

23 JULY 2008

HALFORDS GROUP PLC
INTERIM MANAGEMENT STATEMENT
CONTINUED GROWTH AT HALFORDS

Halfords, the UK's leading automotive and leisure products retailer, announces its Interim Management Statement for the 13 weeks to 27 June 2008, ahead of today's Annual General Meeting.

Group sales in the quarter increased by 1.7% over the equivalent period in 2007, against a particularly strong comparative¹, with the rate of sales growth increasing each month during the quarter. Adjusting for the absence of a full Easter during the quarter, this performance represents sales growth equivalent to 3.0% and equates to like-for-like sales growth of 0.2% (-1.1% excluding Easter).

In the current year, Car Maintenance has continued to perform strongly reflecting its inherent counter-seasonal and defensive characteristics and increased transaction values from ongoing product innovation. Leisure sales¹ continue to improve after a slow start and, within Car Enhancement, in-car technology continues to deliver year-on-year growth in both volume and value.

A strong contribution from our Car Maintenance category during the quarter has meant that gross margin per cent is slightly ahead of expectation and above the upper range of our guidance. Reflecting the strengthening of Leisure sales in the balance of the season, we still anticipate a full year gross margin per cent in line with the guidance² previously given.

Reflecting the favourable margin position and a focus on costs, profit for the first quarter is ahead of our expectations.

The Board continues to utilise the strength of the Group's balance sheet through a share buy-back programme to enhance shareholder returns. During the period, the Group acquired 3.3m shares for cancellation at an average cost of 280.0 pence per share. Since the programme began in June 2006, 22.1m shares have been acquired at a cost of £66.1m at an average of 298.5 pence per share.

Nick Wharton and Paul McClenaghan, acting joint Managing Directors, commented:

“This is an encouraging start to the financial year which, when set against the strong sales growth achieved in the same period in the prior year, underlines Halfords' resilient and defensive proposition. Halfords continues to progress its growth strategy and, in line with our plans, we opened three new stores during the quarter, including our first Bikehut in Central London. Whilst not immune to the ongoing challenging retail environment, our market leading positions, extensive ranges and unique service proposition continue to provide us with confidence in delivering full year earnings in line with our expectations.”

Notes:

1. The first quarter in 2007 had total year-on-year sales growth of 11.4% (like-for-like: 8.4%), benefiting from Easter falling in mid-April and accompanied by a prolonged spell of warm and dry weather, which positively impacted the leisure category.
2. Gross margin per cent is anticipated to fall within a range of -20 bps and +20 bps of the previous year's value.

Interim Results

Halfords will announce a trading update on Thursday, 2 October 2008, that will include the second quarter and first half trading performances. The Company will publish its interim results for the 26 weeks ended 26 September 2008 on Thursday, 20 November 2008.

Quarterly Reporting

To assist the understanding of the current financial year's sales and like-for-like sales performances the equivalent quarters last year would have reported the following sales growth:

		Total Sales	LFL Sales	
Q1	13 weeks ended 27 June 2007	11.4%	8.4%	(Includes a full Easter effect)
Q2	13 weeks ended 28 September 2007	5.9%	3.2%	
Q3	13 weeks ended 28 December 2007	3.6%	0.7%	
Q4	13 weeks ended 28 March 2008	8.8%	5.9%	(Includes a part Easter effect)

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Notes to Editors

On-line retail sites; www.halfords.com, www.ripspeed.com

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

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, *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 451 stores, including three stores in the Czech Republic, 24 smaller format, neighbourhood stores and six standalone Bikehuts, Halfords offers a "*wefit*" service for car parts, child seats, satellite navigation and in-car entertainment systems, and a "*werepair*" 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.