruments		**(2.8)**	(2.0)	(2.3)
Trade and other payables		**(129.7)**	(113.6)	(113.5)
Current tax liabilities		**(14.4)**	(13.3)	(13.4)
Provisions		**(1.7)**	(1.5)	(1.6)
		(199.4)	(165.1)	(144.1)
Net current assets		**62.3**	50.6	54.9
Non-current liabilities				
Borrowings		**(191.5)**	(191.7)	(191.5)
Derivative financial instruments		**(0.2)**	-	(0.1)
Deferred tax liabilities		**(0.3)**	(2.8)	(0.9)
Accruals and deferred income		**(26.9)**	(24.5)	(25.9)
		(218.9)	(219.0)	(218.4)
Total liabilities		**(418.3)**	(384.1)	(362.5)
Net assets		**213.3**	194.9	203.1
Shareholders' equity				
Share capital	12	**2.2**	2.2	2.2
Share premium account	12	**145.5**	133.2	133.2
Share buy back reserve		**(2.0)**	-	-
Capital redemption reserve		**0.1**	0.1	0.1
Retained earnings		**67.5**	59.4	67.6
Total equity		**213.3**	194.9	203.1

HALFORDS GROUP PLC

Consolidated Statement of Changes in Shareholders' Equity

26 weeks to 28 September 2007

	Share capital £m	Share Premium account £m	Share buy back reserve £m	Capital redemption £m	Retained earnings (hedging reserve) £m	Retained earnings £m	**Total equity £m**
Balance at 31 March 2006	2.	133.	-	-	(0	67.	**202.**
Profit for the period	-	-	-	-	-	28.	**28.**
Purchase of own shares	(0.	-	-	0.	-	(16.	**(16.**
Cash flow hedges (net of tax):							
Fair value losses in the period	-	-	-	-	(2	-	**(2.**
Transfers to inventory	-	-	-	-	1	-	**1.**
Transfers to net profit	-	-	-	-	0	-	**0.**
Employee share options	-	-	-	-	-	0.	**0.**
Deferred tax on employee share options	-	-	-	-	-	0.	**0.**
Dividends	-	-	-	-	-	(19.	**(19.**
Balance at 29 September 2006	2.	133.	-	0.	(2	61.	**194.**

	Share capital £m	Share Premium account £m	Share buy back reserve £m	Capital redemption £m	Retained earnings (hedging reserve) £m	Retained earnings £m	**Total equity £m**
Balance at 31 March 2006	2.	133.	-	-	(0	67.	**202.**
Profit for the period	-	-	-	-	-	57.	**57.**
Purchase of own shares	(0.	-	-	0.	-	(30.	**(30.**
Cash flow hedges (net of tax):							
Fair value losses in the period	-	-	-	-	(5	-	**(5.**
Transfers to inventory	-	-	-	-	3	-	**3.**
Transfers to net profit	-	-	-	-	2	-	**2.**
Employee share options	-	-	-	-	-	2.	**2.**
Deferred tax on employee share options	-	-	-	-	-	0.	**0.**
Dividends	-	-	-	-	-	(29.	**(29.**
Balance at 30 March 2007	2.	133.	-	0.	(0	68.	**203.**
Profit for the period	-	-	-	-	-	33.	**33.**
Purchase of own shares	-	-	(2.	-	-	(13.	**(15.**
Shares issued	-	12.	-	-	-	-	**12.**
Cash flow hedges (net of tax):							
Fair value losses in the period	-	-	-	-	(2	-	**(2.**
Transfers to inventory	-	-	-	-	2	-	**2.**
Transfers to net profit	-	-	-	-	0	-	**0.**
Employee share options	-	-	-	-	-	0.	**0.**
Tax on employee share options	-	-	-	-	-	0.	**0.**
Dividends	-	-	-	-	-	(21.	**(21.**
Balance at 28 September 2007	2.	145.	(2.	0.	(0	67.	**213.**

HALFORDS GROUP PLC

Consolidated Cash Flow Statement

26 weeks to 28 September 2007

	Notes	**26 weeks to 28 September 2007 Unaudited £m**	26 weeks to 29 September 2006 Unaudited £m	52 weeks to 30 March 2007 Audited £m
Cash flows from operating activities				
Cash generated from operations	10	**59.4**	**60.7**	112.6
Finance income received		**1.4**	**0.6**	1.0
Finance costs paid		**(6.0)**	**(6.6)**	(9.3)
Gain on forward foreign exchange contracts		**-**	**0.1**	-
Taxation paid		**(13.4)**	**(12.7)**	(25.4)
Net cash from operating activities		**41.4**	**42.1**	78.9
Cash flows from investing activities				
Purchase of intangible assets		**(0.3)**	**(0.3)**	(0.7)
Purchase of property, plant and equipment		**(11.6)**	**(11.7)**	(23.2)
Net cash used in investing activities		**(11.9)**	**(12.0)**	(23.9)
Cash flows from financing activities				
Net proceeds from issue of ordinary shares		**12.3**	**-**	-
Purchase of own shares		**(13.7)**	**(16.0)**	(30.0)
Repayment of bank borrowings		**-**	**(144.0)**	(144.0)
Proceeds from new bank borrowings		**-**	**180.0**	180.0
Issue costs of new bank borrowings		**-**	**(1.0)**	(1.0)
Finance lease principal payments		**(0.1)**	**(0.1)**	(0.3)
Dividends paid to shareholders		**(21.0)**	**(19.8)**	(29.5)
Net cash used in financing activities		**(22.5)**	**(0.9)**	(24.8)
Net increase in cash and bank overdrafts	11	**7.0**	**29.2**	30.2
Cash and bank overdrafts at the beginning of the period	11	**11.8**	**(18.4)**	(18.4)
Cash and bank overdrafts at the end of the period	11	**18.8**	**10.8**	11.8

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 28 September 2007

1. General Information

Halfords Group plc (the "Company") together with it's subsidiary undertakings (the "Group") are retailers of auto, leisure and cycling 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 ODE.

The Company is listed on the London Stock Exchange.

The condensed interim financial information was approved on 22 November 2007.

2. Basis of Preparation

The condensed interim financial information for the 26 weeks to 28 September 2007 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 2007 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 30 March 2007 are derived from the statutory accounts filed with the Registrar of Companies. The audit report on the 2007 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.

The accounting policies set out in the 2007 Annual Reports and Accounts, which are published on the Halfords Group website *(www.halfordscompany.com)*, have been consistently applied to the periods presented. The following changes to accounting standards and interpretations are expected to impact on the Group's accounting policies as set out below:

IFRS 7 "Financial instruments disclosures" is effective for the 52 weeks to 28 March 2008. As this interim report contains only condensed financial statements, full IFRS 7 disclosures are not required at this stage. The full IFRS 7 disclosures including the sensitivity analysis will be given in the 2008 Annual Reports and Accounts.

IFRS 8 "Operating segments" effective for accounting periods beginning on or after 1 January 2010, will be applicable for the 52 weeks to 1 April 2011. These amendments to disclosure requirements will have no effect on the Group's reported results.

3. 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.

4. Operating Profit

The following item has been credited to the operating profit during the 26 weeks to 28 September 2007:

	26 weeks to 28 September 2007 Unaudited £m	26 weeks to 29 September 2006 Unaudited £m	52 weeks to 30 March 2007 Audited £m
Landlord contributions	**(1.6)**	(1.2)	(4

5. Net Finance Costs

	26 weeks to 28 September 2007 Unaudited £m	26 weeks to 29 September 2006 Unaudited £m	52 weeks to 30 March 2007 Audited £m
Finance costs:			
Bank borrowings	**(5.4)**	(4.9)	(10
Amortisation of issue costs on loans	**(0.1)**	(0.3)	(0
Commitment and guarantee fees	**(0.1)**	(0.1)	(0
Cost of forward foreign exchange contracts	**(0.4)**	-	-
Interest payable on finance leases	**(0.4)**	(0.4)	(0
Finance costs before exceptional finance costs	**(6.4)**	(5.7)	(11
Exceptional finance costs:			
Accelerated amortisation of issue costs on loans[i]	**-**	(1.5)	(1
Swap close out costs[ii]	**-**	(1.1)	(1
	-	(2.6)	(2
Finance costs	**(6.4)**	(8.3)	(14
Finance income:			
Bank and similar income	**1.4**	0.6	1
Gain on forward exchange contracts	**-**	0.1	-
Finance income	**1.4**	0.7	1
Net finance costs	**(5.0)**	(7.6)	(12

Exceptional finance costs:

i. On 14 July 2006, the Group replaced its existing borrowings with a five-year term loan of £180.0m and a revolving credit facility of £120.0m. As a consequence, a charge of £1.5m was made in respect of the accelerated amortisation of the issue costs associated with the original borrowings.

The term loan attracts interest rate of LIBOR plus a fixed margin of 0.45%, and the rate is set bi-annually. An interest rate swap is in place for £70.0m and mirrors the bi-annual rate setting of the term loan facility. The revolving credit facility permits further borrowings to a maximum of £120.0m. This facility matures on 13 July 2011 and drawings under the facility attract interest at LIBOR plus 0.45%-0.50% dependant upon covenant fulfilment.

ii. On 29 September 2006, the Group closed out its existing interest rate swap at a cost of £1.1m. On the same date, the interest on the £180.0m term loan was fixed for a three-month period. The Group entered into a new interest rate swap for £70.0m commencing on 29 December 2006 for the length of the new facility.

6. Taxation

The taxation charge in the 26 weeks to 28 September 2007 is based on an estimated effective tax rate of 29.4% (2006: 30.1%) on profit before tax for the full year.

The underlying tax charge on trading is 31.4% (2006: 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 tax rate of 29.4% in this financial period is due to the financing structure put in place, as part of the debt re-finance on 14 July 2006.

7. Dividends

During the period the group paid a final dividend of 9.5 pence per share in respect of the 52 weeks to 30 March 2007 (8.75 pence per share for the 52 weeks to 31 March 2006), which absorbed £21.0m of shareholder funds (2006: £19.8m).

The directors have approved an interim dividend of 4.75 pence per share for the 26 weeks to 28 September 2007 (4.35 pence per share for the 26 weeks to 29 September 2006), which equates to £10.5m (2006: £9.7m) and will be paid on 9 January 2008 to those shareholders on the share register at the close of business on 30 November 2007.

8. 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 28 September 2007.

	26 weeks to 28 September 2007 Unaudited Number m	26 weeks to 29 September 2006 Unaudited Number m	52 weeks to 30 March 2007 Audited Number m
Weighted average number of shares in issue	**220.2**	226.2	223.8
Less: shares held by the Employee Benefit Trust	**(0.9)**	(0.9)	(0.9)
Weighted average number of shares for calculating basic earnings per share	**219.3**	225.3	222.9
Weighted average number of dilutive shares options	**0.1**	0.1	0.9
Total number of shares for calculating diluted earnings per share	**219.4**	225.4	223.8

The alternative measure of earnings per share is provided because it reflects the Group's underlying performance by excluding the effect of exceptional items.

	26 weeks to 28 September 2007 Unaudited £m	26 weeks to 29 September 2006 Unaudited £m	52 weeks to 30 March 2007 Audited £m
Basic earnings attributable to equity shareholders	**33.6**	28.6	57.4
Exceptional items:			
Finance costs (see note 5)	**-**	2.6	2.6
Tax on exceptional finance costs	**-**	(0.8)	(0.8)
Underlying earnings before exceptional items	**33.6**	30.4	59.2

8. Earnings Per Share (Continued)

	26 weeks to 28 September 2007	26 weeks to 29 September 2006	52 weeks to 30 March 2007
	Unaudited	Unaudited	Audited
Basic earnings per ordinary share	**15.3p**	12.7p	25.8p
Diluted earnings per ordinary share	**15.3p**	12.7p	25.6p
Basic earnings per ordinary share before exceptional items	**15.3p**	13.5p	26.6p
Diluted earnings per ordinary share before exceptional items	**15.3p**	13.5p	26.5p

9. Capital expenditure – Tangible and Intangible Assets

	Unaudited
	£m
Net book value at 31 March 2006	362.9
Additions	10.8
Disposals	(0.1)
Depreciation, amortisation and impairments and other movements	(10.3)
Net book value at 29 September 2006	363.3

	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**

The Group is expected to spend approximately £30.0m for the 52 weeks to 28 March 2008. At the 28 September 2007 the Group had capital expenditure, contracted but not provided of £2.0m (2006: £1.0m).

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 28 September 2007

10. Cash Generated from Operations

	26 weeks to 28 September 2007 Unaudited	26 weeks to 29 September 2006 Unaudited	52 weeks to 30 March 2007 Audited
	£m	£m	£m
Operating profit	**52.6**	48.5	93
Depreciation - property, plant and equipment	**9.2**	9.4	19
Amortisation – intangible assets	**0.9**	0.9	1
Loss on sale of property, plant and equipment	**0.3**	0.1	0
Share option scheme charges	**0.6**	0.7	2
Fair value loss on derivative financial instruments	**0.5**	-	0
Increase in inventories	**(12.8)**	(10.5)	(14
Increase in trade and other receivables	**(5.4)**	(3.4)	(2
Increase in trade other payables	**13.4**	14.7	12
Increase in provisions	**0.1**	0.3	0
Cash generated from operations	**59.4**	60.7	112

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

	A 3 200 Audite £	Cash flow Unaudited £m	Other non cash Unaudite £	At 29 September 2006 Unaudited £m
Cash in hand and at bank		43.7		45.2
Bank overdraft	(1	(14.5)		(34.4)
	(1	29.2		10.8
Debt due within one year	(4	44.0	(	-
Debt due after one year	(9	(79.0)	(	(179.1)
Total net debt excluding finance leases	(16	(5.8)	(	(168.3)
Finance leases due within one year	(	0.1	(	(0.3)
Finance leases due after one year	(1	-		(12.6)
Total finance leases	(1	0.1		(12.9)
Total net debt	(17	(5.7)	(	(181.2)

	A 3 200 Audite £	Cash flow Unaudited £m	Other non cash Unaudite £	**At 28 September 2007 Unaudited £m**
Cash in hand and at bank	2	44.5		**69.3**
Bank overdraft	(1	(37.5)		**(50.5)**
	1	7.0		**18.8**
Debt due after one year	(17	-	(	**(179.2)**
Total net debt excluding finance leases	(16	7.0	(	**(160.4)**
Finance leases due within one year	(	0.1	(	**(0.3)**
Finance leases due after one year	(1	-		**(12.3)**
Total finance leases	(1	0.1		**(12.6)**
Total net debt	**(18**	**7.1**	**(**	**(173.0)**

Non-cash changes relate to the finance costs of £0.1m (2006: £1.8m) in relation to the amortisation of capitalised debt issue costs.

The company monitors net debt by using the following debt metrics:

i. Lease adjusted net debt: being net debt and leases capitalised at eight times, as a multiple of EBITDA plus operating lease charges.

ii. Fixed charge cover: being EBITDA plus operating lease charges as a multiple of interest and operating lease charges.

12. Share Capital

	Number of share	Share capital	Share premium account
	m	£m	£m
As at 31 March 2006	228	2.3	133
Purchase of own shares	(5	(0	-
As at 29 September 2006	222	2	133

	Number of share	Share capital	Share premium account
	m	£m	£m
As at 30 March 2007	219	2.2	133
Shares issued – employee options	4	-	12
Purchase of own shares	(3	-	-
As at 28 September 2007	**220**	**2**	**145**

During the 26 weeks to 28 September 2007, options exercised by employees resulted in 4.7m ordinary shares being issued for a total consideration of £12.3m.

At 28 September 2007, the Company was committed to an agreement to buy back shares in the closed period. The agreement was capped at £2m. A reserve has been recognised to account for this obligation.

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 52 weeks to 28 March 2008 there are two Easter periods.

15. Related Party Transactions

There were no material related party transactions during the 26 weeks to 28 September 2007.

HALFORDS GROUP PLC

Statement of Directors' Responsibilities

26 weeks to 28 September 2007

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.

The directors of Halfords Group plc are listed in the 2007 Annual Reports and Accounts.

By order of the Board

Nick Wharton, Finance Director **Ian McLeod, Chief Executive**

HALFORDS GROUP PLC

Auditors' Review Report

26 weeks to 28 September 2007

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks to 28 September 2007, 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 half-yearly financial 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial 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 half-yearly financial 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 half-yearly financial 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

Auditors' Review Report

26 weeks to 28 September 2007

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 half-yearly financial report for the 26 weeks to 28 September 2007 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
22 November 2007

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.