

H&T Group plc

“H&T” or “the Group”

H&T Group plc, which trades under the H&T Pawnbrokers and Get>Go brands, 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 2006.

Financial highlights

	6 months to 30 June 2006 £m	6 months to 30 June 2005 £m	Change %
Gross profit	10.8	9.4	+14.1
Earnings before Interest, Tax, Depreciation, Amortisation (EBITDA) before exceptional items	3.9	3.4	+12.6
Operating profit before exceptional items	2.9	2.4	+21.0
Operating profit	1.0	2.4	-59.3
Pledge book	24.3	23.7	+2.3

Operational highlights

- Store expansion programme on track with one new store opened in H1 2006 and two further stores opened since the end of June 2006
- In-house cheque cashing & pay day advance underwriting and collecting facilities
- Pre-paid debit cards now available in all stores
- Admission to AIM on 8 May 2006 with share price of 172 pence per share

Peter Middleton, Chairman said:

“I am very happy to present H&T’s maiden Interim Results as a public company. The period has included the major achievement of an initial public offering on AIM which was well supported primarily by UK institutional investors. The results announced today show continued progress and growth and provides a strong foundation for the Group going forward. Overall, this has been an excellent start for H&T as a public company.”

John Nichols, CEO said

“Whilst pawnbroking will remain both the core of our business and a major growth driver, we continue to develop new products within our financial services offering. Pay Day Advance, Kwikloan, our pre-paid debit cards and Get>Go, our alternative financial services outlet, are progressing well and I believe that they offer valuable growth potential.

I look forward to the full year with confidence.”

30 August 2006

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Notes to Editors

H&T is the UK's leading pawnbroking business by size of pledge book. The business was founded in 1897 and now has 71 outlets across the UK and approximately 300 employees.

H&T's outlets offer a range of services including pawnbroking, cheque cashing and unsecured loans. H&T is also a retailer of jewellery, both second-hand items sourced from its pawnbroking operations and a relatively small number of new products brought in for re-sale.

H&T provides lending solutions designed to meet the financing needs of individuals who may not satisfy the lending criteria of high street banks. As these individuals are not adequately serviced by mainstream lenders, the Directors believe that it is an attractive niche market. The Directors believe that H&T has developed strong client relationships founded on its ability to reach lending decisions quickly and the emphasis on customer service, evidenced by repeat business where a single item may be pawned more than once. New customers are typically sourced through passing trade at the Company's high street and shopping mall locations, introductions from existing clients and advertising.

In May 2006 H&T was admitted to AIM, placing shares worth £49 million, at 172 pence per share. The Daily Official List closing share price on 29 August 2006 was 182.5 pence giving the Group a market capitalisation of £57.5 million.

Report of the Chief Executive Officer and Finance Director

The first half of 2006 brought an exciting transformation for H&T, with the successful admission to AIM in May which attracted investment from a number of leading UK institutions. The Board is very pleased to be able to report a positive trading performance which saw an increase in gross profit of 14.1% to £10.8 million from £9.4 million in the equivalent period last year.

The pawnbroking segment of the business performed well with gross profit increasing by 13.1% on the equivalent period last year, driven by strong cash collections. Although there is evidence that consumer discretionary spend has been under pressure, the Group has responded to the challenge with both revenue and margin for H1 2006 ahead of the same period last year.

The financial services operation made further strong progress with an increase in gross profit of 24.4% on the equivalent period last year, driven by growth across the product range including cheque cashing, pay day advance and Kwikloan. The Group has also brought the authorisations and collections “in house”, resulting in an improvement in margin.

In line with the Group’s growth strategy, we have continued to grow our estate with one new store opening in the first half of the year and two further new store openings since 30 June. On the product side, we are continuing to invest in our recently launched alternative financial products, such as Kwikloan and our pre-paid debit card, as well as trialling new product initiatives.

OPERATIONAL REVIEW

Pawnbroking:

- Pawnbroking activities contributed £9.7 million (H1 2005: £8.6 million) or 91% of Group gross profit in H1 2006 (H1 2005: 91%).
- The pledge book totalled £24.3 million at 30 June 2006 compared with £23.7 million at the same time in 2005. The current pledge book represents a small decrease on the 31 December 2005 position (£24.4 million) due to seasonal factors.
- Pawn Service Charge (PSC) rose by 8.3% to £7.6 million (2005: £7.0 million).
- Disposition combines contribution from retail and scrap. Difficult high street trading conditions experienced in the sector in the second half of 2005 continued in the first half of 2006 and consequently retail gross revenues were 2.3% down on prior year. However, the revision of the retail pricing policy proved successful with the gross profit margin rising from 38.4% to 43.7%. As a result, the retail gross profit increased by 11.1% to £1.6 million (2005: £1.4 million). Scrap sales benefited from the rise in the gold price showing an increase of £0.4 million in gross margin.

Financial services:

- Financial services activities contributed £1.1 million (H1 2005: £0.9 million) or 9% of Group gross profit in H1 2006 (H1 2005: 9%).
- In January 2006, the arrangements for the underwriting of cheque cashing and pay day advances with the The Money Shop were terminated. The transition to in-house facilities has proved successful generating a positive contribution from the outset.
- Kwikloan, the Group’s unsecured loan product, was fully rolled out at the end of 2005 and exhibited good growth in H1 2006. However, the Kwikloan book remains small and the product’s contribution to Group results remains limited at present.
- The pre-paid debit card product has attracted new customers to the stores although, as anticipated, it has made an immaterial direct financial contribution to the H1 results. However, the Board believes there is considerable potential for this product going forward.

STRATEGY REVIEW

H&T's admission document produced in connection with its admission to AIM, presented the growth strategy on four main streams:

- **Expand geographical footprint:** The Group opened one new store in H1 2006 in Hastings. Two further new stores in Irvine and Basildon have been opened since 30 June 2006, taking the current number of stores to 71. Leases have been signed in respect of three further sites and subject to planning consents these stores will be opened during the second half of 2006. The Board also continues to review acquisition opportunities to expand the Group's estate on an ongoing basis.
- **Establish recently introduced products and services:** The pre-paid debit cards are attracting new customers to stores and the Group continues to invest in the Kwikloan product.
- **New store format Get>Go:** The Group is planning to add a further store in the Get>Go format, which focuses on cheque cashing and other financial services. A pawnbroking offering presented as "cash lent on gold" is currently being launched within this store format.
- **New products:** A trial of a new referral loans service is currently planned for the second half of 2006.

Staff incentives

The Group has put in place both an approved and an unapproved share option scheme. The approved scheme will enable share options to be granted to store management as well as operational staff and should provide a strong incentive for staff to contribute to the success of the Group.

Trading outlook

The Board is pleased with the overall trading performance of the Group which remains in line with its expectations.

Seasonality within the business means that the second half of the year makes a larger contribution to the full year result than the first half. The extent of this is affected by retail sentiment, particularly during the Christmas period. The business has good prospects for organic growth which will be driven by further branch openings in the second half of the year.

FINANCIAL REVIEW

Turnover and gross profit

Turnover for the first six months of 2006 amounted to £14.5 million compared with £13.6 million for the corresponding period in 2005. This 6.2% increase was driven by strong PSC and scrap sales. The improvement in retail gross margin and scrap gross profit resulted in an increase in total gross profit of 14.1% to £10.8 million (2005: £9.4 million).

Administrative expenses

The Group's administrative expenses before exceptional items in the first six months of 2006 were £7.9 million compared with £7.1 million for the same period in 2005. This 11.9% increase was due to nine additional stores and the introduction of the new cheque cashing authorisation and debt collection facility. Exceptional expenses of £1.9 million were incurred as part of the Initial Public Offer (IPO).

Operating profit

The Group recorded an operating profit before exceptional items of £2.9 million for the period compared with £2.4 million in the previous period. Earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITDA before exceptional items) increased by 12.6% to £3.9 million (2005: £3.4 million). After taking account of the exceptional items, operating profit was £1.0 million in the six months ended 30 June 2006 compared with £2.4 million in the same 2005 period.

Interest payable and similar charges

Interest payable before exceptional items decreased by £0.3 million from £2.6 million in the first six months of 2005 to £2.3 million in 2006. This reduction has arisen as a result of the repayment of the Rutland loan notes and the restructuring of bank facilities at the time of H&T's admission to AIM in May 2006. This restructuring incurred an exceptional charge of £0.8 million in the period. Had this restructuring and IPO been effective as from the beginning of the year, the Board estimates that the interest payable before exceptional items would have been £1.6 million for H1 2006.

Profit/(loss) before taxation

The Group has recorded a loss before taxation of £2.3 million in H1 2006 compared with a profit before taxation of £0.4 million in H1 2005. The result in H1 2006 was impacted by exceptional costs consisting of £1.9 million of exceptional administrative expenses relating to H&T's admission to AIM and £0.8 million of debt restructuring costs. Profit before taxation and exceptional items in H1 2006 was £0.4 million compared to a loss of £0.5 million in H1 2005.

(Loss)/Earnings per share

Basic loss per share for H1 2006 was 9.88 pence compared with basic earnings per share of 0.83 pence in H1 2005. After adjusting for exceptional items, adjusted basic loss per share for H1 2006 was 0.08 pence compared with adjusted basic loss per share of 2.42 pence in H1 2005.

IPO/New debt structure

Following the IPO of H&T, a new debt structure was put in place. The mezzanine debt (£5.2 million) and the Rutland loan notes (£18.3 million) were repaid with the placing proceeds and an increase in other banking facilities provided by Barclays Bank PLC. Net debt (before unamortised debt issue costs) was £35.8 million at 30 June 2006 compared with £52.7 million at 30 June 2005.

Hedging policy

The Group entered into a hedging agreement fixing the interest rate on £35.0 million of banking debt for a period of 3 years. This instrument was effective from 30 June 2006.

Dividends

The Directors intend to pay a dividend of approximately 3 pence per ordinary share in respect of the financial year ending 31 December 2006. The Directors intend this to be declared as a final dividend and paid in April 2007.

J G Nichols
Chief Executive Officer

L P Genthialon
Finance Director

30 August 2006

H&T Group plc
Unaudited consolidated Profit and Loss Account
Six months Ended 30 June 2006

	Note	Before Exceptional Items £'000	Exceptional Items £'000	Six months ended 30 June 2006 Total £'000	Before Exceptional Items £'000	Exceptional Items £'000	Six months ended 30 June 2005 Total £'000
Turnover		14,478	-	14,478	13,636	-	13,636
Cost of sales		(3,717)	-	(3,717)	(4,208)	-	(4,208)
Gross profit	2	10,761	-	10,761	9,428	-	9,428
Administrative expenses	3	(7,904)	(1,896)	(9,800)	(7,066)	-	(7,066)
Operating profit/(loss)		2,857	(1,896)	961	2,362	-	2,362
Profit on disposal of fixed assets	4	-	-	-	-	898	898
Interest receivable and similar income		11	-	11	12	-	12
Interest payable and similar charges	5	(2,479)	(800)	(3,279)	(2,909)	-	(2,909)
Profit/(loss) on ordinary activities before taxation		389	(2,696)	(2,307)	(535)	898	363
Tax on (loss)/profit on ordinary activities	6	(408)	400	(8)	52	(250)	(198)
(Loss)/profit for the period	11	(19)	(2,296)	(2,315)	(483)	648	165
(Loss)/earnings per share – basic	7			(9.88) p			0.83 p
(Loss)/ earnings per share – diluted	7			(9.88) p			0.79 p
Adjusted loss per share – basic	7			(0.08) p			(2.42) p
Adjusted loss per share - diluted	7			(0.08) p			(2.32) p

The consolidated Profit and Loss account for the 12 months ended 31 December 2005 is provided in note 1.

H&T Group plc
Unaudited consolidated Balance Sheet
As at 30 June 2006

	Note	30 June 2006 £'000	30 June 2005 £'000	31 December 2005 £'000
Fixed Assets				
Intangible assets – goodwill		13,962	14,197	14,346
Tangible		5,437	4,920	5,144
		<u>19,399</u>	<u>19,117</u>	<u>19,490</u>
Current Assets				
Stock		4,277	4,534	3,373
Debtors		31,185	30,658	31,526
Cash at bank and in hand		1,220	2,101	1,434
		<u>36,682</u>	<u>37,293</u>	<u>36,333</u>
Creditors: amounts falling due within one year	8	(4,589)	(2,855)	(3,569)
Net Current Assets		<u>32,093</u>	<u>34,438</u>	<u>32,764</u>
Total Assets Less Current Liabilities		51,492	53,555	52,254
Creditors: amounts falling due after more than one year	9	(34,846)	(52,409)	(50,990)
Provisions for liabilities & charges		(143)	(171)	(133)
Net Assets		<u>16,503</u>	<u>975</u>	<u>1,131</u>
Capital and Reserves				
Called up share capital	10,11	1,574	1,000	1,000
Share premium account	11	17,113	-	-
Profit and loss account	11	(2,184)	(25)	131
Shareholders' Funds	11	<u>16,503</u>	<u>975</u>	<u>1,131</u>

H&T Group plc
Unaudited consolidated Cash Flow Statement
Six months ended 30 June 2006

	Note	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Net cash inflow from operating activities	12	3,020	686	5,421
Returns on investment and servicing of finance				
Interest received		11	12	16
Debt restructuring cost		(800)	-	-
Interest paid		(1,299)	(1,423)	(2,850)
Net cash outflow from returns on investments and servicing of finance		(2,088)	(1,411)	(2,834)
Taxation – corporation tax paid		(150)	(437)	(806)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(1,462)	(268)	(910)
Sales of tangible fixed assets		42	999	1,074
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,420)	731	164
Acquisitions and disposals				
Purchase of businesses		-	(390)	(636)
Cash acquired with unincorporated businesses		-	-	3
Net cash outflow from acquisitions and disposals		-	(390)	(633)
Financing				
Issue of shares		18,364	-	-
Expenses of share issue		(677)	-	-
New borrowings		6,400	2,800	500
Repayment of borrowings		(23,663)	(500)	(1,000)
Net cash inflow/(outflow) from financing		424	2,300	(500)
(Decrease)/increase in cash in the period		(214)	1,479	812

H&T Group plc
Unaudited Notes to the Interim Statement
Six months ended 30 June 2006

Note 1 Consolidated profit and loss account for the 12 months ended 31 December 2005

	Note	Before Exceptional Items £'000	Exceptional Items £'000	Total £'000
Turnover		29,638	-	29,638
Cost of sales		(9,576)	-	(9,576)
Gross profit	2	20,062	-	20,062
Administrative expenses	3	(14,354)	-	(14,354)
Operating profit		5,708	-	5,708
Profit on disposal of fixed assets	4	-	898	898
Interest receivable and similar income		16	-	16
Interest payable and similar charges	5	(5,860)	-	(5,860)
(Loss)/profit on ordinary activities before taxation		(136)	898	762
Tax on (loss)/profit on ordinary activities	6	(191)	(250)	(441)
(Loss)/profit for the financial year	11	(327)	648	321
Earnings per share – basic	7			1.61 p
Earnings per share – diluted	7			1.54 p
Adjusted loss per share – basic	7			(1.64) p
Adjusted loss per share - diluted	7			(1.57) p

Note 2 Gross profit analysis

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Pawn service charge (PSC)	7,615	7,029	14,258
Retail	1,552	1,397	3,561
Scrap	537	152	484
Disposition	2,089	1,549	4,045
Other financial services	1,057	850	1,759
Total gross profit	10,761	9,428	20,062

Pawn service charge principally comprises interest on loans, plus auction profit and loss, less any auction commissions payable and less surplus payable to the customer.

Retail is the gross margin made on retail sales less direct costs.

Scrap is the proceeds from scrap less the pledge value of the item and associated disposition cost.

Other financial services includes cheque cashing commission, pay day advances commission, Kwikloan interest, prepaid debit card commission, netted off with any bad debt write off or provision associated with any of these products.

H&T Group plc
Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 3 Administrative expenses

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Other administrative expenses	6,900	6,000	12,217
Depreciation charge on owned tangible fixed assets	620	699	1,361
Amortisation charge on intangible fixed assets	384	367	776
Total administrative expenses before exceptional items	<u>7,904</u>	<u>7,066</u>	<u>14,354</u>
Exceptional items (IPO expenses – note 13)	1,896	-	-
Total administrative expenses	<u>9,800</u>	<u>7,066</u>	<u>14,354</u>

Note 4 Exceptional items for the six months ended 30 June 2005 and the year ended 31 December 2005

During the first six months of 2005, the Group disposed of three freehold properties, two of which were leased back under operating leases. The profit arising on disposal amounted to £898,000.

Note 5 Interest payable and similar charges

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Interest payable on bank loans and overdraft	1,360	1,521	3,023
On Rutland loan notes *	896	1,088	2,273
Other interest	15	3	29
Amortisation of debt issue costs	208	297	535
	<u>2,479</u>	<u>2,909</u>	<u>5,860</u>
Exceptional items **	800	-	-
Total interest payable and similar charges	<u>3,279</u>	<u>2,909</u>	<u>5,860</u>

* The Rutland loan notes interest for the 2006 period ceased to accrue on 12 May 2006 when the loan notes were fully repaid.

** The £800k charge in the six month period ended 30 June 2006 relates to costs expensed associated with the arrangement fees of the bank loan restructuring disclosed in note 9.

H&T Group plc
Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 6 Tax on (loss)/profit on ordinary activities

The taxation on profit/(loss) on ordinary activities before exceptional items assessed for the 6 months ended 30 June 2006 is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% (2005 – 30%). The differences are explained below:

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Profit/(Loss) on ordinary activities before taxation	389	(535)	762
Taxation on profit/(loss) on ordinary activities before taxation	117	(161)	229
Effects of:			
Disallowed expenses and non taxable income	99	140	348
Capital allowances and other timing differences	43	(48)	(82)
Short term timing differences	139	4	9
Disposal of properties	-	-	(23)
Adjustments to tax charge in respect of previous periods	-	-	(104)
Total actual amount of current tax	398	(65)	377
Deferred tax	10	13	64
Tax on profit/(loss) on ordinary activities	408	(52)	441

Tax on exceptional items

The £400k tax credit on exceptional items for the 6 month period ended 30 June 2006 is based on £160k available relief for IPO expenses and £240k available relief for the debt restructuring costs. The £250k tax on exceptional items for the 6 months ended 30 June 2005 and for the year ended 31 December 2005 is due to the gain on the disposal of tangible fixed assets.

H&T Group plc
Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 7 (Loss)/Earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit on ordinary activities after taxation by the weighted average number of ordinary shares in issue during the period. For diluted (loss)/earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume the exercise of warrants over shares.

Reconciliations of the (loss)/earnings per ordinary shares and weighted average number of shares used in the calculations are set out below:

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
(Loss)/profit after taxation used for Basic and Diluted (L)/EPS	(2,315)	165	321
IPO costs	1,896	-	-
Profit on fixed assets disposal	-	(898)	(898)
Debt restructuring costs	800	-	-
Tax relating to IPO costs, profit on fixed assets disposal and debt restructuring costs	(400)	250	250
Loss after taxation used for Adjusted Basic and Diluted (L)/EPS	(19)	(483)	(327)
Weighted average number of shares used for Basic and Adjusted Basic (L)/EPS	23,426,675	20,000,000*	20,000,000*
Assumed conversion of warrants	-	833,340*	833,340*
Diluted weighted average number of shares	23,426,675	20,833,340	20,833,340

* Reflects the subdivision of the ordinary shares from 100p to 5p

The Adjusted loss per share is presented 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 (loss)/earnings per share in arriving at adjusted (loss)/earnings per share are for exceptional items disclosed separately on the face of the profit and loss account.

Note 8 Creditors: Amounts falling due within one year

	At 30 June 2006 £'000	At 30 June 2005 £'000	At 31 December 2005 £'000
Short term portion of bank loan	1,250	1,250	1,500
Unamortised debt issue costs	(207)	(577)	(518)
Net short-term portion of bank loans	1,043	673	982
Trade creditors	1,034	579	859
Corporation tax	-	377	73
Other taxation and social security costs	967	133	239
Accruals and deferred income	1,545	1,093	1,416
	4,589	2,855	3,569

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Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 9 Creditors: Amounts falling due after more than one year

	At 30 June 2006	At 30 June 2005	At 31 December 2005
	£'000	£'000	£'000
Facility A	13,750	11,250	10,500
Facility B	22,000	20,900	18,600
Mezzanine debt	-	5,164	5,265
Bank loans	35,750	37,314	34,365
Unamortised issue costs	(904)	(1,145)	(801)
Rutland loan notes	-	16,240	17,426
	34,846	52,409	50,990

The Group restructured its banking arrangements at the time of the IPO. As a result, the mezzanine debt was fully repaid, the Facility A loan was increased to £15.0m, the Facility B was increased (enabling the Group to draw down to a maximum amount of £29.0m based on the value of the Group's pledge book and a £3.0m working capital facility was made available. The Group does not consider these facilities as new debt but as a restructuring of its existing facilities and accordingly the arrangement and associated fees incurred have been expensed in the period. The proceeds to the Group from the IPO were used to repay in full the £18.3m balance of Rutland loan notes.

Note 10 Called up share capital

	At 30 June 2006	At 30 June 2005	At 31 December 2005
	£	£	£
Authorised:			
830,000 Ordinary A-class shares of £1 each	-	830,000	830,000
110,000 Ordinary B-class shares of £1 each	-	110,000	110,000
60,000 Ordinary C-class shares of £1 each	-	60,000	60,000
41,667 Ordinary D-class shares of £1 each	-	41,667	41,667
41,970,000 Ordinary shares of £0.05 each	2,098,500	-	-
	2,098,500	1,041,667	1,041,667
Allotted, called up and fully paid			
830,000 Ordinary A-class shares of £1 each	-	830,000	830,000
110,000 Ordinary B-class shares of £1 each	-	110,000	110,000
60,000 Ordinary C-class shares of £1 each	-	60,000	60,000
31,485,706 Ordinary shares of £0.05 each	1,574,285	-	-
	1,574,285	1,000,000	1,000,000

The cumulative authorised share capital as at 31 December 2005 of £1,041,667 has been sub-divided during the six months ended 30 June 2006 into one class of ordinary 5p share comprising 20,833,340 shares. 21,136,660 new ordinary shares of 5p each have been authorised in the six months ended 30 June 2006 taking the authorised ordinary share capital to 41,970,000 shares. Of these 21,136,660 new ordinary shares, 10,652,366 were issued, called up and fully paid at the placing price of £1.72 per share upon the admission of the Group to AIM on 8 May 2006.

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Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 11 Combined reconciliation of movement in shareholders' funds & statement of movements on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2005	1,000	-	(190)	810
Retained profit for the period	-	-	165	165
At 30 June 2005	1,000	-	(25)	975
Retained profit for the period	-	-	156	156
At 31 December 2005	1,000	-	131	1,131
Retained loss for the period	-	-	(2,315)	(2,315)
Issue of share capital	574	17,790	-	18,364
Issue expenses	-	(677)	-	(677)
At 30 June 2006	1,574	17,113	(2,184)	16,503

Note 12 Cash flow from operating activities

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Continuing operations			
Operating profit	961	2,362	5,708
Amortisation of intangible assets	384	367	776
Profit on disposal of fixed assets	(7)	-	(20)
Depreciation of tangible fixed assets	620	699	1,361
(Increase)/decrease in stock	(904)	(712)	456
Decrease/(increase) in debtors	431	(2,170)	(3,429)
Increase in creditors	1,535	140	569
Net cash inflow from operating activities	3,020	686	5,421

Note 13 Initial Public Offer (IPO) costs

In the six months ended 30 June 2006, the Group incurred £3.4m of expenses relating to the IPO and its debt restructuring. £0.8m was incurred for the restructuring of its debt and accordingly was expensed to the profit and loss account (note 5). £0.7m was directly allocated to the issue of new shares and written off to the share premium account (note 11). The balance of £1.9m was expensed to the profit and loss account (note 3).

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Unaudited Notes to the Interim Statement (continued)
Six months ended 30 June 2006

Note 14 Reconciliation of the Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) before exceptional items to Operating Profit before exceptional items

	Six months ended 30 June 2006 £'000	Six months ended 30 June 2005 £'000	Year ended 31 December 2005 £'000
Operating profit before exceptional items	2,857	2,362	5,708
Add depreciation	620	699	1,361
Add amortisation	384	367	776
EBITDA before exceptional items	<u>3,861</u>	<u>3,428</u>	<u>7,845</u>

Note 15 Statutory information

These results have been prepared on the basis of the UK generally accepted accounting principles (GAAP) and accounting policies set out in the Group's 2005 audited statutory accounts. These results do not constitute the Group statutory accounts for the periods ended 30 June 2006 or 30 June 2005 within the meaning of section 240 of the Companies Act 1985. Financial information for the period ended 31 December 2005 is extracted from the Group financial statements for the year ended 31 December 2005, which was reported on by the Group's auditors, Deloitte & Touche LLP, and have been filed with the Registrar of Companies. The report of the auditors thereon was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Signed

Laurent Genthialon, Finance Director

Signed.....

John Nichols, Chief Executive Officer