H&T Group plc

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

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

H&T Group plc, which trades under the H&T Pawnbrokers brand, today announces its interim results, for the six months ended 30 June 2013.

John Nichols, Chief Executive, commented: ***"Trading conditions have been difficult for the Group in the first half of 2013. The competitive environment, reduced volumes of gold in circulation and regulatory pressures have all impacted financial performance with the Group recording profit before tax of £4.6m in H1 13.***

Trading in Q2 has been particularly tough following a 25% reduction in the sterling gold price leading to significantly reduced disposition profits and a reduction in lending as the Group revises its lending rates accordingly. Responding to the competitive environment, the Group has also launched new initiatives which weaken short term profitability but with the goal of improving long term customer retention. The decision to reduce new payday loan applications has also impacted Q2 profitability.

With continued investment in its people and stores our Group remains strong operationally. Aimed at increasing ancillary revenues but more importantly at driving footfall to the stores, we have launched several new initiatives in H1 13 to ensure the Group is best positioned for longer term success. Foreign exchange is now offered across the estate, a new Sona Loans store and brand focuses on the asset rich Asian community, and a buy-back service on high end electronics has been rolled out to several trial stores."

FINANCIAL HIGHLIGHTS

- Pledge book increased by 3.9% to £48.6m (30 June 2012: £46.8m)
- Pawn Service Charge increased to £14.8m (H1 12: £14.7m)
- Profit before tax of £4.6m (H1 12: £7.5m)
- Basic EPS of 9.22p (H1 12: 15.35p)
- Net debt of £28.5m (30 June 2012: £34.2m)
- Interim dividend of 2.10p (2012 interim: 3.80p)

OPERATIONAL HIGHLIGHTS

- Opened 4 greenfield sites and acquired 3 stores taking the total store estate to 193 as at 30 June 2013 (30 June 2012: 175 stores)
- Launched Foreign Exchange as an additional product offering across the store estate
- Relaunched a 'paydown' service for pawnbroking that has improved customer affordability and improved redemption rates

H&T Group plc

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Report of the Chief Executive Officer and Finance Director

Financially, the Group has experienced a difficult start to 2013, recording profits before tax in the six months to June of £4.6m (H1 12: £7.5m). With increased competition, a reduced gold price and increased regulation, both pawnbrokers and the wider high street alternative credit industry now face tougher market conditions.

The Group's operational performance remains strong however. With knowledgeable and well trained staff, a strong organisational structure, and low staff turnover, the Group is well positioned for longer term success in an attractive market and to retain its position as the UK's largest pawnbroker. Modern store layouts, excellent customer service and the launch of several new initiatives have all supported the Group's drive to retain existing customers and attract new customers. The Group's foreign exchange offering has seen over 13,000 transactions since launch in Q2 13, of which 80% have been new customers to the Group. The Group is also due to launch an improved unsecured product, currently in trial, to replace its existing payday advance product.

In line with market conditions, the Group has slowed its rate of expansion and in H1 13 has opened a further 4 greenfield sites and made 3 acquisitions for a total consideration of £2.3m. The Group estate now consists of 193 stores and 5 GoldBar retail mall units across the U.K.

Financial Performance

Gross profits in H1 13 fell to £26.9m (H1 12: £30.6m) predominantly as a result of a lower gold price reducing pawnbroking scrap revenues and lower gold purchasing volumes. The Group's Pawn Service Charge increased to £14.8m (H1 12: £14.7m) and pawnbroking operations, comprising Pawn Service Charge, Pawnbroking Scrap and Retail, now account for 77.0% of gross profits (H1 12: 74.6%). The Group's pledge book increased to £48.6m from £46.8m as at 30 June 2012.

Group operating expenses have reduced from £22.5m in H1 12 to £21.9m in H1 13 as reduced staffing costs have more than offset the costs of the increased store footprint.

The Group has also refinanced, securing a four year £50m facility with Lloyds TSB Bank plc in January 2013. As a result of a lower margin, interest costs have fallen substantially year on year. Group net debt as at 30 June 2013 was £28.5m, down from £34.2m a year earlier.

Regulation

The OFT recently conducted a compliance review into the payday lending market and has since referred the supply of payday lending to the Competition Commission for further investigation and report. The Group is cooperating fully and following the OFT's initial response, the Group does not expect any material adverse issues.

Dividend

In light of current challenging trading conditions, the directors have approved a reduced interim dividend of 2.10 pence (2012 interim: 3.80 pence). This will be payable on 11 October 2013 to all shareholders on the register at the close of business on 13 September 2013

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Review of Operations

Pawn Service Charge and Pawnbroking Scrap:

- The Group's pledge book has increased to £48.6m at 30 June 2013 from £46.8m a year earlier.
- Growth has been slower than expected due to increased high street competition and reduced quantities of gold in circulation. The Group has also responded to the recent fall in the gold price by reducing its lending rates so as to maintain adequate security on all loans.
- The Pawn Service Charge contributed £14.8m of gross profit (H1 12: £14.7m). Following the introduction of stratified interest rates in H2 12 the Group has experienced a marginally reduced yield as the average monthly interest rate dropped to 7.7% in H1 13. A revised pricing structure introduced on 1 May 2013 will see the average interest rate return to 8.0% in H2 13.
- Pawnbroking scrap profits of £1.9m have fallen considerably year on year (H1 12: £3.8m) as a combination of increased lending rates in 2012 and the recent fall in the sterling gold price have impacted margins. The pawnbroking scrap margin fell from 31.0% in H1 12 to 21.3% in H1 13, and will be lower in H2 13 assuming a continuation of the gold price at current levels.
- A key focus for the Group in H2 13 is to increase the overall redemption rate and to improve our wholesale and retail disposition routes so as to minimise exposure to potential adverse movements in the gold price. In response to falling customer numbers at the Group's larger and more competed stores, focus continues on our product and service offerings in order to attract new customers to the core pawnbroking service.

Retail:

- In H1 13, retail sales fell by 2.6% to £8.9m (H1 12: £9.1m). On a like-for-like basis, retail sales fell 12% year-on-year.
- Retail gross profits decreased to £4.0m (H1 12: £4.4m) as an increased average loan on forfeited pledges reduced the Group's disposition margins. The Group's retail margin fell from 48.0% in H1 12 to 45.4% in H1 13.
- 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:

- Gold purchasing profits have fallen by 32% year on year both as a result of declining volumes as anticipated and a falling gold price. Gold purchasing profits in H1 2013 contributed £3.8m, or 14.0%, of gross profits (H1 2012: £5.5m, or 18.0%).
- The gold price has fallen from an average of £1,047 in H1 12 to £789 as at 30 June 2013. Group strategy has been to prioritise margin to counter this decline. Year on year, margin has increased from 20.2% to 24.6% partly as a result of GoldBar closures, which typically operated at a lower margin. The Group has 5 retail mall units in operation currently.
- The Board has always anticipated a reduction in gold purchasing profits. In all investment proposals – whether acquisitions or new stores – an assumption has been made for a 50% fall in gold purchasing profits in both years 1 and 2.

Financial services:

- The Group's financial services operations, comprising predominantly of its third party cheque cashing and payday advance products, contributed £1.8m in H1 13 (H1 12: £1.9m), or 6.9 % of gross profits (H1 12: 6.3%).
- The Group's focus over the last twelve months has been in developing its own credit scoring criteria, trialling and selecting third party credit rating agencies and building a new unified unsecured point of sale and collection system. This transitional period follows the gradual withdrawal of the cheque guarantee card which in effect has removed a layer of underwriting on the Group's payday advance product previously performed by the high street banks.
- With these foundations in place, the Group plans to launch in H2 13 an improved unsecured product offering the customer greater flexibility. This will continue to be one of the most competitively priced unsecured products whether compared to other payday advance providers or an unauthorised loan from a high street bank.
- Consequently the Group's payday advance loan book is in run-off mode and a reduced number of applications are being accepted. Where suitable, these customers are being transferred to the Group's longer term unsecured product, KwikLoan. This product has experienced year-on-year growth in the loan book to £2.2m (30 June 12: £1.8m)

Trading outlook

Current trading conditions remain difficult. In response to the competitive conditions, the Group is undertaking initiatives that impact short term profitability for the benefit of longer term customer retention. Partly as a result, the Group's pledge book is likely to show a small decrease for the remainder of 2013. Combined with lower than expected disposition profits from both scrap and purchasing segments, the Group's profit before tax for H2 13 is likely to be materially below that achieved in H1 13.

In an environment of increased competition, regulatory pressures and lower gold purchasing volumes, the dynamics of the high-street alternative credit market are changing. In the last five years, operators have dramatically expanded footprints under the separately identifiable business models of cheque cashing, pawnbroking and buy-back. As a result of this increased competition and other market pressures, a diluted customer and asset base has encouraged the beginnings of a cross over in business models. It is likely, in the Board's view, therefore that a degree of consolidation or rationalisation may follow in the medium term.

The Board will continue to review the Group's cost base, leverage and product portfolio in Q3. In the short term, the Group continues to focus on its core pawnbroking business. By maintaining standards, ethics and most importantly continuing to invest in our people and customers, the Group has excellent foundations for long term success. The focus continues to be on attracting new customers and H2 13 will see the Group seek to expand its secured lending by widening the asset base, as well as improving disposition values and launching a revised unsecured product.

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Interim Condensed Financial Statements

Unaudited statement of comprehensive income
For the 6 months ended 30 June 2013

	Note	6 months ended 30 June 2013 Total Unaudited £'000	6 months ended 30 June 2012 Total Unaudited £'000	12 months ended 31 December 2012 Total Audited £'000
Revenue	2	50,450	65,578	129,696
Cost of sales		(23,512)	(34,964)	(67,413)
Gross profit	2	**26,938**	**30,614**	**62,283**
Other direct expenses		(16,377)	(17,065)	(33,435)
Administrative expenses		(5,500)	(5,462)	(10,763)
Operating profit	3	**5,061**	**8,087**	**18,085**
Investment revenues		-	1	2
Finance costs	5	(413)	(894)	(1,532)
Movement in fair value of interest rate swap		-	301	418
Profit before taxation		**4,648**	**7,495**	**16,973**
Tax on profit	6	(1,320)	(2,014)	(4,077)
Total comprehensive income for the period		**3,328**	**5,481**	**12,896**
		Pence	**Pence**	**Pence**
Earnings per ordinary share - basic	7	**9.22**	**15.35**	**35.92**
Earnings per ordinary share - diluted	7	**9.01**	**14.48**	**33.94**

All results derive from continuing operations.

Unaudited condensed consolidated statement of changes in equity
For the 6 months ended 30 June 2013

	Note	6 months ended 30 June 2013 Unaudited £'000	6 months ended 30 June 2012 Unaudited £'000	12 months ended 31 December 2012 Audited £'000
Opening total equity		86,765	77,283	77,283
Total comprehensive income for the period		3,328	5,481	12,896
Issue of share capital		26	253	461
Share option credit taken directly to equity		222	199	416
Deferred Tax on share options taken directly to equity		-	-	(350)
Dividends paid	9	(2,964)	(2,550)	(3,941)
Employee Benefit Trust shares		(13)	(1)	-
Closing total equity		**87,364**	**80,665**	**86,765**

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Unaudited condensed consolidated balance sheet
At 30 June 2013

	Note	At 30 June 2013 Unaudited £'000	At 30 June 2012 Unaudited £'000	At 31 December 2012 Audited £'000
Non-current assets				
Goodwill		18,063	17,270	17,681
Other intangible assets		1,628	1,113	1,181
Property, plant and equipment		13,844	14,515	13,679
Deferred tax assets		755	865	723
		34,290	33,763	33,264
Current assets				
Inventories		30,299	29,202	26,233
Trade and other receivables		59,861	62,472	64,023
Cash and cash equivalents		6,258	3,798	6,371
		96,418	95,472	96,627
Total assets		130,708	129,235	129,891
Current liabilities				
Trade and other payables		(6,940)	(8,016)	(6,426)
Current tax liabilities		(1,507)	(1,915)	(2,182)
Borrowings		(601)	-	(34,000)
Derivative financial instruments		-	(117)	-
		(9,048)	(10,048)	(42,608)
Net current assets		**87,370**	**85,424**	**54,019**
Non-current liabilities				
Borrowings	4	(33,682)	(38,000)	-
Deferred tax liabilities		-	-	-
Provisions		(614)	(522)	(518)
		(34,296)	(38,522)	(518)
Total liabilities		(43,344)	(48,570)	(43,126)
Net assets		**87,364**	**80,665**	**86,765**
EQUITY				
Share capital	8	1,843	1,825	1,830
Share premium account		25,409	25,194	25,397
Employee Benefit Trust share reserve		(38)	(26)	(25)
Retained earnings		60,150	53,672	59,563
Total equity attributable to equity holders of the parent		**87,364**	**80,665**	**86,765**

H&T Group plc

Unaudited condensed consolidated cash flow statement
For the 6 months ended 30 June 2013

	Note	6 months ended 30 June 2013 Unaudited £'000	6 months ended 30 June 2012 Unaudited £'000	12 months ended 31 December 2012 Audited £'000
Cash flows from operating activities				
Profit for the period		3,328	5,481	12,896
Adjustments for:				
Investment revenues		-	(1)	(2)
Finance costs		413	894	1,532
Movement in fair value of interest rate swap		-	(301)	(418)
Movement in provisions		96	(32)	(36)
Income tax expense		1,320	2,014	4,077
Depreciation of property, plant and equipment		1,598	1,414	2,952
Amortisation of intangible assets		209	120	266
Share based payment expense		222	199	416
Loss/(Profit) on disposal of fixed assets		151	(33)	89
Operating cash inflows before movements in working capital		7,337	9,755	21,772
(Increase)/Decrease in inventories		(3,910)	237	3,206
Decrease/(Increase) in receivables		5,161	(3,473)	(4,628)
Decrease in payables		(51)	(1,121)	(1,914)
Cash generated from operations		8,537	5,398	18,436
Income taxes paid		(2,027)	(3,458)	(5,462)
Debt restructuring cost		(500)	-	-
Interest paid		(365)	(900)	(1,534)
Net cash from operating activities		5,645	1,040	11,440
Investing activities				
Interest received		-	1	2
Proceeds on disposal of property, plant and equipment		-	600	600
Purchases of property, plant and equipment		(1,279)	(2,950)	(4,547)
Purchase of intangible assets		-	-	(2)
Acquisition of trade and assets of business		(2,281)	(1,290)	(2,337)
Net cash used in investing activities		(3,560)	(3,639)	(6,284)
Financing activities				
Dividends paid	9	(2,965)	(2,550)	(3,941)
Proceeds on issue of shares		26	253	461
Net increase in borrowings		754	4,000	-
Loan to the Employee Benefit Trust for acquisition of own shares		(13)	(1)	-
Net cash from / (used in) financing activities		(2,198)	1,702	(3,480)
Net (decrease) / increase in cash and cash equivalents		(113)	(897)	1,676
Cash and cash equivalents at beginning of period		6,371	4,695	4,695
Cash and cash equivalents at end of period		**6,258**	**3,798**	**6,371**

H&T Group plc

Unaudited notes to the condensed interim financial statements
For the 6 months ended 30 June 2013

Note 1 Basis of preparation

The interim financial statements of the Group for the six months ended 30 June 2013, 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 2012. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2013. 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 2012 is based on the statutory accounts for the year ended 31 December 2012. 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 2013 Unaudited Total £'000**	**6 months ended 30 June 2012 Unaudited Total £'000**	**12 months ended 31 December 2012 Audited Total £'000**
Pawn Service Charge	14,780	14,676	28,415
Retail	8,866	9,105	20,149
Pawnbroking Scrap	9,069	12,216	24,795
Gold Purchasing	15,304	27,313	51,774
Cheque Cashing	1,847	1,925	3,746
Other Financial Services	584	343	817
Total Revenue	50,450	65,578	129,696

Gross Profit	**6 months ended 30 June 2013 Unaudited Total £'000**	**6 months ended 30 June 2012 Unaudited Total £'000**	**12 months ended 31 December 2012 Audited Total £'000**
Pawn Service Charge	14,780	14,676	28,415
Retail	4,026	4,373	9,881
Pawnbroking Scrap	1,935	3,782	7,379
Gold Purchasing	3,766	5,515	12,045
Cheque Cashing	1,847	1,925	3,746
Other Financial Services	584	343	817
Total Gross Profit	26,938	30,614	62,283

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2013

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 2013 Unaudited	**6 months ended 30 June 2013 Unaudited**	**6 months ended 30 June 2012 Unaudited**	**12 months ended 31 December 2012 Audited**
	Total £'000	**Total £'000**	**Total £'000**
Operating profit	5,061	8,087	18,085
Depreciation	1,598	1,414	2,952
Amortisation	209	120	266
EBITDA	6,868	9,621	21,303

Note 4 Borrowings

	6 months ended 30 June 2013 Unaudited £'000	**6 months ended 30 June 2012 Unaudited £'000**	**12 months ended 31 December 2012 Audited £'000**
Secured borrowing at amortised cost			
Bank loans	34,754	38,000	34,000
Unamortised issue costs	(471)	-	-
Total borrowings	34,283	38,000	34,000
Short term portion of bank loan	754	-	34,000
Unamortised issue costs	(153)	-	-
Amount due for settlement within one year	601	-	34,000
Long term portion of bank loan	34,000	38,000	-
Unamortised issue costs	(318)	-	-
Amount due for settlement after more than one year	33,682	38,000	-

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2013

Note 5 Finance costs

	6 months ended 30 June 2013 Unaudited £'000	6 months ended 30 June 2012 Unaudited £'000	12 months ended 31 December 2012 Audited £'000
Interest payable on bank loans and overdraft	349	893	1,530
Other interest	-	1	2
Amortisation of debt issue costs	64	-	-
Total finance costs	413	894	1,532

Note 6 Tax on profit

The taxation charge for the 6 months ended 30 June 2013 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 2013. The underlying effective full year tax charge is estimated to be 23.26% (six months ended 30 June 2012: 25.05%).

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 2013			Unaudited 6 months ended 30 June 2012			Audited 12 months ended 31 December 2012		
	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	3,328	36,085,586	9.22	5,481	35,714,776	15.35	12,896	35,897,434	35.92
Effect of dilutive securities									
Options		861,165	(0.21)	-	2,136,995	(0.87)	-	2,094,734	(1.98)
Earnings per share diluted	3,328	36,946,751	9.01	5,481	37,851,771	14.48	12,896	37,992,168	33.94

Unaudited notes to the condensed interim financial statements (continued)
For the 6 months ended 30 June 2013

Note 8 Share capital

	At 30 June 2013 Unaudited	At 30 June 2012 Unaudited	At 31 December 2012 Audited
Allotted, called up and fully paid (Ordinary Shares of £0.05 each)			
£'000 Sterling	1,843	1,825	1,830
Number	36,856,264	36,477,966	36,586,256

Note 9 Dividends

On 8 August 2013, the directors approved a 2.10 pence interim dividend (30 June 2012: 3.80 pence) which equates to a dividend payment of £774,000 (30 June 2012: £1,386,000). The dividend will be paid on 11 October 2013 to shareholders on the share register at the close of business on 13 September 2013 and has not been provided for in the 2013 interim results. The shares will be marked ex-dividend on 11 September 2013.

On 18 April 2013, the shareholders approved the payment of an 8.05 pence final dividend for 2012 which equates to a dividend payment of £2,965,000 (2012: £2,550,000). The dividend was paid on 7 June 2013.