13 August 2019

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2019

H&T Group plc today announces its interim results for the six months ended 30 June 2019. The Group financial statements have been prepared, as required, for the first time under IFRS 16 ('Leases').

FINANCIAL HIGHLIGHTS

- Profit before tax up £0.5m, 7.9% to £6.8m (H1 2018: £6.3m)
- Operating profit before non-recurring expenses up 16.0%, £1.2m to £8.7m (H1 2018: £7.5m), after £0.5m transaction expenses up 9.3%, £0.7m to £8.2m (H1 2018: £7.5m)
- Basic EPS of 15.00p (H1 2018: 13.85p)
- Net pledge book, including accrued interest, increased by 3.8% from FY18 to £53.8m (30 June 2018: £47.8m)
- Personal Loan book Risk Adjusted Margin increased to 54.1% (H1 2008: 37.5%)
- Net debt reduced by £2.1m from FY18 to £11.6m (30 June 2018: £16.8m)
- Interim dividend of 4.7p (2018 interim: 4.4p)

OPERATIONAL HIGHLIGHTS

- Growth in pawnbroking, customer lending and new customers
- Improved personal loan net profitability due to lower impairment and focus on store initiated new business
- Growth of our foreign currency product, driven by improved systems and in-store displays
- Improved management of our customer interactions and better conversion of our online leads via the utilisation of our integrated CRM and digital marketing platforms
- Planned acquisition of 65 trading stores and 46 pledge books from the Money Shop

John Nichols, H&T chief executive, said:

"We have made a good start to the year due to the resilient nature of our product set, our investment in people, and our digital initiatives. A strengthening gold price is helpful to our business. PBT is up nearly 8% to £6.8m, and revenue is up £1.5m, primarily driven by increased pawnbroking, personal lending and retail activity.

"Against this solid background, in July 2019 we completed the acquisition of 65 trading stores and bought 29 pledge books from the Money Shop, all of which have been integrated into the Group (we had previously acquired 17 books for £0.4m in the period). To facilitate this acquisition, in July we raised £6.0m of additional equity funding by way of an accelerated bookbuild placing, having renewed our £35.0m credit facility with Lloyds. The total acquisition price was £11.0m, which included taking possession of £6.0m of pledged assets, £1.0m of cash, a freehold property and trading fixtures and fittings, together with 241 employees.

"We can be confident of the success of this important transaction as a result of the investment in people and processes made over many years. The acquired stores conduct similar business and will geographically complement our existing store estate. With the application of H&T's appropriate capital, staffing support and management, and with the expansion of pledge business and the introduction of our personal lending products the investment will provide significant value to shareholders.

"We will further leverage this expanded store estate by continuing to develop and invest in digital multi-channel capability."

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INTERIM REPORT

Introduction

We have continued to achieve revenue growth from all core business activities through our ongoing focus on in-store execution excellence alongside continuing development in digital capabilities.

In July we increased our store estate by 65 sites, bringing our estate to 248 stores, via the acquisition of certain assets from the Money Shop. This growth allows us to expand our online to in-store capability.

FINANCIAL RESULTS

The Group has reported profit before tax of £6.8m (H1 2018: £6.3m), a 7.9% increase, reflecting a good operational performance.

Gross profit increased by £1.5m, 3.5%, to £44.1m (H1 2018: £42.6m). Operating profit before non-recurring expenses increased by £1.2m, 16.0%, to £8.7m (H1 2018: £7.5m). The group incurred £0.5m of transaction related costs in respect of the acquisition of certain assets of the Money Shop which have been expensed in full.

The average H1 2019 gold price has increased 5.4% to £1,010 per troy ounce for H1 2019 (H1 2018: £958).

Total direct and administrative expenses increased by £0.3m, reflecting a £0.2m reduction in impairment charges despite aggregate increases in our lending books and a £0.5m, 3.5% increase in wage-related costs, as a result of increases in pension and living wage costs.

The Group's balance sheet remains strong with net debt at £11.6m (30 June 2018: £16.8m) and a net debt to EBITDA ratio, calculated in accordance with bank covenant arrangements, of 0.64x (30 June 2018: 0.97x).

The reduced borrowings reflected the cash generative nature of the Group and a relative slow-down in the growth of our personal lending offering. The bank debt position is well within the covenant test of 3.0x. The Group had £14.0m (30 June 2018: £9.0m) of headroom available on its debt facility of £35.0m at 30 June 2019. The credit facility was renewed with Lloyds on principally the same terms for a period of up to five years, expiring in June 2024.

Dividend

The Board has approved an interim dividend of 4.7 pence (2018 interim: 4.4 pence). This will be payable on 4 October 2019 to all shareholders on the register at the close of business on 6 September 2019.

IFRS 16

IFRS 16, applicable for accounting periods beginning on or after 1 January 2019 has been adopted by the Group and prior periods restated using the fully retrospective approach. The standard introduces the identification of lease arrangements and the impact on the Group's financial statements is shown in detail at note 10.

As at 30 June 2019 the Group has non-cancellable operating lease commitments of £22.0m (30 June 2018: £25.3m). The new accounting requirement results in a reduction in retained earnings of £3.1m, primarily resulting from the Group recognising a right-of-use asset capitalised at a net book value of £18.4m (30 June 2018: £21.5m) offset by a lease liability of

£20.7m (30 June 2018: £24.0m). The impact on the Group's statement of comprehensive income for H1 2019 is £0.1m (H1 2018: £0.1m).

REVEW OF OPERATIONS

Pawnbroking

Pawnbroking remains a core product for H&T and we report that the gross pledge book increased to £53.8m, including accrued interest (30 June 2018: £47.8m). This growth has been achieved due to the following factors:

- Increase in number of customer transactions by 6.5% on H1 2018
- Higher carat lending, principally 14ct and 22ct, driving a £0.9m increase in book value from this category on 31 December 2018
- Improvement in the quality-watch segment of the book, with the support of the Expert Eye system and additional specialist valuation staff, which has seen a £0.5m book increase on 31 December 2018
- Consistently high redemption rate of 84% (H1 2018: 84%)
- Continued growth in customer lending sourced via our appointed introducers

Pawnbroking-revenue less impairment increased £0.6m to £16.8m (H1 2018: £16.2m) resulting in an annualised risk-adjusted margin (RAM) of 62.9% (H1 2018: 67.9%). The was a consequence of a change in mix towards lending on higher value (higher carat gold and premium watches) items.

Pawnbroking summary:

6 months ended 30 June:	**2019**	**2018**	**Change**
	£'000	**£'000**	**%**
Year-end net pledge book[1]	53,799	47,847	12.4%
Average monthly net pledge book	53,422	47,665	12.1%
Revenue less impairment	16,793	16,182	3.8%
Annualised Risk-adjusted margin[2]	*62.9%*	*67.9%*	

<u>*Notes to table*</u>
1 – Includes accrued interest
2 – Revenue less impairment as a percentage of average pledge book

Pawnbroking scrap

Pawnbroking scrap produced gross profits of £0.4m (H1 2018: £1.0m) for the half year, on sales of £5.9m (H1 2018: £8.0m). The reduced margin from 13% to 7% results primarily from delay in the realisation of diamond sales yet to be auctioned.

Retail

Retail sales increased 12.8% to £18.5m (H1 2018: £16.4m) while gross profits reduced by 10.0% to £5.4m (H1 2018: £6.0m). Margin at 29.2% (H1 2018: 36.6%) is reflected by an increased proportion of lower-margin watches sold in store and online and higher watch repair and refurbishment costs. The Group has also reduced its stock holding of aged items, requiring higher level of sales discounting. As a result, retail stock has reduced by £2.3m to £31.6m (30 June 2018: 33.9m).

Our online retail site continues to grow, with online generated sales reaching £2.0m (H1 2018: £1.1m). Our www.est1897.co.uk website typically holds more than 2,000 high-end pre-owned watches and jewellery items.

Electronic item sales are a necessary consequence of buyback fee income. Revenue from electronic items was £1.9m (H1 2018: £1.5m). In the period, losses from these items were £0.4 (H1 2018: profit £0.1m). Our online sales process only became operational end H1 2019. As a result, a higher proportion of items were disposed of at auction, as opposed to online or in-store where we achieve a higher price, resulting in these net losses and depressing the overall retail margin.

Personal Loans

Net revenue increased 74.2% to £5.4m (H1 2018: £3.1m), while the loan book decreased 5.3% from 31 December 2018 to £19.4m (30 June 2018: £17.8m). Organic store lending increased 2.1% vs H1 2018.

We have improved the annualised risk-adjusted margin to 54% (H1 2018: 37%) by taking proactive action in areas identified as not economically viable. Since the end of 2018 we have been refocusing on the quality of our lending.

Marketing activities have been stepped up to leverage our investment in our Customer Relations Management system so that we can more effectively engage with and redirect loan enquiries to local branches. The process of encouraging a potential customer from the website to a physical branch is now an important component of our strategy, blending a digital offering with our store estate.

We have made further progress in delivery of the longer-term strategy of helping our customers to rebuild their credit rating, with more customers obtaining access to one of the two lower interest rate and longer-term products. As a result, the proportion of loans that fall under the definition of high-cost short-term credit fell to 36% (H1 2018: 50%).

Personal Loans summary:

6 months ending 30 June 2018	**2019 £'000**	**2018 £'000**	**Change %**
Period-end net loan book	19,363	17,757	9.0%
Average monthly net loan book	20,050	16,639	20.5%
Revenue	11,620	10,566	10.0%
Impairment	(6,196)	(7,443)	(16.8%)
Revenue less impairment	5,424	3,123	73.7%
Annualised Risk-adjusted margin [1]	*54.1%*	*37.5%*	

Notes to table

1 – Revenue less impairment as a percentage of average loan book

Gold purchasing

Gold purchasing profits reduced to £1.5m (H1 2018: £2.1m) on sales of £8.4m (H1 2018: £10.1m). The reduced margin from 21% to 18% is a result of timings differences in the sales of purchased gold together with diamonds awaiting auction as at 30 June 2019. Gold held in stock for melting was £1.7m (30 June 2018: £1.4m).

Other services

Total revenues from other services increased to £3.3m (H1 2018: £2.8m) with a £0.3m increase in Foreign Currency (FX) transaction profit partially offset by reductions in buyback income.

FX profit increased by 18.8% to £1.9m (H1 2018: £1.6m) while the value of currency traded increased by 14.0% from £71.9m to £82.0m. We continue to maintain competitive rates as we raise customer awareness in the product. The product is still relatively new to the business and we have seen trading uplift due to a new system deployment that optimises currency holdings in store. We continue to see improved customer awareness through development of marketing and point-of-sale materials.

Buyback customer transactions were up 14.4% on H1 2018, driving an additional £0.1m in fees with revenue at £0.9m (H1 2018: £0.8m).

Cheque cashing revenue was flat at £0.4m (H1 2018: £0.4m).

REGULATION

Continued focus on affordability and creditworthiness in consumer credit

Our historic approach to affordability and creditworthiness ensured we were in a positive position to be able to meet all new requirements with minimal changes to our policies or procedures. In November 2018 the FCA's new rules and guidance on assessing affordability and creditworthiness in consumer credit came into force. The Group's strategy is to evolve the Personal Loans product to lower interest rates.

Senior Managers & Certification Regime

The FCA is extending the Senior Managers & Certification Regime (SM&CR) to all firms from the 9th December 2019. The Group has always adopted a robust approach to governance and internal controls and is well placed to meet the additional demands of the SM&CR.

STRATEGY AND OUTLOOK

We are excited about the opportunity to achieve uplift and return from our newly enlarged store estate. We will continue to focus on people development and transfer the Group's success factors into the 65 newly acquired ex-Money Shop stores. We will also look at opportunities where the Money shop excelled (for example Western Union, FX, cheque cashing) and transfer knowledge and synergies where relevant.

The demand for small-sum, short-term cash loans remains strong. The Company continues to focus and seek strategies to grow its pawnbroking offering while sensibly expanding its unsecured personal lending product and retail offering by focusing on digital and online strategies to complement its store estate.

We will continue to work towards our vision of helping our customers to rebuild their credit history by giving them access to more affordable lending products. We will also maintain our relentless focus on operational effectiveness aligned with the training, development and progression of our valuable staff.

Current trading is in line with management's expectations.

Interim Condensed Financial Statements

Unaudited statement of comprehensive income
For the 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019 Total Unaudited £'000	6 months ended 30 June 2018 Total Unaudited Restated* £'000	12 months ended 31 December 2018 Total Restated* £'000
Revenue	2	69,999	68,486	143,025
Cost of sales		(25,929)	(25,915)	(54,781)
Gross profit	2	**44,070**	**42,571**	**88,244**
Other direct expenses		(28,013)	(27,740)	(58,736)
Administrative expenses		(7,384)	(7,341)	(13,272)
Operating profit before non-operating expenses		**8,673**	**7,490**	**16,236**
Non-recurring expenses	11	(500)	-	-
Operating profit	3	**8,173**	**7,490**	**16,236**
Investment revenues		-	3	3
Finance costs	5	(1,342)	(1,196)	(2,468)
Profit before taxation		**6,831**	**6,297**	**13,771**
Tax on profit	6	(1,275)	(1,197)	(2,818)
Total comprehensive income for the period		**5,556**	**5,100**	**10,953**
		Pence	**Pence**	**Pence**
Earnings per ordinary share - basic	7	**15.00**	**13.85**	**29.69**
Earnings per ordinary share - diluted	7	**14.97**	**13.78**	**29.59**

All results derive from continuing operations.

* Certain comparative information has been restated as a result of the initial application of IFRS 16 as set out in note 10.

Unaudited condensed consolidated statement of changes in equity

For the 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019 Unaudited £'000	6 months ended 30 June 2018 Unaudited Restated* £'000	12 months ended 31 December 2018 Restated* £'000
Opening total equity		103,821	96,404	96,404
Total comprehensive income for the period		5,556	5,100	10,953
Issue of share capital		328	522	522
Share option movement taken directly to equity		368	(12)	(72)
Dividends paid	9	(2,496)	(2,329)	(3,986)
Closing total equity		**107,577**	**99,685**	**103,821**

Unaudited condensed consolidated balance sheet

At 30 June 2019

	Note	At 30 June 2019 Unaudited £'000	At 30 June 2018 Unaudited Restated* £'000	At 31 December 2018 Restated* £'000
Non-current assets				
Goodwill		17,643	17,643	17,643
Other intangible assets		280	449	343
Property, plant and equipment		6,497	6,660	6,032
Deferred tax assets		1,760	2,015	1,683
Right-of-use assets	10	18,408	21,529	20,159
		44,588	48,296	45,860
Current assets				
Inventories		30,653	33,035	29,262
Trade and other receivables		74,315	67,219	73,379
Other current assets		947	841	877
Cash and cash equivalents		9,501	9,272	11,414
		115,416	110,367	114,932
Total assets		160,004	158,663	160,792
Current liabilities				
Lease liability	10	(4,830)	(4,657)	(4,779)
Trade and other payables		(9,031)	(7,086)	(7,384)
Current tax liabilities		(722)	(759)	(842)
		(14,583)	(12,502)	(13,005)
Net current assets		**100,833**	**97,865**	**101,927**
Non-current liabilities				
Borrowings	4	(20,656)	(25,831)	(24,888)
Lease liability	10	(15,890)	(19,326)	(17,825)
Provisions		(1,298)	(1,319)	(1,253)
		(37,844)	(46,476)	(43,966)
Total liabilities		(52,427)	(58,978)	(56,971)
Net assets		**107,577**	**99,685**	**103,821**
EQUITY				
Share capital	8	1,891	1,883	1,883
Share premium account		27,472	27,153	27,152
Employee Benefit Trust share reserve		(35)	(35)	(35)
Retained earnings		78,249	70,684	74,821
Total equity attributable to equity holders of the parent		**107,577**	**99,685**	**103,821**

* Certain comparative information has been restated as a result of the initial application of IFRS 16 as set out in note 10.

Unaudited condensed consolidated cash flow statement
For the 6 months ended 30 June 2019

	Note	6 months ended 30 June 2019 Unaudited £'000	6 months ended 30 June 2018 Unaudited Restated* £'000	12 months ended 31 December 2018 Restated* £'000
Cash flows from operating activities				
Profit for the period		5,556	5,100	10,953
Adjustments for:				
Investment revenues		-	(3)	(3)
Finance costs		1,342	1,196	2,468
Increase/(decrease) in provisions		45	6	(60)
Income tax expense		1,275	1,197	2,818
Depreciation of property, plant and equipment		1,045	1,160	2,333
Depreciation of right-of-use assets		2,004	2,092	4,188
Amortisation of intangible assets		71	72	150
Loss on disposal of property, plant and equipment		5	81	133
Share based payment expense		146	-	-
Operating cash flows before movements in working capital		11,489	10,901	22,980
(Increase)/decrease in inventories		(1,391)	1,112	4,884
Increase in other current assets		(70)	(176)	(212)
Increase in receivables		(517)	(3,821)	(9,947)
Decrease in payables		(259)	(4,264)	(5,405)
Cash generated from operations		9,252	3,752	12,300
Income taxes paid		(1,248)	(1,511)	(2,776)
Interest paid		(1,206)	(1,128)	(2,344)
Net cash generated from operating activities		6,798	1,113	7,180
Investing activities				
Interest received		-	3	3
Purchases of property, plant and equipment		(1,520)	(1,563)	(2,101)
Acquisition of right-of-use assets		(253)	(548)	(1,275)
Acquisition of trade and assets of business		(419)	(569)	(575)
Net cash used in investing activities		(2,192)	(2,677)	(3,948)
Financing activities				
Dividends paid	9	(2,497)	(2,329)	(3,986)
(Decrease)/increase in borrowings		(4,000)	4,000	3,000
Debt restructuring cost		(350)	(34)	(31)
Proceeds on Issue of shares		328	523	523
Net cash (used in)/generated from financing activities		(6,519)	2,160	(494)
Net (decrease)/increase in cash and cash equivalents		(1,913)	596	2,738
Cash and cash equivalents at beginning of period		11,414	8,676	8,676
Cash and cash equivalents at end of period		**9,501**	**9,272**	**11,414**

Unaudited notes to the condensed interim financial statements
For the 6 months ended 30 June 2019

Note 1 Basis of preparation

The interim financial statements of the group for the six months ended 30 June 2019, 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 2018, except for the adoption of IFRS 16. The group does not anticipate any change in these accounting policies for the year ended 31 December 2019. As permitted, this interim report has been prepared in accordance with the AIM rules but 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 2018, prior to the restatement as a result of the adoption of IFRS 16, is based on the statutory accounts for the year ended 31 December 2018. 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.

Unaudited notes to the condensed interim financial statements
For the 6 months ended 30 June 2019

Note 2 Segmental Reporting

2019 **Revenue**	**Pawnbroking £'000**	**Gold purchasing £'000**	**Retail £'000**	**Pawnbroking scrap £'000**	**Personal Loans £'000**	**Other Services £'000**	**Consolidated for the 6 months ended 30 June 2019 £'000**
External revenue	21,790	8,752	18,511	6,040	11,620	3,286	69,999
Total revenue	21,790	8,752	18,511	6,040	11,620	3,286	69,999
Gross profit	21,790	1,495	5,432	447	11,620	3,286	44,070
Impairment	(4,997)	-	-	-	(6,196)	-	(11,193)
Segment result	16,793	1,495	5,432	447	5,424	3,286	32,877
Other direct expenses excluding impairment							(16,820)
Administrative expenses							(7,384)
Operating profit before non-recurring expenses							8,673
Non recurring expenses							(500)
Operating profit							8,173
Investment revenue							-
Finance costs							(1,342)
Profit before taxation							6,831
Tax charge on profit							(1,275)
Profit for the period and total comprehensive income							5,556

2018 **Revenue**	**Pawnbroking £'000**	**Gold purchasing £'000**	**Retail £'000**	**Pawnbroking scrap £'000**	**Personal Loans £'000**	**Other Services £'000**	**Consolidated for the 6 months ended 30 June 2018 £'000**
External revenue	20,092	10,611	16,420	7,954	10,566	2,843	68,486
Total revenue	20,092	10,611	16,420	7,954	10,566	2,843	68,486
Gross profit	20,092	2,107	5,965	998	10,566	2,843	42,571
Impairment	(3,910)	-	-	-	(7,443)	-	(11,353)
Segment result	16,182	2,107	5,965	998	3,123	2,843	31,218
Other direct expenses excluding impairment							(16,387)
Administrative expenses							(7,341)
Operating profit							7,490
Investment revenue							3
Finance costs							(1,196)
Profit before taxation							6,297
Tax charge on profit							(1,197)
Profit for the period and total comprehensive income							5,100

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2019

Note 2 Segmental Reporting (continued)

2018 Revenue	Pawnbroking Restated* £'000	Gold purchasing £'000	Retail £'000	Pawnbroking scrap £'000	Personal Loans Restated* £'000	Other Services Restated* £'000	For the year ended 2018 Restated* £'000
External revenue	41,278	20,745	38,338	14,059	22,472	6,133	143,025
Total revenue	41,278	20,745	38,338	14,059	22,472	6,133	143,025
Gross profit	41,278	3,757	13,203	1,401	22,472	6,133	88,244
Impairment	(10,366)	-	-	-	(15,515)	-	(25,881)
Segment result	30,912	3,757	13,203	1,401	6,957	6,133	62,363
Other direct expenses excluding impairment							(32,855)
Administrative expenses							(13,272)
Operating profit							16,236
Investment revenue							3
Finance costs							(2,468)
Profit before taxation							13,771
Tax charge on profit							(2,818)
Profit for the financial year and total comprehensive income							10,953

Note 3 Operating profit and EBITDA

The Board consider EBITDA to be a key performance measure as the Group borrowing facility includes a number of loan covenants based on it.

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 2019 Unaudited	**6 months ended 30 June 2019 Unaudited Total £'000**	**6 months ended 30 June 2018 Restated* Unaudited Total £'000**	**12 months ended 31 December 2018 Restated* Audited Total £'000**
Operating profit	8,173	7,490	16,236
Depreciation and amortisation	1,116	1,232	2,483
Depreciation of right-of-use assets	2,004	2,092	4,188
EBITDA	11,293	10,814	22,907

See note 10 for impact of IFRS 16 ('leases').

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2019

Note 4 Borrowings

	6 months ended 30 June 2019 Unaudited £'000	6 months ended 30 June 2018 Unaudited £'000	12 months ended 31 December 2018 Audited £'000
Long term portion of bank loan	21,000	26,000	25,000
Unamortised issue costs	(344)	(169)	(112)
Amount due for settlement after more than one year	20,656	25,831	24,888

Note 5 Finance costs

	6 months ended 30 June 2019 Unaudited £'000	6 months ended 30 June 2018 Unaudited £'000	12 months ended 31 December 2018 Audited £'000
Interest payable on bank loans and overdraft	331	294	657
Other interest	1	1	1
Amortisation of debt issue costs	118	53	109
Interest on right-of-use assets	892	848	1,701
Total finance costs	1,342	1,196	2,468

Note 6 Tax on profit

The taxation charge for the 6 months ended 30 June 2019 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 2019. The underlying effective full year tax charge is estimated to be 19% (six months ended 30 June 2018: 19%).

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2019

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 2019			Unaudited (Restated*) 6 months ended 30 June 2018			(Restated*) 12 months ended 31 December 2018		
	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	5,556	37,039,443	15.00	5,100	36,832,563	13.85	10,953	36,895,316	29.69
Effect of dilutive securities									
Options	-	70,999	(0.03)	-	165,465	(0.07)	-	126,277	(0.10)
Earnings per share diluted	5,556	37,110,442	14.97	5,100	36,998,028	13.78	10,953	37,021,593	29.59

Note 8 Share capital

	At 30 June 2019 Unaudited	At 30 June 2018 Unaudited	At 31 December 2018 Audited
Allotted, called up and fully paid (Ordinary Shares of £0.05 each)			
£'000 Sterling	1,891	1,883	1,883
Number	37,827,501	37,658,511	37,658,511

Note 9 Dividends

On 9 August 2019, the directors approved a 4.7 pence interim dividend (30 June 2018: 4.4 pence) which equates to a dividend payment of £1,866,000 (30 June 2018: £1,657,000), which incorporates additional shares issued on 4 July 2019 (see note 11). The dividend will be paid on 4 October 2019 to shareholders on the share register at the close of business on 6 September 2019 and has not been provided for in the 2019 interim results. The shares will be marked ex-dividend on 5 September 2019.

On 2 May 2019, the shareholders approved the payment of a 6.6 pence final dividend for 2018 (2017: 6.4 pence) which equates to a dividend payment of £2,450,000 (2018: £2,329,000). The dividend was paid on 31 May 2019.

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2019

Note 10 Explanation of adoption of IFRS 16

The table below shows the impact of adopting IFRS 16 on each financial statement line item affected.

Impact on profit or loss, other comprehensive income and total comprehensive income	**As at 30 June 2019 Unaudited £'000**	**As at 30 June 2018 Unaudited £'000**	**As at 31 December 2018 Unaudited £'000**
Decrease in Operating expenses	3,052	3,135	6,126
Increase in Depreciation	(2,004)	(2,092)	(4,189)
Increase in Finance costs	(892)	(848)	(1,701)
Increase in Tax charged on profit	(64)	(71)	(112)
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Increase in Profit for the year	92	124	124

Impact on assets, liabilities and equity	**As at 31 December 2017 Unaudited £'000**	**As at 30 June 2019 Unaudited £'000**	**As at 30 June 2018 Unaudited £'000**	**As at 31 December 2018 Unaudited £'000**
Increase in Right-of-use assets (NBV)	23,073	18,408	21,529	20,159
Increase in Deferred tax assets	675	574	641	608
Decrease in Trade and other receivables	(1,389)	(1,269)	(1,324)	(1,291)
Increase in Trade and other payables	(25,656)	(20,720)	(23,983)	(22,604)
Increase in Current tax liabilities	-	(74)	(37)	(45)
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Total reduction in net assets	(3,297)	(3,081)	(3,174)	(3,173)
Retained earnings	(3,297)	(3,081)	(3,174)	(3,173)

Note 11 Subsequent events

On 1 July 2019 the Group completed the acquisition of 65 trading stores and 29 pledge books from the Money Shop, all of which have been integrated into the Group, having previously acquired 17 books for £0.4m in the period. To facilitate this acquisition, the Group raised £6.0m of additional equity funding by way of an accelerated bookbuild Placing. The total acquisition price was £11.0m, which included taking possession of £6.0m of pledged assets, £1.0m of cash, a freehold property and trading fixtures and fittings, together with 241 employees.

The group incurred £0.5m of transaction related costs in the form of legal and professional fees in respect of the acquisition of assets from the Money Shop which have been expensed in full in the period.

Movement in share capital as a result of the Placing	**Allotted, called up and fully paid (Ordinary Shares of £0.05 each)**
At 30 June 2019	37,827,501
Shares issued (placing priced at £3.16 and issued 4 July 2019)	1,882,925

At 4 July 2019	39,710,426