H&T Group plc

("H&T" or "the Group" or "the Company")

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

H&T Group plc, which trades under the H&T Pawnbrokers brand, today announces its interim results, for the six months ended 30 June 2012.

John Nichols, Chief Executive, commented: ***"In line with expectations, year-on-year profit before tax has fallen due to the costs of the store expansion programme and competitive pressure on gold purchasing margins. The Board has always expressed its view that the high level of profits from gold purchasing has been a short term opportunity rather than a core earnings stream. The Group's core pawnbroking operations continue to perform strongly and I am pleased to report double digit year-on-year growth in both the Group's pledge book and the Group's largest income stream, the Pawn Service Charge. With pawnbroking operations now accounting for three quarters of Group gross profit the outlook for the Group remains positive.***

Over 85% of our pawnbroking customers are returning customers and over three quarters of our customers redeem their pledges. With this strong source of recurring cashflow the Board remain confident in the continued growth of the pawnbroking business, and has approved a further increase in the interim dividend to 3.80 pence. The Group's interim dividend has grown on average 19% per year since 2006.

Performance of the stores added in recent years continues to be in accordance with plan and supports the Board's view of the growth potential they offer. We have opened 13 new stores in the first six months of this year and made two acquisitions taking our total estate to 175 stores."

FINANCIAL HIGHLIGHTS

- Pledge book increased by 13.6% to £46.8m (30 Jun 2011: £41.2m)
- Pawn Service Charge increased 11.4% to £14.7m (H1 11: £13.2m)
- Profit before tax of £7.5m (H1 2011: £10.3m)
- Basic EPS of 15.35p (H1 11: 21.21p)
- Net debt of £34.2m (30 Jun 2011: £31.3m)
- Increase in interim dividend to 3.80p (2011 interim: 3.75p)

OPERATIONAL HIGHLIGHTS

- Opened 13 greenfield sites and acquired 2 stores taking the total store estate to 175 as at 30 June 2012 (30 Jun 11: 146 stores)
- Since 30 June 2012 the Group has also completed the acquisition of a further 3 sites and has agreed provisional lease terms on a further 6 greenfield stores
- Launched Western Union as an additional product offering across the store estate

H&T Group plc

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H&T Group plc

Report of the Chief Executive Officer and Finance Director

In response to an increased demand for small loans, and encouraged by the significant increase in gold purchasing volumes and rising gold price, the pawnbroking industry has expanded rapidly during the past three years. During this period the Group has taken advantage of gold purchasing but has always retained a key focus on its core business of pawnbroking. Investment into modern store layouts, the delivery of excellent customer service and the introduction of new products has enabled the Group to attract new customers and retain its position as the leading UK pawnbroker by size of pledge book. This continued pledge book growth has again delivered double digit growth in the largest income stream, the Pawn Service Charge.

Expanding into new geographical areas and in-filling around existing stores, the Group has opened a further 13 greenfield sites in H1 12. The Group now has 175 stores, including two acquisitions also made in H1 12 for a total consideration of £1.3m.

Financial Performance

For the past two years, the Group's financial performance has benefited from its first-mover advantage into the gold purchasing market and the rising price of gold. These favourable market conditions and significant gold purchasing profits arising have financed the costs of the Group's store expansion programme.

Following the predicted maturing of the gold purchasing market and a period of gold price stability, Group gold purchasing profits have fallen by £2.0m year-on-year, from £7.5m in H1 11 to £5.5m in H1 12. Combined with the costs of the accelerated store expansion programme, Group PBT has fallen by £2.8m year-on-year from £10.3m in H1 11 to £7.5m in H1 12.

The Group's core pawnbroking operations performed strongly with gross profits from these segments (Pawn Service Charge, Retail and Pawnbroking Scrap) increasing from £20.1m to £22.8m. The Group's pawnbroking operations now contribute 74.6% of gross profit (H1 11: 66.2%)

Typically it takes two to three years for a greenfield pawnbroking site to achieve profitability (at a profit before tax level after full allocation of overheads) and hence the Group's recent expansion programme has contributed to a decline in profitability year-on-year. The Board estimates that the 37 greenfield stores opened in 2011 and 2012 have reduced PBT by £1.4m in the first six months of the year.

The Group's balance sheet position remains strong, with net debt of £34.2m. The Group has adequate liquidity to fund both the capital expenditure and working capital requirements of its new store opening programme, as it currently has available a £50.0m revolving facility. The ratio of net debt to last twelve months EBITDA is 1.37x.

Dividend

The directors have approved an interim dividend of 3.80 pence (2011 interim: 3.75 pence). This will be payable on 12 October 2012 to all shareholders on the register at the close of business on 14 September 2012. During the last twelve months, the Group's dividend has been covered 4.2x by earnings.

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Review of Operations

Pawn Service Charge and Pawnbroking Scrap:

- The Group has enjoyed another record period of lending within its pawnbroking operations giving rise to a 13.6% rise in the pledge book to £46.8m (30 Jun 11: £41.2m).
- This pledge book growth has been driven by expansion in the store estate, an increased average loan and continued high levels of customer service driving repeat lending in the Group's older stores – over 85% of the Group's pawnbroking customers are repeat customers.
- With the increased number of alternative credit providers on the high street, the Group continues its drive to attract new customers. The Group's interest rate pricing compares favourably to the majority of other pawnbrokers or those firms operating a buy-back model. In addition, the Group continues to introduce new services, and in H1 12 has launched Western Union in all of its stores.
- As a result of this pledge book growth, the Group is pleased to report an 11.4% increase in the Pawn Service Charge to £14.7m (H1 11: £13.2m). The Group's redemption rate remains strong with over 76% of pledges being redeemed.
- The pledge book performance of the Group's new sites continues to prove successful, with the 40 sites opened within the last 24 months performing ahead of the original investment model.
- Pawnbroking scrap profits realised were £3.8m (H1 11: £2.6m). This disposition route continues to act as a natural hedge to offset any potential fall in retail sales.

Retail:

- Retail sales grew by 7.0% to £9.1m in H1 12 (H1 11: £8.5m) driven by expansion in the store estate. On a like-for-like basis, retail sales fell 12% year-on-year.
- The Group's retail margin fell from 50.1% in H1 2011 to 48.0% in H1 2012 as the increased average loan has offset the benefit of the year-on-year increase to retail prices. Retail gross profits increased to £4.4m in H1 12 (H1 11: £4.3m).
- The Group continues to invest in its retail operations via staff training, store refurbishments and maintaining appropriate stock levels. Retail remains important to the long term success of the Group acting both as an attractor to pawnbroking customers and as a hedge in the event of a falling gold price.

Gold Purchasing:

- During 2010 and 2011, the Group benefited from both its first mover advantage into the high street market for gold purchasing and from the rising gold price environment. Both of these factors created an element of 'super-normal' profits. With the market now more competitive and with a relatively stable gold price environment, Group gold purchasing profits fell to £5.5m (H1 11: £7.5m), following a fall in the margin to 20.2% (H1 11: 32.9%).
- The Board is pleased to note that the underlying total volumes of gold purchased and customer visits has been relatively constant over the last 12 months and gold purchasing is expected therefore to remain as a steady source of profitability and cashflow for the Group, albeit at lower levels than in recent years.

Financial services:

- The Group's financial services operations, comprising predominantly of its third party cheque cashing and payday advance products, contributed £2.3m in H1 12 (H1 11: £2.8m), or 7.4% of gross profits (H1 11: 9.2%).
- Payday advance commissions have been impacted by the increased provision of unsecured loans both on the high-street and by on-line providers. Another significant change year-on-year has been the gradual withdrawal of the cheque guarantee card which has in effect removed a layer of underwriting previously performed by the banks. The Group continues to evolve its own credit scoring system with the aim of reducing bad debt levels on its debit card product to those previously experienced with the cheque guarantee card.
- The Group continues to offer one of the most competitively priced unsecured products whether compared to other payday advance providers or an unauthorised loan from a high street bank. As a result customer visits to stores have now stabilised, and our new customer count is considerably higher year-on-year. In addition, the Group is able to attract 50% of its online customers directly to its own website without incurring the cost of a lead provider.
- The Group's longer term unsecured product, KwikLoan, has experienced year-on-year growth in the loan book to £1.8m (30 June 11: £1.6m)

Trading outlook

For the past three years the Group has consistently out-performed market expectations, principally due to the boom in the gold purchasing market and the rising gold price environment. Both of these factors have also enabled the Group to increase its rate of expansion and over the last three years the Group has added 67 stores taking its total store estate from 108 to 175 as at 30 June 2012. The key to the profitability of these new stores is the pledge book build as opposed to gold purchasing, for which a more competitive and maturing market has always been anticipated. The Board is pleased to announce that the pledge book build of these new stores is in line with the original investment model, and it is with confidence therefore that the Board expects these store openings to increase their contribution to Group profit over the medium term. Currently, a store over 5 years old has on average a pledge book 3 times greater than a greenfield store under 5 years old.

Depending on market conditions, future growth is also likely to be driven via continued expansion of the Group's geographical footprint, either via development of greenfield sites or acquisitions. The Board currently expects to open a total of 25-30 stores in the current financial year.

The outlook remains positive as the Group has strong recurring cashflows and profitability within its expanding pawnbroking operations and on the basis of the current gold price the Board is pleased to announce its expectation for full year results to be in line with current market forecasts.

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Interim Condensed Financial Statements

Unaudited statement of comprehensive income
For the 6 months ended 30 June 2012

	Note	6 months ended 30 June 2012 Total Unaudited £'000	6 months ended 30 June 2011 Total Unaudited £'000	12 months ended 31 December 2011 Total Audited £'000
Revenue	2	65,578	55,604	125,516
Cost of sales		(34,964)	(25,290)	(60,082)
Gross profit	2	**30,614**	**30,314**	**65,434**
Other direct expenses		(17,065)	(14,470)	(30,944)
Administrative expenses		(5,462)	(4,965)	(9,870)
Operating profit	3	**8,087**	**10,879**	**24,620**
Investment revenues		1	1	1
Finance costs	5	(894)	(832)	(1,708)
Movement in fair value of interest rate swap		301	237	553
Profit before taxation		**7,495**	**10,285**	**23,466**
Tax on profit	6	(2,014)	(2,777)	(5,332)
Total comprehensive income for the period		**5,481**	**7,508**	**18,134**
		Pence	**Pence**	**Pence**
Earnings per ordinary share - basic	7	**15.35**	**21.21**	**51.12**
Earnings per ordinary share - diluted	7	**14.48**	**20.71**	**48.39**

All results derive from continuing operations.

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Unaudited condensed consolidated statement of changes in equity
For the 6 months ended 30 June 2012

	Note	6 months ended 30 June 2012 Unaudited £'000	6 months ended 30 June 2011 Unaudited £'000	12 months ended 31 December 2011 Audited £'000
Opening total equity		77,283	61,681	61,681
Total comprehensive income for the period		5,481	7,508	18,134
Issue of share capital		253	212	428
Share option credit taken directly to equity		199	125	316
Deferred Tax on share options taken directly to equity		-	213	204
Dividends paid	9	(2,550)	(2,136)	(3,468)
Employee Benefit Trust shares		(1)	(12)	(12)
Closing total equity		**80,665**	**67,591**	**77,283**

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Unaudited condensed consolidated balance sheet
At 30 June 2012

	Note	At 30 June 2012 Unaudited £'000	At 30 June 2011 Unaudited £'000	At 31 December 2011 Audited £'000
Non-current assets				
Goodwill		17,270	16,825	16,873
Other intangible assets		1,113	873	847
Property, plant and equipment		14,515	11,906	13,070
Deferred tax assets		865	550	1,137
		33,763	30,154	31,927
Current assets				
Inventories		29,202	28,118	29,439
Trade and other receivables		62,472	52,812	58,539
Cash and cash equivalents		3,798	2,664	4,695
		95,472	83,594	92,673
Total assets		129,235	113,748	124,600
Current liabilities				
Trade and other payables		(8,016)	(7,592)	(8,714)
Current tax liabilities		(1,915)	(3,283)	(3,631)
Borrowings		-	-	-
Derivative financial instruments		(117)	(735)	(418)
		(10,048)	(11,610)	(12,763)
Net current assets		**85,424**	**71,984**	**79,910**
Non-current liabilities				
Borrowings	4	(38,000)	(34,000)	(34,000)
Deferred tax liabilities		-	-	-
Provisions		(522)	(547)	(554)
		(38,522)	(34,547)	(34,554)
Total liabilities		(48,570)	(46,157)	(47,317)
Net assets		**80,665**	**67,591**	**77,283**
EQUITY				
Share capital	8	1,825	1,799	1,805
Share premium account		25,194	24,751	24,961
Employee Benefit Trust share reserve		(26)	(25)	(25)
Retained earnings		53,672	41,066	50,542
Total equity attributable to equity holders of the parent		**80,665**	**67,591**	**77,283**

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Unaudited condensed consolidated cash flow statement
For the 6 months ended 30 June 2012

	Note	6 months ended 30 June 2012 Unaudited £'000	6 months ended 30 June 2011 Unaudited £'000	12 months ended 31 December 2011 Audited £'000
Cash flows from operating activities				
Profit for the period		5,481	7,508	18,134
Adjustments for:				
Investment revenues		(1)	(1)	(1)
Finance costs		894	832	1,708
Movement in fair value of interest rate swap		(301)	(237)	(553)
Movement in provisions		(32)	61	68
Income tax expense		2,014	2,777	5,332
Depreciation of property, plant and equipment		1,414	1,154	2,557
Amortisation of intangible assets		120	105	213
Share based payment expense		199	125	316
(Profit)/Loss on disposal of fixed assets		(33)	66	117
Operating cash inflows before movements in working capital		9,755	12,390	27,891
Decrease/(Increase) in inventories		237	(4,018)	(5,298)
Increase in receivables		(3,473)	(2,653)	(8,226)
Decrease in payables		(1,121)	(1,674)	(349)
Cash generated from operations		5,398	4,045	14,018
Income taxes paid		(3,458)	(3,913)	(6,714)
Interest paid		(900)	(861)	(1,730)
Net cash from/(used in) operating activities		1,040	(729)	5,574
Investing activities				
Interest received		1	1	1
Proceeds on disposal of property, plant and equipment		601	-	-
Purchases of property, plant and equipment		(2,951)	(1,701)	(4,502)
Purchase of intangible assets		-	-	(2)
Acquisition of trade and assets of business		(1,290)	-	(353)
Net cash used in investing activities		(3,639)	(1,700)	(4,856)
Financing activities				
Dividends paid	9	(2,550)	(2,136)	(3,468)
Proceeds on issue of shares		253	212	428
Net increase / (decrease) in borrowings		4,000	3,000	3,000
Loan to the Employee Benefit Trust for acquisition of own shares		(1)	(12)	(12)
Net cash from / (used in) financing activities		1,702	1,064	(52)
Net (decrease) / increase in cash and cash equivalents		(897)	(1,365)	666
Cash and cash equivalents at beginning of period		4,695	4,029	4,029
Cash and cash equivalents at end of period		**3,798**	**2,664**	**4,695**

Unaudited notes to the condensed interim financial statements
For the 6 months ended 30 June 2012

Note 1 Basis of preparation

The interim financial statements of the Group for the six months ended 30 June 2012, which are unaudited, have been prepared in accordance with the International Financial Reporting Standards ('IFRS') accounting policies adopted by the Group and set out in the annual report and accounts for the year ended 31 December 2011. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2012. As permitted, this interim report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 "*Interim financial reporting*". While the financial figures included in this preliminary interim earnings announcement have been computed in accordance with IFRSs applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in the interim report also does not constitute statutory accounts for the purposes of section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2011 is based on the statutory accounts for the year ended 31 December 2011. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

After conducting a further review of the Group's forecasts of earnings and cash over the next twelve months and after making appropriate enquiries as considered necessary, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half yearly condensed financial statements.

Note 2 Segmental Reporting

Revenue	**6 months ended 30 June 2012 Unaudited**	**6 months ended 30 June 2011 Unaudited**	**12 months ended 31 December 2011 Audited**
	Total £'000	**Total £'000**	**Total £'000**
Pawn Service Charge	14,676	13,168	26,727
Retail	9,105	8,512	19,953
Pawnbroking Scrap	12,216	8,484	18,835
Gold Purchasing	27,313	22,655	54,563
Cheque Cashing	1,925	2,500	4,907
Other Financial Services	343	285	531
Total Revenue	65,578	55,604	125,516

Gross Profit	**6 months ended 30 June 2012 Unaudited**	**6 months ended 30 June 2011 Unaudited**	**12 months ended 31 December 2011 Audited**
	Total £'000	**Total £'000**	**Total £'000**
Pawn Service Charge	14,676	13,168	26,727
Retail	4,373	4,262	9,815
Pawnbroking Scrap	3,782	2,643	6,303
Gold Purchasing	5,515	7,456	17,151
Cheque Cashing	1,925	2,500	4,907
Other Financial Services	343	285	531
Total Gross Profit	30,614	30,314	65,434

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2012

Note 3 Operating profit and EBITDA

EBITDA

The Board considers EBITDA as a key measure of the Group's financial performance.

EBITDA is defined as Earnings Before Interest, Taxation, Depreciation and Amortisation. It is calculated by adding back depreciation and amortisation to the operating profit as follows:

6 months ended 30 June 2012 Unaudited	**6 months ended 30 June 2012 Unaudited**	**6 months ended 30 June 2011 Unaudited**	**12 months ended 31 December 2011 Audited**
	Total £'000	**Total £'000**	**Total £'000**
Operating profit	8,087	10,879	24,620
Depreciation	1,414	1,154	2,557
Amortisation	120	105	213
EBITDA	9,621	12,138	27,390

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2012

Note 4 Borrowings

	6 months ended 30 June 2012 Unaudited £'000	6 months ended 30 June 2011 Unaudited £'000	12 months ended 31 December 2011 Audited £'000
Secured borrowing at amortised cost			
Bank loans	38,000	34,000	34,000
Unamortised issue costs	-	-	-
Total borrowings	38,000	34,000	34,000
Long term portion of bank loan	38,000	34,000	34,000
Unamortised issue costs	-	-	-
Amount due for settlement after more than one year	38,000	34,000	34,000

Note 5 Finance costs

	6 months ended 30 June 2012 Unaudited £'000	6 months ended 30 June 2011 Unaudited £'000	12 months ended 31 December 2011 Audited £'000
Interest payable on bank loans and overdraft	893	832	1,705
Other interest	1	-	3
Amortisation of debt issue costs	-	-	-
Write off of loan issue costs	-	-	-
Total finance costs	894	832	1,708

Note 6 Tax on profit

The taxation charge for the 6 months ended 30 June 2012 has been calculated by reference to the expected effective corporation tax and deferred tax rates for the full financial year to end on 31 December 2012. The underlying effective full year tax charge is estimated to be 24.5% (six months ended 30 June 2011: 26.6%).

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2012

Note 7 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period.

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. With respect to the Group 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 period.

Reconciliations of the earnings per ordinary share and weighted average number of shares used in the calculations are set out below:

	Unaudited 6 months ended 30 June 2012			Unaudited 6 months ended 30 June 2011			Audited 12 months ended 31 December 2011		
	Earnings £'000	**Weighted average number of shares**	**Per-share amount pence**	**Earnings £'000**	**Weighted average number of shares**	**Per-share amount pence**	**Earnings £'000**	**Weighted average number of shares**	**Per-share amount pence**
Earnings per share - basic	5,481	35,714,776	15.35	7,508	35,393,625	21.21	18,134	35,475,781	51.12
Effect of dilutive securities									
Options		2,136,995	(0.87)	-	857,520	(0.50)	-	2,001,577	(2.73)
Earnings per share diluted	5,481	37,851,771	14.48	7,508	36,251,145	20.71	18,134	37,477,358	48.39

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2012

Note 8 Share capital

	At 30 June 2012	At 30 June 2011	At 31 December 2011
	Unaudited	**Unaudited**	**Audited**
Allotted, called up and fully paid (Ordinary Shares of £0.05 each)			
£'000 Sterling	1,825	1,799	1,805
Number	36,477,966	35,973,032	36,093,885

Note 9 Dividends

On 16 August 2012, the directors approved a 3.80 pence interim dividend (30 June 2011: 3.75 pence) which equates to a dividend payment of £1,386,000 (30 June 2011: £1,349,000). The dividend will be paid on 12 October 2012 to shareholders on the share register at the close of business on 14 September 2012 and has not been provided for in the 2012 interim results.

On 19 April 2012, the shareholders approved the payment of a 7.00 pence final dividend for 2011 which equates to a dividend payment of £2,550,000 (2011: £2,136,000). The dividend was paid on 7 June 2012.