



**HML HOLDINGS PLC**  
**INTERIM REPORT 2008**

**Company number 5728008**



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

**INTERIM RESULTS**

HML Holdings plc (AIM: HMLH), the property management service group, today announces its interim results for the six months to 30 September 2008.

**Highlights:**

- Turnover increased by 30% to £4.3 million (2007: £3.3 million)
- Operating profit before amortisation and share based payments increased by 7% to £204,000 (2007: £190,000)
- New management instructions up 60% comparable to equivalent period last year
- Successful acquisition and integration of Grovewood Property Management Limited and Grovewood Property Management (South West) Limited

**Commenting on the results, Robert Plumb, Chief Executive of HML Holdings plc, said:** "In this difficult economic climate it is pleasing to be able to report a growth in revenues and earnings. The Group continues to grow the number of residential units under management which augurs well for the ongoing growth of fixed management fees.

Ancillary income has been impacted by a substantial reduction in fees earned from the preparation of sale information packs in a market experiencing a significant fall in residential property transactions. Similarly the unprecedented low interest rate environment has and will further affect income through lower treasury management fees. These economic factors have contributed to the board's view that earnings for the year will be below those previously anticipated in the market.

Although the board anticipates an ongoing organic growth in management fees it expects the prevailing market conditions to continue to impact ancillary income throughout 2009."

**For further information:**

**HML Holdings Plc**

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**CHAIRMAN AND CHIEF EXECUTIVE'S REPORT**

We are pleased to report that despite what has clearly been a challenging economic climate for the property services industry we are pleased to report a 30% growth in revenues and a 7% growth in operating profits (before share based payments and amortisation charges) for the six months under review.

Although revenues have grown overall we have experienced a reduction in the contribution of some areas of our transactional income. In particular fees earned from the preparation of accounting information packages for the sale of apartments have, in line with sales generally in the residential property market, reduced significantly. This has however been offset in part by the growth in fixed management fees resulting from the higher numbers of residential units that we manage. The fall in ancillary transaction income inevitably impacts our margins however the growth in management instructions bodes well for more sustainable income in future years.

Historically HML has benefited from long term relationships with house builders who have been a continuous source of new business and growth. The Group has in recent years minimised its reliance on the new build market and has focused sales and marketing efforts on winning a greater share of the existing blocks of flats market. Our change of strategy has served us well in the current market conditions. While new build developments have slowed down considerably the Group is currently managing record levels of new business enquiries. Similarly the growth in the pipeline for "confirmed management instructions" for existing blocks has been healthy. We are pleased to report that the Group has recorded a growth in new management instructions of over 60% in the first six months of this year versus the equivalent period last year.

As was first reported in the Chairman's and Chief Executive Report in our last financial statements in April this year we have purchased the software for the systems which support our business infrastructure. This has enabled us to progress the automation of our businesses both in terms of additional functionality and through the conversion of legacy systems within our acquired businesses. Our most significant undertaking this year was the conversion of our North London operation (HML Mandells) to our standard systems and procedures. The ongoing conversion of the client base in this region from one predominantly professional landlord in nature to one more balanced with owner occupied clients has negatively impacted the earnings of this business. The recent successful recruitment of experienced property managers and a growing enquiries list for new management instructions gives us confidence in both the ongoing improvements we have made and in the future performance of this company.

We also announced in August the purchase of Grovewood Property Management, a block management company serving the Bristol area. We are pleased to report the successful integration of the business into our southern region (HML Andertons) and a confident outlook for business growth in this area.

Despite the uncertainties facing the property market in the short and medium term, the Group remains confident in the sustainability of our profitability and the growth potential of our business.

**Richard Smith**

**Chairman**

**Robert Plumb**

**Chief Executive**

**8 December 2008**

**HML HOLDINGS Plc**  
**CONSOLIDATED INCOME STATEMENT**  
**Six months ended 30 September 2008**

	Notes	Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
<b>Continuing operations</b>				
<b>Revenue</b>		4,346	3,345	7,497
Direct operating expenses		(3,742)	(2,801)	(6,336)
Central operating overheads		(400)	(354)	(709)
Share based payment charge		(29)	(30)	(71)
Amortisation of intangible assets		(73)	(18)	(58)
<b>Total operating expenses</b>		(4,244)	(3,203)	(7,174)
<b>Operating Profit</b>		102	142	323
Finance income		-	1	3
Finance costs		(2)	(11)	(14)
<b>Profit before Taxation</b>		100	132	312
Taxation		(17)	(18)	(52)
<b>Profit for the Period</b>		83	114	260
<b>Earnings per share (in pence)</b>				
Basic	4	0.3	0.6	1.1
Diluted	4	0.3	0.6	1.1

**Profit before share based payments and amortisation reconciliation**

		Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
<b>Operating profit per income statement</b>		102	142	323
Addback:				
Share based payment charge		29	30	71
Amortisation of intangible assets		73	18	58
<b>Operating profit before share based payments and amortisation</b>		204	190	452

**HML HOLDINGS Plc**  
**CONSOLIDATED BALANCE SHEET**  
**30 September 2008**

Notes	Unaudited 30 September 2008 £'000	Unaudited 30 September 2007 £'000	Audited 31 March 2008 £'000
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Goodwill	4,212	3,801	4,102
Other intangible assets	2,625	1,434	2,011
Property, plant and equipment	338	235	301
	7,175	5,470	6,414
<b>Current Assets</b>			
Trade and other receivables	1,327	1,180	1,189
Cash and cash equivalents	-	720	380
	1,327	1,900	1,569
<b>TOTAL ASSETS</b>	<b>8,502</b>	<b>7,370</b>	<b>7,983</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	(1,209)	(1,121)	(1,226)
Borrowings	(497)	-	(125)
Current tax liabilities	(69)	(17)	(80)
	(1,775)	(1,138)	(1,431)
<b>Non-Current Liabilities</b>			
Provisions	-	(125)	(125)
Deferred tax	(174)	(18)	(157)
Borrowings	(171)	-	-
	(345)	(143)	(282)
<b>TOTAL LIABILITIES</b>	<b>(2,120)</b>	<b>(1,281)</b>	<b>(1,713)</b>
<b>NET ASSETS</b>	<b>6,382</b>	<b>6,089</b>	<b>6,270</b>
<b>EQUITY</b>			
Share capital	473	365	473
Share premium	6,331	4,642	6,331
Other reserves	-	1,798	-
Merger reserve	(15)	(15)	(15)
Retained earnings	(407)	(701)	(519)
<b>TOTAL EQUITY</b>	<b>6,382</b>	<b>6,089</b>	<b>6,270</b>

**HML HOLDINGS Plc**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Six months ended 30 September 2008**

Notes	Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
<b>Profit for the period</b>	83	114	260
Total recognised income and expense for the period	83	114	260
Shares issued in the period	-	2,063	3,855
Share based payment	29	30	71
Loan note reclassification	-	1,623	(175)
<b>Net change in equity in the period</b>	112	3,830	4,011
<b>Opening equity</b>	6,270	2,259	2,259
<b>Closing equity</b>	6,382	6,089	6,270

**HML HOLDINGS Plc**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**Six months ended 30 September 2008**

	Notes	Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
<b>Operating activities</b>				
Cash generated from operations	5	2	236	747
Income taxes paid		(11)	-	11
Interest received		-	1	3
Interest paid		(2)	(11)	(14)
<b>Net cash from operating activities</b>		(11)	226	747
<b>Investing activities</b>				
Purchases of property, plant and equipment		(95)	(78)	(186)
Purchase of software		(302)	-	-
Acquisition of businesses		(515)	(1,624)	(2,501)
<b>Net cash used in investing activities</b>		(912)	(1,702)	(2,687)
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares		-	1,934	1,827
Share issue expenses		-	(106)	-
Increase in debt		300	-	-
<b>Net cash from financing activities</b>		300	1,828	1,827
<b>Increase/(decrease) in cash and cash equivalents</b>		(623)	352	(113)
Cash and cash equivalents at the start of period		255	368	368
<b>Cash and cash equivalents at the end of the period</b>		(368)	720	255

**1. General Information**

The interim unaudited financial information was approved by the board on 1 December 2008.

The results for the year ended 31 March 2008 have been audited whilst the results for the six months ended 30 September 2007 and 30 September 2008 are unaudited. The financial information contained in this interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The statutory accounts for the previous year, which were prepared under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those accounts was unqualified 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](http://www.hmlholdings.com) or from the Company Secretary at HML Holdings plc, 9-11 The Quadrant, Richmond, Surrey, TW9 1BP.

**2. International Financial Reporting Standards**

The consolidated financial information has been prepared using accounting policies consistent with International Financial Reporting Standards ('IFRS') as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985.

**3. Taxation**

Taxation for the six months to 30 September 2008 is based on the effective rate of taxation which is estimated to apply for the year ending 31 March 2009.

**4. Earnings per share**

	Unaudited 6 months to 30 September 2008	Unaudited 6 months to 30 September 2007	Audited Year ended 31 March 2008
<b>Profits for basic and diluted earnings per share (£'000)</b>			
Profit for the period	83	114	260
<b>Weighted average number of shares (000s)</b>			
For basic earnings per share	31,544	19,029	23,966
Effect of dilutive potential ordinary shares:			
- convertible loan notes	-	53	-
- share options	-	425	397
<b>Fully diluted</b>	<b>31,544</b>	<b>19,507</b>	<b>24,363</b>
<b>Earnings per share</b>			
Basic	0.3p	0.6p	1.1p
Diluted	0.3p	0.6p	1.1p

**HML HOLDINGS Plc**  
**NOTES TO THE ACCOUNTS**

5.	<b>Notes to the cash flow statement</b>	Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited 6 months to 31 March 2008 £'000
	<b>Cash generated from operations</b>			
	Operating profit	102	142	323
	Share-based payment	29	30	71
	Depreciation of plant and equipment	58	62	104
	Amortisation of intangible assets	73	18	58
	(Increase) in trade and other receivables	(138)	(111)	(120)
	(Decrease)/ Increase in trade and other payables	(122)	95	311
	Cash generated from operations	2	236	747

**6. Acquisitions**

On 5 September 2008, HML Andertons Limited purchased 100% of the share capital of Grovewood Property Management Limited and Grovewood Property Management (South West) Limited, two property management businesses based in Somerset.

The fair value of the assets acquired and the liabilities assumed are set out in the table below:

	Fair value £'000
Intangible assets	100
Property, plant and equipment	6
Current assets	16
Current liabilities	(20)
Net assets acquired	102
Goodwill	98
Satisfied by cash paid to vendors	200