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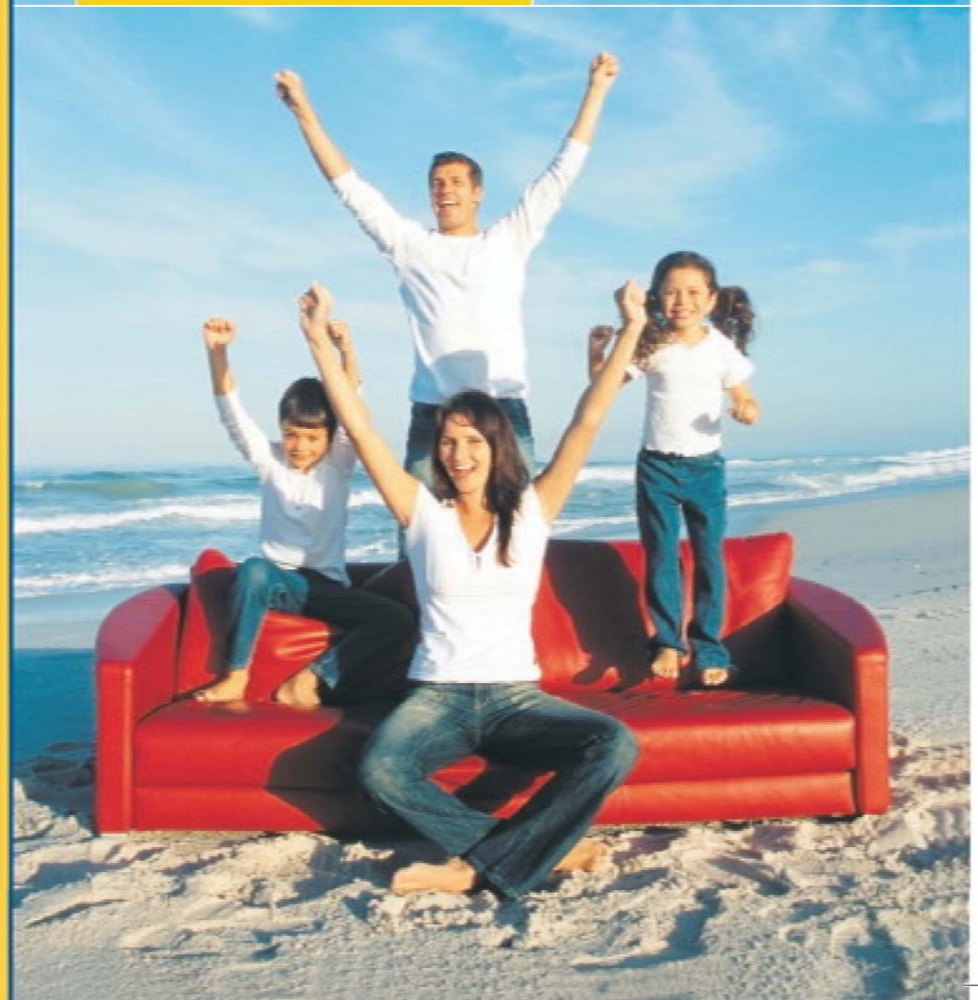
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ClearDebt  
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life after debt

ClearDebt Group PLC  
Interim report for the six months  
ended 31 December 2006

  
ClearDebt



**ClearDebt Group PLC**  
("ClearDebt Group" or the "Company")

**CHAIRMAN'S STATEMENT**

The Group made an operating loss of £459,461 (2005: loss £12,050) after amortisation of goodwill and capitalised development costs of £173,279 (2005: Nil) which is a credible performance considering the administrative delays and reduced marketing spend reported upon in our trading update released on 16 October 2006, following our Annual General Meeting.

On the 29 December 2006 the Group raised £1,000,000 before expenses by means of a placing of 31,746,031 new ordinary shares of 2p each to finance further development of the ClearDebt model and to provide additional working capital.

The Group's Balance Sheet shows net current assets of £1,547,145 including cash of £1,182,072 following the placing which is sufficient to continue the Group's second phase strategy.

Current market conditions are difficult, but I have every confidence regarding the Board's plans and with the Groups future prospects.

**Gerald Carey FCIB**  
Chairman  
5 March 2007

## ClearDebt Group PLC

### CHIEF EXECUTIVE'S STATEMENT

ClearDebt operates within the debt resolution sector which has emerged to service the recent expansion in solutions to avoid bankruptcy.

Expansion of Individual Voluntary Arrangements ("IVAs") has continued unabated and 2006 has seen 44,332 cases (2005: 20,293 cases) being approved in England and Wales.

ClearDebt's model is materially different from its competitors and recent voices of concern from the banking and credit card industry indicating their desire to see better dividends should serve ClearDebt well because of its low cost model. ClearDebt is yet to have an IVA refused by creditors on pricing and has received very positive feedback on its model from numerous significant creditors.

New relationships with the debt management and creditor communities are nearing fruition which could lead to an increase of third party referrals to ClearDebt. It is hoped that these relationships will increase the numbers of IVAs that ClearDebt will be implementing over the next 6 months, thereby increasing revenue.

Additionally a new DRTV and Press campaign was launched in February 2007 reinforcing our message and emphasising our unique **IVA Protect** product which has been welcomed by creditors. **IVA Protect** ensures that if a debtor loses his job or becomes ill during the period of his IVA then **IVA Protect** covers the monthly instalment up to a maximum of 12 months (terms and conditions apply).

Whilst trading conditions are difficult, I am confident that current relationship building and our different offer will augur well for the future, particularly with the vital creditor community, which I look to with growing confidence.

**David Emanuel Merton Mond FCA FCCA**

Chief Executive Officer

5 March 2007

## ClearDebt Group PLC

### Unaudited Consolidated Profit and Loss Account for the six months ended 31 December 2006

	<b>Unaudited 6 mths ended 31 Dec 2006 £</b>	Unaudited 6 mths ended 31 Dec 2005 £	Audited 18 mths ended 30 June 2006 £
Turnover - continuing operations	<b>226,780</b>	--	174,796
Operating loss before financial expenses	<b>(459,461)</b>	(12,050)	(429,267)
Interest received	<b>8,907</b>	--	16,151
Interest paid	<b>--</b>	--	(89,512)
Loss for the period before taxation	<b>(450,554)</b>	(12,050)	(502,628)
Taxation	<b>--</b>	--	--
Loss for the period	<b>(450,554)</b>	(12,050)	(502,628)
Loss per share (basic and diluted)	<b>(0.17) p</b>	(0.10) p	(0.55) p

The Group has no recognised gains or losses in the half-year ended 31 December 2006, other than those shown above.

## ClearDebt Group PLC

### Unaudited Consolidated Balance Sheet

as at 31 December 2006

	Unaudited 6 mths ended 31 Dec 2006 £	Unaudited 6 mths ended 31 Dec 2005 £	Audited 18 mths ended 30 Jun 2006 £
<b>FIXED ASSETS</b>			
Intangible Assets	2,964,266	--	3,137,545
Tangible Assets	170,532	--	116,404
	<u>3,134,798</u>	<u>--</u>	<u>3,253,949</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	593,275	1,881	443,387
Cash at bank and in hand	1,182,072	19,108	721,599
	<u>1,775,347</u>	<u>20,989</u>	<u>1,164,986</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	228,202	21,132	286,437
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>	<u>1,547,145</u>	<u>(143)</u>	<u>878,549</u>
<b>NET ASSETS/ (LIABILITIES)</b>	<u>4,681,943</u>	<u>(143)</u>	<u>4,132,498</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5,776,811	249,813	5,141,891
Share premium account	417,246	336,766	52,167
Profit and loss account	(1,512,114)	(586,722)	(1,061,560)
	<u>4,681,943</u>	<u>(143)</u>	<u>4,132,498</u>

## ClearDebt Group PLC

### Unaudited Consolidated Cash Flow Statement

for the six months ended 31 December 2006

	Unaudited 6 mths ended 31 Dec 2006 £	Unaudited 6 mths ended 31 Dec 2005 £	Audited 18 mths ended 30 June 2006 £
Net cash (outflow)/inflow	(472,647)	7,991	(291,781)
Return on investments and servicing of finance	8,907	--	16,151
Taxation	--	--	--
Capital expenditure and financial investment	(75,787)	--	(31,333)
Acquisition of subsidiary	--	--	5,922
<b>CASH OUTFLOW BEFORE FINANCING</b>	<u>(539,527)</u>	<u>7,991</u>	<u>(301,041)</u>
Financing	1,000,000	--	1,010,734
<b>INCREASE IN CASH IN THE PERIOD</b>	<u>460,473</u>	<u>7,991</u>	<u>709,693</u>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating (loss)	(459,461)	(12,050)	(429,267)
Amortisation	173,279	--	173,277
Depreciation	21,659	--	16,666
(Increase)/decrease in debtors	(149,888)	2,456	(269,499)
(Decrease)/increase in creditors	(58,236)	17,585	217,042
	<u>(472,647)</u>	<u>7,991</u>	<u>(291,781)</u>

## ClearDebt Group PLC

### Analysis of Cash Flows in Cash Flow Statement

#### Returns on Investments and Servicing of Finance

	£	£	£
Interest received	8,907	--	73,361
Interest paid	--	--	(89,712)
Nat cash inflow from returns on investments and servicing of finance	8,907	--	16,151

#### Capital Expenditure

Purchase of tangible fixed assets	(75,787)	--	(31,333)
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#### Financing

Issue of ordinary share capital	1,000,000	--	1,347,500
Issue cost	--	--	(336,766)
Net cash inflow from financing	1,000,000	--	1,010,734

At 1 July 2006    CASH FLOW    31 December 2006

#### Analysis of net funds

Net cash- Cash at bank and in hand	721,599	460,473	1,182,072
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## ClearDebt Group PLC

### Notes to the Interim Statements for the six months ended 31 December 2006

#### 1. Basis of Accounting

The interim results are unaudited and do not constitute statutory account as defined in section 240 of the Companies Act 1985. The financial information in these interim unaudited financial statements has been prepared in accordance with the accounting policies expected to be used in preparing the annual financial statements for the year ending 30 June 2007, which do not differ significantly from those used in the most recent financial statements. The results for the eighteen months ended 30 June 2006 have been extracted from the published accounts that have been delivered to the Registrar of Companies and were audited by Baker Tilly and did not contain a statement under Section 237(2) of the Companies Act 1985.

#### 2. Loss per share

Loss per share is calculated by reference to the weighted average number of shares in issue in the period amounting to 257,964,290 shares (six months to 31 December 2005: 12,490,650 shares; 18 months ended 30 June 2006: 91,235,958 shares) and on a loss after taxation of £450,554 (six months to 31 December 2005: loss £12,050; 18 months to 30 June 2006 £502,628) for the period.

#### 3. Availability of Interim Report

A copy of this report is being sent to shareholders and copies can be downloaded from [www.cleardebtgroup.co.uk](http://www.cleardebtgroup.co.uk)