



**HML Holdings PLC**  
**(“HML” or the “Company”)**

**Maiden final results underline strategy for growth**

HML Holdings plc (AIM: HMLH), a leading provider of property management, insurance and ancillary services to residential property blocks, announces results for the year ended 31 March 2007.

Highlights of the results include:

- Successful flotation on AIM in June 2006
- Creation of business infrastructure creating a strong and scaleable platform for future growth
- Turnover increased 37% to £5.8 m during the year (2006: £4.2 m) of which 14% of turnover was attributable to Shaw and Company which was acquired in April 2006
- Operating profit, before central costs, amortisation of goodwill and share based payment charges rose by £0.5 m to £0.9m (2006: £0.4 m )
- Operating profit before amortisation of goodwill and share based payment charges of £0.31 m (2006: £0.27 m)
- Revenue growth seen across all four business sectors
- Revenue from the core property management division grew 33% to £3.9 m (2006: £3.0 m ) while fees from the professional building surveying division grew £0.4m to £0.5 m (2006: £0.1 m)
- Centralisation and standardisation of key service offerings contributed to an £0.2 m improvement in ancillary fee revenues to £0.9 m (2006: £0.7 m).
- HML Concierge Services set up to administer the employment of site staff for a number of our major clients and proving successful
- Two property management businesses acquired with a third made shortly after the year end

**Commenting on the results, Rob Plumb, chief executive said:** “The past year has seen significant progress in the development of the Group, triggered not least by our successful AIM flotation last June. Our ambition remains to establish HML as a national brand in the property services market, via the acquisition of businesses, and through organic growth, which is driven by a high quality and diverse service offering.

“The increasingly complicated and regulated property services market and the growing demand for residential accommodation units combined with our own ability to acquire and integrate new businesses gives me great confidence in HML’s business model and its future.”

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**CHAIRMAN AND CHIEF EXECUTIVE'S REPORT**

Following our flotation on AIM in June 2006, this is our first year as a publicly quoted group and we are pleased with the significant progress that has been made both in terms of the improved operational results we have achieved and with the steps we have taken to build our business infrastructure, ensuring we have a strong platform for future growth.

Turnover increased by 37% to £5.8m during the year (2006: £4.2m), of which 14% was attributable to the contribution of Shaw and Company (Property Management) Limited, which we acquired in April 2006.

The rise in profit contribution from our businesses, before central costs, amortisation of goodwill and the share based payment charge from £0.4m to £0.9m is indicative of the progress we have made. We have seen revenue growth in all four of our divisions with fees from our core property management division growing 33 %. The most significant improvement came from the professional building surveying division, where revenues grew £0.4m.

The Group has also developed the centralisation and standardisation of a number of key service offerings. Building surveying is now centrally administered from our Richmond offices and we have set up HML Company Secretarial Services and our Health and Safety Inspections units in our Croydon offices. The streamlining and consistency of these services have contributed to our £0.2 m improvement in ancillary fee revenues.

Additionally, we recently set up HML Concierge Services to administer the employment of site staff for a number of our major clients. This is proving successful so far and we believe that there is scope for further growth in this division in the future.

The Group has also made great strides in the establishment of central support services. All our businesses now have their accounting and payroll services undertaken at our Chelsea headquarters. We have further developed our centralised sales and marketing department and strengthened our

ability to offer group services to a greater and broader range of clients. We have also established a central information systems department which is already adding significant value to the development and management of our proprietary software.

The Board, recognises that the management of our most valued asset, our employees, is pivotal to our future success and continues to encourage the development of our human resources systems. We have enhanced employee participation in our business, through improved communication tools such as all-employee meetings and our quarterly employee magazine HML News. Similarly we are developing group standardisation of our employee handbook and employee contracts and are in the process of extending our reward and recognition programmes through the expansion of key performance indicator measurement.

We acquired two property management businesses during the course of the year with a third made shortly after the year end, all of which have been successfully integrated into the Group. Our management teams have further developed their ability to manage the process of acquisition assimilation which bodes well as we continue to explore opportunities going forward.

Our drive to improve the quality of our service offering through both the training of our employees and the streamlining of our processes stands us in good stead to grow in an increasingly complicated and regulated property services market. This, and the growing demand for residential accommodation units, underpin the Board's confidence in HML's business model and its future.

At this stage, the Board is not recommending the payment of a dividend.

We would like to extend our thanks to Group employees who have worked so energetically to make our first year as HML Holdings plc such a successful one.

R G Smith  
Chairman

R H C Plumb  
Chief Executive Officer

**HML HOLDINGS Plc AND SUBSIDIARY UNDERTAKINGS****UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT****For the year ended 31 March 2007**

	Notes	2007 £'000 Continuing operations	2007 £'000 Acquisitions	2007 £'000 Total	2006 £'000 Total
TURNOVER	3	4,985	825	5,810	4,224
Direct operating expenses		4,205	737	4,942	3,853
Central operating overheads		555	-	555	103
Share based payment charge	5	59	-	59	-
Amortisation of goodwill	8	48	20	68	50
Other operating expenses		4,867	757	5,624	4,006
OPERATING PROFIT		118	68	186	218
Interest receivable				2	1
Interest payable and similar charges				(1)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				187	219
Taxation	6			(17)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				170	219
Minority interests				-	(19)
PROFIT FOR THE FINANCIAL YEAR				170	200
EARNINGS PER SHARE	7				
Basic				1.6p	7.8p
Diluted				1.3p	7.8p

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Turnover and operating profit in 2006 arose solely from continuing activities.

**HML HOLDINGS Plc AND SUBSIDIARY UNDERTAKINGS****UNAUDITED GROUP BALANCE SHEET****31 March 2007**

	Notes	2007 £'000	2006 £'000
<b>FIXED ASSETS</b>			
Intangible assets	8	3,523	2,365
Tangible assets		219	249
Investments		-	4
		<u>3,742</u>	<u>2,618</u>
<b>CURRENT ASSETS</b>			
Debtors		1,069	900
Cash at bank and in hand		368	161
		<u>1,437</u>	<u>1,061</u>
Creditors: amounts falling due within one year		<u>(1,120)</u>	<u>(1,078)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>317</u>	<u>(17)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,059</u>	<u>2,601</u>
<b>CREDITORS: amounts falling due after more than one year (including convertible debt)</b>	9	<u>(1,177)</u>	<u>(3,698)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>2,882</u>	<u>(1,097)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	246	39
Share premium account		2,617	-
Merger reserve	11	(15)	(15)
Other reserve	9	926	-
Profit and loss account		(892)	(1,121)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>2,882</u>	<u>(1,097)</u>

**HML HOLDINGS Plc AND SUBSIDIARY UNDERTAKINGS****UNAUDITED CONSOLIDATED CASH FLOW STATEMENT  
for the year ended 31 March 2007**

	Notes	2007 £'000	2006 £'000
Cash flow from operating activities		436	(192)
Returns on investments and servicing of finance		1	(19)
Capital expenditure and financial investment		(67)	(187)
Acquisitions and disposals		(1,104)	-
<b>CASH OUTFLOW BEFORE FINANCING</b>		<b>(734)</b>	<b>(398)</b>
Financing		987	333
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>	14	<b>253</b>	<b>(65)</b>

	Notes	2007 £'000	2006 £'000
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
Increase/(decrease) in cash in the year	14	253	(65)
Cash outflow/(inflow) from change in debt	14	600	(333)
<b>Change in net debt resulting from cash flows</b>		<b>853</b>	<b>(398)</b>
Change in net debt resulting from non-cash changes	14	1,840	-
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>		<b>2,693</b>	<b>(398)</b>
<b>NET DEBT AT 1<sup>st</sup> APRIL</b>		<b>(3,283)</b>	<b>(2,885)</b>
<b>NET DEBT AT 31<sup>st</sup> MARCH</b>	14	<b>(590)</b>	<b>(3,283)</b>

## **HML HOLDINGS Plc AND SUBSIDIARY UNDERTAKINGS**

### **NOTES TO THE UNAUDITED FINANCIAL INFORMATION**

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#### **1. BASIS OF PREPARATION**

The above financial information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The figures for the year ended 31 March 2006 are based upon the latest statutory accounts for Hawksworth Management Limited, which have been delivered to the Registrar of Companies; the report of the auditors on those accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985. Statutory accounts for the year ended 31 March 2007 will be finalised on the basis of the information presented in this preliminary announcement and will be delivered to the Registrar of Companies following their publication.

#### **2. ACCOUNTING POLICIES**

The accounting policies for the year ended 31 March 2007 are consistent with those adopted by Hawksworth Management Limited in its 2006. The key accounting policies are summarised below.

##### **SHARE BASED PAYMENTS**

The group has adopted FRS 20 Share Based Payment in the current year. FRS 20 requires the recognition of a charge for share based payment transactions which include, for example share options or restricted shares granted to employees that require a certain length of service before vesting.

##### **BASIS OF CONSOLIDATION**

The consolidated financial statements merge the financial statements of HML Holdings Plc with those of Hawksworth Management Limited and its subsidiaries as if they had always so been owned. Accordingly, the whole of the results, assets, liabilities and shareholders' funds of the merged companies are consolidated, regardless of the actual merger date, and corresponding figures for previous years are re-stated.

The consolidated financial statements incorporate the results of other subsidiaries acquired in the year using the acquisition method of accounting. All financial statements are drawn up to 31 March each year.

### 3. SEGMENTAL INFORMATION

All of the group's turnover related to continuing operations, arose in the United Kingdom and was derived from the group's principal activities which can be presented as set out below.

	Turnover	
	2007 £'000	2006 £'000
Property management	3,926	2,961
Insurance	505	462
Surveying	475	88
Ancillary	904	713
	<hr/>	<hr/>
	5,810	4,224
	<hr/>	<hr/>

### 4. PROFIT RECONCILIATIONS

The reconciliations set out below provide additional information to enable the reader to reconcile to the numbers disclosed in the Chairman and Chief Executive's report.

	2007 £'000	2006 £'000
Turnover	5,810	4,224
Direct operating expenses	4,942	3,853
Profit contribution from businesses	<hr/> 868	<hr/> 371
Central overhead expenses	555	103
Net interest receivable	1	1
Profit on ordinary activities before share based payment charge, amortisation of goodwill and taxation	<hr/> 314	<hr/> 269
Share based payment charge	59	-
Amortisation of goodwill	68	50
Profit on ordinary activities before taxation	<hr/> 187	<hr/> 219
	<hr/>	<hr/>

### 5. SHARE BASED PAYMENT CHARGE

In accordance with Financial Reporting Standard No. 20 Share based payment, the fair value of shares issued to management prior to flotation and the fair value at date of grant of the group's share options issued on flotation is being charged to the profit and loss account over the vesting period. The share based payment charge for the year is £59,000 (2006: £nil).

6. TAXATION

	2007 £'000	2006 £'000
UK Corporation tax:		
Current tax on profits of the year	17	-
	<hr/> 17	<hr/> -

Factors affecting tax charge for the year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

Profit on ordinary activities before tax	187	219
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 – 30%).	56	66
Effects of:		
Expenses not deductible for tax purposes	23	7
Capital allowances less than/(in excess of) depreciation	9	(3)
Utilisation of tax losses	(67)	-
Group relief received	-	(64)
Minority interest in profits	-	(6)
Adjustment to tax charge in respect of previous periods	(4)	-
Current tax charge for the period	<hr/> 17	<hr/> -

Future tax charges maybe affected by the fact that no deferred tax asset is recognised in respect of losses carried forward. Deferred tax assets are not recognised until the utilisation of the losses is foreseeable. These losses would be recovered against future profits. The unprovided deferred tax asset in respect of these losses is £143,000 (2006: £154,000)

## 7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data

<b>Earnings</b>	2007 £'000	2006 £'000
Earnings for the purposes of basic earnings per share	170	200
Earnings for the purposes of diluted earnings per share	170	200
<b>Number of shares</b>	2007 000's	2006 000's
Weighted average number of ordinary shares for the purposes of basic earnings per share	10,651	2,577
Effect of dilutive potential ordinary shares:		
- convertible loan notes	2,174	-
- share options	423	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	13,248	2,577

## 8. INTANGIBLE FIXED ASSETS

	Purchased Goodwill £'000
Cost:	
1 April 2006	2,488
Additions	1,264
Reduction in contingent deferred consideration in respect of prior year acquisition	(38)
31 March 2007	3,714
Amounts written off:	
1 April 2006	123
Amortisation charge in the year	68
31 March 2007	191
Net book value:	
31 March 2007	3,523
31 March 2006	2,365

Additions in the year of £1,264,000 comprise of £1,054,000 in connection with the acquisition of Shaw & Company (Property Management) Limited (see note 13) and £210,000 to acquire the business of London and Provincial Properties.

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007 £'000	2006 £'000
Amounts owed to former parent company	-	3,398
Deferred purchase consideration	219	300
	<hr/>	<hr/>
Convertible loan notes	219 958	3,698 -
	<hr/>	<hr/>
	1,177	3,698
	<hr/> <hr/>	<hr/> <hr/>

During the year, the company issued loan notes to replace the existing debt due to the former parent company, LTC Holdings plc. In accordance with applicable accounting standards, £926,000 of the issued loan notes of £2,798,000 has been reclassified as other reserves within shareholders' funds.

The convertible loan notes are redeemable anytime between 30 June 2009 and 30 June 2016 at the option of the holder subject to the holder's shareholding not exceeding 50% of the total issued share capital of the company. The loan notes are convertible into 1.5p ordinary shares at a price of 25p per ordinary share.

10. SHARE CAPITAL

	2007 £'000	2006 £'000
Authorised:		
163,733,200 (2006: 50,000) ordinary shares of 1.5p (2006: £1) each	2,456	50
	<hr/>	<hr/>
	2,456	50
	<hr/> <hr/>	<hr/> <hr/>
Allotted, issued and fully paid:		
16,396,898 (2006: 2,577,143) ordinary shares of 1.5p each	246	39
	<hr/>	<hr/>
	246	39
	<hr/> <hr/>	<hr/> <hr/>

In June 2006, the company issued 2,577,143 1.5p ordinary shares in exchange for 100% of the share capital of Hawksworth Management Limited to facilitate the demerger from LTC Holdings plc. As explained in note 11, this transaction has been accounted for using merger accounting and consequently this share issue is deemed to have taken place by 1 April 2005.

During the year, the company issued 5,534,041 1.5p ordinary shares for total cash consideration of £653,000.

Also during the year, £1,500,000 of a loan and £1,000,000 of loan notes was converted by LTC Holdings plc into a total of 8,285,000 1.5p ordinary shares.

## 11. MERGER RESERVE

On 15 May 2006, a demerger agreement was entered into whereby LTC Holdings plc agreed to transfer the business of Hawskworth Management Limited and its subsidiaries to a newly incorporated company, HML Holdings plc. The demerger completed on 2 June 2006 when HML Holdings plc issued 2,577,143 1.5p ordinary shares to acquire the entire share capital of Hawskworth Management Limited.

This transaction has been accounted for as a group reconstruction and consequently merger accounting has been adopted. The difference of £15,000 between the nominal value of the share capital issued of £39,000 and the share capital and premium account of Hawskworth Management Limited of £24,000 has been recognised as a merger reserve.

## 12. RECONCILIATION OF THE MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2007 £'000
1 April 2006	(1,097)
Issue of share capital	3,153
Share issue expenses	(243)
Equity element of loan notes	840
Profit for financial year	170
Share based payment charge	59
	<hr/>
31 March 2007	2,882

## 13. PURCHASE OF SUBSIDIARY UNDERTAKING

In April and May 2006, the company purchased the entire share capital of Shaw & Company (Property Management) Limited.

	2007 £'000
Net assets acquired:	
Tangible fixed assets	14
Trade debtors	201
Trade creditors	(157)
	<hr/>
	58
Goodwill	1,054
	<hr/>
	1,112
Discharged by:	
Cash paid	728
Deferred consideration	384
	<hr/>
	1,112

14. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2006 £'000	Cash flow £'000	Non cash changes £'000	At 31 March 2007 £'000
Cash in hand, at bank	161	207	-	368
Overdrafts	(46)	46	-	-
		253		
Debt due after more than one year	(3,398)	600	1,840	(958)
<b>Total</b>	<b>(3,283)</b>	<b>853</b>	<b>1,840</b>	<b>(590)</b>

The non-cash changes arise from the conversion of £1,000,000 of loan notes into 4,000,000 1.5p shares and a reclassification to equity of £840,000 of the debt to other reserves as explained in note 9.

15. Copies of this announcement are available from [www.hmlholdings.com](http://www.hmlholdings.com). Copies of the Annual Report and Accounts of the Company for the year ended 31 March 2007 will be sent to shareholders in due course.

26 June 2007