

21 June 2010

**HML Holdings plc**  
("HML" or the "Company")

**Preliminary Results for the Year Ended 31 March 2010**

HML Holdings plc (AIM: HMLH), the property management services Group, announces preliminary results for the year ended 31 March 2010.

**Financial and Operational Highlights:**

- Earnings up to £365,000\* (2009: £151,000).
- Ancillary group fees grow 26%
- Residential units under management up 4% to 27,000
- Fixed management fees have grown by 7%
- Cash generated from operations totalled £0.6m (2009: £0.6m)

\*before interest, share based payment charges, exceptional items, amortisation and tax

**Commenting on the results, Rob Plumb, Chief Executive of HML Holdings said:**

"We are pleased to report a significant improvement in earnings and continued organic growth in units under management. It's a credit to all our staff that during these challenging economic times we've shown improvements in both our productivity and efficiency. In particular the 26% growth in sales of ancillary group services to property management clients has substantially enhanced our earnings and underpins the strength of our business model. We are confident of ongoing improvements in this area. As a result the Board retains a positive outlook that the breadth and quality of the Company's services leaves it well positioned to continue to grow market share and benefit from any further recovery within our markets."

**For further information:**

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Robert Plumb, Chief Executive

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**HML HOLDINGS PLC**  
**CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT**

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We are pleased to report significantly increased earnings (before interest, share based payment charges, exceptional items, amortisation and tax) of £365,000 (2009: £151,000).

Our financial performance has been underpinned by a 7% improvement in our fixed block management fees which rose to £4.7m (2009: £4.4m). Property units under management have grown 4% to 27,000.

As we indicated in our interim report, although the economic conditions affecting our property owning clients have continued to suppress transactional income, our focus on the provision of quality management services has facilitated a growth in our share of the residential property management market.

Ancillary fees earned by our property services divisions as a result of instructions from our management clients have grown 26% this year. This improvement in intra-group revenues, against a backdrop of a general deterioration in discretionary spending, has served to reinforce our belief in our business model. Intra-group fees, which were £0.6m in 2006 (10% of revenues) when the company listed on AIM, have risen to £2.5m (28% of total revenues). Notable contributions to this year's improvement were Company Secretarial (£0.2m) and Concierge Services (£0.9m). We are also especially pleased to report that professional fees arising from building surveying and valuations on buildings we manage have grown 25% to £0.6m reflecting a £0.5m rise since 2006. Ongoing improvements in processes and training, which ensure better service and value for money for our clients, give us confidence that intra-group services will continue to build revenues and margins for the future.

Cost control was another significant contributor to the group's financial performance. Although systems and process enhancements continue to improve our efficiency ratios, our competitive advantage depends upon the provision of a local and personal service. As salaries inevitably remain a significant part of total expenditure, they represent a degree of inelasticity when transactional revenues are under pressure. We are therefore particularly pleased to report that our headcount and salary controls have yielded improvements in both client to employee and staff cost to revenue ratios. Staff and operating costs have increased 2% against total revenue growth of 5%.

We can conclude therefore that during the past two years the business has withstood significant, and in some cases unprecedented, changes in its market place. We are proud of the degree to which we are emerging stronger through the structural and procedural changes we have made during this time. The returning confidence in the property market combined with our strengthened infrastructure bodes well for our future financial performance.

We thank our staff especially for their energy and commitment which has so significantly contributed to our optimism for the future.

Richard Smith (Chairman)

Robert Plumb (Chief Executive)

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2010**

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	Notes	2010 £'000 Total	2009 £'000 Total
CONTINUING OPERATIONS			
REVENUE		9,031	8,646
Direct operating expenses		(7,871)	(7,722)
Central operating overheads		(795)	(773)
Share based payment charge		(5)	(58)
Amortisation of intangibles		(173)	(155)
Exceptional item - Impairment of intangibles		-	(1,172)
Total central operating overheads		(973)	(2,158)
Operating expenses		(8,844)	(9,880)
PROFIT/(LOSS) FROM OPERATIONS	2	187	(1,234)
Finance costs		(13)	(13)
PROFIT/(LOSS) BEFORE TAXATION	1	174	(1,247)
Income tax (charge)/credit	3	(51)	75
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		123	(1,172)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		123	(1,172)
EARNINGS PER SHARE			
Basic	4	0.4p	(3.7p)
Diluted	4	0.4p	(3.7p)

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**For the year ended 31 March 2010**

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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 2008	473	6,331	-	(15)	(519)	6,270
Profit/(loss) for the year	-	-	-	-	(1,172)	(1,172)
Other comprehensive income	-	-	-	-	-	-
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
Profit/(loss) for the year	-	-	-	-	123	123
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	5	5
Balance at 31 March 2010	473	6,331	(11)	(15)	(1,505)	5,273

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 March 2010**  
**COMPANY NUMBER: 5728008**

<b>ASSETS</b>	Notes	2010 £'000	2009 £'000
<b>NON CURRENT ASSETS</b>			
Goodwill		3,290	3,264
Other intangible assets		2,561	2,664
Property, plant and equipment		224	322
		6,075	6,250
<b>NON CURRENT ASSETS</b>			
Deferred tax asset		4	72
		4	72
<b>CURRENT ASSETS</b>			
Trade and other receivables		1,177	1,082
		1,181	1,154
<b>TOTAL ASSETS</b>		7,256	7,404
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,630	1,517
Borrowings		171	405
Current tax liabilities		-	69
		1,801	1,991
<b>NON CURRENT LIABILITIES</b>			
Borrowings		-	86
Deferred tax liability		182	182
		182	268
<b>TOTAL LIABILITIES</b>		1,983	2,259
<b>NET ASSETS</b>		5,273	5,145
<b>EQUITY</b>			
Called up share capital	5	473	473
Share premium account		6,331	6,331
Other reserve		(11)	(11)
Merger reserve		(15)	(15)
Retained earnings		(1,505)	(1,633)
<b>ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY</b>		5,273	5,145

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**31 March 2010**  
**COMPANY NUMBER: 5728008**

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	2010 £'000	2009 £'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	573	629
Income taxes paid	(52)	(8)
Interest paid	(13)	(13)
	<hr/>	<hr/>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>508</b>	<b>608</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(30)	(152)
Purchase of software	(114)	(473)
Payments to purchase businesses	(44)	(729)
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(188)</b>	<b>(1,354)</b>
<b>FINANCING ACTIVITIES</b>		
(Decrease)/increase in long term loan	(171)	257
	<hr/>	<hr/>
<b>NET CASH (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(171)</b>	<b>257</b>
	<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>149</b>	<b>(489)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>(234)</b>	<b>255</b>
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>(85)</b>	<b>(234)</b>
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## **HML HOLDINGS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **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 comprise the Group's statutory accounts for the years ended 31 March 2010 or 31 March 2009.

The financial information for the year ended 31 March 2009 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985 [Section 498 (2) or Section 498 (3) of the Companies Act 2006] and did not include references to any matters to which the auditor drew attention by way of emphasis.

The statutory accounts for the year ended 31 March 2010 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them.

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 18 June 2010.

#### **Consolidated financial statements**

The consolidated financial statements from which this information has been extracted have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and the Companies Act 2006 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.408 of the Companies Act 2006 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 profit or loss.

## **HML HOLDINGS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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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 under merger accounting.

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.

#### **Standards and Interpretations not yet effective**

IAS 1 and IFRS 8 have been adopted during the year.

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 to group cash-settled share-based payment transactions (effective from 1st January 2010 — not yet endorsed by EU)
IFRS 3	Business Combinations – Amendments to IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements (effective from 1st July 2009)
IFRS 9	Financial Instruments (effective 1 January 2013 — not yet endorsed by EU)
IAS 24	Related Party Disclosures (effective 1 January 2011 — not yet endorsed by EU)
IAS 39	Financial Instruments – Recognition and Measurement – Consequential amendments arising from the amendments to IAS 32 and hedged items
IFRIC 17	Distributions of Non-cash Assets to Owners (effective from 1st July 2009)
IFRIC 18	Transfers of Assets from Customers (effective from 1st July 2009)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments (effective from 1 July 2010 — not yet endorsed by EU)

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.

## **HML HOLDINGS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### REVENUE RECOGNITION

All 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, net of discounts, VAT and other related taxes.

Revenue in property services companies is recognised in the period in which the services are provided.

Revenue relating to chartered surveying services is recognised when the services are provided. If services have been provided and not invoiced, the revenue is accrued.

Insurance commissions are recognised at start of the policy to which the commission relates.

#### 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-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying value of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses 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 profit or loss 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 profit and loss in the expense category consistent with the function of the intangible asset.

## HML HOLDINGS PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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.
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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 administrative 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.

## **HML HOLDINGS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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#### **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 set off of the bad debt provision 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 profit or loss 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.

## **HML HOLDINGS PLC**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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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 profit or loss, except when it relates to items credited or charged directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

#### **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 IFRS 2. 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

	2010 £'000	2009 £'000
Revenue	9,031	8,646
Direct operating expenses	(7,871)	(7,722)
Profit contribution from businesses	1,160	924
Central operating overheads	(795)	(773)
Profit before interest, exceptional items, share based payment charges, amortisation of other intangible assets and taxation	365	151
Finance costs	(13)	(13)
Profit before exceptional items, share based payment charges, amortisation of other intangible assets and taxation	352	138
Exceptional item - Impairment of goodwill	-	(1,172)
Amortisation of other intangible assets	(173)	(155)
Share based payment charge	(5)	(58)
Profit/ (Loss) before taxation	174	(1,247)

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

2. PROFIT FROM OPERATIONS

	2010 £'000	2009 £'000
Profit from operations is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
- charge for the year on owned assets	128	131
Amortisation of intangible assets	173	155
Operating lease rentals:		
- land and buildings	380	362

Set out below is an analysis of other operating expenses;

	2010 £'000	2009 £'000
Employee expenses	6,497	6,223
Management costs	128	56
Travel costs	87	94
Advertising costs	50	68
Communications	237	251
Premises costs	939	918
Professional fees	361	465
IT costs	219	211
Depreciation	128	131
Amortisation	173	155
Share based payment charges	5	58
Other expenses	20	78
Impairment of intangible asset	-	1,172
Other operating expenses	8,844	9,880

**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

	2010 £'000	2009 £'000
Fees payable for the statutory audit of the company's annual accounts	16	15
Fees payable to auditor for other services: Statutory audit of the company's subsidiaries	26	25
<b>Total fees payable to the auditor</b>	<b>42</b>	<b>40</b>

3. INCOME TAX	2010 £'000	2009 £'000
UK Corporation tax:		
Current tax on profits of the year	-	-
Overprovision of tax previous year	(16)	(3)
Deferred tax	67	(72)
<b>Tax attributable to the company and its subsidiaries</b>	<b>51</b>	<b>(75)</b>

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%. The differences are explained below:

	2010 £'000	2009 £'000
Profit/(Loss) before tax	174	(1,247)
Profit/(Loss) before tax multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28%).	49	(347)
Effects of:		
Expenses and depreciation not deductible for tax purposes	38	55
Amortisation not deductible for tax purposes	51	31
Utilisation of tax losses	(90)	258
Benefit of small companies tax rate	(64)	-
Recognition of deferred tax asset/(liability)	67	(72)
<b>Tax charge/(credit) for the year</b>	<b>51</b>	<b>(75)</b>

Future tax charges may be affected by the fact that no deferred tax asset is recognised in respect of losses carried forward by HML Hathaways Limited. 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 £1,209,000 (2009: £1,531,000). The unprovided deferred tax asset in respect of these losses is £249,000 (2009: £249,000).

**HML HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**

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4. EARNINGS PER SHARE

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

	2010 £'000	2009 £'000
<i>Earnings</i>		
Earnings/(loss) for the purposes of basic earnings per share	123	(1,172)
Earnings/(loss) for the purposes of diluted earnings per share	123	(1,172)
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	31,544	31,544
Effect of dilutive potential ordinary shares:		
- share options	134	-
Weighted average number of ordinary shares for the purposes of diluted earnings per share	31,678	31,544
Basic earnings/(loss) per ordinary share	0.4p	(3.7p)
Fully diluted earnings/(loss) per ordinary share	0.4p	(3.7p)

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.

5. SHARE CAPITAL

	Group	
	2010 £'000	2009 £'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456
	Group	
Allotted, issued and fully paid:	2010 £'000	2009 £'000
31,544,366 (2009: 31,544,366) ordinary shares of 1.5p each	473	473
	473	473

**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  
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Surrey  
TW9 1BP

**AUDITOR**

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London  
EC2R 6AY

**BANK**

Barclays Bank plc  
One Churchill Place  
London  
E14 5HP

**NOMINATED ADVISOR AND BROKER**

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4 Coleman Street  
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**PUBLIC RELATIONS AGENTS**

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**REGISTRARS**

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