H&T Group plc

"H&T" or "the Group"

Preliminary Results for the year ended 31 December 2006

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 is pleased to announce its maiden preliminary results since listing on AIM for the year ended 31 December 2006.

Financial highlights

	2006 £m	**2005 £m**	**Change per cent**
Gross profit	23.7	20.1	+18.0
Earnings before Interest, Tax, Depreciation Amortisation ("EBITDA") before exceptional items	9.4	7.8	+19.4
Operating profit before exceptional items	7.2	5.7	+26.8
Operating profit	5.3	5.7	-6.6
Pledge book	25.2	24.4	+3.2
Proposed dividend per share	3.0p	Nil	

Operational highlights

- Nine new stores opened during the year: seven greenfield stores and two acquisitions
- Cheque Cashing & Pay Day Advance underwriting and collecting facilities brought in-house
- Prepaid debit cards now available in all stores
- Admission to the Alternative Investment Market ("AIM") on 8 May 2006 with share price of 172 pence per share (H&T's closing share price on 16 March 2007 was 197.5 pence)

John Nichols, Chief Executive Officer of H&T Group plc, commented:

"*This has been a very busy and exciting year for the Group with the delivery of a strong set of results. During 2006, we completed our IPO on AIM, added nine new stores to the estate and increased all net revenue streams on a like for like basis. This has only been possible thanks to the diligence and commitment of all our staff.*
We have every reason to look forward to the future with confidence."

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Chairman's Statement

Introduction

I am very pleased to report that we have successfully delivered results ahead of original market expectations in our first year since our admission to AIM, achieving growth in all areas of the business.

Financial Performance

The Group has delivered a year of strong growth in revenue, profits (before exceptional items) and number of outlets. Total net revenues (gross profit) increased by 18.0 per cent. to £23.7 million (2005: £20.1 million). EBITDA before exceptional items increased by 19.4 per cent. to £9.4 million (2005: £7.8 million). Operating profit before exceptional items increased by 26.8 per cent. to £7.2 million (2005: £5.7 million). We also opened nine additional stores during the year, taking our store portfolio to a total of 77 stores.

Initial Public Offering ("IPO")

H&T was admitted to AIM on 8 May 2006. The shares were placed at 172 pence per share, giving a market capitalisation of £54.2 million. The closing price as at 16 March 2007 of 197.5 pence represents an increase of 14.8 per cent. since flotation.

Final Dividend

In accordance with the dividend policy declared at the time of the IPO, the directors are pleased to recommend a final dividend in respect of the year ended 31 December 2006 of 3 pence per ordinary share. This dividend will be paid to all shareholders on the registrar at the close of business on 16 May 2007.

Prospects

I believe that we have laid the foundations for further growth throughout 2007, capitalising on the financial and commercial successes of 2006.

I would like to thank all our staff for their hard work and commitment during this year of significant change.

Peter J Middleton
Chairman

Chief Executive's Review of the Business

Introduction

My fellow directors and I are pleased with the financial performance, development and achievements of the business during 2006.

During the year, we developed the business of the eight stores opened in the second half of 2005, opened seven new greenfield stores and acquired two branches from a well established pawnbroker. H&T remains the UK's leading pawnbroker by size of pledge book and now has 77 outlets across the UK. At the same time, we successfully transitioned the back office functions of Cheque Cashing and Pay Day Advance in-house, requiring the creation of an authorisation and collection team together with the development of point of sale software.

New stores are not expected to make a material contribution to operating profit until the third year of operation and, consequently, the financial performance for 2006 represents considerable like for like ("LFL") growth. This demonstrates the continuing growth in profitability we derive from our established stores.

Pawnbroking activities, comprising Pawn Service Charge and Disposition, represented 88 per cent. (2005: 91 per cent.) of total 2006 net revenues and other financial services 12 per cent. (2005: 9 per cent.).

Review of Operations

Pawn Service Charge

Pawn Service Charge (PSC) represents all income earned up to the completion of a pledge. The main items are interest and net profit from auctions after returning any surplus to the customer.

H&T has been the largest pawnbroker in the UK based on the size of the pledge book for many years – with a current pledge book of £25.2 million (2005: £24.4 million). This increase in pledge book translated to a 7.4 per cent. increase in PSC. Maintaining this market leading position remains a priority for the Board of H&T.

Disposition

Disposition refers to the entire process to dispose of forfeited pledges. The key routes are retail through the stores and scrap.

The sale of forfeited items to the general public ("Retail") is the most important element of Disposition, generating higher margins when compared with scrap or auction. The commentaries on the general retail climate from 2005 and into 2006 suggest a difficult trading environment in 2006. I am therefore happy to report that against this background we achieved sales growth of 6.3 per cent. (1.4 per cent. LFL) and a significant increase in Retail gross margin to 47.8 per cent. (2005: 40.8 per cent.). This has resulted in gross profit improvement of 24.6 per cent. (17.9 per cent. LFL). This very strong performance is a result of the investment in training, improvements in display and enhancements to our stock supply systems.

Scrap profit in 2006 reached £1.1 million (2005: £0.5 million) partly as a result of the increase in the price of gold.

Total Disposition net revenues increased to £5.6 million (2005: £4.0 million).

Other Financial Services

Cheque Cashing and Pay Day Advance

H&T had a long standing relationship with a third party service provider for underwriting the in-store Cheque Cashing and Pay Day Advance business in exchange for a commission payment. In January 2006, we commenced our own in-house back office service, enabling the Group to manage both products internally, saving the fees previously paid to the third party.

Bringing the operations in-house has resulted in a significant increase in net revenues from Cheque Cashing and Pay Day Advance. It has also allowed us to apply our own expertise in managing this product without the restrictions imposed by a third party.

In 2006 gross revenues from Cheque Cashing and Pay Day Advance both increased substantially to £1.9 million (2005: £1.2 million) and £1.8 million (2005: £0.7 million) respectively.

The revenues net of bad debt from Cheque Cashing and Pay Day Advance increased by £1.0 million (58.0 per cent.) compared with 2005.

KwikLoan

Although H&T's management has mostly focused on developing Pay Day Advance, towards the end of 2006 KwikLoan also gained some traction. Lending in December 2006 was five times that in the previous year which gives confidence to the prospects of this product in 2007.

The KwikLoan loan book increased from £0.16 million to £0.4 million during the year. KwikLoan net revenues increased by 47.6 per cent. (46.3 per cent. LFL) in the year.

Point of sale development

We are now well into the development of the replacement point of sale system for the business. This system will unify the current store and head office systems which have developed over a number of years with one, purpose built, application to support all current business activities.

The use of new technology will result in some improvement in operational efficiency, but more importantly, will simplify store operations to enable us to achieve the full potential of the existing product range and implement new products more easily.

At present this project is within budget and is expected to be fully rolled out into all stores by the autumn. We have incurred capital expenditure of £0.8 million and the total cost including implementation is expected to be in the order of £1.8 million.

Business Overview and Strategy

At the time of the admission to AIM, we presented our growth strategy on three main streams. Each of these streams is progressing in line with the Board's expectations.

Expand geographical footprint

The significant fragmentation in the UK pawnbroking market will continue to provide the Group with acquisition opportunities. In addition, there remains substantial opportunity for organic growth with a significant number of towns with an appropriate population size and demographic mix to support a greenfield store.

H&T's strategy is to develop 30 units between 2006 and 2008, both through greenfield stores and acquisitions, using current resources whilst maintaining cash flow and earnings growth at an appropriate level. During 2006, we added nine outlets to the store portfolio - seven greenfield and two acquisitions. We would expect to grow the store footprint by a similar number during 2007.

Initially, new pawnbroking units tend to be loss-making. As a consequence, expanding the store base tends to suppress short term earnings growth but provides significant medium term benefit as new stores develop.

The Group is also actively pursuing larger acquisitions to accelerate the consolidation of the industry. The Board will make acquisitions selectively, appraising each opportunity fully before proceeding with a transaction. Consequently, the timing and nature of these transactions depends on the availability of appropriate opportunities.

Our greenfield stores are performing well and are on average exceeding our expectations in terms of pledge book growth.

Establish new products and services

The prepaid debit card has been met with enthusiasm from customers. The product has enjoyed increased publicity in recent months, although most news articles continue to present it as a recent development despite the fact that we were issuing these cards at the beginning of 2006. As the first national chain to offer prepaid debit cards, we have been pleased with the growth although, as expected, the quantum of revenues associated with it is still small. We believe that we are well placed to capitalise on the growing awareness of prepaid cards in the UK and this will assist in the education of the marketplace.

The strategy in 2007 is to expand the portfolio of unsecured products, using the Pay Day Advance and KwikLoan models to their best advantage. These products respond well to local marketing and our observation of the marketplace indicates significant potential.

In 2005, H&T launched its secondary brand, Get>Go. The Get>Go stores offer the H&T suite of products with the exclusion of Retail and have a contemporary financial services image. We now have two units, one in Bury (opened in November 2005) and one in Liverpool (opened in October 2006). These units are in the early stages of their development and the trial will continue into 2007.

Develop new products

We are developing and testing a number of additional products which may be rolled out between 2007 and 2008.

Review of the Pawnbroking Market

Competition

The competitive environment has not changed substantially in the last year.

The pawnbroking industry remains very fragmented. Although there are no official statistics, the National Pawnbrokers Association estimates that there are around one thousand pawnbrokers in the UK.

In this environment it is critical to maintain the high levels of customer service in store and by doing so we will continue to be the first choice for our customers.

Regulation

There have been no changes to regulation that will have an impact on the products and services we offer.

Current Trading and Outlook

The increasing awareness of the pawnbroking industry, indeed of the wider alternative credit sector, will undoubtedly provide opportunities in the coming year. I believe the Group is well placed to develop and grow in this environment building on the successes delivered in 2006.

Finally I would like to thank all of our staff for their excellent contribution to the success of the business during the year.

John G Nichols
Chief Executive

FINANCIAL REVIEW

Turnover and gross profit

Turnover in 2006 amounted to £32.1 million compared with £29.6 million in 2005. Total gross profit in 2006 increased by 18.0 per cent. to £23.7 million (2005: £20.1 million) driven by a combination of turnover growth (8.4 per cent.) and an improvement in gross margin percentage (73.7 per cent. in 2006 compared to 67.7 per cent. in 2005).

Administrative expenses

The Group's administrative expenses before exceptional items in 2006 were £16.4 million compared with £14.4 million in 2005. The 14.5 per cent. increase in administrative expenses was primarily driven by the development of nine additional stores and the introduction of the new Cheque Cashing authorisation and debt collection facility.

Operating profit

During 2006, EBITDA before exceptional items increased by 19.4 per cent. to £9.4 million (2005: £7.8 million). The Group recorded a 26.8 per cent. increase in operating profit before exceptional items reporting £7.2 million in 2006 compared with £5.7 million in the previous year. Exceptional expenses of £1.9 million were incurred as part of the IPO.

Interest payable and similar charges

Interest payable before exceptional items decreased by £1.9 million from £5.9 million in 2005 to £3.9 million in 2006. This reduction was a result of the restructuring of bank facilities and loan notes 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.

Profit before taxation

Profit before taxation and exceptional items in 2006 was £3.3 million compared to a loss of £0.1 million in 2005. The statutory basis 2006 result 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. As a result, the Group recorded a profit before taxation of £0.7 million in 2006 compared with a profit before taxation of £0.8 million in 2005.

Taxation

The effective corporation tax rate excluding exceptional items was 39 per cent. for the year. This is substantially higher than the normal tax rate of 30 per cent. due to the impact of £0.2 million disallowable expenses (6 per cent.) and £0.1 million deferred tax and timing differences (3 per cent.).

(Loss)/earnings per share

Basic loss per share for 2006 was 0.85 pence compared with basic earnings per share of 1.61 pence in 2005. After adjusting for the exceptional items referred to above, adjusted basic earnings per share for 2006 was 7.41 pence compared with adjusted basic loss per share of 1.64 pence in 2005.

Dividend

The H&T Board has recommended a final dividend of 3.0 pence per share (2005: nil).

Cash flow

The Group generated cash of £7.6 million in 2006 from operating activities (2005: £5.4 million).

Capital expenditure

Capital expenditure during the year was £2.3 million (2005: £1.5 million). This includes £0.7 million on new stores, £0.9 million on the new EPOS system and other IT spend and £0.7 million on store refurbishments.

Flotation/new debt structure

Following the flotation of H&T, a new debt structure was put in place. The mezzanine debt (£5.3 million including capitalised interest to redemption date) and the Rutland loan notes (£18.3 million including capitalised interest to redemption date) were repaid with the placing proceeds and the new debt facility provided by Barclays Bank PLC. Net debt (before unamortised debt issue costs) was £34.7 million at 31 December 2006 compared with £51.9 million at 31 December 2005. The Group has in place 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.

Return On Capital Employed (ROCE)

ROCE, defined as profit before tax excluding exceptional items and interest receivable and payable as a proportion of net current assets and tangible fixed assets, increased from 15.1 per cent. in 2005 to 18.2 per cent. in 2006.

International Financial Reporting Standards (IFRS)

In accordance with the AIM's reporting regime, the Group will adopt International Financial Reporting Standards ("IFRS") for the financial year ending 31 December 2007. The Group has completed a preliminary exercise to identify and document the differences between UK GAAP and IFRS and is in the process of quantifying the impact that IFRS will have on the consolidated financial statements. This project is on schedule and the interim results for the six month period to 30 June 2007 will be the first set of results reported under IFRS.

Laurent P Genthialon
Finance Director

This announcement includes 'forward-looking statements'. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect", and words of similar meaning. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services) are forward-looking statements that are based on current expectations. Such forward–looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, achievements or financial position of the Group to be materially different from future results, performance, achievements or financial position expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's operating performance, present and future business strategies, and the environment in which the Group will operate in the future. These forward-looking statements speak only as at the date of this announcement. Past performance cannot be relied upon as a guide to future performance.

H&T Group plc

Consolidated profit and loss account
Year ended 31 December 2006

	Note	Before Exceptional Items £'000	Exceptional Items £'000	2006 Total £'000	Before Exceptional Items £'000	Exceptional Items £'000	2005 Total £'000
Turnover	**2**	32,130	**-**	**32,130**	29,638	**-**	**29,638**
Cost of sales		(8,454)	-	(8,454)	(9,576)	-	(9,576)
Gross profit	**2**	23,676	**-**	**23,676**	20,062	**-**	**20,062**
Administrative expenses	**3,8**	(16,440)	(1,903)	(18,343)	(14,354)	-	(14,354)
Operating profit	**3**	7,236	(1,903)	**5,333**	5,708	**-**	**5,708**
Profit on disposal of fixed assets		-	46	46	-	898	898
Interest receivable and similar income		27	-	27	16	-	16
Interest payable and similar charges	**4,8**	(3,936)	(801)	(4,737)	(5,860)	-	(5,860)
Profit on ordinary activities before taxation		3,327	(2,658)	**669**	(136)	898	**762**
Tax charge on profit on ordinary activities	**5**	(1,289)	386	(903)	(191)	(250)	(441)
(Loss)/profit for the financial year		2,038	(2,272)	**(234)**	(327)	648	**321**
(Loss)/earnings per share – basic	**6**			(0.85p)			1.61p
(Loss)/earnings per share - diluted	**6**			(0.85p)			1.55p

All the results derive from continuing operations.

H&T Group plc

Consolidated balance sheet
31 December 2006

	Note	Group 2006 £'000	Group 2005 £'000
Fixed assets			
Intangible assets		14,283	14,346
Tangible assets		6,083	5,144
Investments		-	-
		20,366	19,490
Current assets			
Stocks		4,070	3,373
Debtors	**9**	32,136	31,526
Cash at bank and in hand		2,108	1,434
		38,314	36,333
Creditors: amounts falling due within one year	**10**	(4,709)	(3,569)
Net current assets		33,605	32,764
Total assets less current liabilities		53,971	52,254
Creditors: amounts falling due after more than one year	**11**	(34,617)	(50,990)
Provisions for liabilities		(351)	(133)
Net assets	**2**	19,003	1,131
Capital and reserves			
Called up share capital	**12**	1,574	1,000
Share premium account		17,112	-
Share option account		19	-
Profit and loss account		298	131
Total shareholders' funds		19,003	1,131

H&T Group plc

Consolidated statement of total recognised gains and losses
Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
(Loss)/profit for the financial year		(234)	321
Corporation tax on share options exercised	**5**	401	-
Total recognised gains for the year		167	321

H&T Group plc

Combined reconciliation of movements in shareholders' funds and statement of movements on reserves
31 December 2006

Group	**Note**	**Share capital £'000**	**Share premium account £'000**	**Share option account £'000**	**Profit and loss account £'000**	**2006 Total £'000**	**2005 Total £'000**
At 1 January		1,000	-	-	131	1,131	810
(Loss)/profit for the financial year		-	-	-	(234)	(234)	321
Corporation tax on share options	5	-	-	-	401	401	-
Issue of share capital	12	574	17,790	-	-	18,364	-
Issue expenses	8	-	(678)	-	-	(678)	-
Share options granted	7	-	-	19	-	19	-
At 31 December		1,574	17,112	19	298	19,003	1,131

H&T Group plc

Consolidated cash flow statement
Year ended 31 December 2006

	Note		2006		2005
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	**14**		7,626		5,421
Returns on investments and servicing of finance					
Interest received		27		16	
Exceptional debt restructuring costs		(801)		-	
Interest paid		(6,787)		(2,850)	
Net cash outflow from returns on investments and servicing of finance			(7,561)		(2,834)
Taxation – corporation tax paid			(291)		(806)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(2,642)		(910)	
Sale of tangible fixed assets		118		1,074	
Net cash (outflow)/inflow from capital expenditure and financial investment			(2,524)		164
Acquisitions and disposals					
Purchase of unincorporated businesses	**13**	(1,020)		(636)	
Cash acquired with unincorporated businesses	**13**	7		3	
Net cash outflow from acquisitions and disposals			(1,013)		(633)
Net cash (outflow)/inflow before financing			(3,763)		1,312
Financing					
Issue of ordinary shares		18,364		-	
Expenses of share issue		(678)		-	
New borrowings		6,251		500	
Repayment of borrowings		(19,500)		(1,000)	
Net cash inflow/(outflow) from financing			4,437		(500)
Increase in cash in the year			674		812

Notes to the preliminary announcement
Year ended 31 December 2006

1. Basis of preparation

The financial information has been abridged from the audited financial statements for the year ended 31 December 2006.

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2006 or 2005, but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies and those for 2006 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) Companies Act 1985.

Whilst the financial information included in this preliminary announcement has been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), this announcement does not itself contain sufficient information to comply with UK GAAP. The Group expects to publish full financial statements that comply with UK GAAP in May 2007.

2. Segmental information

By class of business:

	Turnover		Gross profit	
	2006	**2005**	**2006**	**2005**
	£'000	**£'000**	**£'000**	**£'000**
Pawn Service Charge (PSC)	15,314	14,258	15,314	14,258
Retail	9,278	8,726	4,438	3,561
Scrap	4,731	4,894	1,117	484
Cheque cashing	2,629	1,666	2,629	1,666
Other financial services	178	94	178	93
	32,130	29,638	23,676	20,062

All turnover comprises sales to customers in the United Kingdom for both accounting periods and accordingly no analysis by geographic segment is presented.

The analysis by business is based on the Group's reporting segments. Further segmental information on profit before taxation is not possible due to the fact that the segments are effectively run as one business and any split of costs between the different segments would not give a true reflection of performance.

	2006	**2005**
	£'000	**£'000**
Segment net assets		
Pawn Service Charge (PSC)	29,197	28,271
Retail	3,870	3,264
Scrap	57	665
Cheque cashing	1,215	1,549
Other financial services	330	140
	34,669	33,889
Central liabilities	(15,666)	(32,758)
	19,003	1,131

All loan financing is treated as a component of central liabilities as the group is unable to meaningfully allocate the loans payable by segment.

Notes to the preliminary announcement
Year ended 31 December 2006

3. Operating profit

	2006 £'000	2005 £'000
Operating profit is stated after charging/(crediting):		
Depreciation charge on owned tangible fixed assets	1,349	1,361
Amortisation charge on intangible fixed assets	779	776
Profit on disposal of fixed assets	(12)	(20)
Operating leases		
Other	1,897	1,586
Auditor remuneration		
audit fees	53	48
other	208	6
Previous auditor		
audit fees	-	20
other services	-	25
Exceptional items (IPO costs) – note 8	1,903	-

The analysis of auditors' remuneration is as follows:

	2006 £'000	2005 £'000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	-	-
Fees payable to the Company's auditors for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	53	48
Total audit fees	53	48
Other services pursuant to legislation		
- Tax services	14	6
- Corporate finance services	290	-
- Other assurance services	13	-
Total non-audit fees	317	6

The corporate finance fees relate to work completed by Deloitte & Touche LLP with respect to the Initial Public Offering of the shares in the Company on the Alternative Investment Market ('AIM') on 8 May 2006. Of these fees, £109,000 (2005 - £nil) has been charged to the share premium account as costs associated directly with the issue of new shares.

Notes to the preliminary announcement
Year ended 31 December 2006

4. Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable on bank loans and overdraft	2,684	3,023
On other loans	896	2,273
Other interest	16	29
Amortisation of debt issue costs	340	535
	3,936	5,860
Exceptional items	801	-
Total interest payable and similar charges	4,737	5,860

The £801,000 charge in 2006 relates to costs expensed associated with the arrangement fees of the bank loan restructuring disclosed in note 8.

5. Tax charge on profit on ordinary activities

(a) Tax on profit on ordinary activities

	Before Exceptional items £'000	Exceptional items £'000	2006 Total £'000	Before Exceptional items £'000	Exceptional items £'000	2005 Total £'000
Current tax						
United Kingdom corporation tax at 30% (2005 – 30%) based on the profit for the period	1,351	(402)	949	231	250	481
Adjustments in respect of prior periods	(14)	(250)	(264)	(104)	-	(104)
Total current tax	1,337	(652)	685	127	250	377
Deferred tax						
Short term timing differences, origination and reversal	(50)	16	(34)	64	-	64
Adjustments in respect of prior periods	2	250	252	-	-	-
Total deferred tax	(48)	266	218	64	-	64
Tax charge on profit on ordinary activities	1,289	(386)	903	191	250	441

Notes to the preliminary announcement
Year ended 31 December 2006

5. Tax charge on profit on ordinary activities (continued)

(b) Factors affecting current tax charge for the year

The tax assessed for the year 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:

	Before Exceptional items £'000	Exceptional items £'000	2006 Total £'000	Before Exceptional items £'000	Exceptional items £'000	2005 Total £'000
Profit on ordinary activities before taxation	3,327	(2,658)	669	(136)	898	762
Tax charge on profit on ordinary activities at standard rate	998	(797)	201	(41)	270	229
Effects of:						
Disallowed expenses and non-taxable income	206	395	601	348	-	348
Capital allowances and other timing differences	70	-	70	(82)	-	(82)
Short term timing differences	77	-	77	9	-	9
Disposal of properties	-	-	-	(3)	(20)	(23)
Adjustments to tax charge in respect of previous periods	(14)	(250)	(264)	(104)	-	(104)
Total actual amount of current tax charge	1,337	(652)	685	127	250	377

(c) Amounts credited to the statement of total recognised gains and losses

During the year £401,000 (2005 - £nil) of tax relief available to the Group arising on share options exercised has been credited directly to the profit and loss reserve.

Notes to the preliminary announcement
Year ended 31 December 2006

6. (Loss)/earnings per share

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

The directors also present an adjusted earnings/(loss) 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 (loss)/earnings per share in arriving at adjusted earnings/(loss) per share are for exceptional items disclosed separately on the face of the profit and loss account. Other than for the adjusting items, the calculation is the same as for the statutory per share amounts.

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

			2006			**2005**
	(Loss)/ earnings £'000	**Weighted average number of shares * No. '000s**	**Per-share amount pence**	**Earnings/ (loss) £'000**	**Weighted average number of shares * No. '000s**	**Per-share amount pence**
Statutory (loss)/earnings per share:						
(Loss)/earnings per share –basic	(234)	27,489	(0.85)	321	20,000	1.61
Effect of dilutive securities						
Warrants	-	-	-	-	736	-
(Loss)/earnings per share-diluted	(234)	27,489	(0.85)	321	20,736	1.55
Adjusted earnings/(loss) per share:						
(Loss)/earnings per share-basic	(234)	27,489	(0.85)	321	20,000	1.61
IPO costs	1,903	-	-	-	-	-
Fixed asset disposals	(46)	-	-	(898)	-	-
Debt restructing costs	801	-	-	-	-	-
Tax adjustment	(386)	-	-	250	-	-
Adjusted earnings/(loss) per share-basic	2,038	27,489	7.41	(327)	20,000	(1.64)
Effect of dilutive securities						
Options	-	-	-	-	-	-
Adjusted earnings/(loss) per share-diluted	2,038	27,489	7.41	(327)	20,000	(1.64)

Notes to the preliminary announcement
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6. (Loss)/earnings per share (continued)

The effect of the share options disclosed in note 7 in the current period is to increase the number of shares for the calculation of diluted adjusted earnings per share by 388 which has no impact on the diluted earnings per share. There are no other potentially dilutive instruments in issue nor have any such instruments been issued subsequent to the 31 December 2006.

* Reflects the subdivision of the ordinary shares from 100p to 5p as if this had occurred at the beginning of the earliest period presented.

7. Equity-settled share option scheme

2006 Share Option Schemes

The Group operates an approved and an unapproved share option scheme for certain employees of the Group. Options are exercisable at a price equal to the average quoted market price of H&T Group plc's shares on date of grant. The vesting period is three years. If the options remain unexercised after a period of 10 years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest.

Details of the share options outstanding during the year are as follows.

Group	Number of share options	2006 Weighted average exercise value (in £)	Number of share options	2005 Weighted average exercise value (in £)
Outstanding at the beginning of the financial year	-	-	-	-
Granted during the year	450,824	822,754	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	450,824	822,754	-	-
Exercisable at the end of the financial year	-	-	-	-

The options outstanding at 31 December 2006 had a weighted average exercise price of 182.5p, and a weighted average remaining contractual life of 9.7 years. In 2006, options were granted on 8 September 2006. The aggregate of the estimated fair values of the options granted on that date is £263,000.

The inputs into the Binomial option pricing model utilised by the Group to estimate the fair value of the option are as follows:

	2006	2005
Weighted average share price	182.5 pence	-
Weighted average exercise price	182.5 pence	-
Expected volatility	30.6%	-
Expected life	6.5 years	-
Risk-free rate	4.34%	-
Expected dividends	2.2%	-

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Year ended 31 December 2006

7. Equity-settled share option scheme (continued)

Expected volatility was determined by calculating the historical volatility of a similar sized competitor in the industry's share price over the previous 4 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £19,000 related to equity-settled share-based payment transactions in 2006. A corresponding credit has been recorded in equity of £19,000 in the share option account.

2004 Share Option Scheme

In December 2004, the Group introduced a share option scheme whereby certain employees of a subsidiary undertaking, Harvey & Thompson Limited, had options over shares already in issue in H&T Group plc (at the time H&T Group Limited). These options were granted by the ultimate controlling party at that date, The Rutland Fund, whereby the employees had the right to acquire 40,000 £1 shares, being 4% of the issued share capital of the parent company, directly from The Rutland Fund at par value of £1. The options were exercisable upon an exit event for The Rutland Fund, being defined as a listing, a sale, a liquidation, or any other event that the Board considered to be an exit event. This equity based transaction falls within the scope of FRS 20.

The Group has opted not to retrospectively apply FRS 20 with regards to these options as the compensation expense which would arise from the adoption of FRS 20 over the full life of the options, which was until 8th May 2006 when H&T Group plc listed and the options were exercised is immaterial in the opinion of the directors. In arriving at this assessment the Group has adopted a Binomial valuation model. On the basis of the immaterial nature of the amounts concerned and the options having been exercised in full in the period, no further disclosure is provided regarding this share option scheme.

8. Exceptional costs - Initial Public Offer ('IPO') costs

In 2006, the Group incurred £3,382,000 of expenses relating to the IPO and its debt restructuring. £801,000 was incurred for the restructuring of its debt and accordingly was expensed to the profit and loss account (note 4). £678,000 was directly allocated to the issue of new shares and written off to the share premium account. The balance of £1,903,000 was expensed to the profit and loss account (note 3).

9. Debtors

	Group 2006 £'000	Group 2005 £'000
Trade debtors	26,786	26,752
Other debtors	122	86
Prepayments and accrued income	5,228	4,688
	32,136	31,526

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10. Creditors: amounts falling due within one year

	Group 2006 £'000	Group 2005 £'000
Short term portion of bank loan	1,500	1,500
Unamortised issue costs	(245)	(518)
Net short-term portion of bank loans	1,255	982
Trade creditors	1,233	859
Corporation tax	38	73
Other taxation and social security costs	181	239
Accruals and deferred income	2,002	1,416
	4,709	3,569

11. Creditors: amounts falling due after more than one year

	Group 2006 £'000	Group 2005 £'000
Bank loan	35,351	34,365
Unamortised issue costs	(734)	(801)
Net long-term portion of bank loans	34,617	33,564
The Rutland Fund loan note	-	17,426
	34,617	50,990

Notes to the preliminary announcement
Year ended 31 December 2006

12. Called up share capital

	2006 £'000	2005 £'000
Authorised:		
Nil (2005 - 830,000) ordinary A-Class shares of £1 each	-	830
Nil (2005 -110,000) ordinary B-Class shares of £1 each	-	110
Nil (2005 - 60,000) ordinary C-Class shares of £1 each	-	60
Nil (2005 - 41,667) ordinary D-Class shares of £1 each	-	42
41,970,000 (2005 - nil) ordinary shares of £0.05 each	2,099	-
	2,099	1,042
Allotted, called up and fully paid:		
Nil (2005 - 830,000) ordinary A-Class shares of £1 each	-	830
Nil (2005 - 110,000) ordinary B-Class shares of £1 each	-	110
Nil (2005 - 60,000) ordinary C-Class shares of £1 each	-	60
31,485,706 (2005 - nil) ordinary shares of £0.05 each	1,574	-
	1,574	1,000

Immediately prior to the IPO in May 2006, the 41,667 Ordinary D-Class shares were issued to warrant holders for cash consideration of £41,667. Thereafter the cumulative authorised and issued share capital of £1,041,667 was sub-divided 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 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 Company to AIM on 8 May 2006. Accordingly, of the proceeds received of £18,322,000, £532,000 has been recorded in share capital and £17,790,000 in the share premium account.

At 31 December 2006, the number of ordinary shares subject to options, the periods in which they were granted and the periods in which they may be exercised are set out below:

Year of grant	Number of shares	Exercise period	Exercise price (pence)
2006	450,824	2009 – 2016	182.5

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Year ended 31 December 2006

13. Acquisitions

The Group made the following acquisitions during the year:

	Acquisition 1	Acquisition 2	Total 2006	Total 2005
	£'000	£'000	£'000	£'000
Assets acquired:				
Fixtures & fittings	-	-	-	81
Retail stock	-	-	-	229
Debtors	40	257	297	105
Cash	-	7	7	3
Total assets acquired	40	264	304	418
Consideration:				
Cash	79	941	1,020	636
Total consideration	79	941	1,020	636
Goodwill	39	677	716	218

Acquisition 1

On 17 July 2006, the Group reached agreement to acquire the pledge book of an independent pawnbroker. The directors consider the book values to be the provisional fair value of those assets acquired. There are no material cash flows relating to the acquisition.

Acquisition 2

On 9 October 2006, the Group reached agreement to acquire the trade and assets of an independent pawnbroker and cheque cashing agent. The directors consider the book values to be the provisional fair value of those assets and liabilities acquired. Other than the consideration paid, there are no material cash flows relating to the acquisition.

No information is provided on the pre-acquisition trading of the above businesses as this is not available.

The results of the businesses acquired are not material to warrant further disclosures under FRS 6 'Acquisitions and mergers' or FRS 3 'Reporting financial performance'.

Notes to the preliminary announcement
Year ended 31 December 2006

14. Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

Continuing operations	**2006 £'000**	**2005 £'000**
Operating profit (including exceptional IPO costs of £1,903,000 (2005-£nil)	5,333	5,708
Amortisation of intangible fixed assets	779	776
Profit on disposal of fixed assets	(12)	(20)
Depreciation of tangible fixed assets	1,349	1,361
(Increase)/decrease in stock	(697)	456
Increase in debtors	(313)	(3,429)
Increase in creditors	1,168	569
Share option charge	19	-
Net cash inflow from operating activities	7,626	5,421

15. Post balance sheet events

On 21 February 2007 the Group sold a freehold property for a consideration of £265,000. The costs of disposal were £33,000 and the net book value of the freehold property was £36,000. The profit on disposal was £196,000. The Group has held over the resulting capital gains of £56,000 through re-investment in qualifying assets.

On 19 March 2007 the directors proposed a final dividend of 3p per ordinary share, which will amount to £945,000. This dividend has not been provided in the financial statements, in accordance with the provisions of FRS 21 'Events after the balance sheet date'.