

25 November 2004

HALFORDS GROUP PLC
INTERIM RESULTS TO 1 OCTOBER 2004

Halfords Group Plc (“Halfords Group” or the “Company”) today announces its maiden interim results for the 26 weeks to 1 October 2004.

Financial Highlights

- Turnover up 12.7% to £322.7m
- Like-for-like sales up 10.6%
- Operating profit before amortisation of goodwill and exceptional operating items up 18.3% to £46.0m
- Operating profit up 9.1% to £34.9m
- Pre-tax profit up 170% to £26.5m
- Basic earnings per share before amortisation of goodwill and exceptional operating items up 43% to 12.3 pence
- Basic earnings per share up 220% to 8.0 pence
- Maiden interim dividend 3.7 pence per share

Business Highlights

- Strong growth in all key business areas
- 28 new supermezzanines opened
- Programme of mezzanine conversions and new store openings running to plan

David Hamid, Chief Executive Officer of Halfords Group commented:

“I am very pleased with Halfords’ first set of results since the company’s successful IPO in June. We have delivered a good set of results and continue to develop and position the business for ongoing growth. Turnover in the six week period to 12 November 2004 is in line with our expectations and we remain confident about future prospects for the Company.”



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Halfords Group plc

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A presentation for analysts and investors will be held at Merrill Lynch, King Edward Hall, 2 King Edward Street, London, EC1A 1HQ at 9.30am today.

In addition there will be an opportunity to listen to the presentation on the following conference call:

Tel: 0208 996 3920

Access code: C355445

This press release and the analyst presentation will be available to download from the Investor Relations section of the corporate website at www.halfordscompany.com from 7:00am and 9:30am respectively.

About Halfords Group

The Halfords Group is the UK's leading, by turnover, car maintenance, car enhancement, cycle and travel solutions retailer, with 393 stores across England, Wales, Scotland and Northern Ireland and over 9,000 employees.

The Halfords Group's 11,000 product lines range from car parts to bikes, alloy wheels to roof boxes, child travel seats to the latest in-car entertainment, leisure and camping equipment.

In its larger stores, the Halfords Group features specialist sub-shops for audio, automotive parts, car enhancement (Ripspeed) and cycling (Bikehut).

Halfords was established in 1892 and floated on the London Stock Exchange in June 2004. It is a FTSE 250 company.

Halfords online store can be found at www.halfords.com.

Overview

The Halfords Group is the UK's leading, by turnover, car maintenance, car enhancement, cycle and travel solutions retailer with 393 stores across England, Wales, Scotland and Northern Ireland. The Halfords Group is delivering a growth strategy focused on maintaining and leveraging its core strengths in these key business areas and developing new business opportunities e.g. Active Leisure and Kids Zone.

The organic growth achieved in the first half of this financial year reflects the progress that has been made in delivering this strategy, which was outlined at the time of the IPO in June 2004.

In addition to driving sales the Halfords Group is constantly striving to improve its operational efficiencies. This disciplined approach has ensured that, while the business has been growing, costs have remained under tight control improving net ratios.

Summary of Group Results

	26 Week Period Ended	
	Unaudited 1 October 2004	26 September 2003
	£m	£m
Turnover	322.7	286.3
Gross Profit	170.8	151.9
Gross Profit % of Turnover	52.9%	53.1%
Operating Profit Before Goodwill Amortisation and Exceptional Items	46.0	38.9
Operating Profit Before Goodwill Amortisation and Exceptional Items % of Turnover	14.3%	13.6%
Operating Profit	34.9	32.0
Pre-tax Profit	26.5	9.8

Financial Review

Profit And Loss Account

The Halfords Group has delivered strong results in the first half of this financial year with total Group sales rising 12.7% to £322.7m (2003: £286.3m) and like-for-like sales up 10.6%. Mezzanine conversions in the first half contributed 0.3% to this like-for-like figure due to the timing of conversions late in the second quarter.

Gross profit for the first half of this financial year at £170.8m (2003: £151.9m) was 12.4% up on the comparable period last year and gross margin was 52.9% (2003: 53.1%) reflecting a strong sales performance from the Car Enhancement category.

Net operating expenses before goodwill amortisation and exceptional items as a percentage of turnover has fallen from 39.5% to 38.7%.

Operating profit before goodwill amortisation and exceptional items at £46.0m (2003: £38.9m) represents an increase of 18.3% on the same period last year and as a percentage of turnover has increased from 13.6% to 14.3%. Goodwill amortisation at £6.9m is comparable to last year. In addition, an exceptional non-cash charge of £4.2m was made in relation to share options exercised at the time of the IPO.

Net interest payable for the first half of this financial year was £8.4m (2003: £22.4m). Last year the Company was carrying much higher levels of debt before its IPO. An exceptional interest charge of £1.7m (2003: £4.3m) was made to the profit and loss account in respect of the accelerated write-off of the issue costs associated with bank loans redeemed at the time of the IPO. On repayment of the Halfords Group's existing borrowings it hedged its new borrowing facilities using interest rate swaps. As a consequence, the Halfords Group received £2.2m of exceptional income on the termination of its existing interest rate swaps.

The taxation charge is based on an estimated effective tax rate of 32.1% on profit before non tax-deductible goodwill amortisation and exceptional items for the 52-week period ending 1 April 2005, less the associated tax credit of £1.8m accruing to exceptional items.

Balance Sheet

The level of capital expenditure in the first half of this financial year was £13.8m (2003: £6.4m), of which £5.1m (2003: Nil) related to the 22 supermezzanine store conversion programme and £2.7m (2003: £0.6m) for new stores and resites.

As at 1 October 2004 the net value of stock was £116.9m (2003: £103.7m). The Company has invested in stock levels to support the increased volume of turnover and stock-turn is at a comparable level to last year.

Net debt at the end of the first half of this financial year was £183.8m (2003: £354.6m) and net cash inflow from operating activities in the first half of this financial year was £62.3m (2003: £75.7m).

Initial Public Offer and Refinancing

On 8 June 2004 the Company made a primary offer of 53,846,154 new ordinary shares raising £140.0m before expenses. Costs of the IPO, which have been treated as a deduction from share premium account, were £4.9m, resulting in net proceeds of £135.1m.

On flotation, the Halfords Group utilised the net proceeds, together with its own cash balances and a new banking facility to redeem £90.4m of deep discount bonds, £0.4m of fixed rate subordinated unsecured loan notes and £279.7m of secured bank loans.

The Halfords Group's new committed banking facilities are a £150.0m unsecured five-year amortising term loan and a £120.0m revolving credit facility. The Halfords Group incurred costs of £3.1m in respect of the arrangement of these new banking facilities. These costs have been capitalised and will be amortised over the term of the facilities.

At the time of the flotation, certain senior employees exercised their rights over 2,527,307 ordinary shares that had previously been granted under a share option scheme. In accordance with UITF 17, the Halfords Group has charged to the profit and loss account the difference between the fair value of these shares at the date of their grant and the amount paid by the employees, resulting in an exceptional non-cash charge of £4.2m.

Dividend

An interim dividend of 3.7 pence per share will be paid on 10 January 2005 to those shareholders on the share register as at 3 December 2004.

Operating Review

Sales growth has been achieved in all of the Company's four key product areas in the 26 week period to 1 October 2004 when compared to the same period in the previous financial year. In particular, the Company reported a strong improvement in car enhancement sales with audio, satellite navigation and in-car entertainment products also performing strongly. The car maintenance business generated steady comparable growth and the Company continued to enjoy strong growth in the areas of cycles and cycling accessories.

During March of this year a new outdoor leisure product range was rolled out to all superstores. These products, which include camping equipment, have been well received by customers and this has contributed to the growth of the overall travel solutions range, providing a sound base for growth in this category to build on in future years with a wider offer.

Moving forward, identifying new product areas remains a key element of the Company's strategy to increase like-for-like sales. The Company's stated strategy is to develop the business by leveraging its brands into new product categories.

The Halfords Group also intends to continue to differentiate itself from its competitors and attract new customers to stores by developing in-store services. The "*We'll fit it*" service, which promises to fit in-car entertainment systems, car phones and other similar items continues to be expanded. To support this service an extensive staff-training programme is being carried out, as well as targeted advertising and expansion of the range of products for which the fitting service is available.

The Company has made strong progress in changing its product sourcing. One key objective has been to increase the volume of products that the Halfords Group imports directly, particularly from the Far East. This has reduced cost prices and has allowed the Company to re-invest these savings in lower retail prices to provide better value for customers.

Store Portfolio

The Halfords Group was trading from 393 stores as at 1 October 2004, a net increase in the first half of this financial year of 6 stores. 10 new stores were opened and 4 stores closed in this period, with new stores, net of closures, contributing 2.1% to first half-year sales growth.

At the end of the first half of this financial year, the Halfords Group traded from 39 supermezzanine format stores, compared with 11 at the end of the previous financial year. Of these, 22 stores were converted in the second quarter. The Company remains on track to deliver 35 supermezzanine conversions in the current financial year.

The Halfords Group continues to expand its markets and plans to open seven new stores in the second half of which three are edge-of-town superstores in the Dublin area of the Republic of Ireland.

Current Trading

Trading in the 6 weeks since 1 October 2004 remains in line with our expectations and we remain confident about future prospects for the Company.

HALFORDS GROUP PLC
Consolidated Profit & Loss Account
26 weeks to 1 October 2004

	Notes	26 weeks to 1 October 2004 Unaudited £m	26 weeks to 26 September 2003 Unaudited £m	53 weeks to 2 April 2004 Audited £m
Turnover		322.7	286.3	578.6
Cost of sales		(151.9)	(134.4)	(269.0)
Gross profit		170.8	151.9	309.6
Net operating expenses		(135.9)	(119.9)	(244.1)
Operating profit before goodwill amortisation and exceptional operating items				
		46.0	38.9	79.2
Goodwill amortisation		(6.9)	(6.9)	(13.7)
Exceptional operating items	2	(4.2)	-	-
Operating profit		34.9	32.0	65.5
Profit on disposal of fixed assets	2	-	0.2	6.4
Net interest payable, before net exceptional interest income/(charges)				
		(8.9)	(18.1)	(35.4)
Net exceptional interest income/(charges)				
		0.5	(4.3)	(8.7)
Net interest payable	3	(8.4)	(22.4)	(44.1)
Profit on ordinary activities before taxation		26.5	9.8	27.8
Tax on profit on ordinary activities	4	(10.1)	(5.7)	(14.3)
Profit on ordinary activities after taxation		16.4	4.1	13.5
Equity dividends	5	(8.5)	-	-
Retained profit for the financial period		7.9	4.1	13.5
Earnings per share				
Basic	6	8.0p	2.5p	8.3p
Diluted	6	8.0p	2.4p	8.0p
Earnings per share before goodwill amortisation and exceptional items				
Basic	6	12.3p	8.6p	17.7p
Diluted	6	12.3p	8.3p	16.9p

The results for the period are wholly attributable to continuing operations of the Group.
The Group has no recognised gains and losses other than the profits above and therefore no separate Statement of Total Recognised Gains and Losses has been presented.

HALFORDS GROUP PLC
Reconciliation of Movements in Shareholders' Funds

26 weeks to 1 October 2004

	26 weeks to 1 October 2004	26 weeks to 26 September 2003	53 weeks to 2 April 2004
	Unaudited £m	Unaudited £m	Audited £m
Profit for the financial period	16.4	4.1	13.5
Dividends	(8.5)	-	-
	7.9	4.1	13.5
Adjustment in respect of employee share options	4.2	-	-
Proceeds from ordinary shares issued for cash	140.0	-	-
Finance costs in respect of share issue	(4.9)	-	-
Net movement in equity shareholders' funds	147.2	4.1	13.5
Opening shareholders' funds	4.5	(9.0)	(9.0)
Closing shareholders' funds	151.7	(4.9)	4.5

HALFORDS GROUP PLC
Consolidated Balance Sheet

As at 1 October 2004

	1 October 2004 Unaudited £m	26 September 2003 Unaudited £m	2 April 2004 Audited £m
Fixed assets			
Intangible assets	246.2	260.0	253.1
Tangible assets	86.9	77.1	82.5
	333.1	337.1	335.6
Current assets			
Stocks	116.9	103.7	107.1
Debtors falling due within one year	23.5	22.1	23.5
Cash at bank and in hand	0.9	115.4	25.6
	141.3	241.2	156.2
Creditors: amounts falling due within one year	(176.0)	(383.0)	(293.8)
Net current liabilities	(34.7)	(141.8)	(137.6)
Total assets less current liabilities	298.4	195.3	198.0
Creditors: amounts falling due after more than one year	(143.0)	(196.1)	(190.2)
Provisions for liabilities and charges	(3.7)	(4.1)	(3.3)
Net assets/(liabilities)	151.7	(4.9)	4.5
Capital and reserves			
Called up share capital	2.3	0.0	0.0
Share premium account	132.9	0.1	0.1
Profit and loss account	16.5	(5.0)	4.4
Equity shareholders' funds	151.7	(4.9)	4.5

HALFORDS GROUP PLC
Consolidated Cash Flow Statement

26 weeks to 1 October 2004

	Notes	26 weeks to 1 October 2004 Unaudited £m	26 weeks to 26 September 2003 Unaudited £m	53 weeks to 2 April 2004 Audited £m
Net cash inflow from operating activities	7	62.3	75.7	114.8
Returns on investments and servicing of finance				
Interest received		0.3	1.0	2.8
Interest paid		(6.3)	(14.3)	(26.8)
Issue costs of new bank loan		(3.1)	-	(2.5)
Net cash outflow from returns on investments and servicing of finance		(9.1)	(13.3)	(26.5)
Taxation		(8.4)	(1.8)	(8.1)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(13.8)	(6.4)	(19.3)
Sale of tangible fixed assets		-	0.2	6.9
Net cash outflow for capital expenditure and financial investment		(13.8)	(6.2)	(12.4)
Net cash inflow before use of liquid resources and financing		31.0	54.4	67.8
Management of liquid resources				
Reduction in short term deposits with banks		-	20.0	20.0
Financing				
Issue of ordinary share capital		140.0	-	-
Costs in respect of share issue		(4.9)	-	-
Capital element of finance lease obligations		(0.1)	-	0.8
Repayment of borrowings		(370.5)	(3.0)	(146.9)
New borrowings		175.7	-	65.0
Net cash outflow from financing		(59.8)	(3.0)	(81.1)
(Decrease)/increase in net cash		(28.8)	71.4	6.7
Reconciliation of net cash flow to movement in net debt				
Net debt at the beginning of the period	8	(349.5)	(395.9)	(395.9)
(Decrease)/increase in net cash		(28.8)	71.4	6.7
Movement in deposits		-	(20.0)	(20.0)
Movement in borrowings		198.0	3.0	83.6
Other non cash changes		(3.5)	(13.1)	(23.9)
Net debt at end of the period	8	(183.8)	(354.6)	(349.5)

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

1. Accounting Policies

Basis of Preparation

The interim financial report and accounts for the 26 weeks to 1 October 2004 and for the comparative 26 weeks to 26 September 2003 are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

Comparative figures for the 53 weeks ended 2 April 2004 have been extracted from the statutory financial statements, which have been filed with the Registrar of Companies. The auditors report on those financial statements was unqualified.

The financial information contained in this interim financial report has been prepared under the historical cost convention, using accounting policies as set out in the Halfords Group's financial statements for the period ended 2 April 2004 and are in accordance with applicable United Kingdom accounting standards.

2. Exceptional items

Operating exceptional items in the 26 weeks to 1 October 2004, relate to a non-cash charge of £4.2m in respect of employee share options that were exercised at the time of the Halfords Group's IPO.

Certain senior employees held options to subscribe for shares in the Company under a share option scheme approved by shareholders on 19 November 2003. The share options were exercisable only in the event of a Takeover, Sale or Admission of the Company to a Relevant EEA market. Under the scheme, share options were granted to senior employees on 12 December 2003 and 20 May 2004. The shares required to meet the Company's obligation under the scheme were held in trust. On 8 June 2004, senior employees exercised their rights over 2,527,307 shares.

In accordance with UITF 17, the Halfords Group has charged £4.2m, being the difference between the fair value of the shares at the date of their grant and the amount paid by the employees to exercise the share options. A corresponding credit has been taken to the Halfords Group's profit and loss reserves.

The profit on disposal of £6.4m in the 53 week period ended 2 April 2004 principally relates to the sale of the head office building of Halfords Limited. The building was acquired in the period and immediately sold then leased back. £3.8m of the proceeds were deferred and are being amortised over the term of the lease in accordance with UITF 28 "Operating lease incentives".

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

3. Net interest payable

	26 weeks to 1 October 2004 Unaudited £m	26 weeks to 26 September 2003 Unaudited £m	53 weeks to 2 April 2004 Audited £m
Interest receivable and similar income:			
Bank and similar interest	(0.3)	(1.3)	(2.7)
Interest payable and similar charges:			
Bank interest	-	-	0.4
Bank and other loans	7.2	11.7	23.5
Premium on deep discount bond	1.5	6.8	12.1
Interest on fixed rate subordinated unsecured loan notes	-	-	0.1
Amortisation of issue costs on loans and deep discount bonds	0.3	0.6	1.3
Commitment and guarantee fees	0.2	0.3	0.7
	<hr/> 9.2	<hr/> 19.4	<hr/> 38.1
Exceptional amortisation of issue costs on loans and deep discount bonds	1.7	4.3	8.7
Exceptional gain on close out of interest rate swap	(2.2)	-	-
	<hr/> 8.7	<hr/> 23.7	<hr/> 46.8
Net interest payable	<hr/> <hr/> 8.4	<hr/> <hr/> 22.4	<hr/> <hr/> 44.1

On flotation (on 8 June 2004), the Halfords Group redeemed and replaced all of its existing borrowings. As a consequence, a charge of £1.7m (26 weeks to 26 September 2003: £2.3m; 53 weeks to 2 April 2004: £6.3m) was made in respect of accelerated amortisation of the issue costs associated with these borrowings.

On repayment of the Halfords Group's existing borrowings, the Halfords Group hedged its new borrowing facilities using new interest rate swaps and received £2.2m of exceptional income on the termination of its existing interest rate swaps.

During the 53-week period to 2 April 2004 the Halfords Group repaid all of the borrowings under its Mezzanine facility and repaid £68.2m of its deep discount bonds. As a result £2.4m (26 weeks to 26 September 2003: £2.0m) of unamortised issue costs associated with these borrowings was written off.

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

4. Tax on profit on ordinary activities

The taxation charge in the 26 weeks to 1 October 2004 is based on an estimated effective tax rate of 32.1% on profit before non tax-deductible goodwill amortisation and exceptional items for the 52-week period ended 1 April 2005, less the associated tax credit of £1.8m accruing to exceptional items.

The tax charge exceeds the charge based on the statutory rate of UK corporation tax of 30%, principally due to the non-deductibility of depreciation charged on capital expenditure in respect of mezzanine floors and other store infrastructure.

5. Dividends

The directors have approved an interim dividend of £8.5m (26 weeks to 26 September 2003: nil; 53 weeks to 2 April 2004: nil), which equates to 3.7 pence per share and will be paid on 10 January 2005 to those shareholders on the share register at the close of business on 3 December 2004.

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

6. 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. In accordance with FRS 14 the weighted average number of shares for the 26 weeks to 26 September 2003 and 53 weeks to 2 April 2004 have been adjusted to reflect the bonus issues made at the time of the IPO.

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 1 October 2004. In the period to 26 September 2003 and 2 April 2004 the dilutive potential ordinary shares were in respect of warrants issued on 30 August 2002 that were exercised on 8 June 2004.

	26 weeks to 1 October 2004 Unaudited m	26 weeks to 26 September 2003 Unaudited m	53 weeks to 2 April 2004 Audited m
Weighted average number of shares in issue	204.2	161.9	162.9
Weighted average number of dilutive shares options/warrants	-	6.5	6.6
Total number of shares for calculating diluted earnings per share	204.2	168.4	169.5

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

	26 weeks to 1 October 2004 Unaudited £m	26 weeks to 26 September 2003 Unaudited £m	53 weeks to 2 April 2004 Audited £m
Basic earnings	16.4	4.1	13.5
Exceptional items net of tax:			
Operating profit	2.2	-	-
Profit on disposal of fixed assets	-	-	(4.5)
Interest	(0.3)	3.0	6.1
Amortisation of goodwill	6.9	6.9	13.7
Underlying earnings before exceptional items and amortisation of goodwill	25.2	14.0	28.8
Diluted earnings	16.4	4.1	13.5
Underlying diluted earnings before exceptional items and amortisation of goodwill	25.2	14.0	28.8

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

7. Reconciliation of operating profit to net cash inflow from operating activities

	26 weeks to 1 October 2004 Unaudited £m	26 weeks to 26 September 2003 Unaudited £m	53 weeks to 2 April 2004 Audited £m
Operating profit	34.9	32.0	65.5
Depreciation charge (net of profit/loss on disposal)	8.9	7.9	16.0
Goodwill amortisation	6.9	6.9	13.7
Non cash charge for employee share schemes	4.2	-	-
(Increase) in stock	(9.8)	(13.4)	(16.8)
Decrease/(increase) in debtors	-	1.5	(0.3)
Increase in creditors	17.2	40.8	36.7
Net cash inflow from operating activities	62.3	75.7	114.8

8. Reconciliation of movement in net debt

	At 2 April 2004 Audited £m	Cash flow £m	Other non cash changes £m	At 1 October 2004 Unaudited £m
Cash in hand and at bank	25.6	(24.7)	-	0.9
Bank overdraft	(7.1)	(4.1)	-	(11.2)
	18.5	(28.8)	-	(10.3)
Debt due within one year	(182.2)	185.5	(38.2)	(34.9)
Debt due after one year	(185.0)	12.4	34.7	(137.9)
Finance leases due within one year	(0.2)	0.1	(0.1)	(0.2)
Finance lease due after one year	(0.6)	-	0.1	(0.5)
Total Net Debt	(349.5)	169.2	(3.5)	(183.8)

The total debt cash outflow consists of £194.8m net repayment of borrowings and £3.1m issue costs of new loans and £0.1m repayment of finance lease obligations.

Non-cash changes relate to the interest charges of £2.0m for the amortisation of capitalised issue costs and £1.5m in respect of interest rolled into the principal of the deep discount bonds.

HALFORDS GROUP PLC

Notes to Interim Report

26 weeks to 1 October 2004

9. Post Balance Sheet Event

In August 2001 Halfords Limited sold its garage servicing business to The Automobile Association Limited ("AA"). Under the terms of the sale 124 garage premises were sublet to GB Gas Holdings Limited by way of an underlease agreement from Halfords Limited.

On 16 November 2004, the Halfords Group entered into an agreement with GB Gas Holdings Limited and the AA. Under the agreement, the Halfords Group receives a £4.0m premium in consideration for providing consent to the assignment of the above underlease from GB Gas Holdings Limited to the AA and the subsequent subletting by the AA of 49 premises to Nationwide Autocentres Limited.

10. Interim Statement

Copies of the interim statement are available from the registered office of the Halfords Group, Icknield Street Drive, Washford West, Redditch Worcestershire, B98 0DE.

Independent Review Report to Halfords Group PLC

26 weeks to 1 October 2004

Introduction

We have been instructed by the Company to review the financial information, which comprises a consolidated profit and loss account, consolidated balance sheet, consolidated cash flow statement, comparative figures and associated 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 financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing 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.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 1 October 2004.

PricewaterhouseCoopers LLP
Chartered Accountants
Birmingham
25 November 2004