



The UK's leading pawnbroker

PAWNBROKING ■ CHEQUE CASHING ■ PAY DAY ADVANCE ■ KWIKLOAN ■ JEWELLERY ■ PREPAID DEBIT CARD

H&T Group plc

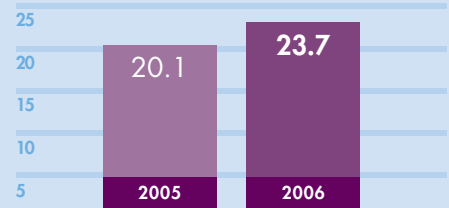
Annual Report and Accounts 2006

Highlights

Gross profit

£23.7m

2005: £20.1m
+18.0%

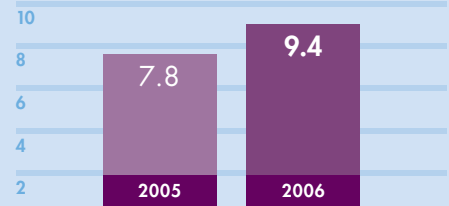


Earnings

before Interest, Tax,
Depreciation, Amortisation
("EBITDA") before
exceptional items

£9.4m

2005: £7.8m
+19.4%

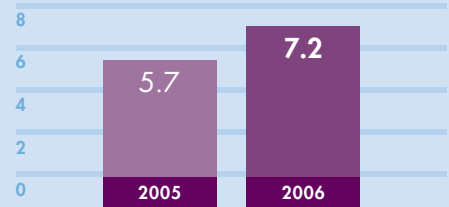


Operating profit

before exceptional items

£7.2m

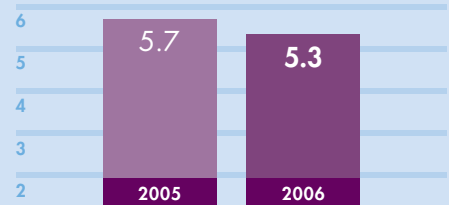
2005: £5.7m
+26.8%



Operating profit

£5.3m

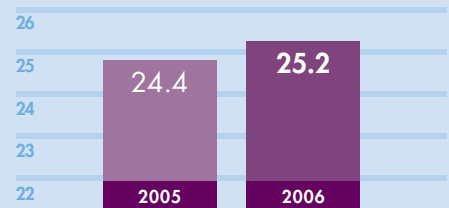
2005: £5.7m
-6.6%



Pledge book

£25.2m

2005: £24.4m
+3.2%



Proposed dividend

■ **3.0p** (2005: 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
- Pre-paid debit cards now available in all stores
- Admission onto 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)

01 Chairman's Statement
01 The Business at a glance
02 Introduction to H&T
02 What is Pawnbroking?
03 Our Customers
04 Chief Executive's Review of the Business

04 Pawn Service Charge
05 Disposition
06 Other Financial Services
08 Branch Network
10 Finance Director's Review
11 Our People

12 Directors, Officers and Advisers
13 Corporate Governance
15 Directors' Report
18 Statement of Director's Responsibilities
19 Independent Auditor's Report

20 Consolidated Profit and Loss Account
21 Consolidated Statement of Total Recognised Gains and Losses
22 Balance Sheets
23 Combined Reconciliations of Movements in Shareholders'

Funds and Statements of Movements on Reserves
24 Consolidated Cash Flow Statement
25 Notes to the Accounts
47 Store Directory

Chairman's Statement

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 197.5p 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 4 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

The Business at a glance:



Pawnbroking

A quick and simple form of finance, with loans from £5 upwards secured on item(s) of value, normally jewellery.



Cheque Cashing

A fast and cost effective alternative for those people who cannot wait for their cheques to clear, or who do not have a bank account.



Pay Day Advance

A simpler and often cheaper alternative to an unauthorised overdraft, providing easy access to cash for up to 30 days.



KwikLoan

An unsecured loan of up to £750 repayable over 12 months by Direct Debit.



Jewellery Retail

A diverse and unique range of excellent value jewellery ranging from diamond rings to Rolex watches.



Prepaid Debit Card

A product that allows customers to load cash onto their prepaid card in our stores, and use it in ATMs, online or in stores.

Introduction to H&T

H&T provides a range of simple and accessible financial products tailored for a customer base who have limited access to, or are excluded from, the traditional banking and finance sector.

As at 31 December 2006 H&T was the largest pawnbroking business in the UK, both in terms of the size of the pledge book and number of operational outlets. As a business H&T has existed in some form since the late 1800's and over the years has built or acquired some of the oldest and largest pawnbrokers in the UK. Indeed the store in Edinburgh has operated from the same building for over 150 years serving the local community.

More recently H&T has accelerated its development by adding new products and

services and expanding the store network. On 8 May 2006 H&T floated on the Alternative Investment Market ("AIM") providing the group with access to new sources of finance and allowing the provision of equity based incentivisation to employees.

H&T operates in a fast moving, competitive environment and will continue to succeed by focussing on customer needs, the development and retention of staff and the ongoing development of existing and new products together with expansion in locations.

Timeline

1897: 1 store
• Harvey & Thompson was founded

1992: 27 stores
• Cash America buys H&T

Sept 2004: 57 stores
• MBO backed by Rutland Partners

May 2006: 69 stores
• H&T floats on AIM

Dec 2006: 77 stores

What is Pawnbroking?



Pawnbroking is quite simply a loan secured on an item of value. Traditionally pawnbrokers would accept almost anything of value in order to secure the loan. The H&T pawnbroking offer is mainly based on jewellery as it is compact, high value and can be valued and if necessary resold relatively easily.

How does it work?

The customer brings in the item(s) of value to the store and is asked to give an indication of how much they want to borrow. This is done in order to establish how realistic the customer's expectation is, as the high margins charged by the high street jewellers can give an inflated

perception of the value of the goods. The store staff then use a combination of their expertise and training, together with the point of sale system to determine if there is adequate security for the loan. Assuming that there is, the customer and H&T then enter into a credit agreement regulated by the Consumer Credit Act. This is a contract for 6 months and carries interest of 7% to 9% flat rate per month. The rate charged is dependent on local competition and the location of the store.

During the contract the customer can:

- **Redeem** the pledge. This means they pay H&T the value of the loan, plus the interest accrued to date.
- **Renew** the pledge. This means they pay H&T the interest only and a new loan agreement is issued for a further six months.

Approximately five months after the date of the loan we will write to the customer explaining that the contract is almost due and reminding them of the final date to redeem. We write again once the contract is expired to give the customer one more chance to redeem or renew their pledge.

If the customer does not redeem or renew then we have to attempt to realise the value of the pledge to repay the loan. The Consumer Credit Act sets out a different treatment for pledges over £75 and those £75 and under.

- **Over £75:** These pledges are sent to public auction with a reserve price. In the event that the pledge is sold then H&T retains the value of the loan, interest to date plus a small administration fee. Any surplus is repaid to the customer.
- **£75 and under:** These pledges become the property of H&T immediately; the rules relating to the surplus do not apply due to the lower value of the items concerned.

Regardless of the outcome H&T does not pursue the customer in the rare circumstances when there is a shortfall between the amount due under the agreement and the amount recovered when the item is sold. Therefore if the customer is unable to redeem there will be no further consequences and their credit rating is unaffected.

Our Customers

Our pawnbroking customers come from a wide range of social and demographic backgrounds and bring with them a multitude of different items of jewellery, from a heavyweight belcher chain to a 1970s Rolex to a 5ct diamond solitaire.



The single factor that unites them is the ownership of an asset and a requirement for short term cash.

Use of Funds

Generally our customers use the funds obtained for day to day expenses with a small number borrowing to solve the short term cash needs of their businesses.

The H&T Difference

H&T has a long established culture of customer service and our staff strive to help and empathise with our customers. It is common to hear first names being used in the stores and equally the customer to call our staff by their first name. This is not the result of scripts or training but rather an expectation that they are there to help the customer during what may be a difficult time.

The key to this relationship is the autonomy given to the store managers in their management of the customer relationship. This maintains the customer relationship and provides that flexibility and helpfulness that is so often missing from the rest of the high street.

December 2006 Research

Historically we have scored well in independent research and mystery shopping of our stores. The most recent survey was in December 2006* using both quantitative and qualitative techniques and interviews of 250 customers. Once again the research demonstrated high levels of customer satisfaction, with over 88% of customers rating their satisfaction with H&T 8 or more out of 10.

What our customers say:

H&T has improved the image of pawnbroking, made it more accessible and brought it onto the high street:

“When I first started using it, it was on a back street, dark and dingy. It made you feel like you had to literally run in and run out. But now it’s more open, modern. And it’s just like any other shop in town really.”

Many customers feel that the transaction is more of an exchange, rather than them getting into debt:

“... a lot of people would prefer to take their personal things, because then it doesn’t seem as if you’re borrowing, it’s more of an exchange... And I think that somehow it makes you feel a little bit better.”

The average loan is small and there are few lenders who will support the day to day requirements of our customers:

“You can’t really go into a bank and say, look I want to borrow £50, I want to borrow £40, £60, because it would just look like you were stupid. They only want to lend big amounts.”

Burnt Oak store customer 2006:

“Nothing’s for free nowadays, everything has got a bit of interest in it and... I’m happy because they are doing a service for me... I’m happy... to pay the little bit of interest that it costs.”

Demographic Overview of Customers*

Age	70% of customers are between 25 and 45.
Gender	60% Female, 40% Male.
Socio-demographics	Generally C2DE (although 10% are AB).
Employment	Around 20% are unemployed, those employed are mainly full-time in the service sector, low paid and reliant on state benefit for income support.
Finances	Over 70% have bank accounts but over one third do not use one regularly.
Accommodation	Generally renting, often in council property.

*Source: Research by Precient, December 2006

Chief Executive's Review of the Business

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).

Pawn Service Charge

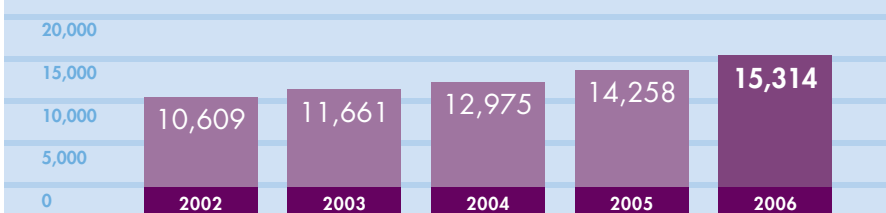
Pawn Service Charge (PSC) represents all income earned up to the completion of a pledge. The main items are interest and net profit from auctions after returning any surplus to the customer.

In 2006 PSC represented 64.7% of total net revenues (2005: 71.1%) and 73.4% of total pawnbroking income (2005: 77.9%).

The average loan in 2006 was £105 (2005: £103), the yield on the pledge book was 62.6% (2005: 59.6%).



Pawn Service Charge net revenues (£'000)



7.4%
PSC revenue % growth

£5.6m
net revenues from
disposition activities

REVIEW OF OPERATIONS

Pawn Service Charge

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 Pawn Service Charge. Maintaining this market leading position remains a priority for the Board of H&T.

Disposition

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).



**“MAINTAINING
THIS MARKET
LEADING POSITION
REMAINS A PRIORITY
FOR THE BOARD.”**

Disposition

Disposition refers to the entire process to dispose of forfeited pledges. The key routes are retail through the stores and scrap. Given the higher margin our preferred route is via retail.

Retail

The Company's retail proposition is primarily gold and jewellery and almost all (93.6%) retail sales are forfeited items from the pawnbroking pledge book. We complement our retail offering with a small amount of new jewellery.

We have incorporated the retail offering into all but one H&T branded outlet and all new H&T Pawnbrokers now have a dedicated retail window, most including an internal display with a separate retail counter.

Profitability in this area is driven by sound lending on the pawnbroking side and also by the management of appropriate stock. Our preference is to

retail the stock that is produced from forfeited loans to maximise our returns.

The advantage of H&T over other retailers is that the cost of our supply is relatively low and we can scrap surplus items and still make a profit. This offsets the fact that we have little choice over our supply and therefore must retail what we have available to sell.

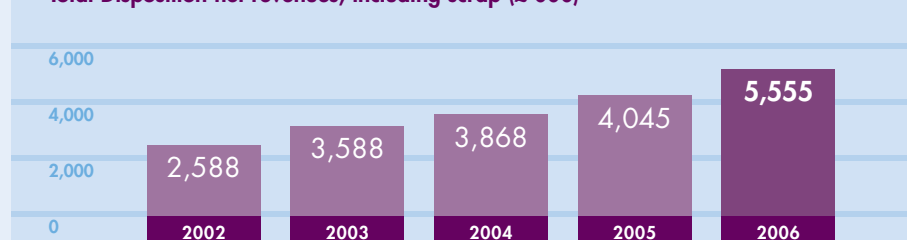
As almost all items retailed come from the pledge book we are able to offer an

excellent value proposition that is extremely hard to beat on the high street.

Scrap

Items that are damaged beyond repair, or slow moving, may be smelted and sold at the current gold spot price less a small commission. The point of sale system reduces the amount lent on items identified as scrap or low quality so we are still able to make a reasonable margin on scrap sales.

Total Disposition net revenues, including scrap (£'000)



Chief Executive's Review of the Business (continued)

£1.8m
increase in gross
revenues from PDA and
Cheque Cashing activities



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.

Other Financial Services

Cheque Cashing

Cheque Cashing is the provision of cash in exchange for a cheque payable to our customer for a commission fee based on the face value of the cheque. The average cheque value in 2006 was £364, with the average fee being £23 (6.4%).

The cheques are normally in respect of wages and the service is used as a quick and convenient alternative to a bank overdraft. The product simply serves a short term need for cash.

In order to manage the risk associated with cashing third party cheques we have access to a variety of information, from credit reference agencies to internet directories, as well as our own point of sale system and database of customer activity.

Pay Day Advance

Pay Day Advance is a simple form of credit, where the advance is repaid by cheques presented by the customer at the point of the loan. The contract allows for 30 days credit and the average advance in 2006 was £435, with a typical charge of 13% per 30 days.

The customer will agree a date for the cheque to be banked, then either:

- Pay additional fees for another 30 days (Extend); or
- Pay the face value of the cheque in cash (Settle); or
- Allow the cheque to be deposited into our account.

KwikLoan

H&T identified the need for an unsecured loan product that had a longer duration than a Pay Day Advance. The principle is that some customers are unable to repay the lump sum of a Pay Day Advance after 30 days and prefer a smaller regular repayment. The underwriting criteria are essentially the same as for a Pay Day Advance although we do more verification to ensure that the customer is likely to be a reasonable risk for the duration of the loan.

KwikLoan is currently offered over a 12 month period for loan values up to £750, although the average is closer to £600. We earn approximately £300 gross interest on a £500 KwikLoan over a 12 month period.

150%
increase in the
KwikLoan loan book

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.

Other Financial Services (continued)

Prepaid Debit Card

H&T offers a prepaid debit card on behalf of Advanced Payment Solutions (APS) under the CashPlus brand. The card is an instant issue Cirrus card (which allows ATM access immediately), with a personalised MasterCard issued to the customer in the post within 10 days. For further product information refer to www.apsgroup.com.

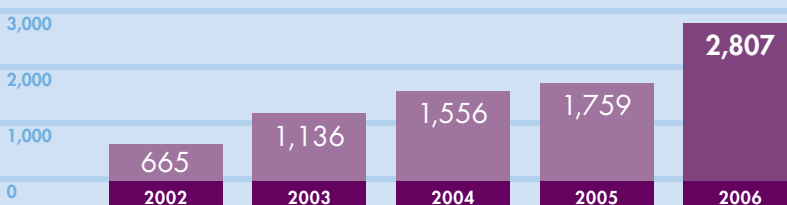
H&T was the first national chain to provide the CashPlus card in the UK and we remain one of the largest customers of APS.

The card is the ideal vehicle to provide funds to our customers in a more convenient form than cash. The card is the natural extension to each of our cash based products, with the store staff cross selling the benefit as part of our pawnbroking and cheque cashing

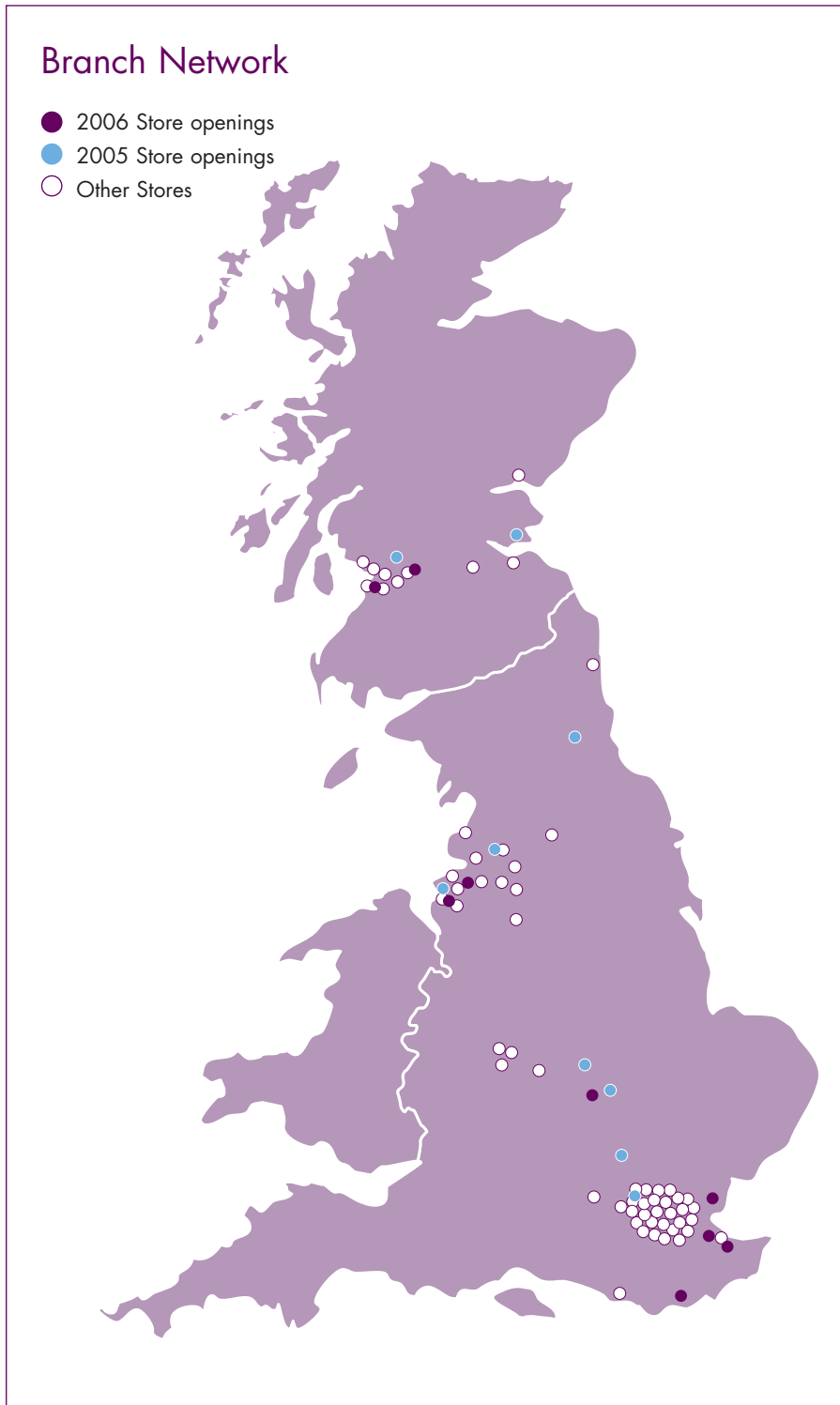
transactions. We expect the card to enhance our relationship with customers, increasing retention and loyalty as they will use our outlets to load additional funds on to the card.

The customers value the status of having a MasterCard and the ability to use the card online, with over half the transactions on the card being for internet purchases.

Total Other Financial Services net revenues (£'000)



Chief Executive’s Review of the Business (continued)



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.

“I BELIEVE THE GROUP IS WELL PLACED TO DEVELOP AND GROW IN THIS ENVIRONMENT BUILDING ON THE SUCCESSES DELIVERED IN 2006.”

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



Finance Director's 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 for the 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.

EBITDA before exceptional items (£'000)



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 p).

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 taxation 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 8.2 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 Genthalon
Finance Director

Our People

H&T operates in a competitive environment and the ability to deliver the right level of service, whether on loans, cheques or in retail is vital to the future development of our business.

In order to achieve that level of service we need the right people in our stores, well trained, motivated and managed. The store manager is the key to that success and we pride ourselves on the experience and ability of our field management team.

Training and Development

Our training process consists of internal training sessions, modular training in store and specialist external training. This layered approach ensures our new staff fully develop their skills in each product before moving on to the next module.

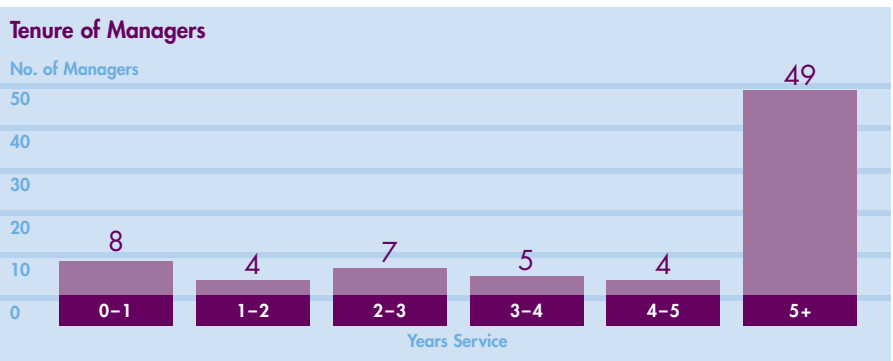
We have a well established appraisal system to identify and develop management candidates and we aim to promote internally wherever possible.

Accreditations



INVESTOR IN PEOPLE

H&T achieved the Investors in People accreditation in 2002.



Directors, Officers and Advisers

THE DIRECTORS

John G Nichols (Chief Executive), 56

After an early career in the RAF, John entered the leisure industry with the Rank Organisation where he held several senior executive positions.

John joined H&T as Managing Director in 1997 and subsequently became Chief Executive. He has been instrumental in developing and implementing the business strategy and delivering consistent growth in revenues and profitability. He also led in the initiative to obtain the ISO9001 and Investors in People accreditations.

He is currently President of the National Pawnbrokers' Association, a position he has held since October 2004.

Laurent P Genthialon (Finance Director and Company Secretary), 35

Laurent has spent his career in a variety of accounting and financial management positions in the UK and Europe. As the Finance Director of Oddbins from 2002 to 2005 he gained valuable experience in financial management and business turn-around during a change of ownership and subsequent restructuring of this retail group.

Laurent joined H&T in May 2005, and since then, has completed a number of internal projects to restructure the financial reporting functions of the business and increase the operational efficiencies of the IT and finance functions.

Stephen A Fenerty (Commercial Director), 34

A Chartered Accountant who trained at KPMG, Stephen has pursued a variety of management roles in the alternative credit sector. Prior to joining H&T, Stephen worked for The Money Shop (part of Dollar Financial, Inc.) where he was responsible for new product development introducing, amongst others, foreign exchange, unsecured loans and loans brokerage.

Stephen joined H&T in March 2005 as Commercial Director where he has launched the prepaid debit card and utilised his expertise in credit management and debt collection. He is responsible both for the project management and implementation of new product initiatives and for origination and execution of new store acquisitions.

THE NON-EXECUTIVE DIRECTORS

Peter J Middleton (Chairman), 67

Peter has held several senior positions in finance and commerce including Chief Executive of Lloyd's of London, Chief Executive of Salomon Europe and Chief Executive of Thomas Cook. He was also a Managing Director of Nomura Principal Finance and Terra Firma and gained direct experience of the alternative credit sector as Chairman of Brighthouse. He has been Chairman of H&T since September 2004.

He is currently also Chairman of GTL Resources Plc.

Andrew J Brown, 62

Andrew, a Chartered Accountant, has wide ranging experience of the financial services sector, including executive positions with Sterling Guarantee Trust and Sedgwick Group. He was Finance Director and subsequently Joint Chief Executive of Gartmore Investment Management plc. He has been a board member or Chairman of a number of listed and unlisted companies and is presently a non-executive director of Countrywide plc, Framlington Income & Capital Trust PLC and Thames River Capital (UK) Limited.

Peter D McNamara, 56

Peter spent the majority of his career with Lloyds Bank plc, as Chief Manager for strategic planning, mergers and acquisitions, and then as the Managing Director of Personal Banking. He subsequently served as Group Managing Director of Alliance & Leicester plc and Chief Executive of Wesleyan Assurance Society, a mutual life insurance business. In 2002 he left to become Chairman and subsequently Executive Chairman of Moneybox plc, the leading ATM deployer operating in the UK, Germany and the Netherlands, which he led to flotation on AIM.

He is presently executive Chairman of Notemachine Ltd and non-executive director of Radian Europe Ltd.

REGISTERED AND HEAD OFFICE AND ADVISERS

Registered and Head Office

H&T Group plc
Times House, Throwley Way,
Sutton, Surrey, SM1 4AF
Tel: +44 (0) 870 9022 600

Financial Adviser and Nominated Adviser

Hawkpoint Partners Limited
41 Lothbury, London, EC2R 7AE

Broker

Numis Securities Limited
10 Paternoster Square
London, EC4M 7LT

Legal advisers to the Company

Eversheds LLP
Senator House, 85 Queen Victoria Street,
London, EC4V 4JL

Independent Auditors

Deloitte & Touche LLP
Global House, Crawley,
West Sussex, RH10 1DL

Bankers

Barclays Bank PLC
27th Floor, 1 Churchill Place,
London, E14 5HP

Registrars

Lloyds TSB Registrars
Princess House, 1 Suffolk Lane,
London, EC4R 0AX

Public relations

College Hill
78 Cannon Street, London, EC4N 6HH

Corporate Governance

The directors recognise the importance of adopting good corporate governance practices in the best interests of all shareholders. Although the Company is not required to report on compliance with the Combined Code ("the Code") since its shares are traded on the AIM market, the Company complies, so far as practical, with the Code in the following ways:

DIRECTORS

The Board

The Board comprises three executive directors and three non-executive directors. Their biographies appear on page 12. A review of these shows a range of experience and expertise sufficient to bring independent judgement on issues of strategy, performance, resources and standards of conduct which is vital to the success of the Group. The three non-executive directors hold shares (as disclosed on page 16). However because the number of shares held is small and there are no cross directorships between executive and non-executive directors, the non-executive directors are considered to be independent.

Board meetings

The Board is responsible to the shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the financial statement is set out in this Annual Report.

The Board meets 10 times during the year. To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of the Board meetings. There is a formal schedule of matters reserved to the Board which include the determination of strategy, approval of new stores and acquisitions, approval of budget and major capital expenditure.

At Board meetings, the agenda normally comprises a review of the management accounts, a CEO review of operations, a

review of new store proposal and potential acquisitions and an update on the progress of the Group's other strategic objectives.

The Board meetings in August and March cover the approval of the interim and preliminary financial results respectively and the November meeting deals with the approval of the annual budget.

The following committees deal with the specific aspects of the Group's affairs:

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

- Peter D McNamara (Chairman)
- Peter J Middleton
- Andrew J Brown

The Committee meets at least once in each year and at such other times as the Chairman of the Committee sees fit.

The Chairman of the Committee is appointed by the Board on the recommendation of the Nomination Committee. The quorum for the Committee is two.

The duties of the Committee are to:

- determine and agree with the Board the framework or broad policy for the remuneration of the Chairman, executive directors and any employees that the Board delegates to it;
- within the terms of the agreed policy, determine individual remuneration packages including bonuses, incentive payments, share options, pension arrangements and any other benefits;
- determine the contractual terms on termination and individual termination payments, ensuring that the duty of the individual to mitigate loss is fully recognised;
- in determining individual packages and arrangements, give due regard to the comments and recommendations of the Combined Code and the Listing Rules;
- be told of and be given the chance to advice on any major changes in

employee benefit structures in the Company;

- recommend and monitor the level and structure of remuneration for senior managers below Board level as determined;
- agree the policy for authorising claims for expenses from the Chief Executive and from the Chairman of the Board; and
- recommend an annual report for the Board to put to Shareholders on executive remuneration compliant with relevant legal and regulatory provisions.

The Committee is authorised by the Board to:

- seek any information it requires from any employee of the Company in order to perform its duties;
- be responsible for establishing the selection criteria and then for selecting, appointing and setting the terms of reference for any remuneration consultants providing advice to the Committee, at the Company's expense; and
- obtain, at the Company's expense, outside legal or other professional advice where necessary in the course of its activities.

Audit Committee

The Audit Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

- Andrew J Brown (Chairman) – Chartered Accountant
- Peter J Middleton
- Peter D McNamara

The Audit Committee reviews each year the arrangements for safeguarding auditor objectivity and independence. The Audit Committee reviews the scope, results and cost-effectiveness of internal and external audit, and has delegated power from the Board to exercise the power from shareholders to agree fees for external auditors. The Audit Committee is responsible for satisfying itself on the independence of internal auditors and on the independence and objectivity of external auditors. The Committee reviews

Corporate Governance (continued)

the operation of internal controls and, from the coming year, will report to the Board on the annual review of the internal control and risk management.

Nomination Committee

The Nomination Committee comprises three independent non-executive directors of the Company. The members of the Committee are:

- Peter J Middleton (Chairman)
- Peter D McNamara
- Andrew J Brown

The function of the Nomination Committee is to provide a formal, rigorous and transparent procedure for the appointment of new directors to the Board. In carrying out its duties, the Nomination Committee is primarily responsible for:

- identifying and nominating candidates to fill Board vacancies;
- evaluating the structure and composition of the Board with regard to the balance of skills, knowledge and experience and making recommendations accordingly;
- reviewing the time requirements of non-executive directors;
- giving full consideration to succession planning; and
- reviewing the leadership of the Group.

Internal controls

The Board acknowledges that it is responsible for the Group's system of internal control and for the continuing process of reviewing the effectiveness of the internal controls. Internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The directors confirm that they have reviewed the effectiveness of the systems of internal

control that have been in operation during the year. The Group has a branch internal audit function.

Internal control: financial

The internal control process has been reviewed and its main features are:

- **Financial Reporting:** there is a comprehensive budgeting system with an annual budget approved by the Board. Monthly trading results are reported against the corresponding figures for the budget and previous year. The Board also reviews re-forecasts on a regular basis.
- **Capital Expenditure:** there is a comprehensive budgeting system for capital expenditure with an annual budget approved by the Board. The Finance Director authorises individual items of capital expenditure and material items are also authorised by the Board or CEO.
- **Cashflow:** an annual cashflow forecast is drawn up and approved by the Board and actual cashflow is reviewed monthly against this forecast.
- **Organisational Structure:** a clear organisational structure with defined responsibilities and clear authority levels has been set.
- **Branch Audit:** a branch internal audit function exists to ensure that Group procedures regarding cash, pledges and stock handling are being adhered to.

Internal control: risk management

During the year, the group had in place formalised procedures to identify, evaluate and manage significant risks and to enable management to assess and regularly report to the Board on issues relating to business, operational, financial and non-compliance risks.

Relations with shareholders

The board recognises the importance of communications with shareholders. The Chief Executive's statement and the operational review on pages 4 to 9 include a detailed review of the business and future developments. There is a regular dialogue with institutional shareholders including presentations after the Group's preliminary announcement of the year end results and at the half year results.

Going concern

Based on the Group's budgets and financial projections, the directors have satisfied themselves that the business is a going concern. The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the financial statements are prepared on the going concern basis.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2006.

Principal activities and review of the business

The principal activity of the Company is that of a non-trading holding company for H&T Finance Limited and Harvey & Thompson Limited. The main activities of the group continue to be pawnbroking, retail of jewellery, cheque cashing, unsecured lending and other related services operated through Harvey & Thompson Limited.

A review of the business and its future development (including the information that fulfils the relevant requirements of section 234ZZB of the Companies Act 1985) is given in the Chairman's Statement on page 1, Chief Executive's Review of the Business on pages 4 to 9 and Finance Director's Review on page 10.

Principal risks and uncertainties

The directors continually identify, evaluate and manage material risks and uncertainties faced by the group which could

adversely affect the group's business, operating results and financial condition. It is unfortunately inevitable in a business that has a stock in trade consisting of cash and gold that fraudulent losses occur from time to time. We have in place both the highest ethical requirements of our staff, continually refined and improved procedures, together with an internal audit team to address this risk. The list below (table 1) details what the directors consider to be the principal risks and uncertainties and the actions taken, or to be taken, to mitigate the adverse consequences. This list is not intended to be exhaustive and other risks may emerge over time.

Results and financial position

The Group results for the financial year, set out on page 20 and the financial position as at 31 December 2006 set out on page 22, are commented upon in the Finance Director's Review on page 10.

Dividends

The directors propose a final dividend of 3.0p (2005: nilp) per share subject to approval at the Annual General Meeting on

16 May 2007. This proposed dividend, in accordance with Financial Reporting Standard No.21, 'Events after the balance sheet date', has not been provided for in the attached financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk, liquidity risk and price risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in interest rates. The Group uses an interest rate swap contract to hedge this exposure on £35m of the Group bank loans. The Group has no exposure to fluctuations in foreign currency

Table 1: Principal risks and uncertainties

Area	Description of risk	Examples of mitigating activities
Pawnbroking	<ul style="list-style-type: none"> - Loss of customers with a high level of repeat transactions - Potential changes in regulatory environment 	<ul style="list-style-type: none"> - Maintenance of a high level of customer service - Continual monitoring and lobbying
Cash, pledge book and retail inventory	<ul style="list-style-type: none"> - Physical security of all assets - Insufficient pledge securities 	<ul style="list-style-type: none"> - High level of investment in security systems - Staff training and pledge tests - Monitoring of established lending criteria - Internal audit function
Cheque cashing and unsecured lending	<ul style="list-style-type: none"> - Significant worsening of bad debts 	<ul style="list-style-type: none"> - Investment in systems - Staff training - Continual monitoring of bad debts and lending criteria - Internal audit function
Business operations	<ul style="list-style-type: none"> - Back office and communication systems failure 	<ul style="list-style-type: none"> - Established IT disaster recovery plan
People	<ul style="list-style-type: none"> - Succession planning and capability 	<ul style="list-style-type: none"> - High investment in on-going training - Performance related pay package
Financing	<ul style="list-style-type: none"> - Potential increase in cost of financing due to borrowings being on a floating rate - Bank funding is subject to strict financial covenants 	<ul style="list-style-type: none"> - Use of hedging instruments (interest rate swap) - Regular forecasting exercise and regular communication with the bank

Directors' Report (continued)

exchange rates as the Group's activities are wholly conducted in Great Britain.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables. The Group's credit risk is primarily attributable to its trade receivables, the most significant of which are the pledge book, the KwikLoan loanbook, Pay Day Advance and Cheque Cashing balances.

The risk attributable to the pledge book is considered as almost non-existent due to the presence of collaterals (the customer's pledges) which can be easily liquidated in the majority of cases at a profit.

The risks attached to the KwikLoan loanbook and Pay Day Advance, both of which are unsecured lending, are mitigated by the continual monitoring of bad debts and a possible modification of lending criteria. Similar procedures mitigate the risks associated with Cheque Cashing activities.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because of the high credit-ratings assigned by international credit-rating agencies to the Group's bankers.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. At 31 December 2006 the Group had sufficient headroom

on its current borrowings and is in full compliance with all loan covenants.

Furthermore, the Company reviews the possibility of raising future equity finance to expand activities.

Price risk

Generally the Group is not exposed to price risk, as the majority of its jewellery and all of its scrap gold are obtained through unredeemed pledges, which have a cost to the Group which is lower than resale value. The Group is exposed to adverse movements in the price of gold in its gold scrap activities. The Group considers this risk to be limited due to the current high margin on scrap gold. Should the price of gold drop significantly, the Group can mitigate that risk by reducing its lending policy on pawnbroking pledges or put in place hedging instruments.

Transactions in share capital

As disclosed in note 22, during the period the Company issued 41,667 Ordinary D-class £1 shares to warrant holders. Subsequently, the Company sub-divided the authorised and issued share capital of 830,000 Ordinary A-class £1 shares, 110,000 Ordinary B-class £1 shares, 60,000 Ordinary C-class £1 shares and 41,667 Ordinary D-class £1 shares into one class of ordinary 5p share comprising 20,833,340 shares.

Upon the admission of the Company to AIM on 8 May 2006, 21,136,660 new ordinary shares of 5p each have been authorised 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.

As a result of the above transactions the nominal issued share capital has increased from £1,000,000 as at 31 December 2005 to £1,574,285 as at 31 December 2006.

Directors and their interest

The directors who served throughout the year, unless otherwise stated, were as follows:

Executive:

J G Nichols
L P Genthialon
S A Fenerty

Non-Executive:

P J Middleton
B Slatter (resigned 25 April 2006)
P Cartwright (resigned 25 April 2006)
P D McNamara (appointed 25 April 2006)
A J Brown (appointed 25 April 2006)

The directors hold the following beneficial interests in the ordinary share capital of the Company:

Director	Type of Share	At 1 January 2006 (or date of appointment) No.	Sub-division into 5p Ordinary shares No.	Acquired of in the year No.	Disposed of in the year No.	At 31 December 2006 No.
J G Nichols	B-Class ordinary £1 shares	70,000	(70,000)	—	—	—
	Ordinary 5p shares	—	1,400,000	—	—	1,400,000
L P Genthialon	B-Class ordinary £1 shares	40,000	(40,000)	—	—	—
	Ordinary 5p shares	—	800,000	—	—	800,000
S A Fenerty	C-Class ordinary £1 shares	20,000	(20,000)	—	—	—
	Ordinary 5p shares	—	400,000	—	—	400,000
P J Middleton	Ordinary 5p shares	—	—	12,000	—	12,000
P D McNamara	Ordinary 5p shares	—	—	12,000	—	12,000
A J Brown	Ordinary 5p shares	—	—	12,000	—	12,000

As a result of the Approved and Unapproved Share Option Schemes operated by the Group, the following directors have a beneficial interest in options granted over ordinary shares in H&T Group plc:

	At start of the year	Granted during year (5p shares)	At end of the year	Exercise price	Date from which exercisable	Expiry date
J G Nichols	—	87,397	87,397	182.5p	8/9/2009	7/9/2016
L P Genthialon	—	63,287	63,287	182.5p	8/9/2009	7/9/2016
S A Fenerty	—	51,233	51,233	182.5p	8/9/2009	7/9/2016

No options have been exercised by any of the directors in the year.

At 31 December 2006, the market price of the Company's shares was 182.5p and the range during the year ended 31 December 2006 was 172p – 188p.

None of the directors hold any interests in the shares of any other company within the H&T Group plc group.

Directors' indemnities

Under the company's articles of association, any director is entitled to be indemnified by the Company (to the extent permitted by law) against any liability incurred by him in defending proceedings which relate to any acts or omissions in his capacity as officer of the Company. In addition, the Company maintains insurance for the benefit of the directors in respect of such matters which it considers to be appropriate. These arrangements were in force throughout the whole of the financial year.

Personnel

Details of the number of employees and related costs can be found in note 3 to the accounts. All employees have contracts of employment with Harvey & Thompson Limited, the trading subsidiary in the H&T Group plc group.

Harvey & Thompson Limited maintains a policy of equal opportunities and is committed to ensuring that all individuals are treated fairly, with respect and are valued. Harvey & Thompson Limited also has the IIP (Investors In People) accreditation which is a respected standard of good people management practice in the United Kingdom.

All employees are incentivised through appropriate bonus schemes; store managers,

head office management and the directors also qualify for the H&T Group plc approved share option scheme (CSOP).

Employee consultation

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economical performance of their stores, areas and of the Group as a whole. This is achieved through formal and informal meetings, weekly information bulletins, a quarterly newsletter and every second year through a store managers' conference.

Employment of the disabled

It is the policy of the Group to give full and fair consideration to the employment of disabled persons in jobs suited to their individual circumstances and, as appropriate, to consider them for recruitment opportunities, career development and training. Where possible, arrangements are made for the continuing employment of employees who have become disabled whilst in the Group's employment.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that

suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 31 December 2006 were equivalent to 27 (2005: 29) days' purchases, based on the average daily amount invoiced by suppliers during the year.

Charitable and political contributions

During the year the Company and Group did not make any charitable donations (2005: £nil) nor any political contributions (2005: £nil).

Fixed assets

In the opinion of the directors the current open market value of the Group's interests in land and buildings exceeds the book value by approximately £229,000. The Group's liability to taxation if land and buildings were sold at that value would approximate £56,000.

Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



J G Nichols
Chief Executive
19 March 2007

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that

period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and

enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

to the members of H&T Group plc

We have audited the Group and parent Company financial statements ("the financial statements") of H&T Group plc for the year ended 31 December 2006 which comprise the Consolidated Profit and Loss Account, the Balance Sheets, the Consolidated Statement of Total Recognition Gains and Losses, the Combined Reconciliation of Movements in Shareholders' Funds and Statements of Movements on Reserves, the Consolidated Cash Flow Statement and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in

accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review of the Business and the Finance Director's Review that is cross referred from the Business Review section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report as described in the contents section, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 December 2006 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information contained in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants and
Registered Auditors
Crawley, United Kingdom
19 March 2007

Note: The maintenance and integrity of the H&T Group plc's website is the responsibility of the Directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ in other jurisdictions.

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	1, 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	4, 11	(16,440)	(1,903)	(18,343)	(14,354)	—	(14,354)
Operating profit	4	7,236	(1,903)	5,333	5,708	—	5,708
Profit on disposal of fixed assets	5	—	46	46	—	898	898
Interest receivable and similar income		27	—	27	16	—	16
Interest payable and similar charges	6, 11	(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	7	(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	9			(0.85p)			1.61p
(Loss)/earnings per share – diluted	9			(0.85p)			1.55p

All the results derive from continuing operations.

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	7	401	—
Total recognised gains for the year		167	321

Balance Sheets

31 December 2006

	Note	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Fixed assets					
Intangible assets	12	14,283	14,346	—	—
Tangible assets	13	6,083	5,144	—	—
Investments	14	—	—	—	—
		20,366	19,490	—	—
Current assets					
Stocks	15	4,070	3,373	—	—
Debtors	16	32,136	31,526	28,587	1,000
Cash at bank and in hand		2,108	1,434	—	—
		38,314	36,333	28,587	1,000
Creditors: amounts falling due within one year	17	(4,709)	(3,569)	(1,694)	—
Net current assets		33,605	32,764	26,893	1,000
Total assets less current liabilities		53,971	52,254	26,893	1,000
Creditors: amounts falling due after more than one year	18	(34,617)	(50,990)	—	—
Provisions for liabilities	20	(351)	(133)	—	—
Net assets		19,003	1,131	26,893	1,000
Capital and reserves					
Called up share capital	22	1,574	1,000	1,574	1,000
Share premium account		17,112	—	17,112	—
Share option account		19	—	19	—
Profit and loss account		298	131	8,188	—
Total shareholders' funds		19,003	1,131	26,893	1,000

These financial statements were approved by the Board of Directors on 19 March 2007.

Signed on behalf of the Board of Directors



J G Nichols
Chief Executive

Combined Reconciliations of Movements in Shareholders' Funds and Statements 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		—	—	—	401	401	—
Issue of share capital	22	574	17,790	—	—	18,364	—
Issue expenses	11	—	(678)	—	—	(678)	—
Share options granted	10	—	—	19	—	19	—
At 31 December		1,574	17,112	19	298	19,003	1,131

Company	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	—	—	—	1,000	1,000
Profit for the financial year		—	—	—	8,188	8,188	—
Issue of share capital	22	574	17,790	—	—	18,364	—
Issue expenses	11	—	(678)	—	—	(678)	—
Share options granted	10	—	—	19	—	19	—
At 31 December		1,574	17,112	19	8,188	26,893	1,000

Consolidated Cash Flow Statement

Year ended 31 December 2006

	Note	2006 £'000	2006 £'000	2005 £'000	2005 £'000
Net cash inflow from operating activities	25		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	24	(1,020)		(636)	
Cash acquired with unincorporated businesses	24	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	26, 27		674		812

Notes to the Accounts

Year ended 31 December 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. They have all been applied consistently throughout the current and the preceding financial year with the exception of FRS 20, 'Share based payments' which has been adopted in the year. As disclosed below, the adoption of this standard has no impact on the comparative information.

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Turnover

The Group's turnover is reported through five segments:

- Pawn Service Charge (PSC) comprises interest on pledge book loans, plus auction profit and loss, less any auction commissions payable and less surplus payable to the customer. Interest receivable on loans is recognised in turnover on an accruals basis less provision for interest on loans not expected to be redeemed in full;
- Retail comprises revenue from retail jewellery sales, of both purchased stock and from the sale of pledged security from unredeemed pawn loans and is recognised at the time of sale;
- Scrap comprises proceeds from gold scrap sales;
- Cheque cashing comprises revenues from third party Cheque Cashing and Pay Day Advances. The commission receivable on cheque cashing is recognised on a net basis immediately; and
- Other financial services comprises revenues from other unsecured lending. Interest receivable on unsecured loans is recognised in turnover on an accruals basis less provision for interest on loans not expected to be redeemed in full.
- Any other revenues are recognised on an accruals basis.

Purchased goodwill

Goodwill arising on the acquisition of businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which does not exceed 20 years. Provision is made for any impairment.

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. Freehold land is not depreciated. The principal useful economic lives used for this purpose are:

Freehold land and buildings:

- Freehold buildings 50 years
- Freehold improvements 10 years

Short leasehold premises

- Leasehold improvements Shorter of 7 years or life of lease

Motor vehicles 4 years

Computer systems:

- Computer hardware 5 years
- Bespoke computer software 8 years
- Computer software 3 years

Fixtures and fittings 10 years

Notes to the Accounts (continued)

Year ended 31 December 2006

1. Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. For stock arising from unredeemed pledges the cost represents the amount originally loaned less repayments, if any, plus any remanufacturing costs. For stock acquired for retail sale the cost represents the purchase price. Where necessary provision is made for obsolete, slow moving and damaged stocks.

Taxation

Current UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Where tax losses are surrendered to group companies, the amount received/surrendered is charged/credited to the profit and loss account and treated as payable to/receivable from the related group party that has surrendered/received the losses.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

Share-based payment

The Group has applied the requirements of FRS 20, 'Share-based payment' ('FRS 20') and UITF Abstract 44, 'FRS 20 – Group and treasury share transactions' to all share options granted in the current financial year. The Company has issued share options in the current financial year under the H&T Group plc Approved Share Option Scheme 2006 and the H&T Group plc Unapproved Share Option Scheme 2006 (collectively the '2006 Share Option Schemes').

The Group and Company had certain options granted to employees of the subsidiary Company, Harvey & Thompson Ltd, in December 2004 (the '2004 Share Option Scheme') over shares to be acquired from the former ultimate controlling party, The Rutland Fund which fall within the scope of FRS 20. The aggregate compensation expense that would arise on these share options prior to the current financial year is immaterial, and accordingly the Group and Company has opted not to restate the comparative information with respect to this share option scheme, further details of which are provided in note 10.

With respect to the 2006 Share Option Schemes, the Company issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. A corresponding credit is recorded in equity in the share option account.

Fair value is measured by use of the Binomial pricing model. 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.

1. Accounting policies (continued)

Pension costs

The Group operates a defined contribution pension scheme which is contracted into the State Scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Where issue costs are incurred in a restructuring of loan finance, these costs are written off in the period in which they are incurred.

Dividends

Dividends receivable from fixed asset investments are recorded in the profit and loss account on the date that the dividend becomes a binding liability on the subsidiary Company. Under the terms of FRS 6 'Acquisitions and mergers', the Company records dividends arising from pre-acquisition profit and loss reserves of its subsidiary undertaking in the profit and loss account and considers whether the distribution affects the carrying value of the investment in the subsidiary undertaking.

Dividends payable are recorded as a distribution from retained earnings in the period in which they become a binding liability on the Company.

2. Segmental information

By class of business:

	Turnover		Gross Profit	
	2006 £'000	2005 £'000	2006 £'000	2005 £'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 £'000	2005 £'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 Accounts (continued)

Year ended 31 December 2006

3. Information regarding directors and employees

Non-executive directors' emoluments

All (2005: one) non-executive directors receive payments for services rendered to the H&T Group plc group. Their emoluments are included in the analysis below.

	Group 2006 £'000	Group 2005 £'000
Directors' emoluments		
Aggregate emoluments	831	688
Compensation for loss of office	—	30
Company pension contributions to money purchase schemes	16	26
	847	744

All executive directors (2005: all) participated in Harvey & Thompson Limited's money purchase pension scheme.

	2006 £'000	2005 £'000
Highest paid director		
Aggregate emoluments	300	201
Company pension contributions to money purchase scheme	7	5

	2006 Group No.	2006 Company No.	2005 Group No.	2005 Company No.
Average number of persons employed (including directors)				
Branches	305	—	285	—
Administration	42	6	36	7
	347	6	321	7

	2006 Group £'000	2005 Group £'000
Staff costs during the year (including directors)		
Wages and salaries	6,580	5,586
Social security costs	702	561
Other pension costs (see note 21)	87	76
	7,369	6,223

All directors and employees are remunerated through a subsidiary group company, Harvey & Thompson Limited in both the current and preceding financial year. Other than the directors, the Company had no employees in either financial year.

4. 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 11	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 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 Accounts (continued)

Year ended 31 December 2006

5. Profit on disposal of fixed assets

During the financial year, the Group disposed of one freehold property (2005: three), which was leased back under an operating lease (2005: two). The Group has applied the considerations of SSAP 21 'Accounting for leases and hire purchase contracts' and FRS 5 'Reporting the substance of transactions' to the sale and leaseback transaction and recorded the full profit on disposal on an historic cost basis. In arriving at this treatment, the Group concluded that the disposal proceeds and subsequent rentals are at fair market amounts.

The profit on disposal of the freehold properties has been arrived at as follows:

	2006 £'000	2005 £'000
Sale proceeds	90	1,045
Costs of disposal	(24)	(37)
Net book value of freehold properties	(20)	(110)
<hr/>		
Profit on disposal reported as an exceptional item	46	898

The capital gains tax payable in respect of the disposal of the properties is £17,000 (2005: £250,000). In the current financial year, the Group has opted to hold over the current and preceding financial year gains arising on disposal of the freehold properties through reinvestment of the disposal proceeds in qualifying assets and accordingly the capital gains tax deferred has resulted in an increase in the deferred tax liability. In the 31 December 2005 financial statements, the capital gain was not held over and the £250,000 was treated as tax payable in the period. The revisions to the tax treatment of the 31 December 2005 gain has resulted in an adjustment to current tax charge and deferred tax charge with respect to prior year adjustments as shown in note 7(a) and 7(b).

6. Interest payable and similar charges

	2006 £'000	2005 £'000
Interest payable on bank loans and overdraft	2,684	3,023
On other loans (note 29)	896	2,273
Other interest	16	29
Amortisation of debt issue costs	340	535
<hr/>		
Exceptional items	3,936 801	5,860 —
<hr/>		
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 notes 11 and 19.

7. 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 (note 20)	(48)	266	218	64	—	64
Tax charge on profit on ordinary activities	1,289	(386)	903	191	250	441

(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

Notes to the Accounts (continued)

Year ended 31 December 2006

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

(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.

8. Company profit and loss account

No profit and loss account is presented for the parent company pursuant to section 230 of the Companies Act 1985.

The Company received £10,000,000 dividends from a subsidiary undertaking (2005: £nil).

The Company has made a profit after taxation of £8,188,000 in 2006 (2005: £nil).

The auditors' remuneration for the current and previous financial years is borne by a subsidiary undertaking, Harvey & Thompson Limited.

No emoluments were paid to the directors by the Company (2005: £nil). The directors were paid by Harvey & Thompson Limited, a subsidiary company of H&T Group plc.

9. (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.

9. (Loss)/earnings per share (continued)

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

	(Loss)/ earnings £'000	2006 Weighted average number of shares* No.'000s	Per-share amount pence	Earnings/ (loss) £'000	2005 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 restructuring 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)

The effect of the share options disclosed in note 10 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.

10. Equity-settled share option scheme

2006 Share Option Schemes

The Company and 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 the Company's shares on the 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.

Notes to the Accounts (continued)

Year ended 31 December 2006

10. Equity-settled share option scheme (continued)

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

Company and 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%	—

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 Company and 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 (note 33), 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. Where the options granted fall within the scope of FRS 8, 'Related party disclosures' the disclosures have been provided in note 29.

11. 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 6). £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 4).

12. Intangible fixed assets

Group	Goodwill arising on consolidation £'000	Purchased goodwill £'000	Total goodwill £'000
Cost			
At 1 January 2006	15,144	218	15,362
Additions (note 24)	—	716	716
At 31 December 2006	15,144	934	16,078
Accumulated amortisation			
At 1 January 2006	1,011	5	1,016
Charge for the year	762	17	779
At 31 December 2006	1,773	22	1,795
Net book value			
At 31 December 2006	13,371	912	14,283
At 31 December 2005	14,133	213	14,346

13. Tangible fixed assets

Group	Freehold land and buildings £'000	Short leaseholds premises £'000	Motor vehicles £'000	Computer systems £'000	Fixtures and fittings £'000	Total £'000
Cost						
At 1 January 2006	87	6,359	215	2,842	2,596	12,099
Additions	—	1,194	—	1,031	124	2,349
Disposals	(27)	—	(126)	—	—	(153)
At 31 December 2006	60	7,553	89	3,873	2,720	14,295
Accumulated depreciation						
At 1 January 2006	29	3,210	111	2,283	1,322	6,955
Charge for the year	2	756	34	333	224	1,349
Disposals	(7)	—	(85)	—	—	(92)
At 31 December 2006	24	3,966	60	2,616	1,546	8,212
Net book value						
At 31 December 2006	36	3,587	29	1,257	1,174	6,083
At 31 December 2005	58	3,149	104	559	1,274	5,144

As disclosed in note 5, certain freehold land and buildings were sold and leased back during the year. The profit on disposal has been accounted for under the provision of both SSAP 21 'Accounting for leases' and hire purchase contracts' and FRS 5 'Reporting the substance of transactions'. The value of freehold land not depreciated is £50,000 (2005: £65,000).

Notes to the Accounts (continued)

Year ended 31 December 2006

14. Investments held as fixed assets

Company

Shares in Group undertakings

Cost

At 1 January 2006 and 31 December 2006

Total
£

1

The investments in Group companies which are all included in the consolidated financial statements are as follows:

Name of company	Country of incorporation	Proportion of ordinary shares held:		Principal activity
		Directly	Indirectly	
H&T Finance Limited	Great Britain	100%	—	Management of finance
Harvey & Thompson Limited	Great Britain	—	100%	Pawnbroking, jewellery sales, unsecured lending, cheque cashing and related services

The Company owns directly or indirectly 100% of the voting rights in all subsidiary undertakings.

15. Stocks

	Group 2006 £'000	Group 2005 £'000
Gold and jewellery	4,070	3,373

16. Debtors

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Trade debtors	26,786	26,752	—	—
Amounts owed by subsidiary company	—	—	28,563	1,000
Other debtors	122	86	—	—
Prepayments and accrued income	5,228	4,688	24	—
	32,136	31,526	28,587	1,000

17. Creditors: amounts falling due within one year

	Group 2006 £'000	Group 2005 £'000	Company 2006 £'000	Company 2005 £'000
Short term portion of bank loan (note 19)	1,500	1,500	—	—
Unamortised issue costs	(245)	(518)	—	—
Net short-term portion of bank loans	1,255	982	—	—
Amounts owed to subsidiary company	—	—	1,674	—
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	20	—
	4,709	3,569	1,694	—

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

	Group 2006 £'000	Group 2005 £'000
Bank loan (note 19)	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 (note 19)	—	17,426
	34,617	50,990

19. Borrowings

The maturity profile of the carrying amount of Group borrowings as at 31 December is as follows:

	2006		2005	
	Bank loans £'000	Rutland loan notes £'000	Bank loans £'000	Rutland loan notes £'000
Due within one year	1,500	—	1,500	—
Due within one to two years	2,000	—	20,600	—
Due within two to five years	33,351	—	8,500	—
Due after five years	—	—	5,265	17,426
	36,851	—	35,865	17,426
Deferred debt issue costs	(979)	—	(1,319)	—
	35,872	—	34,546	17,426

Notes to the Accounts (continued)

Year ended 31 December 2006

19. Borrowings (continued)

	2006 £'000	2005 £'000
Amounts included in the balance sheet are as follows:		
Creditors: amounts falling due within one year (note 17)	1,255	982
Creditors: amounts falling due after more than one year (note 18)	34,617	50,990
	35,872	51,972

Bank loans

The bank borrowings of the Group are available under agreements which provide various loan facilities. At 31 December 2005, the Group had borrowings under a senior debt loan (Facility A), a revolver loan (Facility B) and a Mezzanine Credit Agreement.

The Group restructured its banking arrangements at the time of the H&T Group plc initial public offering, resulting in combined facilities of up to £47.0m. As a result, the mezzanine debt was fully repaid, the Facility A Loan was increased to £15.0m, the Facility B Loan 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. Subsequently in September 2006, £3.0m of Facility B was converted into a £3.0m acquisition facility (Facility C). 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 of £801,000 (2005: £nil) 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 The Rutland Fund loans note representing the initial loan plus interest accrued to the date of payment.

The Facility A Loan, repayable in instalments up to 11 May 2011 (2005: 8 September 2010), has an interest rate of LIBOR plus a margin of not more than 1.65% (2005: 2.25%). A margin ratchet, offering reduced interest rates, may come into force from 31 December 2007 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest facility A margin achievable is LIBOR plus 1.50% (2005: 1.7%). As at 31 December 2006, the balance on the Facility A Loan, including short-term, was £14,500,000 (2005: £12,000,000).

The Facility B Loan has an interest of LIBOR plus a margin of 1.40% (2005: 2.0%). A margin ratchet, offering reduced interest rates, may come into force from 31 December 2007 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest facility B margin achievable is LIBOR plus 1.25%. This loan is secured on the pledge book of Harvey & Thompson Limited, the Group's subsidiary undertaking. The Facility B loan is repayable by 11 May 2011 (2005: 8 September 2010). The available facility is increased from 11 May 2009 by £1.0m to £27.0m, provided that the facility does not exceed £27.0m and the working capital facility (noted below) is reduced by £1.0m. As at 31 December 2006, the balance on the Facility B Loan was £21,700,000 (2005: £18,600,000).

The Facility C Loan made available in the period has an interest of LIBOR plus a margin of 1.65%. A margin ratchet, offering reduced interest rates, may come into force from 31 December 2007 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest facility C margin achievable is LIBOR plus 1.50%. The Facility C Loan is repayable by 11 May 2011. As at 31 December 2006, the balance on the Facility C Loan was £651,000 (2005: £nil).

The working capital facility has not been utilised by the Group. The working capital facility has an interest of LIBOR plus a margin of 1.65%. A margin ratchet, offering reduced interest rates, may come into force from 31 December 2007 depending on the Group meeting ratios as stipulated in the Credit Agreement. The lowest facility B margin achievable is LIBOR plus 1.50%. The working capital facility loan is repayable by 11 May 2011. The facility is automatically reduced by £1.0m from 11 May 2009.

The Mezzanine Credit Agreement had an annual interest rate of LIBOR plus 8%. 4% of the interest over LIBOR was compounded with the loan principal. The loan had a balance of £5,264,657 as at 31 December 2005 and was repaid in the year.

Interest due on the loans is payable at each interest period end. Interest amounts outstanding at the year end are included in accruals.

All loans, with the exception of the Facility B Loan which is additionally secured on the pledge book of Harvey & Thompson Limited, are secured with a floating charge over the remaining assets of the companies in the H&T Group plc group.

19. Borrowings (continued)

Rutland Fund loan note

This loan note has been repaid in full in May 2006 (note 15). The Rutland Fund loan note accrued interest at the rate of 15% per annum, which under certain circumstances rolled up into the principal loan amount. Both the loan note principal of £14,500,000 and the interest were unsecured and repayable by 8 September 2011.

Deferred debt issue costs

The movement in the deferred debt issue costs of £340,000 represents the amortisation of the debt issue costs brought forward as at 31 December 2005. As discussed above, arrangement and associated fees incurred in the current financial year relating to the restructuring of existing facilities of £801,000 have been expensed in the year.

Financial Instruments

The Group manages cash flow risk by means of a floating to fixed interest rate swap arranged through Barclays Bank Plc. This instrument fixes the LIBOR element of the interest cost of a portion of the bank loans to 5.315% (2005: 5.35%). The agreement terminates on 30 June 2009 (2005: 28 September 2007). The instruments cover £35,000,000 (2005: £31,147,000 at 31 December 2005 decreasing to £29,013,000 at 28 September 2007) of the loan balances. The fair value of the instrument at 31 December 2006 is £133,000 receivable (2005: £428,000 payable).

20. Provisions for liabilities

	Group	
	£'000	
Deferred taxation		
At 1 January 2006		133
Charge to profit and loss account (note 7)		218
<hr/>		
At 31 December 2006		351
<hr/>		
	2006	2005
	£'000	£'000
Short term timing differences	(80)	18
Hold over capital gain	250	—
Excess of capital allowances over depreciation	181	115
<hr/>		
	351	133
<hr/>		

Notes to the Accounts (continued)

Year ended 31 December 2006

21. Pension costs

The Group operates a self-administered pension scheme providing money purchase benefits based on the contributions paid to the Scheme. The assets of the Scheme are held separately from those of the Group.

The total pension cost for the Group during the year was £87,000 (2005: £76,000). Outstanding pension contributions at 31 December 2006 amounted to £13,000 (2005: £14,000).

22. Called up share capital

	Company 2006 £'000	Company 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

23. Financial commitments

Group

At 31 December 2006 the Group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Leases which expire:				
Within one year	104	108	—	—
Within two to five years	489	489	32	24
After five years	1,466	1,103	—	—
	2,059	1,700	32	24

Company

At 31 December 2006, the Company had no such operating lease commitments (2005: £nil).

The assets of the Company serve as a guarantee for the bank loan facilities held by H&T Finance Ltd by way of a floating charge. At 31 December 2006, these loans amount to £36,851,000 (2005: £35,865,000).

24. Acquisitions

The Group made the following acquisitions during the year:

	Acquisition 1 £'000	Acquisition 2 £'000	Total 2006 £'000	Total 2005 £'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 Accounts (continued)

Year ended 31 December 2006

25. Cash flow from operating activities

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

	2006 £'000	2005 £'000
Continuing operations		
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

26. Reconciliation of movement in net debt

	At 1 January 2006 £'000	Cash movements Principal £'000	Interest £'000	At 31 December 2006 £'000
Cash	1,434	674	—	2,108
	1,434	674	—	2,108
Short-term loans	(1,500)	—	—	(1,500)
Long-term loans	(51,791)	13,249	3,191	(35,351)
	(53,291)	13,249	3,191	(36,851)
	(51,857)	13,923	3,191	(34,743)

Capitalised interest of £3,191,000 as at 1 January 2006 has been repaid in the period (see note 28).

27. Reconciliation of net cash flow to movement in net debt

	2006 £'000	2005 £'000
Increase in cash for the financial year	674	812
Net cash outflow from decrease in net debt	13,249	500
Capitalised interest paid/(accrued)	3,191	(2,475)
Movement in net debt in the financial year	17,114	(1,163)
Net debt at start of the financial year	(51,857)	(50,694)
Net debt at end of the financial year	(34,743)	(51,857)

28. Exceptional cash flow items*Amounts included in the profit and loss account*

Other than with respect to exceptional items relating to taxation which have not been settled in the period, all amounts reported as exceptional items have been paid or received in the period and are shown in the relevant cash flow headings.

Exceptional amounts in the cash flow statement

Included in the cash flows for interest paid is £3,191,000 of interest which was included in loans payable as at 31 December 2005 under the terms of the loan agreements. The related loans have been repaid in the period and accordingly the interest has also been repaid.

29. Transactions with Related Parties

The Group has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose intra-Group transactions which are eliminated on consolidation. Transactions with directors are disclosed in the directors' report. Other material related party transactions are set out below:

Group:

Balances at 31 December:		2006	2005
Nature of Balance	Related Party	£'000	£'000
Loans due after five years	The Rutland Fund	—	17,426
Transactions in the year:		2006	2005
Nature of Transaction	Related Party	£'000	£'000
Interest payable on loan notes	The Rutland Fund	896	2,273
Management charges	Rutland Partners LLP	41	100
Interest and loan notes repayment	The Rutland Fund	18,322	—

Notes to the Accounts (continued)

Year ended 31 December 2006

29. Transactions with Related Parties (continued)

Sale/purchase of 5p ordinary shares in H&T Group plc at par value, being the exercise price, under the 2004 share option scheme. The share price on the date of exercise was 172p.

Transactions in the year (continued): Nature of Transaction	Related Party	2006 £'000	2005 £'000
Sale of 800,000 5p ordinary shares	The Rutland Fund	1,336*	—
Purchase of 200,000 5p ordinary shares	A Lilley	334*	—
Purchase of 200,000 5p ordinary shares	K Vaughan	334*	—
Purchase of 200,000 5p ordinary shares	W Longman	334*	—

* These amounts represent the loss from The Rutland Fund, or gain on exercise by the employee on options under the 2004 option scheme. These transactions are not recorded in the financial statements of the Group. They arise from the 2004 share option scheme as disclosed in note 10, the FRS 20 charge for which is not material.

Options granted under the 2006 share option schemes. The options have been granted at an exercise price equal to the market value at the date of the option been granted.

Nature of Transaction	Related Party	2006 £'000	2005 £'000
40,958 options granted	A Lilley	—	—
30,934 options granted	K Vaughan	—	—
25,753 options granted	T Hagan	—	—

Other transactions:

Nature of Transaction	Related Party	2006 £'000	2005 £'000
Purchase of 26,385 5p ordinary shares in H&T Group plc from The Rutland Fund at market price of 172p per share on 8 May 2006 when H&T Group plc listed on AIM.	P Cartright	—	—
Purchase of 11,628 5p ordinary shares in H&T Group plc from The Rutland Fund at market price of 172p per share on 8 May 2006 when H&T Group plc listed on AIM	B Slatter	—	—

Both The Rutland Fund and Rutland Partners LLP were related parties by virtue of the relationship disclosed in note 33 until 8 May 2006.

A Lilley, W Longman, K Vaughan and T Hagan are related parties by virtue of their directorship or key management role in Harvey & Thompson Limited, a group subsidiary undertaking. P Cartright and B Slatter are related parties by virtue of their directorships during the year in the Company.

Company

Other than the transactions listed above relating to share options and share purchases in shares of H&T Group plc, the Company had no related party transactions that require disclosure.

30. Capital expenditure commitments

Group

Capital expenditure authorised and contracted for but not provided in the accounts amounts to £672,000 (2005: £nil).

This commitment relates to the development and licencing costs of the new electronic point of sale system (EPOS) which is scheduled for delivery and implementation in 2007.

Company

The Company had no capital expenditure commitments at 31 December 2006 (2005: £nil).

31. 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'.

32. Financial instruments

The Group finances its operations with a combination of retained profits and borrowings. Short term flexibility is achieved by the use of working capital and revolver facilities as discussed in note 19.

The Group has no financial assets other than cash at bank and in hand. All financial assets and liabilities are in sterling. The interest rate profile, and the fair value of the financial liabilities of the Group is set out below:

	2006 £'000	2005 £'000
At fixed interest rate	—	17,426
At floating interest rates	36,851	35,865
Total loans	36,851	53,291
Floating to fixed rate interest swap – fair value (receivable)/payable	(133)	428
Total fair value of financial liabilities (excluding short term creditors)	36,718	53,719

Notes to the Accounts (continued)

Year ended 31 December 2006

32. Financial instruments (continued)

The benchmark rate for determining interest payments on the floating rate financial instruments is LIBOR plus a margin, which varies by loan agreement as disclosed in note 19. The margin is a commercial margin and the interest rate is reset regularly. Accordingly, there are no material differences between fair values and book values of floating rate financial liabilities.

The Group has a floating to fixed rate interest swap at 5.135% (2005: 5.35%) covering the LIBOR element of the interest payable on £35,000,000 (2005: £31,142,000 at 31 December 2005 decreasing to £29,013,000 at 28 September 2007) of the floating rate financial liabilities. This instrument is in effect until 30 June 2009 (2005: 28 September 2006). The Group has entered this arrangement with Barclays Bank plc in order to mitigate against cash flow risk arising from adverse changes in interest rates. The instrument which has a fair value receivable of £133,000 (2005: payable £428,000) has not been included in the balance sheet as the Group is not required to do so. Based on this agreement, the weighted average interest rate applicable to the floating rate loans which have a fixed LIBOR element is 6.855%. Other than this financial instrument, the Group has no other derivative instruments.

The fixed rate interest loan as at 31 December 2005 bore interest at 15% per annum. The loan was repaid in the period as discussed in note 19 at book value plus interest accrued between 1 January 2006 and 8 May 2006. Accordingly, the Group has not provided further disclosures regarding the fair value of this loan agreement as it is no longer considered relevant on the basis that it has been repaid without penalties.

Short term debtors and creditors (other than borrowings) have been excluded from the above disclosure.

Other disclosures relating to the financial liabilities of the Group excluding short term creditors are provided in note 19.

33. Ultimate controlling party

Until 8 May 2006, a controlling interest in the Group was held by four UK Limited Partnerships which are collectively known as The Rutland Fund. This controlling interest took the form of a holding in the majority of the issued ordinary shares in H&T Group plc. By virtue of its controlling interest and the majority voting power held by the directors appointed by these ordinary shareholders, the Company considered the partnership comprising The Rutland Fund to be the ultimate controlling party. Rutland Partners LLP provided management services to the Group and its wholly owned subsidiaries were the General Partners of the Partnerships comprising The Rutland Fund.

Since 8 May 2006, when H&T Group plc listed on the Alternative Investment Market (AIM), The Rutland Fund ceased to be the controlling party. The directors are of the opinion that there is no ultimate controlling party.

H&T Group plc is incorporated and registered in England and Wales and heads the largest group for which consolidated financial statements are prepared.

Store Directory

Barking

27 East Street, IG11 8ER
Tel: 020 8594 6100

Basildon

1a Market Pavement, SS14 1DD
Tel: 01268 281223

Birmingham

10 Ethel Street, B2 4BG
Tel: 0121 632 5166

Blackburn

29 Penny Street, BB1 6HQ
Tel: 01254 667 660

Blackpool

97-99 Central Drive, FY1 5EE
Tel: 01253 622 039

Bolton

13 Newport Street, BL1 1NE
Tel: 01204 385 530

Bootle

Unit 115, Strand Shopping Centre,
L20 4SU
Tel: 0151 933 7438

Bow

575 Roman Road, E3 5EL
Tel: 020 8983 9553

Bradford

26 James Street, BD1 3PZ
Tel: 01274 390 675

Brighton

4 Castle Square, BN1 1EG
Tel: 01273 326 061

Burnt Oak

75 Burnt Oak Broadway, HA8 5EP
Tel: 020 8952 2523

Catford

58 Rushey Green, SE6 4JD
Tel: 020 8690 3549

Chalk Farm

36 Chalk Farm Road, NW1 8AJ
Tel: 020 7485 2668

Chatham

Plandea, 321 High Street, ME4 4BN
Tel: 01634 811 811

Clapham

9 Northcote Road, SW11 1NG
Tel: 020 7228 3807

Clapton

157 Clapton Common, E5 9AE
Tel: 020 8809 1488

Clydebank

Unit 29-31, In Shops Shopping Centre,
36 Sylvania Way South, G81 1EA
Tel: 0141 951 2085

Corby

19 Corporation Street, NN17 1NG
Tel: 01536 402 886

Coventry

10a Hales Street, CV1 1JD
Tel: 02476 256220

Dagenham

299 Heathway, RM9 5AQ
Tel: 020 8592 8848

Dalston

52 Kingsland High Street, E8 2JP
Tel: 020 7254 1788

Deptford

72 Deptford High Street, SE8 4RT
Tel: 020 8692 3092

Dudley

215 Wolverhampton Street, DY1 1EF
Tel: 01384 238 577

Dundee

116 Seagate, DD1 2ET
Tel: 01382 205 213

Durham

The Cheque Shop, 69 North Road,
DH1 4SQ
Tel: 0191 374 1813

Easterhouse

Unit 19, Shandwick Square Shopping
Centre, Bogbain Road, G34 9DT
Tel: 0141 771 8796

East Kilbride

10 Princes Mall, G74 1LB
Tel: 01355 232 520

Edinburgh

106 Lauriston Place, EH3 9HX
Tel: 0131 229 4448

Finsbury

259 – 261 Seven Sisters Road, N4 2DD
Tel: 020 7272 9249

Fulham

224 Northend Road, W14 9NU
Tel: 020 7385 3188

Gillingham

169 High Street, ME7 1AQ
Tel: 01634 855 053

Glasgow

9 – 11 Bath Street, G2 1HY
Tel: 0141 332 5637

Govan

595 Govan Road, G51 2AS
Tel: 0141 445 1567

Gravesend

Plandea, 21 King Street, DA12 2EB
Tel: 01474 363 611

Greenock

Unit 3 Hamilton Gate, Oakmall
Shopping Centre, PA15 1JW
Tel: 01475 726 616

Hammersmith

134 King Street, W6 0QU
Tel: 020 8563 8585

Hastings

18 Queens Road, Hastings, TN34 1QY
Tel: 01424 430 190

Hounslow

30 High Street, TW3 1NW
Tel: 020 8570 4626

Ilford

91 – 93 Cranbrook Road, IG1 4PG
Tel: 020 8514 3334

Irvine

1/3 Bridgegate, KA12 8BJ
Tel: 01294 273 823

Kirkby

Unit 67, In Shops Shopping Centre,
L32 8US
Tel: 0151 546 6622

Store Directory (continued)

Kirkcaldy

85 High Street, Kirkcaldy, Fife, KY1 1LN
Tel: 01592 262 554

Leicester

69 Market Place, LE1 5EL
Tel: 0116 262 4566

Leyton

281 High Road, E10 5QN
Tel: 020 8539 8332

Liverpool

Unit 6, 42 – 46 Whitechapel, L1 6EF
Tel: 0151 709 2151

Livingston

Unit 22, Almondvale Shopping Centre,
EH54 6HR
Tel: 01506 431 779

Luton

174 The Arndale Centre, LU1 2TL
Tel: 01582 486 711

Macclesfield

23 Chestergate, SK11 6BX
Tel: 01625 430 699

Newcastle

16 Newgate Shopping Centre, NE1 5RB
Tel: 0191 232 6908

Paddington

63 Praed Street, W2 1NS
Tel: 020 7723 5736

Partick

333 Dumbarton Road, G11 6AL
Tel: 0141 334 1258

Peckham

51 High Street, SE15 5EB
Tel: 020 7703 4547

Poplar

22 Market Way, E14 6AH
Tel: 020 7987 1596

Rugby

1 Church Street, CV21 3PH
Tel: 01788 577 110

Runcorn

Unit 119, Halton Lea Shopping Centre,
WA7 2BX
Tel: 01928 796 318

Rutherglen

Unit 3, Mitchell Arcade, Rutherglen
Shopping Centre, G73 2LS
Tel: 0141 647 6040

Salford

70 Fitzgerald Way,
Salford Shopping Centre, M6 5HW
Tel: 0161 745 7949

Slough

64 High Street, SL1 1EL
Tel: 01753 693 303

Springburn

Unit 13, Springburn Shopping Centre,
Springburn Way, G21 1TS
Tel: 0141 558 7569

Stockport

109 Princes Street, SK1 1RW
Tel: 0161 476 5860

St. Helens

4 Ormskirk Street, WA10 1BH
Tel: 01744 610 331

Streatham

254 Streatham High Road, SW16 1HT
Tel: 020 8677 4508

Streford

Unit 44, Ground Floor Brody Street Mall,
Streford Mall Shopping Centre, M32 9BB
Tel: 0161 865 4930

Surrey Quays

196 Lower Road, SE16 2UN
Tel: 020 7231 6177

Sutton

246 High Street, SM1 1PA
Tel: 020 8642 2115

Tooting

63 Mitcham Road, SW17 9PB
Tel: 020 8672 5127

Walsall

10a Digbeth Square, WS1 1QU
Tel: 01922 638 501

Walthamstow

234 High Street, E17 7JH
Tel: 020 8521 8156

Walton Vale

Pringles, 27 Walton Vale,
Liverpool, L9 4RE
Tel: 0151 525 5182

Walworth

391 Walworth Road, SE17 2AW
Tel: 020 7703 2946

Waterloo

111 Lower Marsh, SE1 7AE
Tel: 020 7928 0382

Welling

3 Bellegrave Road, DA16 3PA
Tel: 020 8303 3645

Wigan

21 Hope Street, Galleries Shopping
Centre, WN1 1QF
Tel: 01942 237 518

Willesden

70 High Road, NW10 2PU
Tel: 020 8459 3527

Wood Green

12 Cheapside, N22 6HH
Tel: 020 8889 9484

Get>Go

22 Market Street, Bury, BL9 0AJ
Tel: 0161 797 1330

Get>Go

549 West Derby Road, Tuebrook,
Liverpool, L13 8AD
Tel: 0151 228 9298

H&T Group plc

Times House
Throwley Way
Sutton
Surrey
SM1 4AF

Tel: 0870 9022 600

www.handtgroup.co.uk