

H&H Group plc



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Interim Report
December
2008

CHAIRMAN'S STATEMENT

Financial Results

I am pleased to report the Group results for the six months to 31st December 2008 show a profit before tax of £454,000 on a turnover of £4,501,000 both showing a substantial increase compared to the same six month period last year which of course was adversely affected by the outbreak of Foot and Mouth disease in August 2007.

In an unprecedented period of financial turmoil the benefits of the Groups diversified companies became apparent. Whilst the results for the half year are very encouraging I would add a note of caution for the next six months in that international banking difficulties may have an adverse effect on all businesses throughout the region.

Our car finance company Borderway Finance has through diligent personal service increased its share of the market and traded well ahead of both budget and last year's profits for the half year. The land agency company of H & H Bowe whilst increasing professional work is slightly behind budget due to reduced property sales. H & H King has increased substantially its portfolio of letting properties which has offset the lack of completed house sales although it would be proper to point out that its trading position is much stronger than many of its competitors. Insurance is presently a soft market and H & H Insurance is trading behind budget at the half year. Borderway Motor Auction has maintained its share of the market and trades ahead of budget even though car sales generally are reducing due to credit difficulties. Harrison & Hetherington the livestock operation is benefiting from increased livestock prices as well as obtaining an increasing share of the market. It trades well ahead of the comparable period last year.

Dividend and Shares

During this period the average share price was £12.12.

Whilst the future is even more difficult to predict than usual your Directors consider the interim dividend should be maintained for the period at 6.5p per share. This will be paid on 24th April 2009 to those on the register on 3rd April 2009.

Recent Events

Detailed planning permission has now been obtained for the surplus land at Lockerbie and the previously agreed option extended to allow for the hoped for improvement in the housing market.

Further major refurbishment works have been authorised for the Borderway site to improve our livestock facilities.

I thank my fellow Directors and all the staff of the Group for their help and guidance in what has been a testing six month period.

Alan M Bowe
Chairman

13th February 2009

SUMMARY GROUP CONSOLIDATED PROFIT & LOSS ACCOUNT

	Unaudited 6 months to 31st December 2008 £000	Unaudited 6 months to 31st December 2007 £000	Audited 12 months to 30th June 2008 £000
Turnover	4,501	4,393	8,727
Operating Profit	1,003	1,033	1,695
(Loss)/Profit on sales of fixed assets	(5)	(4)	350
Interest Receivable	7	14	28
Interest Payable	(516)	(710)	(1,308)
Other finance costs	(35)	(45)	(70)
Profit Before Tax	454	288	695
Taxation	(129)	(58)	(112)
Profit after Tax	325	230	583

SUMMARY GROUP CONSOLIDATED BALANCE SHEET

	Unaudited 31st December 2008 £000	Unaudited 31st December 2007 £000	Audited 30th June 2008 £000
Fixed Assets	7,289	9,570	7,310
Current Assets	24,649	25,266	25,855
Current Liabilities	(20,069)	(23,052)	(21,482)
Pension Liability	(577)	(786)	(575)
Net Assets	11,292	10,998	11,108
Capital & Reserves:			
Share Capital	1,040	1,040	1,040
Revaluation Reserve	2,635	4,222	2,635
Profit & Loss Account	7,617	5,736	7,433
Shareholders' Funds	11,292	10,998	11,108

The comparative figures for the financial year ended 30 June 2008 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.