



INTERIM MANAGEMENT STATEMENT¹

Halfords Group plc, the UK's leading retailer of automotive and leisure products and leading operator in garage servicing and auto repair, announces its Interim Management Statement for the 13 weeks and 39 weeks to 31 December 2010.

Sales Analysis

		13 Weeks		39 Weeks	
	Retail ²	Autocentres ³	Retail ²	Autocentres ³	
Total	-6.3%	+4.1%	-4.7%	+1.3%	
LFL	-6.6%	+1.6%	-5.2%	+0.0%	

Halfords Group

In the quarter Group⁴ revenues increased by 3.5% as a result of our Autocentres acquisition in February 2010. Within the trading divisions, Retail revenues decreased by 6.6% Like-for-Like (LFL) and Autocentres revenues increased by 1.6% LfL.

As previously stated we reinvested first half margin gains in stronger promotions in the quarter. For the full year, we retain our guidance that gross margins will be broadly flat. Group pre-tax profit in the quarter was slightly less than anticipated and for the full year is expected to be at the lower end of the market range^{5,6}.

Halfords Retail

- Car maintenance sales were strong, growing by +12% LfL as we helped customers cope with difficult winter conditions
- Fitting levels of Bulbs, Blades and Batteries grew by 29% to a record 26% of car maintenance sales
- Cycle sales were -16% LfL as fewer children's cycles were given as presents and premium bikes were affected by the temporary slow-down in Cycle-to-Work sales
- Strategic initiatives delivered targeted cost savings and productivity benefits
- Our new distribution centre operated efficiently ensuring optimum levels of product availability

Halfords Autocentres

- Retail customer numbers increased by 3.1%
- Average retail customer transaction values increased by 1.4%
- 151 centres re-branded as "Halfords Autocentres" and 7 new centres opened

David Wild, Chief Executive Officer, commented:

"The strong performance from our Car Maintenance category and the positive sales in our Autocentres demonstrates how customers recognise Halfords as the destination for their motoring needs. We are building on this momentum and with the launch of our 240 re-branded Halfords Autocentres this Spring we will be uniquely positioned to develop our business further in the car-servicing sector.

The cycle market was weaker this quarter particularly around Christmas gifting and Cycle-to-Work. Looking forward, we are confident that the fundamentals of the bike market remain sound. We are well positioned through the exceptional value that we offer customers, our award winning ranges and the professional repairs, servicing and expert advice of experienced in-store colleagues.

This year has been one of significant development for Halfords and our colleagues have worked hard on strategic initiatives across the business. These changes deliver savings, a more flexible cost base and are designed to provide a better service for our customers.

The wider economic outlook is clearly challenging for consumers but Halfords is a strong brand with a leading customer offer. We continue to focus on opportunities in the UK and ROI that will deliver long term, sustainable earnings growth."

End

Notes:

1. There has been no significant change to the financial condition of the Group.
2. Halfords Retail represents the trading performance of the UK and ROI operations, the Central European discontinued activities have been excluded from the prior year.
3. Autocentres are included on a pro forma basis.
4. Group revenues represent the statutory reporting of the Autocentres and includes the discontinued operations.
5. Consensus full year profit before tax range £127m - £135m, average £131m *Source: Bloomberg: 12 January 2011*
6. PBT guidance based on -5% LfL retail sales in fourth quarter
7. Revenues denominated in foreign currencies have been translated at constant rates of exchange.
8. The Group is not heavily reliant on Christmas revenues, with its third quarter revenues historically representing approximately 27% of total annual revenues.

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Conference Call

There will be a conference call for analysts at 9:30 today, participant dial-in: +44 (0)20 3140 0722 (No PIN required)

Financial Calendar

Halfords will announce its pre-close trading statement on 7 April 2011 and its Preliminary Results for the 52 weeks ended 1 April 2011 on 9 June 2011.

Notes to Editors:

www.halfords.co.uk

www.halfordscompany.co.uk

www.nationwideautocentres.co.uk

Halfords Group plc

The Group is the UK's leading retailer of automotive, leisure and cycling products and through Nationwide Autocentres also the UK's leading independent car servicing and repair operator.

Halfords employs approximately 11,000 staff and sells over 12,000 different product lines with significant ranges in car parts, cycles, in-car technology, child seats, roof boxes, outdoor leisure and camping equipment. Halfords own brands include the in-store *Bikehut* department, for cycles and cycling accessories, *Apollo* and *Carrera* cycles and exclusive UK distribution rights of the premium ranged *Boardman* cycles and accessories. In outdoor leisure, we sell a premium range of camping equipment, branded *URBAN Escape*. Halfords offers customers expert advice and a fitting service called "*wefit*" for car parts, child seats, satellite navigation and in-car entertainment systems, and a "*werepair*" service for cycles.

Halfords retail customers shop at 464 stores in the UK and Republic of Ireland and at *halfords.com* for pick-up at their local store or direct home delivery.

Halfords Autocentres operates from 232 sites nationally and offers motorists dealership quality MOTs, repairs and car servicing at more affordable prices.

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.