

22 June 2009

HML Holdings plc
(“HML” or the “Company”)

Preliminary Results for the Year Ended 31 March 2009

HML Holdings plc (AIM: HMLH), the property management services Group, announces preliminary results for the year ended 31 March 2009.

Financial and Operational Highlights:

- Revenue increased by 15% to £8.6m (2008: £7.5m)
- Base management fees increased by 26% to £4.4m (2008: £3.4m)
- Residential units under management up to 26,000
- Cash generated from operations of £0.6m (2008: £0.7m)
- Rebranding of North London business Mandells to HML Hathaways
- Successful acquisition and integration of Grovewood Property Management

Commenting on the results, Rob Plumb, Chief Executive of HML Holdings said: “It is pleasing, especially given the challenging economic circumstances we have experienced this year, to report both a growth in revenue and base management fees. We feel that this reflects both the strength of our brand with this sector, and our proud reputation for quality of service.

Wider economic factors beyond our control, have reduced activity in the residential property market which has affected a number of areas of the Group’s ancillary income streams. However, the board continues to believe strongly in the resilience and growth potential of the business model, and we look forward to the future with cautious optimism”.

For further information:

HML Holdings PLC:

020 8439 8529

Robert Plumb, Chief Executive

James Howgego, Financial Director

Tavistock Communications Group:

020 7920 3150

Paul Young, John West

Daniel Stewart:

Simon Leathers, Simon Starr

020 7776 6550

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 £8.7m (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 1 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)
19 June 2009

Robert Plumb (Chief Executive)

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

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

ASSETS	Notes	2009 £'000	2008 £'000
NON CURRENT ASSETS			
Goodwill		3,264	4,102
Other intangible assets	6	2,664	2,011
Property, plant and equipment		322	301
		6,250	6,414
CURRENT ASSETS			
Trade and other receivables		1,082	1,189
Cash and cash equivalents		-	380
		1,082	1,569
NON CURRENT ASSETS			
Deferred tax asset		72	-
		72	-
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
		1,991	1,431
NON CURRENT LIABILITIES			
Borrowings		86	-
Deferred tax liability		182	157
Provisions		-	125
		268	282
TOTAL LIABILITIES		2,259	1,713
NET ASSETS		5,145	6,270
EQUITY			
Called up share capital	7	473	473
Share premium account		6,331	6,331
Other reserve		(11)	-
Merger reserve		(15)	(15)
Retained earnings		(1,633)	(519)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		5,145	6,270

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

	Notes	2009 £'000	2008 £'000
OPERATING ACTIVITIES			
Cash generated from operations		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
		<hr/>	<hr/>
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		(234)	255
		<hr/>	<hr/>

This format represents an indirect method of determining operating cash flow

General information

The financial information has been prepared using the recognition and measurement principles of IFRS.

The financial information is presented in pounds sterling, prepared on a historical cost basis and, unless otherwise stated, rounded to the nearest thousand. The financial information set out in this announcement does not constitute statutory accounts for the years ended 31 March 2009 or 31 March 2008 but is derived from those draft financial statements. The financial information for the year ended 31 March 2009 is not audited. The statutory accounts for the year ended 31 March 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies in due course.

The financial information contained in the preliminary announcement of results has been prepared on the basis of the accounting policies as outlined in the interim announcement made on 1 December 2008.

The comparative financial information for the year ended 31 March 2008 was derived from information extracted from the annual report and accounts for that period, which was prepared under IFRS and which has been filed with the UK Registrar of Companies. The auditors have reported on those UK GAAP accounts, their report was unqualified and did not contain statements under sections 237 (2) or (3) of the Companies Act 1985 or any matters to which the auditors drew attention by way of an emphasis of matter.

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 preliminary results were authorised for issue by the board of directors on 19 June 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

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:-

Property, plant and equipment between 4 and 6 years.

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.

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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. 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)
Profit contribution from businesses	924	1,161
Central operating overheads	(773)	(709)
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)
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)
Profit before taxation	(1,247)	312

2. 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:

HML HOLDINGS Plc
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	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	<u>40</u>	<u>50</u>

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.

3. 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	<u>(75)</u>	<u>52</u>

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	<u>(75)</u>	<u>52</u>

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).

4. 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>		
	2009 £'000	2008 £'000
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.

5. 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.

5. 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 ACCOUNTS

6. 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.

HML HOLDINGS Plc
NOTES TO THE ACCOUNTS

7. SHARE CAPITAL

	Group	
	2009	2008
	£'000	£'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	<hr/>	<hr/>
	2,456	2,456
	<hr/>	<hr/>
	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
	<hr/>	<hr/>
	473	473
	<hr/>	<hr/>

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