

Company number 5728008



HML HOLDINGS PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

HML HOLDINGS PLC
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Executive

Richard Smith
Robert Plumb
James Howgego

Chairman
Chief Executive
Finance Director

Non-executive

Geoffrey Griggs

SECRETARY

James Howgego

REGISTERED OFFICE

9-11 The Quadrant
Richmond
Surrey
TW9 1BP

AUDITOR

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

BANK

Barclays Bank plc
One Churchill Place
London
E14 5HP

NOMINATED ADVISOR AND BROKER

Daniel Stewart & Company
Becket House
36 Old Jewry
London
EC2R 8DD

PUBLIC RELATIONS AGENTS

Tavistock Communications
131 Finsbury Pavement
London
EC2A 1NT

REGISTRARS

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

HML HOLDINGS PLC

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

It is pleasing, especially given the challenging economic circumstances we have experienced this year, to report that revenue has increased by 15% to £8.6m (2008: £7.5m). This reflects the high level of service and quality HML continues to deliver to our customers and is the foundation upon which we will look to build in the coming year, as we look forward to operating in improving economic conditions. Lower transactional income has, however, impacted earnings before interest, share based payments and accounting for goodwill, as set out in note 4 to the financial statements, and as such this has fallen to £151,000. (2008: £452,000).

We are also encouraged to report that base management fees grew by 26% to £4.4 m (2008 £3.4m). Wider economic factors have reduced activity in the residential property market which has affected a number of areas of the Group's ancillary income streams. Specifically, fees for legal and accounting information packs (required for flats sales) have reduced substantially. Moreover, lower discretionary spending on building refurbishments, and a reduction in treasury management commission income in the lower interest rate environment, have also affected revenues.

As we have previously reported, the Group has been undertaking a major revision of the operating practices of our North London business, formally known as Mandells. This business has been rebranded as HML Hathaways and now includes the subsequent acquisitions of The Avenue Agency, Hathaways and London & Provincial Properties. These latter portfolios have performed well within the HML Group strategy, and we expect this to continue.

Previously, this business has had an operating strategy designed to meet the needs of a category of client which is fundamentally different from those of our core business services. In essence, the buildings are owned by freehold portfolio managers whose objectives are incompatible with both the Group's core values and its operating practices. In the process of rectifying this situation, the business has lost the management instructions of many of the clients that were acquired in 2004. Since 2004, the business has changed its operating strategy as well as its management, systems and more recently its name. We believe these were vital steps towards maximising the business's potential in the future, and fully integrating it as part of the HML brand.

All of the aforementioned factors have contributed to the board's decision that the value of goodwill and other intangibles relating to Mandells should be provided against in full. The £1,172,000 impairment of intangibles charge in the income statement relates only to the remaining value previously attributable to Mandells.

We announced in August 2008 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 remain confident in our outlook for business growth in this area.

The Group's ongoing commitment to customer service standards has continued to reflect its value in terms of the growth of the business's revenues and the number of buildings and units under management. Our staff have succeeded in developing and improving our systems and processes for an increasingly demanding customer base. In May 2008 we acquired the market specific software previously developed by our parent company LTC Holdings plc. This has aided the addition of service enhancing software improvements that, in turn, facilitate a better quality service to our clients.

The resilience of the HML business model, whilst undoubtedly tested in these trying economic times, continues to provide the board with confidence and optimism for our future. Our growing client base supports growth in other highly retentive related revenue streams such as our insurance and company secretarial services. We believe that revenues in these areas will continue to grow. It is indeed a time when service quality is measured most particularly by leaseholders and freeholders alike. Confidence in our service delivery is enhanced by our continuously improving levels of staff retention.

Finally, our thanks go whole heartedly to our employees who have continued enthusiastically to support our service delivery and uphold the values of service and quality critical to our on going success.

Richard Smith (Chairman)

Robert Plumb (Chief Executive)

The directors submit their report and the group financial statements of HML Holdings Plc for the year ended 31 March 2009.

HML Holdings plc is a public limited company, incorporated and domiciled in England and quoted on AIM.

PRINCIPAL ACTIVITIES

The Group's principal activity during the year was the provision of property management and related services in the South East of England.

RESULTS AND DIVIDENDS

The Group's result for the year ended 31 March 2009 was a loss of £1,172,000 (2008 - profit of £260,000).

The Directors do not recommend a dividend in respect of the year to 31 March 2009 (2008: £nil)

SHARE CAPITAL

During the year the share capital of the company remained the same.

Full details of the authorised and issued share capital of the Company are set out in note 25 to the financial statements.

BUSINESS REVIEW

A review of the development of the business during the year is given in the Chairman's and Chief Executive's Report on page 2. This also includes reference to the Group's future prospects.

ACQUISITIONS

The Group made one principal acquisition and acquired the management of three portfolios during the year.

In September 2008, HML Andertons Limited purchased Grovewood Property Management Limited, a property management business operating in Worle, Somerset.

Full details of the acquisitions are set out in note 13 to the financial statements.

POST BALANCE SHEET EVENTS

There have been no events requiring disclosure since the year end.

FUTURE DEVELOPMENTS

The Directors will continue to expand the property management services of the business through organic growth and acquisitions. The Group's experience of buying and consolidating acquisitions has broadened in the past two years and the directors are optimistic that this will assist with the future growth plans of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the business are set out below:

Acquisitions and investments

Part of the Group's strategy is to acquire and make investments in complementary businesses, services or products as appropriate opportunities arise. The risks the Group may face should it acquire or invest in complementary businesses include:

- Difficulties with the integration and assimilation of the acquired business;
- Diversion of the attention of the Group's management team from other business concerns;
- Availability of favourable acquisition or investment financing; and
- Loss of key employees of any acquired business.

Acquisitions or investments may require the Group to expend significant amounts of cash, which could result in the Group's inability to use the funds for other business purposes. Additionally, if the Group funds acquisitions through issuances of ordinary shares, the interests of its shareholders will be diluted, which may cause the market price of the ordinary shares to decline. There is no guarantee that the Directors will be able to complete acquisitions of complementary companies on acceptable terms. Failure to do so over an extended period would limit the Directors' ability to carry out their strategy and would reduce the long term prospects of the Group.

Attraction and retention of key employees

The Group depends on its directors and other key employees and whilst it has entered into contractual arrangements with these individuals, retention of these services cannot be guaranteed. The Group has attempted to reduce this risk by offering competitive remuneration packages including the opportunity to participate in a share option scheme. The Group also invests in training and development.

Ownership of the Company

LTC Holdings plc (LTCH) currently owns approximately 48% of the ordinary shares of the Group. As a result, it is able to exercise a high degree of control over all matters requiring approval by shareholders.

Competition

The large majority of the Group's work for existing or new clients or on new projects is won competitively. The Group may face significant competition, including from larger companies which have greater capital and other resources. There is no assurance that the Group will be able to compete successfully in such a marketplace in the future.

Regulatory Risks

The Group may be affected by the prevailing regulatory and legal environment relating to its business and the insurance services provided by its subsidiary Alexander Bonhill Limited in particular. This includes the regulatory regime of the Financial Services and Markets Act 2000 and the Conduct of Business rules published there under.

Financial Risks

Information in respect of the financial risk management objectives and policies of the Group and the exposure of the Group to foreign exchange, interest rate risk, credit risk, liquidity risk and cash flow risk is contained in note 22 of the financial statements.

KEY PERFORMANCE INDICATORS

The Directors use a number of key performance indicators to monitor and appraise the trading and performance of the businesses. The main key performance indicators are as follows:

- The operating margins achieved by group companies
- New business generated through marketing
- New surveying and insurance business generated by intra group referrals

The Directors also monitor the following operational performance indicators:

- Potential client enquiries
- Staff retention
- Client complaints

DIRECTORS

The following directors have held office during the year:-

Richard Smith (Chairman)
Robert Plumb (Chief Executive)
James Howgego (Finance Director)
Geoffrey Griggs (Non-Executive Director)

DIRECTORS' INTERESTS

Directors' interests in the shares of the company were as follows:-

	Ordinary shares of 1.5p each	
	31 March 2009	31 March 2008
Richard Smith	1,534,025	1,534,025
Robert Plumb	1,631,568	1,631,568
James Howgego	500,000	320,000
Geoffrey Griggs	467,167	442,167

On 26 June 2006 the Company granted the following Enterprise Management Incentive (EMI) approved and unapproved options to the following directors. Both types of option are exercisable at 17p and have an exercise period of between two and ten years (or earlier with the approval of the Board).

Richard Smith	225,000 ordinary shares (EMI option)
Robert Plumb	275,000 ordinary shares (EMI option)
James Howgego	137,500 ordinary shares (EMI option)
Geoffrey Griggs	112,500 ordinary shares (Unapproved option)

On 31 March 2008 the company granted the following Enterprise Management Incentive approved (EMI) and unapproved options to the following directors. Both types of option are exercisable at 19p and have an exercise period of between two and ten years (or earlier with the approval of the Board).

Richard Smith	50,000 ordinary shares (EMI option)
Robert Plumb	200,000 ordinary shares (EMI option)
James Howgego	100,000 ordinary shares (EMI option)
Geoffrey Griggs	20,000 ordinary shares (Unapproved option)

No options were exercised or lapsed during the year.

SIGNIFICANT SHAREHOLDINGS

At the time of approving the financial statements, the Directors had been notified that the following persons had interests amounting to 3% or more in the issued voting share capital of the Company.

	Shares	Percentage
LTC Holdings plc	15,037,931	47.67%
Unicorn Asset Management	2,777,778	11.40%
MD Barnard & Co Limited	2,222,223	9.12%
Robert Plumb	1,641,568	5.20%
Richard Smith	1,534,025	4.86%

THIRD PARTY INDEMNITY PROVISION FOR DIRECTORS

Qualifying third party indemnity provision was in place for the benefit of all directors of the company and its subsidiaries throughout the year, and is still in place at the date of signing of the financial statements.

POLICY ON PAYMENT OF CREDITORS

It is Group policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based on the timely receipt of an accurate invoice.

Creditor days based on trade payables at 31 March 2009 were 45 days (2008 – 54 days).

FINANCIAL INSTRUMENTS

The Group manages its treasury position by placing surplus cash on short-term deposit. The Group does not speculate with derivative instruments and continues to conduct all of its business in sterling.

POLITICAL AND CHARITABLE DONATIONS

The group did not make any political or charitable donations during the year or the preceding year.

AUDITOR

In accordance with Section 384 of the Companies Act 1985, a resolution to reappoint Nexia Smith & Williamson as auditor will be put to the members at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

CORPORATE GOVERNANCE

The board recognises the importance of sound corporate governance and following admission to AIM, the company has adopted policies and procedures which reflect but do not fully comply with the principles of the Corporate Governance Guidelines for AIM Companies published by the Quoted Companies Alliance, appropriate to the company's size.

The Group is led and controlled by a Board comprising three executive directors and one non-executive director.

Board meetings are held on a regular basis and no decision of any consequence is made other than by directors. All directors participate in the key areas of decision-making.

The company has established an Audit Committee and a Remuneration Committee, each with formally delegated duties and responsibilities.

The board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The board has complied with Rule 21 of the AIM Rules relating to Directors' dealings as applicable to AIM companies and reasonable steps have been taken to ensure compliance by the company's applicable employees including adopting a share dealing code for this purpose.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group: the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In preparing each of the group and company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with IFRS adopted by the EU;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

HML HOLDINGS PLC
DIRECTORS' REPORT

The directors are also responsible for the maintenance and integrity of the HML Holdings plc website.

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

By order of the board

James Howgego
Secretary
3 August 2009

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HML HOLDINGS PLC

Independent auditors' report to the shareholders of HML Holdings plc

We have audited the group and parent company accounts (the 'accounts') of HML Holdings plc for the year ended 31st March 2009 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Shareholders' Equity, and the related notes 1 to 37. These accounts 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 the accounts in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985 are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts 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 accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information presented in the Operating and Financial Review that is cross referred from the Business Review section of the Directors' Report. We also 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only [the Directors' Report, the Chairman's Statement and the Operating and Financial Review]. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts 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 accounts.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HML HOLDINGS PLC

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with IFRSs as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985, of the state of the group's and parent company's affairs as at 31st March 2009 and of the group's loss for the year then ended; and
- the accounts have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Directors' Report is consistent with the accounts.

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors

25 Moorgate
London
EC2R 6AY

Date

The work carried out by the auditor does not involve consideration of these matters and, accordingly the auditor accepts no responsibility for any changes that may have occurred to the information contained in the financial statements since they were initially presented on the web site.

HML HOLDINGS Plc
CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2009

	Notes	2009 £'000 Total	2008 £'000 Total
CONTINUING OPERATIONS			
REVENUE	2	8,646	7,497
Direct operating expenses		7,722	6,336
Central operating overheads		773	709
Share based payment charge	5	58	71
Amortisation of intangibles		155	58
Exceptional item - Impairment of intangibles		1,172	-
Operating expenses	8	9,880	7,174
(LOSS)/PROFIT FROM OPERATIONS		(1,234)	323
Finance income	6	-	3
Finance costs	7	(13)	(14)
(LOSS)/PROFIT BEFORE TAXATION	4	(1,247)	312
Income tax credit/(charge)	10	75	(52)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		(1,172)	260
EARNINGS PER SHARE			
Basic	12	(3.7p)	1.1p
Diluted	12	(3.7p)	1.1p

HML HOLDINGS Plc
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2009

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE GROUP

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Merger reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 April 2007	246	2,703	175	(15)	(850)	2,259
Issue of shares	227	3,734	-	-	-	3,961
Issue costs	-	(106)	-	-	-	(106)
Loan note adjustment	-	-	(175)	-	-	(175)
Profit for the year	-	-	-	-	260	260
Share based payment charge	-	-	-	-	71	71
Balance at 31 March 2008	473	6,331	-	(15)	(519)	6,270
Loss for the year	-	-	-	-	(1,172)	(1,172)
Share based payment charge	-	-	-	-	58	58
Own shares bought	-	-	(11)	-	-	(11)
Balance at 31 March 2009	473	6,331	(11)	(15)	(1,633)	5,145

HML HOLDINGS Plc
COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2009

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Share capital £'000s	Share premium £'000s	Other reserve £'000s	Retained earnings £'000s	Total equity £'000s
Balance at 1 April 2007	246	2,703	175	(553)	2,571
Issue of shares	227	3,734	-	-	3,961
Issue costs	-	(106)	-	-	(106)
Loan note adjustment	-	-	(175)	-	(175)
Loss for the year	-	-	-	(777)	(777)
Share based payment charge	-	-	-	71	71
Balance at 31 March 2008	473	6,331	-	(1,259)	5,545
Loss for the year	-	-	-	(2,078)	(2,078)
Share based payment charge	-	-	-	58	58
Movement on EBT	-	-	(11)	-	(11)
Balance at 31 March 2009	473	6,331	(11)	(3,279)	3,514

HML HOLDINGS Plc
CONSOLIDATED BALANCE SHEET
31 March 2009

ASSETS	Notes	2009 £'000	2008 £'000
NON CURRENT ASSETS			
Goodwill	14	3,264	4,102
Other intangible assets	15	2,664	2,011
Property, plant and equipment	16	322	301
		6,250	6,414
NON CURRENT ASSETS			
Deferred tax asset	23	72	-
		72	-
CURRENT ASSETS			
Trade and other receivables	18	1,082	1,189
Deferred tax asset	19	-	380
		1,082	1,569
TOTAL ASSETS		7,404	7,983
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,517	1,226
Borrowings		405	125
Current tax liabilities		69	80
	20	1,991	1,431
NON CURRENT LIABILITIES			
Borrowings	21	86	-
Deferred tax liability	23	182	157
Provisions	24	-	125
		268	282
TOTAL LIABILITIES		2,259	1,713
NET ASSETS		5,145	6,270
EQUITY			
Called up share capital	25	473	473
Share premium account	27	6,331	6,331
Other reserve	28	(11)	-
Merger reserve	29	(15)	(15)
Retained earnings	30	(1,633)	(519)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		5,145	6,270

The financial statements were approved by the board of directors and authorised for issue on 3 August 2009 and are signed on its behalf by:

Robert Plumb

James Howgego

HML HOLDINGS Plc
COMPANY BALANCE SHEET
31 March 2009

	Notes	2009 £'000	2008 £'000
ASSETS			
NON CURRENT ASSETS			
Intangible assets	15	528	-
Property, plant and equipment	16	8	7
Investment in subsidiary companies	17	5,635	6,117
		6,171	6,124
CURRENT ASSETS			
Trade and other receivables	18	889	1,245
		889	1,245
TOTAL ASSETS		7,060	7,369
LIABILITIES			
CURRENT LIABILITIES			
Borrowings		311	59
Trade and other payables		3,149	1,640
		3,460	1,699
NON CURRENT LIABILITIES			
Borrowings	21	86	-
Provisions	24	-	125
		86	125
TOTAL LIABILITIES		3,546	1,824
NET ASSETS		3,514	5,545
EQUITY			
Share capital	25	473	473
Share premium	27	6,331	6,331
Other reserve	28	(11)	-
Retained earnings	30	(3,279)	(1,259)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		3,514	5,545

The financial statements were approved by the board of directors and authorised for issue on 3 August 2009 and are signed on its behalf by:

Robert Plumb

James Howgego

HML HOLDINGS Plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
OPERATING ACTIVITIES			
Cash generated from operations	31a	629	747
Income taxes paid		(8)	11
Interest received		-	3
Interest paid		(13)	(14)
		<hr/>	<hr/>
NET CASH FROM OPERATING ACTIVITIES		608	747
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(152)	(186)
Purchase of software		(473)	-
Acquisition of businesses		(729)	(2,501)
		<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES		(1,354)	(2,687)
FINANCING ACTIVITIES			
Increase in long term loan		257	-
Proceeds from issuance of ordinary shares		-	1,827
		<hr/>	<hr/>
NET CASH FROM FINANCING ACTIVITIES		257	1,827
NET DECREASE IN CASH AND CASH EQUIVALENTS		(489)	(113)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		255	368
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	31b	(234)	255

This format represents an indirect method of determining operating cash flow

HML HOLDINGS Plc
COMPANY CASH FLOW STATEMENT
for the year ended 31 March 2009

	Notes	2009 £'000	2008 £'000
OPERATING ACTIVITIES			
Cash absorbed by operations	31c	(749)	(671)
Interest paid		(10)	-
NET CASH USED IN OPERATING ACTIVITIES		(759)	(671)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4)	(4)
Purchase of software		(473)	-
Acquisition of business		(96)	(182)
Inter-company movements		994	(1,053)
NET CASH USED IN INVESTING ACTIVITIES		421	(1,239)
FINANCING ACTIVITIES			
Increase in long term loan		257	-
Proceeds from issuance of ordinary shares		-	1,827
NET CASH FROM FINANCING ACTIVITIES		257	1,827
NET DECREASE IN CASH AND CASH EQUIVALENTS		(81)	(83)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(59)	24
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	(140)	(59)

This format represents an indirect method of determining operating cash flow

General information

HML Holdings plc and its subsidiaries specifically focus on residential property management. The Group operates in the UK.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 9-11 The Quadrant, Richmond, Surrey, TW9 1BP. The Company is listed on the AIM stock exchange.

The Group consolidated financial statements were authorised for issue by the board of directors on 3 August 2009.

Consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies Act 1985 as applicable to companies reporting under IFRS.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The preparation of the financial statements require the use of estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

The Company has taken advantage of S.230 of the Companies Act 1985 not to present its own income statement.

Basis of consolidation and business combinations

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 March each year. Subsidiaries are all entities over which the company has the power to govern the financial and operating policies as to benefit from its activities. The excess of costs of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the income statement.

The consolidated financial statements include the financial statements of HML Holdings plc with those of HML Hawksworth 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 acquired companies are consolidated, regardless of the actual transaction date, and corresponding figures for the previous years are re-stated.

The purchase method of accounting is used to account for the acquisition of other subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date (irrespective of the extent of any minority interest).

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

DEFERRED CONSIDERATION

Deferred contingent consideration is the future consideration payable in connection with acquisitions.

Standards and Interpretations not yet effective

At the date of authorisation of these financial statements, the following standards and Interpretations that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 2	Share based payment – Amendments relating to vesting conditions and cancellations
IFRS 3	Business Combinations – Amendments
IFRS 7	Financial Instruments: Disclosures – Consequential amendments arising from amendments to IAS 32
IFRS 8	Operating Segments (endorsed)
IAS 1	Presentation of Financial Statements – Revised
IAS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 23	Borrowing Costs – Amendment
IAS 27	Consolidated and separate Financial Statements – Consequential amendments arising from amendments from IFRS 3
IAS 28	Investments in Associates – Consequential amendments arising from the amendments to IFRS 3
IAS 31	Interest in Joint Ventures – Consequential amendments arising from amendments to IFRS 3
IAS 32	Financial Instruments – Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation
IAS 39	Financial Instruments – Recognition and Measurement – Consequential amendments arising from the amendments to IAS 32 and hedged items
IFRIC 2	Members' Shares in Co-operative Entities and Similar Instruments – Consequential amendments arising from amendments to IAS 32
IFRIC 11	IFRS 2 – Group and Treasury Share Transactions (endorsed)
IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer loyalty programmes
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group.

REVENUE

Revenue represents fees receivable from the provision of a range of property and treasury services to the residential property sector. Revenue is stated net of discounts, VAT and other sales related taxes.

REVENUE RECOGNITION

Revenue 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 recognised in the period in which the services are provided.

SHARE BASED PAYMENTS

The group has applied the requirements of IFRS 2 Share based payments. 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 income statement over the appropriate vesting period. Restricted shares are expensed over the restricted period using the most appropriate valuation techniques.

PURCHASED GOODWILL

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a business at the date of acquisition.

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.

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-generation 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 on goodwill cannot be reversed in 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 separately from 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.

Intangible assets 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 are reviewed at least at each financial year end. The amortisation expense on intangible assets 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 as follows:

Customer Relationships	25 years
Software	8 years

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost. Depreciation is provided on all property, plant and equipment at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant, plant and equipment	between 4 and 6 years.
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IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS EXCLUDING GOODWILL

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CLIENT MONIES

The management of client monies is part of the group's residential management activities. This money belongs to clients, but the Group has operational control over the monies in order to perform management services. These monies are not recognised on the group balance sheet.

INVESTMENTS

Investments in subsidiary undertakings held as non current assets are stated at cost less provision for impairment.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument.

TRADE RECEIVABLES

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment. A provision for impairment is made where there is objective evidence, (including customers with financial difficulties or in default on payments), that amounts will not be recovered in accordance with original terms of the agreement. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an allowance account and any impairment loss is recognised in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits held by the Group with maturities of less than three months. Bank overdrafts are included in cash and cash equivalents where they have a legal right of set off against positive cash balances, otherwise bank overdrafts are classified as borrowings.

BORROWINGS

Loans are recorded initially at their fair value, net of direct transaction costs. Such instruments are subsequently carried at their amortised cost and finance charges, including premiums payable on settlement or redemption, are recognised in the income statement over the term of the instrument using an effective rate of interest.

TRADE PAYABLES

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

LEASES

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the lease term.

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense.

The current tax 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 or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of 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 balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable 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 the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

PENSIONS

The Group contributes to the personal pension plans of certain employees. The Group's contributions are charged to the income statement as they become due.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Critical accounting estimates are based on management's best knowledge of the amount, events or actions, actual results may differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an evaluation of earnings and turnover of the cash-generating units to which goodwill and intangible assets have been allocated. The earnings and turnover of the cash generating units enable a valuation to be derived and thus an estimate made on whether or not there has been any impairment.

Valuation of share based payments

The charge for share based payments is calculated in accordance with the analysis described in note 5. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates. The directors draw upon a variety of external sources to aid in the determination of the appropriate data to use in such calculations.

Valuation and useful lives of intangible assets

In order to determine the value of the separately identifiable intangible assets on the acquisition of a business combination, management are required to make estimates of incremental profits when applying the Group's valuation methodologies. Assets lives are estimated to be 25 years.

Contingent and deferred consideration

Contingent and deferred consideration relating to acquisitions has been included based on management's estimate of the most likely outcome.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial information has been prepared using the recognition and measurement principles of IFRS as adopted by the European Union and the Companies Act 1985 applicable to companies reporting under IFRS.

The financial information is presented in pounds sterling, prepared on a historical cost basis and, unless otherwise stated, rounded to the nearest thousand.

2. REVENUE STREAMS

The principal revenue streams of the group are set out below:

	2009 £'000	2008 £'000
Property management	7,317	6,366
Property services	626	531
Insurance services	703	600
Total	8,646	7,497

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into three operating divisions – property management, property services and insurance services. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Property management: residential property management.
- Property services: chartered surveying services.
- Insurance services: insurance broking intermediary services.

All of the Group's operations are carried out within the United Kingdom.

Analysis of the segment information about these businesses is presented in the next page. Segment assets include intangibles, plant and equipment, receivables and operating cash. Segment liabilities comprise of operating liabilities and deferred consideration for acquisitions.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (CONTINUED)

	2009	2009	2009	2009	2009	2008	2008	2008	2008	2008
	Property Management	Professional Services	Insurance Broking	Unallocated/Corporate	Consolidated	Property Management	Professional Services	Insurance Broking	Unallocated/Corporate	Consolidated
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue										
External revenues	7,232	626	788	-	8,646	6,366	531	600	-	7,497
Result										
Profit/(loss) from operations before exceptional items	169	86	579	(896)	(62)	546	113	444	(780)	323
Exceptional Item	(1,172)	-	-	-	(1,172)	-	-	-	-	-
(Loss)/profit on operations					(1,234)					323
Net finance costs					(13)					(11)
(Loss)/profit before tax					(1,247)					312
Income tax					75					(52)
(Loss)/profit for the year					(1,172)					260
Other information										
Property, plant, equipment – capital expenditure	148	-	-	4	152	181	3	-	4	188
Depreciation	(127)	(1)	-	(3)	(131)	(101)	(1)	-	(2)	(104)
Intangible assets	215	-	-	593	808	1,349	-	-	-	1,349
Amortisation	(90)	-	-	(65)	(155)	(58)	-	-	-	(58)
Share based payment charge	-	-	-	(58)	(58)	-	-	-	(71)	(71)
Assets										
Segment assets	6,370	290	159	560	7,379	7,626	316	1	40	7,983
Liabilities										
Segment liabilities	(1,446)	(51)	(43)	(694)	(2,234)	(1,354)	(64)	(25)	(270)	(1,713)

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROFIT RECONCILIATION

The reconciliation set out below provides additional information to enable the reader to reconcile to the numbers discussed in the Chairman's and Chief Executive's report

	2009 £'000	2008 £'000
Revenue	8,646	7,497
Direct operating expenses	(7,722)	(6,336)
	<hr/>	<hr/>
Profit contribution from businesses	924	1,161
Central operating overheads	(773)	(709)
	<hr/>	<hr/>
Profit before interest, exceptional items, share based payment charges, amortisation of other intangible assets and taxation	151	452
Finance income	-	3
Finance costs	(13)	(14)
	<hr/>	<hr/>
Profit before exceptional items, share based payment charges, amortisation of other intangible assets and taxation	138	441
Exceptional item - Impairment of goodwill	(1,172)	-
Amortisation of other intangible assets	(155)	(58)
Share based payment charge	(58)	(71)
	<hr/>	<hr/>
(Loss)/profit before taxation	(1,247)	312

Direct operating expenses and central operating overheads include depreciation and staff costs.

5. SHARE BASED PAYMENT TRANSACTIONS

In accordance with IFRS 2 Share based payments, 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 are being charged to the income statement over the restricted and vesting periods respectively. Note 26 contains more detail on the share options issued during the year.

The share based payment charge for the year is £58,000 (2008: £71,000).

6. FINANCE INCOME	2009 £'000	2008 £'000
Interest receivable on bank deposits	-	3
	<hr/>	<hr/>
	-	3
	<hr/>	<hr/>
7. FINANCE COSTS	2009 £'000	2008 £'000
Interest payable on bank loans and overdrafts	13	14
	<hr/>	<hr/>
	13	14
	<hr/>	<hr/>

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8.	PROFIT FROM OPERATIONS	2009 £'000	2008 £'000
	Profit from operations is stated after charging: Depreciation and amounts written off property, plant and equipment:		
	- charge for the year on owned assets	131	104
	Amortisation of intangible assets	155	58
	Operating lease rentals:		
	- land and buildings	362	311
	Set out below is an analysis of other operating expenses;		
		2009 £'000	2008 £'000
	Employee expenses	6,223	5,175
	Management costs	56	38
	Travel costs	94	82
	Advertising costs	68	41
	Communications	251	191
	Premises costs	918	749
	Professional fees	465	370
	IT costs	211	211
	Depreciation	131	104
	Amortisation	155	58
	Share based payment charges	58	71
	Other expenses	78	84
	Impairment of intangible asset	1,172	-
	Other operating expenses	9,880	7,174

Amounts payable to the auditor and its related entities in respect of both audit and non-audit services are set out below:

	2009 £'000	2008 £'000
Fees payable for the statutory audit of the company's annual accounts	15	18
Fees payable to auditor for other services:		
Statutory audit of the company's subsidiaries	25	32
Total fees payable to the auditor	40	50

The fees payable to the auditor for the audit of the company's annual accounts and those of its subsidiaries represent the directors' estimate of the fees payable to Nexia Smith & Williamson.

9.	EMPLOYEES AND STAFF COSTS	2009 No.	2008 No.
	The average monthly number of persons (including directors) employed by the group during the year was:		
	Management	10	10
	Property Management	107	96
	Administration and accounts	66	67
		183	173

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. EMPLOYEES AND STAFF COSTS (CONTINUED)	2009 £'000	2008 £'000
Staff costs for the above persons:		
Wages and salaries	5,228	4,281
Social security costs	550	415
Other pension costs	-	3
Share based payment charge	58	71
	5,836	4,770

DIRECTORS	2009 £'000	2008 £'000
Directors' emoluments	274	252

Directors' emoluments disclosed above include the following payments

	2009 £'000	2008 £'000
Emoluments of highest paid director	130	119

10. INCOME TAX	2009 £'000	2008 £'000
UK Corporation tax:		
Current tax on profits of the year	-	52
Overprovision of tax previous year	(3)	-
Deferred tax	(72)	-
Tax attributable to the company and its subsidiaries	(75)	52

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 of 28% (2008-30%). The differences are explained below:

	2009 £'000	2008 £'000
(Loss)/profit before tax	(1,247)	312
Loss/profit before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008 – 30%).	(347)	94
Effects of:		
Expenses and depreciation not deductible for tax purposes	55	27
Amortisation not deductible for tax purposes	31	-
Utilisation of tax losses	258	(41)
Benefit of small companies tax rate	-	(28)
Recognition of deferred tax asset	(72)	-
Tax credit/charge for the year	(75)	52

Future tax charges may be 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. The Group has losses carried forward in its subsidiary, HML Hathaways Limited which can be recovered against future profits arising from the same trade. The total tax losses carried forward to future years are £1,189,000 (2008: £nil). The unprovided deferred tax asset in respect of these losses is £238,000 (2008: £nil).

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

	2009 £'000	2008 £'000
Dealt with in the financial statements of the parent company	2,078	777

12. EARNINGS PER SHARE

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

	2009 £'000	2008 £'000
<i>Earnings</i>		
Earnings for the purposes of basic earnings per share	(1,172)	260
Earnings for the purposes of diluted earnings per share	(1,172)	260
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	31,544	23,966
Effect of dilutive potential ordinary shares: - share options	-	397
Weighted average number of ordinary shares for the purposes of diluted earnings per share	31,544	24,363
Basic loss/earnings per ordinary share	(3.7p)	1.1p
Fully diluted loss/earnings per ordinary share	(3.7p)	1.1p

The diluted earnings per share are the basic earnings per share adjusted for the dilutive effect of the conversion into fully paid shares of the outstanding share options. The outstanding share options are considered to not be dilutive.

13. BUSINESS COMBINATIONS (ACQUISITIONS)

All the acquisitions set out below have been made by subsidiaries of HML Holdings plc. The name of the acquiring subsidiary is detailed in the narrative of each acquisition.

On 17 April 2008, HML Hathaways Limited purchased the trade and assets of Property Holdings, a property management business based in Aylesbury. The size of the business was immaterial to Group operations therefore no further disclosure has been made.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. BUSINESS COMBINATIONS (ACQUISITIONS) (continued)

On 5 September 2008, 100% of the share capital of Grovewood Property Management Limited, a property management business based in Weston Super Mare was acquired by HML Andertons Limited. The fair values of the assets acquired are set out in the table below:

	Fair value £'000
Intangible assets	127
Property, plant and equipment	6
Current assets	16
Current liabilities	(21)
Deferred tax liability	(25)
	<hr/>
Net assets acquired	103
Goodwill	129
	<hr/>
Consideration	232
	<hr/>
Satisfied by:	
Cash paid to vendors	200
Deferred consideration	32
	<hr/>
Total consideration	232
	<hr/>

The book value of assets and liabilities was £1,000.

Revenues from Grovewood totalling £84,000 have been included in the consolidated income statement and if the business had been acquired on the first day of the accounts period, the revenue for the year would have been £155,000. As the trade was immediately integrated into Group operations, separate analysis of post acquisition profits is not possible.

During September 2008, HML Hawksworth Limited purchased the management of a portfolio of properties owned by Chesterford. The size of the business was immaterial to Group operations therefore no further disclosure has been made.

On 22nd December 2008, the trade of Moncktons, a property management business based in London were acquired by HML Hathaways Limited. The fair values of the assets acquired are set out in the table below.

	Fair value £'000
Intangible assets	45
Goodwill	36
	<hr/>
Consideration	81
	<hr/>
Satisfied by:	
Cash paid to vendors	64
Deferred consideration	17
	<hr/>
Total consideration	81
	<hr/>

The book value of the assets and liabilities was £nil. Goodwill arising on acquisitions represents the value attributable to synergies and a skilled workforce.

The trade of Moncktons was immediately integrated into Group operations and therefore a separate analysis of post acquisition turnover and results is not readily ascertainable.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. GOODWILL	Purchased Goodwill £'000
GROUP	
Cost:	
1 April 2007	2,968
Additions	1,257
	4,225
31 March 2008	4,225
Cost:	
1 April 2008	334
Additions	-
	334
31 March 2009	4,559
Accumulated amortisation:	
1 April 2007	123
Charged in the year	-
	123
31 March 2008	123
Accumulated amortisation/impairment:	
1 April 2008	123
Charged in the year	-
Charge for impairment	1,172
	1,295
31 March 2009	1,295
Net book value:	
31 March 2009	3,264
	4,102
31 March 2008	4,102
	2,845
31 March 2007	2,845

Additions of £334,000 in the year comprise of £129,000 in connection with the acquisition of Grovewood Property Management Limited and Grovewood Property Management (South West) Limited by HML Andertons Limited and £205,000 relating to the acquisition of the businesses of Aylesbury Property Holdings, Moncktons and The Avenue Agency by HML Hathaways.

ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

- HML Hawksworth Limited
- HML Andertons Limited
- HML Hathaways Limited
- HML Shaw Limited
- Shaw & Co (Surveyors) Limited

14. GOODWILL (CONTINUED)

The carrying amount of goodwill and other intangible assets was allocated to the cash-generating units as follows:

	Goodwill	
	2009 £'000	2008 £'000
HML Hawksworth Limited	711	711
HML Andertons Limited	1,279	1,150
HML Hathaways Limited	1,733	1,528
HML Shaw Limited	592	592
Shaw & Co (Surveyors) Limited	121	121
	4,436	4,102

GOODWILL AND OTHER INTANGIBLE ASSETS

The recoverable amount of each cash-generating unit is determined based on the forecast average turnover over the next two years and other standard valuation metrics based on revenue that are commonly used in the industry. The forecast average turnover has been estimated to increase between 6% and 10% over the next two years.

ANNUAL TEST FOR IMPAIRMENT

During the year, the Group assessed the recoverable amount of each cash-generating unit on a value in use basis and determined that none were impaired apart from an element of the goodwill relating to HML Hathaways.

ADDITIONS TO GOODWILL

The additions to goodwill and other intangibles assets during the year were as follows:

	Goodwill £'000	Other intangibles £'000
Cost:		
1 April 2008	4,225	2,095
Addition – HML Andertons Limited	129	127
Addition – HML Hathaways Limited	205	73
Addition – HML Hawksworth Limited	-	15
Addition – HML Holdings Limited	-	593
31 March 2009	4,559	2,903
Impairment:		
1 April 2008	-	-
Addition – HML Hathaways Limited	1,172	-
31 March 2009	1,172	-

The impairment related to the purchased goodwill relating to the business of Mandells which was contained within HML Hathaways Limited.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. OTHER INTANGIBLE ASSETS

	Client Relationships £'000	Software £'000	Total £'000
GROUP			
Cost:			
1 April 2007	746	-	746
Additions	1,349	-	1,349
31 March 2008	2,095		2,095
Cost:			
1 April 2008	2,095	-	2,095
Additions arising from business combinations	215	-	215
Additions	-	593	593
31 March 2009	2,310	593	2,903
Accumulated amortisation:			
1 April 2007	26	-	26
Amortisation charged in the year	58	-	58
31 March 2008	84	-	84
Accumulated amortisation			
1 April 2008	84	-	84
Amortisation charged in the year	90	65	155
31 March 2009	174	65	239
Net book value:			
31 March 2009	2,136	528	2,664
31 March 2008	2,011	-	2,011
31 March 2007	720	-	720

Client relationship additions of £215,000 during the year comprise of £127,000 in connection with the acquisition of Grovewood Property Management Limited and Grovewood Property Management (South West) Limited by HML Andertons Limited, £73,000 relating to the three acquisitions of Property Holdings, Moncktons and The Avenue Agency by HML Hathaways Limited and £15,000 relating to the acquisition of the Chesterford portfolio by HML Hawksworth Limited.

During the year £593,000 was spent on the purchase and development of the property management software used within the property management business.

Client relationships arising on acquisitions of property management companies are capitalised and classified as other intangible assets on the balance sheet. As property management companies operate in exceptionally stable marketplaces, the client relationships are considered to have a life of 25 years.

The client relationships capitalised have a remaining amortisation period of between 22 and 24 years.

For more detail on the other intangibles assets and impairment reviews relating to these assets, see note 14.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.	OTHER INTANGIBLE ASSETS (CONTINUED)	Software
	COMPANY	£'000
	Cost:	
	1 April 2007	-
	Additions	-
		<hr/>
	31 March 2008	-
		<hr/>
	Cost:	
	1 April 2008	-
	Additions	593
		<hr/>
	31 March 2009	593
		<hr/>
	Accumulated amortisation:	
	1 April 2007	-
	Amortisation charged in the year	-
		<hr/>
	31 March 2008	-
		<hr/>
	Accumulated amortisation:	
	1 April 2008	-
	Amortisation charged in the year	65
		<hr/>
	31 March 2009	65
		<hr/>
	Net book value:	
	31 March 2009	528
		<hr/> <hr/>
	31 March 2008	-
		<hr/> <hr/>
	31 March 2007	-
		<hr/> <hr/>

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT

GROUP	Plant and Machinery £'000
Cost:	
1 April 2007	725
Additions	188
Disposals	(241)
	672
31 March 2008	672
1 April 2008	672
Additions arising from business combinations	6
Additions	146
Disposals	(11)
	813
31 March 2009	813
Accumulated depreciation:	
1 April 2007	506
Charged in the year	104
Disposals	(239)
	371
31 March 2008	371
1 April 2008	371
Charged in the year	129
Disposals	(9)
	491
31 March 2009	491
Net book value:	
31 March 2009	322
31 March 2008	301
31 March 2007	219

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16.	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	
	COMPANY	Plant and Machinery £'000
	Cost:	
	1 April 2007	5
	Additions	4
		<hr/>
	31 March 2008	9
		<hr/>
	1 April 2008	9
	Additions	4
		<hr/>
	31 March 2009	13
		<hr/>
	Accumulated depreciation:	
	1 April 2007	1
	Charged in the year	1
		<hr/>
	31 March 2008	2
		<hr/>
	1 April 2008	2
	Charged in the year	3
		<hr/>
	31 March 2009	5
		<hr/>
	Net book value:	
	31 March 2009	8
		<hr/>
	31 March 2008	7
		<hr/>
	31 March 2007	4
		<hr/> <hr/>

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVESTMENTS IN SUBSIDIARY COMPANIES

COMPANY	Shares in subsidiaries £'000
Cost:	
1 April 2007	2,819
Additions	3,298
31 March 2008	6,117
1 April 2008	6,117
Additions	690
31 March 2009	6,807
Impairment:	
1 April 2007 and 2008	-
Impairment during the year	1,172
31 March 2009	1,172
Net book value:	
31 March 2009	5,635
31 March 2008	6,117
31 March 2007	2,819

Additions in the year represent increased investment in HML Hathaways Limited.

The company directly holds more than 20% of the equity of the following undertakings:-

Subsidiary undertakings:	Class of holding	Proportion of ownership interest (%)	Proportion of voting power held (%)	Principal activity
HML Hawksworth Limited	Ordinary	100%	100%	Property Management
HML Andertons Limited	Ordinary	100%	100%	Property Management
HML Hathaways Limited	Ordinary	100%	100%	Property Management
HML Shaw Limited	Ordinary	100%	100%	Property Management
Shaw and Company (Surveyors) Limited	Ordinary	100%	100%	Surveyors
Alexander Bonhill Limited	Ordinary	100%	100%	Insurance Brokers
HML Concierge Services Limited	Ordinary	100%	100%	Concierge Services

All the companies set out above are incorporated in England & Wales.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade receivables	571	728	-	-
Amount owed by subsidiary undertakings	-	-	865	1,211
Other receivables	88	100	9	9
Prepayments and accrued income	423	361	15	25
	1,082	1,189	889	1,245

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Trade debtors and the bad debt provision are financial assets. Debts are provided once they are overdue and attempts have been made to recover them. There are no material unprovided debts passed their due date.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash at bank and in hand	-	380	-	-
	-	380	-	-

The Group has a £500,000 overdraft facility with its bankers. The terms and conditions of the facility are described in more detail in note 22 to the financial statements. The facility is renewable on 31 March 2010 and is secured via cross guarantees and debentures with Group companies.

20. CURRENT LIABILITIES

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank overdraft	234	125	140	59
Bank loans	171	-	171	-
Trade payables	337	343	27	38
Amounts owed to subsidiary undertakings	-	-	2,766	1,428
Corporation tax	69	80	-	-
Other taxation and social security costs	638	423	39	9
Other payables	332	107	245	85
Accruals and deferred income	210	183	72	80
Deferred consideration	-	170	-	-
	1,991	1,431	3,460	1,699

Trade creditors and accruals comprise of amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates their fair value. All trade and other payables are due within one year. Trade creditors and accruals are financial liabilities.

21. BORROWINGS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank loans	86	-	86	-
	<u>86</u>	<u>-</u>	<u>86</u>	<u>-</u>

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities and its capital structure expose it to a variety of financial risks; foreign exchange risk, interest rate risk, credit risk and liquidity risk.

Risk management is carried out centrally under policies approved by the board of directors. The board provides written principles for overall risk management.

Market risk comprises of the following four risks:

(a) Foreign exchange risk

The Group operates in the UK and is currently not exposed to foreign exchange risk.

(b) Interest rate risk

Interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from the use of its overdraft and short term debt funding.

Therefore the Group's only financial liability subject to interest rate risk at the year end was its bank overdraft and debt funding. The overdraft is repayable on demand and bears variable interest charge of 2% above the Bank of England's base rate. The bank loan will be fully repaid in August 2010 and carries a variable interest charge of 2.5% above the Bank of England's base rate.

The Group invests surplus cash in bank deposits which bear interest based on short term money market rates and in doing so exposes itself to fluctuations in money market interest rates.

If interest rates has been 1% higher or lower and all other variables were held constant the Group's profit for the year ended 31 March 2009 and its equity at 31 March 2009 would have decreased or increased by £4,000 in each case. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonable change in interest rates.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Trade receivables comprise of a large number of individual clients none of which represents in excess of 5% of trade receivables. Receivables in respect of residential property management fees are considered by management to be low risk as the non payment of service charges can result in forfeiture of the respective leases. Receivables balances are also monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

All of the Group's cash and bank balances are held with recognised UK clearing banks.

The maximum exposure to credit risk is £731,000 (2008: £1,208,000) and the contractual cash flows relating to this credit risk are set out below in the tables below.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities. The Group monitors its risk to a shortage of funds using cashflow forecasting. The cashflow forecast considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from the operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Contractual cash flows relating to the Group's financial liabilities are set out below.

FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities analysed by the categories defined in IAS39 were as follows:

	2009 £'000	2008 £'000
Financial assets		
Trade and other receivables	731	828
Cash and bank balances	-	380
	<hr/> 731	<hr/> 1,208
Financial liabilities		
Trade and other payables	(1,307)	(1,056)
Bank overdraft/loan	(405)	(125)
Bank loan due after one year	(85)	-
	<hr/> (1,797)	<hr/> (1,181)
	<hr/> <hr/> (1,066)	<hr/> <hr/> 27

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Contractual cash flows relating to the Group's financial liabilities are as follows:

	2009 £'000	2008 £'000
Financial liabilities payable within one year		
Trade and other payables	(902)	(931)
Bank overdraft	(405)	(125)
	<hr/>	<hr/>
	(1,307)	(1,056)
Financial liabilities payable between one and two years		
Trade and other payables	-	(125)
Bank loan	(85)	-
	<hr/>	<hr/>
	(1,392)	(1,181)
	<hr/>	<hr/>

23. DEFERRED TAX

	Group	
	2009 £'000	2008 £'000
Deferred tax asset	72	-
	<hr/>	<hr/>
	72	-
	<hr/>	<hr/>

The deferred tax asset relates to brought forward losses in HML Hawksworth Limited.

	Group £'000
At 1 April 2007	-
Additions in the year	157
	<hr/>
At 31 March 2008	157
Additions in the year	25
	<hr/>
At 31 March 2009	182
	<hr/>

The deferred tax liability relates to intangible assets of business combinations acquired during the year.

24. PROVISIONS

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Deferred consideration	-	125	-	125
	<hr/>	<hr/>	<hr/>	<hr/>
	-	125	-	125
	<hr/>	<hr/>	<hr/>	<hr/>

The deferred consideration was paid during the year.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

25. SHARE CAPITAL

	Group	
	2009	2008
	£'000	£'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456
	Group	
	2009	2008
	£'000	£'000
Allotted, issued and fully paid:		
31,544,366 (2008 - 31,544,366) ordinary shares of 1.5p each	473	473
	473	473

26. SHARE OPTIONS

In May 2006, the Company adopted an Enterprise Management Incentive Share Option Plan and an Unapproved Share Option Plan. The options issued have an exercise period of between two to ten years (or earlier with the approval of the Board).

Options were valued using the Black Scholes model. The fair value per option granted and the assumption used on the calculation are as follows:

Grant date	31 March 2008	12 February 2008	7 December 2007	26 June 2007	27 June 2006
Share price at grant date	19p	22p	24p	39p	17p
Exercise price	19p	22p	24p	39p	17p
Number of employees	75	8	5	55	103
Share options granted	763,000	80,000	50,000	288,000	1,147,500
Vesting period	2	2	2	2	2
Expected volatility	20%	20%	20%	20%	20%
Option life (years)	10	10	10	10	10
Expected life (years)	6	6	6	6	6
Risk free rate	4.17%	4.17%	4.17%	4.17%	4.17%
Expected dividends	0.00%	0.00%	0.00%	0.00%	0.00%
Fair value of option	2.85p	4.27p	3.60p	5.84p	2.55p

The total fair value of options issued in the year was £nil (2007: £44,000). The volatility is measured by calculating the standard deviation of the natural logarithm of share price movements.

26. SHARE OPTIONS (CONTINUED)

A reconciliation of option movements over the year to 31 March 2009 are:

	Number	Weighted average exercise price
31 March 2007	1,120,500	17p
Granted	1,171,000	24p
Lapsed	(67,500)	24p
Exercised	-	-
31 March 2008	2,224,000	21p
Granted	-	-
Lapsed	(39,750)	24p
Exercised	-	-
31 March 2009	2,184,250	21p

27. SHARE PREMIUM

	Group £'000	Company £'000
31 March 2007	2,703	2,703
Premium on shares allotted during year ended 31 March 2008	3,734	3,734
Share issue expenses during the year ended 31 March 2008	(106)	(106)
31 March 2008 and 2009	6,331	6,331

This reserve relates to the premium on shares issued.

28. OTHER RESERVE

This reserve relates to the employee benefit trust set up during the year.

29. MERGER RESERVE

On 15 May 2006, a demerger agreement was entered into whereby LTC Holdings Plc agreed to transfer the business of Hawksworth 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 Hawksworth Management Limited.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

30.	RETAINED EARNINGS	Group £'000	Company £'000
	1 April 2007	(850)	(553)
	Profit/(loss) for year	260	(777)
	Share based payment charge (see note 5)	71	71
		(519)	(1,259)
	31 March 2008		
	Loss for year	(1,172)	(2,078)
	Share based payment charge (see note 5)	58	58
		(1,633)	(3,279)
	31 March 2009		
31.	CASH FLOWS	2009 £'000	2008 £'000
	GROUP		
a.	Reconciliation of operating profit to net cash flow from operating activities		
	(Loss)/profit from operations	(1,234)	323
	Adjustments for:		
	Depreciation	129	104
	Amortisation	155	58
	Impairment of goodwill	1,172	-
	Loss on disposal of fixed assets	2	-
	Share based payment charge	58	71
		282	556
	Operating cash flows before movements in working capital		
	Decrease/(increase) in receivables	107	(120)
	Increase in payables	240	311
		629	747
	Net cash flow from operating activities		
		2009 £'000	2008 £'000
b.	Reconciliation of cash and cash equivalents		
	Cash at bank	-	380
	Bank overdrafts	(234)	(125)
		(234)	255

CASH FLOWS (CONTINUED)		
COMPANY	2009 £'000	2008 £'000
c. Reconciliation of operating profit to net cash flow from operating activities		
Loss from operations	(896)	(777)
Adjustments for:		
Depreciation	3	1
Amortisation	65	-
Share based payment charge	58	71
Operating cash flows before movements in working capital	(770)	(705)
Decrease/(increase) in receivables	10	(6)
Increase in payables	11	40
Net cash flow from operating activities	(749)	(671)
32. OPERATING LEASE ARRANGEMENTS	2009 Land and buildings £'000	2008 Land and buildings £'000
At 31 March 2009 the group was committed to making the following payments under non-cancellable operating leases as follows:-		
Expiring within 1 year	79	29
Expiring between 2 and 5 years	417	504
Expiring after 5 years	858	-
	1,354	533

The group's leases of land and buildings are subject to rent review periods ranging between 3 and 5 years.

33. RELATED PARTY TRANSACTIONS

As at 31 March 2009, LTC Holdings plc held 48% of the Company's issued share capital. Additionally, Richard Smith and Geoffrey Griggs, both directors of HML Holdings plc, are also directors of LTC Holdings plc.

During the year, the Company purchased property management software from LTC Holdings plc for £520,000.

Also, the Company paid LTC Holdings plc £22,000 (2008: £30,000) for the use of office space and services and £nil (2008: £30,000) for use of computer software.

There is no provision against any related party transaction at the year-end and no amounts have been written off during the year. At the year end the Company owes LTC Holdings plc £120,000.

Transactions between the Company and its subsidiaries are disclosed below.

	2009 £'000	2008 £'000
Management charges to subsidiaries in the year	11	9
Amounts advanced to subsidiaries by way of interest-free loans at 31 March	865	1,211
Amounts owed to subsidiaries at 31 March	2,766	1,428

The amounts outstanding are unsecured, with no fixed date for repayment and will be settled in cash. No provisions have been made for doubtful debts in respect of the amounts owed by subsidiaries.

34. REMUNERATION OF KEY MANAGEMENT

The remuneration of the key management personnel of the Group is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	2009 £'000	2008 £'000
Salaries and short term benefits	609	562
Share based payments	55	67
	664	629

35. POST BALANCE SHEET EVENTS

There have been no events since the year end requiring disclosure.

36. COMPANY INCOME STATEMENT

As permitted by s230 Companies Act 1985, the company has not presented its own income statement.

37. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.