

8 December 2008

**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:**

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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 6 months ended 30<sup>th</sup> September 2008.

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 6 months of this year versus the equivalent period last year.

As we reported in the Chairman’s and Chief Executive Report in our last financial statements in April this year we purchased the software for the systems supporting 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 give us confidence of the ongoing improvements in the 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.

## CONSOLIDATED INCOME STATEMENT

	Unaudited 6 months to 30 September 2008 £'000	Unaudited 6 months to 30 September 2007 £'000	Audited Year ended 31 March 2008 £'000
Continuing operations			
Revenue	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)
Total operating expenses	(4,244)	(3,203)	(7,174)
Operating Profit	102	142	323
Finance income	-	1	3
Finance costs	(2)	(11)	(14)
Profit before Taxation	100	132	312
Taxation	(17)	(18)	(52)
Profit for the Period	83	114	260
Earnings per share (in pence)			
Basic	0.3	0.6	1.1
Diluted	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
Operating profit per income statement	102	142	323
Addback:			
Share based payment charge	29	30	71
Amortisation of intangible assets	73	18	58
Operating profit before share based payments and amortisation	204	190	452

## CONSOLIDATED BALANCE SHEET

	Unaudited 30 September 2008 £'000	Unaudited 30 September 2007 £'000	Audited 31 March 2008 £'000
<b>ASSETS</b>			
Non Current Assets			
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
Current Assets			
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>			
Current Liabilities			
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)
Non-Current Liabilities			
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>

## CONSOLIDATED CASH FLOW STATEMENT

	Unaudited 6 months to 30 September	Unaudited 6 months to 30 September	Audited Year ended 31 March
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	2008 £'000	2007 £'000	2008 £'000
<b>Operating activities</b>			
Cash generated from operations	2	236	747
Income taxes paid	(11)	-	11
Interest received	-	1	3
Interest paid	(2)	(11)	(14)
<b>Net cash from operating activities</b>	<b>(11)</b>	<b>226</b>	<b>747</b>
<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>	<b>(912)</b>	<b>(1,702)</b>	<b>(2,687)</b>
<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>	<b>300</b>	<b>1,828</b>	<b>1,827</b>
Increase/(decrease) in cash and cash equivalents	(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 (368)</b>	<b>720</b>	<b>720</b>	<b>255</b>

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.