



HML HOLDINGS PLC
INTERIM REPORT 2007

Company number 5728008



**HML HOLDINGS Plc
("HML or "the Group")**

**Interim results
6 months to 30th September 2007**

HML Holdings plc (AIM: HMLH), the property management service group, today announces its interim results for the six months ended 30 September 2007.

Highlights:

- Turnover increased by 21% to £3.3 million (2006 : £2.8 million)
- Operating profit before amortisation and share based payments increased by 15% to £190,000 (2006: £165,000)
- Acquisitions in central London and Hampshire enhance client base and geographical coverage
- £1.9 million placing creates acquisition growth opportunities

Commenting on the results, Robert Plumb, Chief Executive of HML Holdings plc, said: "We are pleased with the results the group has achieved in the first six months of this financial year. The business has demonstrated again its ability to grow organically while keeping the high levels of service associated with our brand. Further we have been able to successfully integrate our recent acquisitions and through support from our shareholders, raise additional funds to continue our programme of select acquisitions."

For further information:

HML Holdings Plc

Robert Plumb, Chief Executive
James Howgego, Financial Director

Tel: 020 7352 5179

Tavistock Communications

Paul Yoeuns/ John West

Tel: 020 7920 3150

Smith & Williamson Corporate Finance Limited

Azhic Basirov/ Siobhan Sergeant

Tel: 020 7131 4000

CHAIRMAN AND CHIEF EXECUTIVE'S REPORT

We have taken great strides in the first half of the year to grow and expand our operating network. The business has demonstrated again its ability to grow organically as well as successfully integrate acquisitions. We continue to demonstrate our business model with improvements in the sale of our ancillary services to our management clients.

In May we acquired the partnership of Harrisons, based in Aldershot. This has provided us with an excellent opportunity to expand our local services to clients in the Surrey and Hampshire regions. Not only are we pleased with the new business we have won in this area since acquisition, but we have also been able to successfully transfer the management of a number of buildings from our London office to Aldershot, strengthening our service provision to these properties. This smaller business unit now operates as a satellite of our Croydon based business HML Andertons. Our strategy of being able to offer a better service with local management from satellite offices has been successfully demonstrated by this first example of extending our regional presence.

In August we completed the acquisition of the business and assets of W A Ellis Property Management Limited following the successful share placing raising £1.9 million. This business has substantially enhanced our presence in the highly sought after West End property management market. We can report that we successfully relocated the business to our Victoria offices in October and are extremely pleased with the valuable contribution its experienced staff are making to our central London operation. Equally we are encouraged by the range of opportunities we have to enhance the contribution of this business within the HML Group.

FINANCIAL RESULTS

The Group recorded an operating profit before amortisation and share based payments of £190,000 during the period, representing a 15% improvement over the equivalent period in 2006 (£165,000). Revenue for the period increased 21% to £ 3,345,000 (2006 £2,769,000)

OUTLOOK

The outlook for the second half of the year remains positive and we are confident of our businesses' ability to achieve organic growth. We are pleased with the relatively higher contribution that new management instructions won from other agents on pre- existing blocks of flats is making in comparison to new managements from newly built sites. We believe that this combined with the contribution of our new acquisitions will enhance our earnings in the second half of the year.

Richard Smith

Chairman

Robert Plumb

Chief Executive

3rd December 2007

HML HOLDINGS Plc
CONSOLIDATED INCOME STATEMENT
For the six months ended 30 September 2007

| | Notes | Unaudited 6 months to 30 September 2007 £'000 | Unaudited 6 months to 30 September 2006 £'000 | Unaudited Year ended 31 March 2007 £'000 |
|--------------------------------------|-------|---|---|--|
| Continuing operations | | | | |
| Revenue | | 3,345 | 2,769 | 5,810 |
| Direct operating expenses | | (2,801) | (2,322) | (4,942) |
| Central operating overheads | | (354) | (282) | (555) |
| Share based payment charge | | (30) | (30) | (59) |
| Amortisation of intangible assets | | (18) | (10) | (21) |
| Total operating expenses | | (3,203) | (2,644) | (5,577) |
| Operating Profit | | 142 | 125 | 233 |
| Finance income | | 1 | - | 2 |
| Finance costs | | (11) | - | (1) |
| Profit before Taxation | | 132 | 125 | 234 |
| Taxation | | (18) | (20) | (17) |
| Profit for the Period | | 114 | 105 | 217 |
| Earnings per share (in pence) | | | | |
| Basic | 4 | 0.6 | 1.4 | 2.0 |
| Diluted | 4 | 0.6 | 1.2 | 1.6 |

The 30 September 2006 and the 31 March 2007 results have been restated due to the adoption of International Financial Reporting Standards ("IFRS") – see note 2.

Profit before share based payments and amortisation reconciliation

| | | Unaudited 6 months to 30 September 2007 £'000 | Unaudited 6 months to 30 September 2006 £'000 | Unaudited Year ended 31 March 2007 £'000 |
|--|--|---|---|--|
| Operating profit per income statement | | 142 | 125 | 233 |
| Addback: | | | | |
| Share based payment charge | | 30 | 30 | 59 |
| Amortisation of intangible assets | | 18 | 10 | 21 |
| Operating profit before share based payments and amortisation | | 190 | 165 | 313 |

HML HOLDINGS Plc
CONSOLIDATED BALANCE SHEET
30 September 2007

| | Notes | Unaudited 6 months to 30 September 2007 £'000 | Unaudited 6 months to 30 September 2006 £'000 | Unaudited Year ended 31 March 2007 £'000 |
|--------------------------------------|-------|---|---|--|
| Non-Current Assets | | | | |
| Goodwill | | 3,801 | 2,897 | 2,959 |
| Other intangible assets | | 1,434 | 517 | 611 |
| Property, plant and equipment | | 235 | 252 | 219 |
| Total Non-Current Assets | | 5,470 | 3,666 | 3,789 |
| Current Assets | | | | |
| Trade and other receivables | | 1,180 | 898 | 1,069 |
| Cash and cash equivalents | | 720 | 284 | 368 |
| Total Current Assets | | 1,900 | 1,182 | 1,437 |
| Total Assets | | 7,370 | 4,848 | 5,226 |
| Current Liabilities | | | | |
| Trade and other payables | | (1,121) | (1,156) | (1,103) |
| Current tax liabilities | | (17) | (20) | (17) |
| Total Current Liabilities | | (1,138) | (1,176) | (1,120) |
| Net Current Assets | | 762 | 6 | 317 |
| Non-Current Liabilities | | | | |
| Deferred consideration | | (125) | (225) | (219) |
| Tax liabilities | | (18) | - | - |
| Convertible loan notes | 5 | - | (1,872) | (1,623) |
| Total Non-Current Liabilities | | (143) | (2,097) | (1,842) |
| Total Liabilities | | (1,281) | (3,273) | (2,962) |
| Net Assets | | 6,089 | 1,575 | 2,264 |
| Equity | | | | |
| Share capital | 6 | 365 | 171 | 246 |
| Share premium | | 4,642 | 1,479 | 2,703 |
| Other reserves | 5 | 1,798 | 926 | 175 |
| Merger reserve | | (15) | (15) | (15) |
| Retained earnings | | (701) | (986) | (845) |
| Total Equity | | 6,089 | 1,575 | 2,264 |

The 30 September 2006 and the 31 March 2007 results have been restated due to the adoption of International Financial Reporting Standards ("IFRS") – see note 2.

HML HOLDINGS Plc
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 September 2007

| Notes | Unaudited 6 months to 30 September 2007 £'000 | Unaudited 6 months to 30 September 2006 £'000 | Unaudited Year ended 31 March 2007 £'000 |
|---|---|---|--|
| Profit for the period | 114 | 105 | 217 |
| Total recognised income and expense for the period | 114 | 105 | 217 |
| Shares issued in the period | 2,058 | 1,611 | 2,910 |
| Share based payment | 30 | 30 | 59 |
| Loan note reclassification | 1,623 | 926 | 175 |
| Net change in equity in the period | 3,825 | 2,672 | 3,361 |
| Opening equity | 2,264 | (1,097) | (1,097) |
| Closing equity | 6,089 | 1,575 | 2,264 |

The 30 September 2006 and the 31 March 2007 results have been restated due to the adoption of International Financial Reporting Standards ("IFRS") – see note 2.

HML HOLDINGS Plc
CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2007

| | Notes | Unaudited 6 months to 30 September 2007 £'000 | Unaudited 6 months to 30 September 2006 £'000 | Unaudited Year ended 31 March 2007 £'000 |
|---|-------|---|---|--|
| Operating activities | | | | |
| Cash generated from operations | 7a | 236 | 195 | 417 |
| Net cash flow from operating activities | | 236 | 195 | 417 |
| Investing activities | | | | |
| Interest received | | 1 | - | 2 |
| Interest paid/received | | (11) | - | (1) |
| Purchases of property, plant and equipment | | (78) | (46) | (67) |
| Acquisition of subsidiaries | 7b | (1,624) | (841) | (1,108) |
| Net cash flow used in investing activities | | (1,712) | (887) | (1,174) |
| Financing activities | | | | |
| Proceeds from the issue of new shares | | 1,934 | 353 | 653 |
| Share issue expenses | | (106) | (242) | (243) |
| Increase in debt | | - | 750 | 600 |
| Net cash flow from financing activities | | 1,828 | 861 | 1,010 |
| Increase/decrease in cash and cash equivalents | | 352 | 169 | 253 |
| Cash and cash equivalents at the start of period | | 368 | 115 | 115 |
| Cash and cash equivalents at the end of the period | | 720 | 284 | 368 |

The 30 September 2006 and the 31 March 2007 results have been restated due to the adoption of International Financial Reporting Standards ("IFRS") – see note 2.

1. General Information

The interim unaudited financial information was approved by the board on 3 December 2007.

The interim financial statements are unaudited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. Statutory accounts for the year ending 31 March 2007 (prepared in accordance with UK GAAP) were prepared and filed with the Registrar of Companies and received an unqualified audit report and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

Copies of the interim report are available from www.hmlholdings.com or from the Company Secretary at HML Holdings plc, 28 Old Church Street, London, SW3 5BY.

2. International Financial Reporting Standards

HML Holdings Plc has adopted International Financial Reporting Standards ('IFRS') this year, having previously applied UK accounting standards. These interim statements are the first that the company has prepared under IFRS and they have been prepared in accordance with the IFRS accounting policies that management expects to apply in the 31 March 2008 IFRS complaint full year financial statements. The comparative results for the six months ended 30 September 2006 and the year ended 31 March 2007 have been restated accordingly. Reconciliations from the previously stated UK GAAP financial information together with explanations and the revised accounting policies are set out in notes 9 and 10.

3. Taxation

Taxation for the six months to 30 September 2007 is based on the effective rate of taxation which is estimated to apply for the year ending 31 March 2008.

Taxation for the year ended 31 March 2007 is based on the actual rate of taxation which applied for the year ended 31 March 2007.

Taxation for the six months to 30 September 2006 was based on the effective rate of taxation which was estimated to apply for the year ended 31 March 2007.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

4. Earnings per share

| | Unaudited 6 months to 30 September 2007 | Unaudited 6 months to 30 September 2006 | Unaudited Year ended 31 March 2007 |
|---|--|--|---|
| Profits for basic and diluted earnings per share (£'000) | | | |
| Profit for the period | 114 | 105 | 217 |
| Weighted average number of shares (000s) | | | |
| For basic earnings per share | 19,029 | 7,592 | 10,651 |
| Effect of dilutive potential ordinary shares: | | | |
| - convertible loan notes | 53 | 791 | 2,174 |
| - share options | 425 | 235 | 423 |
| Fully diluted | 19,507 | 8,618 | 13,247 |
| Earnings per share (in pence) | | | |
| Basic | 0.6 | 1.4 | 2.0 |
| Diluted | 0.6 | 1.2 | 1.6 |

5. Convertible loan notes

During the year ended 31st March 2007, the company issued £2,798,000 of loan notes to replace existing debt due to LTC Holdings plc, the former parent company. The loan notes are convertible into 1.5p ordinary shares at a rate of 25p and are non interest bearing.

In March 2007 £1,000,000 of the loan notes were converted, leaving a balance of £1,798,000 outstanding at 31 March 2007.

The loan notes can be converted at any time at the option of the holder, subject to the fact that the holder's shareholding cannot exceed 50% of the company's total issued share capital.

Due to the issuance of share capital in August 2007, all the loan notes can be converted without exceeding the 50% limit and therefore the loan notes are now classified as equity in other reserves.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

6. Share capital

During the six months ending 30 September 2007, 7,955,000 ordinary 1.5p shares were issued for total consideration of £2,164,000.

7. Notes to the cash flow statement

| | Unaudited 30 September 2007 £'000 | Unaudited 30 September 2006 £'000 | Audited 31 March 2007 £'000 |
|--|--|--|--------------------------------------|
| a. Cash generated from operations | | | |
| Operating profit | 142 | 125 | 233 |
| Share-based payment | 30 | 30 | 59 |
| Depreciation of plant and equipment | 62 | 55 | 115 |
| Amortisation of intangible assets | 18 | 10 | 21 |
| (Increase)/decrease in trade and other receivables | (111) | (367) | 32 |
| Increase in trade and other payables | 95 | 342 | (43) |
| | <hr/> | <hr/> | <hr/> |
| Cash generated from operations | 236 | 195 | 417 |
| | <hr/> | <hr/> | <hr/> |
| b. Acquisition of subsidiaries | | | |
| Consideration paid on acquisitions | (1,367) | (671) | (938) |
| Consideration paid on prior period acquisitions | (257) | (170) | (170) |
| | <hr/> | <hr/> | <hr/> |
| Net cash outflow for acquisitions | (1,624) | (841) | (1,108) |
| | <hr/> | <hr/> | <hr/> |

8. Acquisitions

On 1st May 2007, HML Andertons Limited purchased the trade and assets of Harrisons, a property management business based in Aldershot. The total consideration was £324,000.

On 13th August 2007, HML Hawksworth Limited purchased 100% of the shares of WA Ellis Property Management Limited a property management business based in Knightsbridge. The total consideration was £1.3 million.

9. Summary of significant accounting policies

As explained in note 2, the group will be presenting its financial statements in accordance with IFRS for the first time in 31 March 2008 full year financial statements. Set out below are the accounting policies that management expects to apply in the 31 March 2008 IFRS-compliant full year financial statements.

Basis of preparation

The consolidated financial statements are prepared on a historical cost basis.

Figures are presented in Sterling and rounded to the nearest thousand (£'000).

Basis of consolidation

The consolidated financial statements comprise the results of HML Holdings Plc and all of its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Business combinations

Business combinations are accounted for using the purchase method. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the fair value of the cost of the business combination over the group's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Contingent consideration

Where the cost of a business combination includes amounts that are contingent on future events, these amounts are included in the cost of the business combination to the extent that they are probable and can be measured reliably. Contingent cash consideration is discounted and recorded at net present value as a provision. Contingent share consideration, where the number of shares to be issued is dependent on the market price of the company's shares is measured on the effective interest method and is also recorded as a liability.

If the events on which consideration is contingent do not occur, the cost of the business combination is adjusted. If and when additional amounts of contingent consideration become probable or payable, they are also treated as an adjustment to the cost of the business combination.

Intangible assets

Goodwill

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to the group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units.

Goodwill is reviewed for impairment annually or more frequently if there is an indication of impairment. Impairment for goodwill is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses to goodwill cannot be reversed in the future periods.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses, internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

Intangibles assets with finite lives are amortised over their useful life and assessed for impairment whenever there is an indication of impairment. The amortisation period and the amortisation method for intangible assets with finite useful lives are reviewed at least at each financial year end. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Amortisation is provided on straight line basis on intangible assets with finite lives as follows:

| | |
|------------------------|----------|
| Customer Relationships | 25 years |
|------------------------|----------|

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment in value.

Depreciation is provided at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

| | |
|---|----------------------------|
| Short leasehold improvements over the shorter of the useful life and the lease period | |
| Motor vehicles | 25% on straight line basis |
| Fixtures and fittings | 20% on straight line basis |
| Computer and office equipment | 25% on straight line basis |

The carry values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives are residual values are reviewed annually and where adjustments are required these are done prospectively.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and in hand and short term deposits.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Revenue in property services companies is recorded on an accruals basis. Revenue is accrued for services provided by the accounting date but not invoiced and deferred if services are invoiced but not fully provided by the accounting date.

Revenue derived from property insurance services comprises of broking and insurance commissions which are recognised when the right to receive consideration is obtained.

Share-based payment transactions

The group has adopted IFRS 2 "Share Based Payment" in the current year. IFRS 2 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. The fair value of the options granted is measured on the date at which they are granted by using the Black Scholes option pricing model and is expensed to the profit and loss account over the appropriate vesting period. Restricted shares are expensed over the restricted period using the most appropriate valuation techniques.

Taxation

The tax expense in the income statement represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balances sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is likely that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment of goodwill and other intangibles assets

Goodwill and other intangible assets are tested for indication of impairment on an annual basis. This requires an estimation of the recoverable amount of a cash generation unit to which goodwill is allocated based on its 'value in use'. Estimation of 'value in use' requires management to estimate the expected future cash flows from the cash generating unit and choose an appropriate discount factor in order to calculate the present value of those cash flows.

10. Explanation of transition to International Financial Reporting Standards ("IFRS")

This is the group's first interim report prepared in accordance with the IFRS accounting policies management expect to apply in their first IFRS compliant full year financial statements. The reconciliations of balance sheets and equity at 1 April 2006 (date of transition to IFRS), 31 March 2007 (date of last UK GAAP financial statements) and 30 September 2006 (date of last UK GAAP interim report) are set out below. In addition there is a reconciliation of profit for the six month period to 30 September 2006 and the year ended 31 March 2007 below.

These reconciliations will enable comparison of the 2007 interim figures under IFRS with those published under UK GAAP in the 2006 interim report and the annual report for the year ended 31 March 2007.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

10a. Consolidated balance sheet as at 1 April 2006

| | UK GAAP £'000 | Effect of Transition £'000 | IFRS £'000 |
|--------------------------------------|------------------|----------------------------------|----------------|
| Non-Current Assets | | | |
| Goodwill | 2,365 | - | 2,365 |
| Other intangible assets | - | - | - |
| Property, plant and equipment | 253 | - | 253 |
| Total Non-Current Assets | 2,618 | - | 2,618 |
| Current Assets | | | |
| Trade and other receivables | 900 | - | 900 |
| Cash and short term deposits | 161 | - | 161 |
| Total Current Assets | 1,061 | - | 1,061 |
| Total Assets | 3,679 | - | 3,679 |
| Current Liabilities | | | |
| Trade and other payables | (1,078) | - | (1,078) |
| Current tax liabilities | - | - | - |
| Total Current Liabilities | (1,078) | - | (1,078) |
| Net Current Liabilities | (17) | - | (17) |
| Non-Current Liabilities | | | |
| Contingent consideration | (300) | - | (300) |
| Other payables | (3,398) | - | (3,398) |
| Total Non-Current Liabilities | (3,698) | - | (3,698) |
| Total Liabilities | (4,776) | - | (4,776) |
| Net Assets | (1,097) | - | (1,097) |

10b. Consolidated balance sheet as at 31 March 2007

| | UK GAAP £'000 | Effect of Transition £'000 | IFRS £'000 |
|--------------------------------------|------------------|----------------------------------|----------------|
| Non-Current Assets | | | |
| Goodwill | 3,523 | (564) | 2,959 |
| Other intangible assets | - | 611 | 611 |
| Property, plant and equipment | 219 | - | 219 |
| Total Non-Current Assets | 3,742 | 47 | 3,789 |
| Current Assets | | | |
| Trade and other receivables | 1,069 | - | 1,069 |
| Cash and short term deposits | 368 | - | 368 |
| Total Current Assets | 1,437 | - | 1,437 |
| Total Assets | 5,179 | 47 | 5,226 |
| Current Liabilities | | | |
| Trade and other payables | (1,120) | - | (1,120) |
| Current tax liabilities | - | - | - |
| Total Current Liabilities | (1,120) | - | (1,120) |
| Net Current Assets | 317 | - | 317 |
| Non-Current Liabilities | | | |
| Contingent consideration | (219) | - | (219) |
| Other payables | (1,623) | - | (1,623) |
| Total Non-Current Liabilities | (1,842) | - | (1,842) |
| Total Liabilities | (2,962) | - | (2,962) |
| Net Assets | 2,217 | 47 | 2,264 |

10c. Consolidated balance sheet as at 30 September 2006

| | UK GAAP £'000 | Effect of Transition £'000 | IFRS £'000 |
|--------------------------------------|------------------|----------------------------------|----------------|
| Non-Current Assets | | | |
| Goodwill | 3,390 | (493) | 2,897 |
| Other intangible assets | - | 517 | 517 |
| Property, plant and equipment | 252 | - | 252 |
| Total Non-Current Assets | 3,642 | 24 | 3,666 |
| Current Assets | | | |
| Trade and other receivables | 898 | - | 898 |
| Cash and short term deposits | 284 | - | 284 |
| Total Current Assets | 1,182 | - | 1,182 |
| Total Assets | 4,824 | 24 | 4,848 |
| Current Liabilities | | | |
| Trade and other payables | (1,176) | - | (1,176) |
| Current tax liabilities | - | - | - |
| Total Current Liabilities | (1,176) | - | (1,176) |
| Net Current Assets | 6 | - | 6 |
| Non-Current Liabilities | | | |
| Contingent consideration | (225) | - | (225) |
| Other payables | (1,872) | - | (1,872) |
| Total Non-Current Liabilities | (2,097) | - | (2,097) |
| Total Liabilities | (3,273) | - | (3,273) |
| Net Assets | 1,551 | 24 | 1,575 |

10d. Consolidated reconciliation of changes in equity

| | 31 March 2007 £'000 | 30 September 2006 £'000 | 1 April 2006 £'000 |
|--------------------------------|---------------------------|----------------------------------|--------------------------|
| Total adjustment to equity | 47 | 24 | - |
| Total equity under UK GAAP | 2,217 | 1,551 | (1,097) |
| Total equity under IFRS | 2,264 | 1,575 | (1,097) |

10e. Consolidated income statement for the six months ended 30 September 2006

| | UK GAAP £'000 | Effect of transition £'000 | IFRS £'000 |
|--------------------------------------|------------------|----------------------------------|----------------|
| Revenue | 2,769 | - | 2,769 |
| Direct operating expenses | (2,322) | - | (2,322) |
| Central operating overheads | (282) | - | (282) |
| Share based payment charge | (30) | - | (30) |
| Amortisation of intangible assets | (34) | 24 | (10) |
| Total operating expenses | (2,668) | 24 | (2,644) |
| Operating Profit | 101 | 24 | 125 |
| Finance income | - | - | - |
| Finance costs | - | - | - |
| Profit before Taxation | 101 | 24 | 125 |
| Taxation | (20) | - | (20) |
| Profit for the Period | 81 | 24 | 105 |
| Earnings per share (in pence) | | | |
| Basic | 1.5 | (0.1) | 1.4 |
| Diluted | 1.3 | (0.1) | 1.2 |

The share based payment was not included in the six months ending 30 September 2006. This has been included in the above as a restatement of that period.

10f. Consolidated income statement for the year ended 31 March 2007

| | UK GAAP £'000 | Effect of transistion £'000 | IFRS £'000 |
|--------------------------------------|------------------|-----------------------------------|----------------|
| Revenue | 5,810 | - | 5,810 |
| Direct operating expenses | (4,942) | - | (4,942) |
| Central operating overheads | (555) | - | (555) |
| Share based payment charge | (59) | - | (59) |
| Amortisation of intangible assets | (68) | 47 | (21) |
| Total operating expenses | (5,624) | 47 | (5,577) |
| Operating Profit | 186 | 47 | 233 |
| Finance income | 2 | - | 2 |
| Finance costs | (1) | - | (1) |
| Profit before Taxation | 187 | 47 | 234 |
| Taxation | (17) | - | (17) |
| Profit for the Period | 170 | 47 | 217 |
| Earnings per share (in pence) | | | |
| Basic | 1.6 | 0.4 | 2.0 |
| Diluted | 1.3 | 0.3 | 1.6 |

DIRECTORS

Executive

Richard Smith
Robert Plumb
James Howgego

Chairman
Chief Executive
Finance Director

Non-executive

Geoffrey Griggs

SECRETARY

James Howgego

REGISTERED OFFICE

28 Old Church Street
London
SW3 5BY

AUDITORS

Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

BANK

Barclays Bank plc
One Churchill Place
London
E14 5HP

NOMINATED ADVISOR AND BROKER

Smith & Williamson Corporate Finance Limited
25 Moorgate
London
EC2R 6AY

PUBLIC RELATIONS AGENTS

Tavistock Communications
131 Finsbury Pavement
London
EC2A 1NT

REGISTRARS

Share Registrars Limited
Craven House
West Street
Farnham
Surrey
GU9 7EN