

CHAIRMAN'S STATEMENT



DENNIS MILLARD
CHAIRMAN

I am delighted to be joining Halfords at a time when it has once again demonstrated its resilience, has delivered a strong set of results and continued to make good progress against each of its strategic priorities.

The strength of the Halfords brand is testament to the leading positions it holds in its core markets and is sustained by a high service based customer proposition, unique and extensive product offerings and a multi-channel sales approach. Knowledgeable store-based colleagues who are dedicated to achieving service excellence for our customers further underpins the attractiveness of Halfords and the opportunities it has for further growth in both its UK and European markets.

It is pleasing to report that sales growth has been achieved in each of our core categories despite the challenging economic conditions we faced, particularly in the retail and automotive sectors. Together with meaningful margin expansion and proactive cost control on a 52-week comparable basis, growth in both underlying earnings before tax of 2.4% and in earnings per share of 8.5% was achieved. Importantly, cash generation was strong and the Group's financial position remains sound.

These results and our confidence in the future prospects for Halfords enable the Board to maintain its progressive dividend policy. The Board has therefore recommended a final dividend of 10.90 pence, which would amount to a total of 15.90 pence for the year and represents an increase of 5.3% over last year's dividend of 15.1 pence.

In August 2008, the Board appointed David Wild as Chief Executive Officer, following the resignation of Ian McLeod in February of that year. David brings to Halfords a wealth of retail and new business development experience that he gained in Tesco and Wal Mart across a number of business disciplines and territories. David has already made an excellent and telling contribution since joining Halfords and has assembled and is supported by a strong and talented management team.

My predecessor Richard Pym resigned in August 2008 to take up an executive position in the financial services industry. On behalf of the Board, I would like to thank Richard for his valuable contribution to Halfords in the two years he was Chairman and wish him well.

I would also like to thank Nigel Wilson, our Senior Independent Director, who took up the reins as Acting Chairman until my appointment and to the remainder of the Board for their considerable efforts during the year. In particular, I would like to thank Nick Wharton and Paul McClenaghan who operated most effectively as joint Managing Directors in the six months prior to David Wild's appointment in addition to discharging their other executive duties.

Halfords has approximately 10,000 loyal and dedicated colleagues in its store network, head office and distribution centres, all of whom have responded positively to a challenging retail environment. The results for the year just ended are a credit to the hard work and enthusiasm of the entire Halfords team and their dedication to serving our customers. On behalf of the Board I would like to thank them.

The Board believes that the general economic and consumer environment is likely to remain challenging for the remainder of 2009. However, through its unique market-leading position and customer proposition, Halfords is well positioned to deliver further earnings growth in the year ahead.

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CHAIRMAN
10 JUNE 2009

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THE NATURAL DESTINATION

Left: Halfords has approximately 10,000 loyal and dedicated colleagues, all of whom have responded to a challenging retail environment through 2008 and 2009.