

# H&T Group plc

26 August 2009

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

Unaudited Interim Condensed Financial Statements for the six months ended 30 June 2009

## H&T ANNOUNCES STRONG RESULTS

H&T Group plc, which trades under the H&T Pawnbrokers brand, is the UK's leading pawnbroking business by size of pledge book. The group today announces its interim results, for the period ended 30 June, 2009.

John Nichols, Chief Executive, commented: **"I am pleased to report a strong set of results for the Group, with profit before tax of £8.5 million for the first six months of 2009. Gross profit has risen 30% year on year, primarily driven by continued expansion in the Group's estate, with H&T benefiting from not only the recent store additions, but also continued growth in the 40 sites added to the portfolio since the beginning of 2006. Strong gold purchasing margins and robust retail sales together with increased margins, have also contributed to double digit growth across all business segments. While the Board remains cautious of the economic climate and the sustainability of gold purchasing volumes and margins, we reiterate our previous statement that the full year result is likely to be at the top end of market expectations. Our interim dividend of 2.5 pence is up by 25%.**

**I am also pleased to announce that on 31 July 2009 the Group refinanced existing debt facilities ahead of time, securing an enlarged, four year, non-amortising facility of £50 million. Given the current credit environment, this demonstrates confidence in H&T's abilities to generate returns and secures the necessary funding to continue growing the business."**

## FINANCIAL HIGHLIGHTS

- Gross profit up 30% to £22.1m
- Profit before tax, pre exceptional items and fair value hedge accounting, up 48% to £7.7 m
- Pledge book increased by 16% to £34.0m
- Basic EPS up 83% to 16.4 pence
- Interim dividend declared of 2.5p (2008: 2.0p)
- Successfully refinanced debt facilities to allow for future growth

## OPERATIONAL HIGHLIGHTS

- Three new stores opened taking the total estate to 108 as at 30 June 2009 (H1 2008: 95 stores); two stores opened post 30 June and provisional lease terms are agreed on a further nine stores
- Gold purchasing volumes continue to exceed Board expectations, as reflected in the period end inventory balance
- Our new point of sale (POS) system is now live in over one third of the estate with rollout to the remainder by the fourth quarter
- Retail has shown a 7% increase on a like-for-like basis despite the difficult trading environment
- Investment in loan underwriting and collections rewarded with proportionately lower bad debts

## **H&T Group plc**

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# H&T Group plc

## Report of the Chief Executive Officer and Finance Director

H&T Group plc is pleased to report strong trading and financial performance for the first six months of 2009 (“H1 2009”) with double-digit growth across all business segments:

- Gross profit for H1 2009 was £22.1 million compared with £17.0 million for the first six months of 2008 (“H1 2008”), an increase of 30%.
- Earnings before interest, tax, depreciation and amortisation (“EBITDA”) before exceptional items rose by 39% from £7.1 million in H1 2008 to £9.9 million in H1 2009.
- Operating profit before exceptional items increased by 40% to £9.0 million (H1 2008: £6.4 million).
- The Group estimates that the increased gold price year on year has positively impacted H1 2009 profits by £1.6m.

This growth has been driven by strategic and operational management actions to take advantage of favourable market conditions. Continued growth in the core estate has been achieved by opening greenfield sites to take advantage of increased high street availability and improved rental incentives, as opposed to acquiring other pawnbrokers. Retail sales, despite current economic conditions, remain strong due to our focus on competitive pricing, continued store investment and staff training. The Group has adapted quickly to take advantage of increased gold purchasing volumes and is currently trialling a new route to market, from which early results are positive. Lending continues to perform in line with expectations, while redemption remains stable. The Group continues to benefit from the improved scrap margins on disposition.

Consequently, gross profit from Pawnbroking activities, comprising Pawn Service Charge and Disposition, increased by 30% to £19.5 million (H1 2008: £15.1 million). Gross profit generated by the Financial Services segment rose to £2.6 million up 32% on the corresponding prior year period, driven by expansion in the Group’s Pay Day Advance product, while successfully managing to decrease loan arrears as a percentage of the loan book in comparison with H1 2008.

On 31 July 2009, the Group successfully refinanced its debt facilities. In spite of the uncertain credit markets, the Group was able to refinance ahead of time and secure an increased facility totalling £50 million, with the added advantages of a four year term and the facility being non-amortising. This will provide security and funding for continued expansion in both the Group’s loan book and store portfolio over the coming years.

In the current financial year, the Board expects to open at least 15 greenfield sites, with three new stores having opened in H1 2009 (H1 2008: two greenfield, two acquisitions), taking the total estate to 108 stores as at 30 June 2009, (H1 2008: 95 stores). Since 30 June 2009, H&T has opened two stores and agreed provisional terms on leases for a further nine stores.

The directors have approved an interim dividend of 2.5 pence (2008 interim – 2.0 pence). This will be payable on 19 October 2009 to all shareholders on the register at the close of business on 18 September 2009.

# H&T Group plc

## Business review

### Pawnbroking:

- Pawnbroking activities contributed £19.5 million (H1 2008: £15.1 million) or 88% of the Group's gross profit (H1 2008: 89%).
- The Pawn Service Charge, the largest component within Pawnbroking, grew by 16% to £11.6 million (H1 2008: £10.0 million), driven by the increased pledge book and proportionately higher auction sales than in 2008. As at 30 June 2009, the balance of the Group's pledge book was £34.0 million, an increase of 16% from the balance of £29.2 million as at 30 June 2008.
- Disposition, comprising retail and scrap, also performed strongly in the period. The Group's retail turnover increased by 26% to £7.1 million (H1 2008: £5.6 million) while facilitating an increase in the Group's margin to 51% (H1 2008: 48%) and in spite of the challenging high street retail environment. On a like-for-like basis, retail turnover increased by 7%, again demonstrating the excellent value proposition offered by the Group. The increased sales and margin translated into a 35% increase in retail gross profits to £3.6 million (H1 2008: £2.7 million).
- Scrap gross profits of £4.3 million amount to an 80% increase over the H1 2008 profit of £2.4 million. This increase of £1.9 million can be broken into two constituent parts: firstly the increased gold price year on year contributed £1.6 million and secondly, higher scrap volumes, driven by increased gold purchasing, added a further £0.3 million. The scrap profit margin increased to 45% (H1 2008: 37%).

### Financial services:

- In H1 2009, the Group's financial services activities contributed £2.6 million (H1 2008: £1.9 million) or 12% of the Group's gross profit (H1 2008: 11%).
- Cheque Cashing activities net of bad debt and provisions contributed £2.4 million (H1 2008: £1.8 million), a year on year increase of 33%. This growth has been driven not only by the expanding loan book from the Group's Pay Day Advance product, but also by falling loan arrears as a percentage of advances, resulting from the Group's recent investment in new systems to improve the collection of bad debts and enhance product underwriting. In line with the recent market trend however, turnover generated by the Third Party Cheque Cashing product has declined, due to a falling number of cheques being issued and increased competition.
- In view of the current economic and credit outlook the Group continues to limit access for new customers to KwikLoan, the Group's unsecured loan product. As a result, its loan book remained flat at £0.5 million between 30 June 2008 and 30 June 2009.

### Update on new Point Of Sale (POS) development

- The new system is now installed in 40 stores across the Group and is scheduled for full deployment by fourth quarter 2009.

# **H&T Group plc**

## **Strategy update and trading outlook**

H&T's growth strategy is based on two broad streams and each is progressing in line with or ahead of the Board's expectations.

### **Expand geographical footprint**

During H1 2009 the Group opened three new greenfield stores in Reading, Wythenshawe and Stoke on Trent taking the total number of stores to 108 at 30 June 2009 (H1 2008: two greenfield sites opened, with 95 stores open by the period end).

Since 30 June 2009, two further stores have been opened in Leeds and Scunthorpe and the Board is confident that 2009 will see at least 15 greenfield site openings. Over and above the five opened to date, the Group has secured leases on a further four locations and is in final negotiations on a number of others. Taking advantage of present high street conditions, the Board expects to have around 120 stores trading by the end of 2009.

### **Develop and establish new products and services**

The strategy to purchase gold and jewellery through all of H&T's stores has proved a continued success, with volumes surpassing the Board's expectations. This has in part been due to the success of television advertising recently undertaken by the Group – a first for H&T and a decision that has now become viable with the increased size of the Group.

In addition, the Group has recently introduced an alternative means of attracting a new customer base for gold purchasing, with the roll out of Retail Mall Units (RMUs). As at 30 June 2009, the Group had 11 RMUs operating under short term licences, and as early indications are positive, it is intended to have over 50 in operation by the end of Q3 2009. The Board however is mindful of the sustainability of gold purchasing at current volumes and current margins.

### **Trading outlook**

The Board is pleased with the overall trading performance of the Group and as announced in the Pre-Close Trading Statement still expects full-year results to be towards the top end of current market expectations. The Group continues to hold good prospects for organic growth as well as growth via the development of greenfield sites, and to date purchasing volumes remain strong although it remains difficult to predict the sustainability of gold purchasing volumes and margins at those levels currently experienced.

# H&T Group plc

## Financial review

### Turnover and gross profit

Turnover for the first six months of 2009 amounted to £30.8 million (H1 2008: £24.1 million), an increase of 28% when compared to the same period in 2008. While each business segment demonstrated double digit growth year on year, the key contributory factors were the growth in the store estate, growth in the pledge book and strong disposition profits assisted by the price of gold and increased purchasing volumes.

Gross profit, as a result, increased by 30% to £22.1 million in H1 2009, up from £17.0 million in H1 2008.

### Other direct expenses and administrative expenses

The other direct expenses comprising all expenses associated with the operation of the stores and the collection centre were £9.9 million in H1 2009 compared with £7.4 million in 2008. This 33% increase was primarily driven by the addition of 15 new stores in H2 2008 and H1 2009 combined. Other contributory factors include the implementation of an improved management structure, increased advertising spend and additional loan centre expenses.

The Group's administrative expenses before exceptional items increased from £3.2 million in H1 2008 to £3.3 million in H1 2009.

### Operating profit

The Group recorded an operating profit before exceptional items of £9.0 million, a 40% increase on the £6.4 million recorded in H1 2008. Earnings before interest, tax, depreciation and amortisation (EBITDA as defined in note 3) and before exceptional items rose by 39% between H1 2008 and H1 2009, from £7.1 million to £9.9 million.

### Exceptional items

The Group recognised an exceptional gain of £0.1 million in H1 2009 (loss £0.9 million in H1 2008), resulting from a release of a provision made in 2008 for costs in relation to the development of the aborted EPOS system. The release arose from a commercial negotiation of the final balances due.

### Finance costs and similar charges

At £1.3 million, finance costs during the first half of 2009 were at the same level as H1 2008. Whilst the group experienced higher net debt levels during H1 2009, this was offset by lower average interest rates incurred on the unhedged portion of the Group's borrowings.

Under IFRS, movements in the fair value of the Group's interest rate swap are recognised in the income statement. On expiry of the Group's interest rate swap on 30 June 2009, the remaining balance of £0.7 million (as disclosed on the face of the Consolidated Balance Sheet in the Group's 2008 Annual Report) was credited to the income statement in H1 2009, as compared with income of £0.3 million in H1 2008. This movement offsets part of the interest cost for the period.

# H&T Group plc

## Financial review (continued)

### Profit before taxation

The Group recorded a profit before taxation of £8.5 million in H1 2009 compared with £4.6 million in H1 2008. After adjusting for exceptional items and fair value hedge accounting, profit before taxation increased by 48% to £7.7 million (H1 2008: £5.2 million).

### Earnings per share

Basic earnings per share rose by 83% to 16.39 pence in H1 2009 compared with 8.94 pence in H1 2008. After adjusting for exceptional items, adjusted basic earnings per share for H1 2009 was 16.12 pence compared with 10.87 pence in H1 2008.

### Debt structure

As at 30 June 2009 the Group's net debt (before unamortised debt issue costs) totalled £39.8m against a balance of £34.4m one year previous, due to both expansion in the Group's estate and increased gold purchasing.

On 31 July 2009, the Group successfully refinanced its debt facilities. The new revolving facility allows the Group to draw down a maximum of £50 million and is secured against a proportion of both the pledge book and the stock held. It is a non-amortising facility with a four year term. The margin payable over LIBOR is 3%, with a downward ratchet dependent on leverage that may be affected 12 months post signing. In H2 2009 the unamortised issue costs on the old facility of £0.4m will be written off.

The Group has also executed a three year LIBOR swap for a principal of £34 million, securing a fixed rate of 2.63% over the term, effective 19 August 2009.

### Return On Capital Employed (ROCE)

ROCE, defined as profit before tax excluding exceptional items, interest receivable, finance costs and movement in fair value of interest swap as a proportion of net current assets and tangible and intangible fixed assets (excluding goodwill), increased from 12.8% in H1 2008 to 14.6% in H1 2009.

### Going Concern

After making enquiries, 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.

### Dividends

On 20 August 2009, the directors approved a 2.5 pence interim dividend (2.0 pence last year) payable on 19 October 2009, an increase of 25% on the prior period interim dividend. This dividend has not been provided for in these interim financial statements. In June 2009, the Group paid a 4.5 pence final dividend for the 2008 financial year results.

# H&T Group plc

## Interim Condensed Financial Statements

### Unaudited condensed consolidated income statement For the 6 months ended 30 June 2009

	Note	6 months ended 30 June 2009			6 months ended 30 June 2008		
		Before Exceptional Items Unaudited £'000	Exceptional Items (Note 4) Unaudited £'000	Total Unaudited £'000	Before Exceptional Items Unaudited £'000	Exceptional Items (Note 4) Unaudited £'000	Total Unaudited £'000
Revenue		30,845	-	30,845	24,065	-	24,065
Cost of sales		(8,743)	-	(8,743)	(7,054)	-	(7,054)
<b>Gross profit</b>		<b>22,102</b>	<b>-</b>	<b>22,102</b>	<b>17,011</b>	<b>-</b>	<b>17,011</b>
Other direct expenses		(9,861)	-	(9,861)	(7,401)	-	(7,401)
Administrative expenses	4	(3,279)	134	(3,145)	(3,206)	(940)	(4,146)
<b>Operating profit</b>	3	<b>8,962</b>	<b>134</b>	<b>9,096</b>	<b>6,404</b>	<b>(940)</b>	<b>5,464</b>
Investment revenues		1	-	1	38	-	38
Finance costs	5	(1,276)	-	(1,276)	(1,265)	-	(1,265)
Movement in fair value of interest rate swap		665	-	665	316	-	316
<b>Profit before taxation</b>		<b>8,352</b>	<b>134</b>	<b>8,486</b>	<b>5,493</b>	<b>(940)</b>	<b>4,553</b>
Tax on profit	6	(2,657)	(37)	(2,694)	(1,680)	263	(1,417)
<b>Profit for the period</b>		<b>5,695</b>	<b>97</b>	<b>5,792</b>	<b>3,813</b>	<b>(677)</b>	<b>3,136</b>
				<b>2009 Pence</b>			<b>2008 Pence</b>
Earnings per ordinary share - basic	7			16.39			8.94
Earnings per ordinary share - diluted	7			16.35			8.93

All results derive from continuing operations.

The consolidated income statement for the 12 months ended 31 December 2008 is provided in note 2.



# H&T Group plc

## Unaudited condensed consolidated statement of changes in equity For the 6 months ended 30 June 2009

	6 months ended 30 June 2009 Unaudited £'000	6 months ended 30 June 2008 Unaudited £'000	12 months ended 31 December 2008 Audited £'000
<b>Opening total equity</b>	35,748	30,345	30,345
Profit for the period	5,792	3,136	7,117
Total income for the period	<u>5,792</u>	<u>3,136</u>	<u>7,117</u>
Issue of share capital	-	2	15
Share option credit taken directly to equity	140	66	178
Dividends paid	9 (1,550)	(1,190)	(1,894)
Employee Benefit Trust shares	-	-	(13)
<b>Closing total equity</b>	<u><b>40,130</b></u>	<u><b>32,359</b></u>	<u><b>35,748</b></u>

# H&T Group plc

## Unaudited condensed consolidated balance sheet At 30 June 2009

	Note	At 30 June 2009 Unaudited £'000	At 30 June 2008 Unaudited £'000	At 31 December 2008 Audited £'000
<b>Non-current assets</b>				
Goodwill		16,806	16,453	16,806
Other intangible assets		1,110	957	1,171
Property, plant and equipment		8,585	6,847	7,824
Deferred tax assets		-	-	195
		<hr/>	<hr/>	<hr/>
		26,501	24,257	25,996
<b>Current assets</b>				
Inventories		17,092	9,993	10,730
Trade and other receivables		43,917	38,697	41,540
Cash and cash equivalents		1,714	1,941	2,744
Derivative financial instruments		-	298	-
		<hr/>	<hr/>	<hr/>
		62,723	50,929	55,014
<b>Total assets</b>				
		<hr/>	<hr/>	<hr/>
		89,224	75,186	81,010
<b>Current liabilities</b>				
Trade and other payables		(5,296)	(4,649)	(5,324)
Current tax liabilities		(2,372)	(2,276)	(2,542)
Borrowings		(3,311)	(1,772)	(1,777)
Derivative financial instruments		-	-	(665)
		<hr/>	<hr/>	<hr/>
		(10,979)	(8,697)	(10,308)
<b>Net current assets</b>				
		<hr/>	<hr/>	<hr/>
		51,744	42,232	44,706
<b>Non-current liabilities</b>				
Borrowings		(37,832)	(33,912)	(34,879)
Deferred tax liabilities		(155)	(107)	-
Provisions		(129)	(111)	(75)
		<hr/>	<hr/>	<hr/>
		(38,116)	(34,130)	(34,954)
<b>Total liabilities</b>				
		<hr/>	<hr/>	<hr/>
		(49,095)	(42,827)	(45,262)
<b>Net assets</b>				
		<hr/>	<hr/>	<hr/>
		40,129	32,359	35,748
<b>EQUITY</b>				
Share capital	8	1,767	1,754	1,767
Share premium account		23,996	23,996	23,996
Employee Benefit Trust share reserve		(13)	-	(13)
Retained earnings		14,379	6,609	9,998
		<hr/>	<hr/>	<hr/>
<b>Total equity attributable to equity holders of the parent</b>				
		<hr/>	<hr/>	<hr/>
		40,129	32,359	35,748

# H&T Group plc

## Unaudited condensed consolidated cash flow statement For the 6 months ended 30 June 2009

	Note	6 months ended 30 June 2009 Unaudited £'000	6 months ended 30 June 2008 Unaudited £'000	12 months ended 31 December 2008 Audited £'000
<b>Cash flows from operating activities</b>				
<b>Profit for the period</b>		5,792	3,136	7,117
<b>Adjustments for:</b>				
Investment revenues		(1)	(38)	(45)
Finance costs		1,276	1,265	2,603
Movement in fair value of interest rate swap		(665)	(316)	647
Movement in provisions		54	(8)	(44)
Income tax expense		2,695	1,417	2,952
Depreciation of property, plant and equipment		891	661	1,486
Amortisation of intangible assets		92	83	159
Provision for impairment of EPOS intangible assets		-	940	845
Share based payment expense		140	66	178
Loss on disposal of fixed assets		47	48	113
<b>Operating cash inflows before movements in working capital</b>		<b>10,321</b>	<b>7,254</b>	<b>16,011</b>
Increase in inventories		(6,362)	(3,013)	(3,708)
Increase in receivables		(2,377)	(2,393)	(4,892)
Increase in payables		76	692	1,208
<b>Cash generated from operations</b>		<b>1,658</b>	<b>2,540</b>	<b>8,619</b>
Income taxes paid		(2,547)	(239)	(2,163)
Interest paid		(1,170)	(1,148)	(2,369)
<b>Net cash (used in)/from operating activities</b>		<b>(2,059)</b>	<b>1,153</b>	<b>4,087</b>
<b>Investing activities</b>				
Interest received		1	38	45
Purchases of property, plant and equipment		(1,767)	(1,151)	(2,828)
Purchase of intangible assets		(30)	(417)	(53)
Acquisition of trade and assets of businesses		-	(610)	(1,586)
<b>Net cash used in investing activities</b>		<b>(1,796)</b>	<b>(2,140)</b>	<b>(4,422)</b>
<b>Financing activities</b>				
Dividends paid	9	(1,550)	(1,190)	(1,894)
Proceeds on issue of shares		-	2	15
Net increase in borrowings		4,375	2,150	3,005
Loan to the EBT for acquisition of own shares		-	-	(13)
<b>Net cash from financing activities</b>		<b>2,825</b>	<b>962</b>	<b>1,113</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,030)</b>	<b>(25)</b>	<b>778</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>2,744</b>	<b>1,966</b>	<b>1,966</b>
<b>Cash and cash equivalents at end of period</b>		<b>1,714</b>	<b>1,941</b>	<b>2,744</b>

# H&T Group plc

## Unaudited notes to the condensed interim financial statements

### Note 1 Basis of preparation

The interim financial statements of the Group for the six months ended 30 June 2009, 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 2008. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2009. 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 435 of the Companies Act 2006. The financial information for the year ended 31 December 2008 is based on the statutory accounts for the year ended 31 December 2008. 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 s237(2) or (3) Companies Act 1985.

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 Consolidated income statement for the year ended 31 December 2008

	Note	Before Exceptional Items Audited £'000	Exceptional Items (Note 4) Audited £'000	Total Audited £'000
<b>Continuing operations</b>				
Revenue		52,868	-	52,868
Cost of sales		(17,129)	-	(17,129)
<b>Gross profit</b>		<b>35,739</b>	<b>-</b>	<b>35,739</b>
Other direct expenses		(15,862)	-	(15,862)
Administrative expenses	4	(5,771)	(832)	(6,603)
<b>Operating profit</b>		<b>14,106</b>	<b>(832)</b>	<b>13,274</b>
Investment revenues		45	-	45
Finance costs	5	(2,603)	-	(2,603)
Movement in fair value of interest rate swap		(647)	-	(647)
<b>Profit before taxation</b>		<b>10,901</b>	<b>(832)</b>	<b>10,069</b>
Tax on profit	6	(3,185)	233	(2,952)
<b>Profit for the financial year</b>		<b>7,716</b>	<b>(599)</b>	<b>7,117</b>
				<b>Pence</b>
Earnings per ordinary share - basic	7			20.27
Earnings per ordinary share - diluted	7			20.26

# H&T Group plc

## Unaudited notes to the condensed interim financial statements (continued)

### Note 3 Operating profit and EBITBA

#### EBITDA

The Board considers EBITDA as a key measure of the Group's financial performance and is a key analysis of the operating profit of the Group.

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 2009

##### Unaudited

	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Operating profit	8,962	134	9,096
Depreciation	891	-	891
Amortisation	92	-	92
EBITDA	9,945	134	10,079

#### 6 months ended 30 June 2008

##### Unaudited

	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Operating profit	6,404	(940)	5,464
Depreciation	661	-	661
Amortisation	83	-	83
EBITDA	7,148	(940)	6,208

#### Year ended 31 December 2008

##### Audited

	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Operating profit	14,106	(832)	13,274
Depreciation	1,486	-	1,486
Amortisation	159	-	159
EBITDA	15,751	(832)	14,919

# H&T Group plc

## Unaudited notes to the condensed interim financial statements (continued)

### Note 4 Exceptional items

In H1 2009, the Group recognised an exceptional gain of £0.1 million (H1 2008: loss of £0.9 million), resulting from a write back of a provision made in 2008 in relation to the development of the aborted EPOS system.

### Note 5 Finance costs

	<b>6 months ended 30 June 2009 Unaudited £'000</b>	<b>6 months ended 30 June 2008 Unaudited £'000</b>	<b>Year ended 31 December 2008 Audited £'000</b>
Interest payable on bank loans and overdraft	1,151	1,135	2,338
Other interest	13	13	31
Amortisation of debt issue costs	112	117	234
<b>Total finance costs</b>	<b>1,276</b>	<b>1,265</b>	<b>2,603</b>

### Note 6 Tax on profit

The taxation charge for the 6 months ended 30 June 2009 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 2009. The underlying effective full year tax charge is estimated to be 31.4% (6 months ended 30 June 2008: 31.1% and year ended 31 December 2008: 29.3%).

# H&T Group plc

## Unaudited notes to the condensed interim financial statements t (continued)

### 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.

The directors also present an adjusted earnings per share as the directors consider that it reflects the Group results on a comparable basis once non recurring items are taken into consideration. All the adjustments made to the non-adjusted earnings per share in arriving at adjusted earnings per share are for exceptional items disclosed separately on the face of the consolidated income statement. Other than for the adjusting items, the calculation is the same as for the statutory per share amounts.

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 2009			Unaudited 6 months ended 30 June 2008			Audited Year ended 31 December 2008		
	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
<b>Earnings per share basic</b>	5,792	35,339,190	16.39	3,136	35,086,641	8.94	7,117	35,113,078	20.27
<b>Effect of dilutive securities</b>									
Options	-	80,657	(0.04)	-	24,013	(0.01)	-	8,997	(0.01)
<b>Earnings per share diluted</b>	5,792	35,419,847	16.35	3,136	35,110,654	8.93	7,117	35,122,075	20.26
<b>Earnings per share – basic</b>	5,792	35,339,190	16.39	3,136	35,086,641	8.94	7,117	35,113,078	20.27
Exceptional items	(134)	-	(0.38)	940	-	2.68	832	-	2.36
Tax adjustment	37	-	0.11	(263)	-	(0.75)	(233)	-	(0.66)
<b>Adjusted earnings per share - basic</b>	5,695	35,339,190	16.12	3,813	35,086,641	10.87	7,716	35,113,078	21.97
<b>Effect of dilutive securities</b>									
Options	-	80,657	(0.04)	-	24,013	(0.01)	-	8,997	-
<b>Adjusted earnings per share - diluted</b>	5,695	35,419,847	16.08	3,813	35,110,654	10.86	7,716	35,122,075	21.97

# H&T Group plc

## Unaudited notes to the condensed interim financial statements (continued)

### Note 8 Share capital

	At 30 June 2009 Unaudited	At 30 June 2008 Unaudited	At 31 December 2008 Audited
<b>Authorised</b> <b>(Ordinary Shares of £0.05 each)</b>			
£'000 Sterling	2,099	2,099	2,099
Number	41,970,000	41,970,000	41,970,000
<b>Allotted, called up and fully paid</b> <b>(Ordinary Shares of £0.05 each)</b>			
£'000 Sterling	1,767	1,754	1,767
Number	35,339,190	35,087,005	35,339,190

### Note 9 Dividends

On 20 August 2009, the directors approved a 2.5 pence interim dividend (30 June 2008: 2.0 pence) which equates to a dividend payment of £883,000 (30 June 2008: £702,000). The dividend will be paid on 19 October 2009 to shareholders on the share register at the close of business on 18 September 2009 and has not been provided for in the 2009 interim results.

On 13 May 2009, the shareholders approved the payment of a 4.5 pence final dividend for 2008 which equates to a dividend payment of £1,551,000 (2008: £1,190,000). The dividend was paid on the 3 June 2009.