

CHAIRMAN'S STATEMENT



Richard Pym

I am pleased to report that Halfords has delivered a strong set of results. Sales growth of 9.1% has been achieved which, with reduced margin dilution, has generated earnings per share growth of 9.3%.

These results, together with the Board's confidence in the business strategy, enable the Board to recommend a final dividend of 9.50 pence, which, with the interim dividend of 4.35 pence, takes the total dividend for the year to 13.85 pence, representing growth of 8.6% on last year's dividend of 12.75 pence.

Following Nick Carter's resignation, the Board was pleased to announce the appointment of Nick Wharton as Finance Director, with effect from 3 February 2007. Paul McClenaghan was also appointed to the Board with effect from 31 March 2007. On behalf of the Board I would like to thank Nick Carter for his contribution to Halfords and wish him well in his future career.

Nick Wharton is a Chartered Accountant and has been a member of the senior management team at Halfords for five years, having played pivotal roles in both Halfords' separation from Boots Company plc in 2002 and Halfords' listing on the London Stock Exchange in 2004. Through his role as Business Development Director, Nick has been instrumental in developing the

international expansion strategy and new trading formats, including the stand-alone Bikehut proposition.

Paul McClenaghan joined Halfords in 2005 as Trading Director. In his time at Halfords, Paul has implemented strategies focused on developing Halfords' market leading positions in its core markets, as well as expanding the product and service offerings into new markets.

Nick and Paul join a strong Board team. The business is very effectively led by our Chief Executive, Ian McLeod, and our capable non-executive team of Nigel Wilson, Keith Harris and Bill Ronald bring a wide range of experience to Board discussions.

The entire Halfords team, from colleagues based in stores through to those in our head office and distribution centres, share a common purpose of delivering market leading knowledge, choice and service to our customers. Their hard work and dedication has generated these strong results.

The Halfords brand was established in 1907, and it is encouraging in our centenary year 2007 that the business is trading successfully and we have every reason to be confident in the future of Halfords.

Richard Pym, Chairman

6 June 2007

celebrating
100 years



SERVICE EXPERTISE

With over 1.2m fitting jobs completed during the year, Halfords **we fit** Service continues to enhance our product offering, differentiates us from our competitors and positions store colleagues as experts in their field.

Halfords comprehensive training programme delivered through a combination of on the job training and 42 designated training stores has resulted in:

- 2,000 trained and accredited child seat fitters
- 1,500 specialists delivering our unique sat nav 'set up and demo'
- 700 trained hard wire (in-car entertainment) fitters



■ COMPREHENSIVE SERVICE OFFERINGS

“The hard work and dedication of the entire Halfords team has generated these strong results.”

