

**HML Holdings Plc**  
**(“HML”, the “Company” or the “Group”)**

**Final Results for the Year Ended 31 March 2017**

HML Holdings plc (AIM: HMLH), the property management services group, is pleased to announce its final results for the year ended 31 March 2017.

***Financial and Operational Highlights:***

- Revenues up 13% to £20.91m (2016: £18.56m)
- EBITDA up 13% to £2.14m (2016: £1.89m)\*\*
- Operating profit up 12% to £1.84m (2016: £1.63m)\*
- Profit before tax up 7% to £1.30m (2016: £1.21m)
- Adjusted earnings per share 3.9p (2016: 3.8p)
- Dividend per share proposed of 0.37p (2016: 0.33p)

*\*before interest, share based payment charges, amortisation and tax (see note 1)*

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

**Commenting on the results, Robert Plumb, Chief Executive of HML said:** “We are very pleased to report another excellent year of growth at HML. We have made several acquisitions this year and our investment in the management teams and processes necessary to facilitate the integration of these business is really starting to pay off. We remain confident in our ability to manage and balance the growth in our business with the need to improve the infrastructure necessary to support it.

In a market that is becoming increasingly polarised between those offering services that are compliant with the ethical code and practices of our professional bodies and those that aren't, HML is emerging as one of the largest managing agents in the independent owner-occupied sector and remains well-positioned to benefit from the growing need for independence and professionalism.”

***For further information:***

**HML Holdings Plc:**

**020 8439 8529**

Robert Plumb, Chief Executive Officer

James Howgego, Chief Financial Officer

**Tavistock Communications Group:**

**020 7920 3150**

James Verstringhe, Jeremy Carey

**finnCap:**

**020 7220 0500**

Jonny Franklin-Adams/ Giles Rolls - corporate finance

Mia Gardner - corporate broking

## **REVIEW OF BUSINESS**

The Board are pleased to report a 13% (2016: 8%) growth in revenues as well as an 18% (2016: 18%) increase in property units under management to 71,000.

Earnings before interest, share based payments, amortisation and tax rose 12% (2016: 6%) to £1,836,000 (2016: £1,634,000). The Group has further expanded the number of office locations to 21 (2016: 15).

This has been a year in which management has focused a significant amount of effort on the integration of acquisitions. In total the Group purchased six block management businesses, three of which were in the first quarter of the year. While all three of these earlier acquisitions have been successful in terms of our primary intragroup services, the value of their incremental earnings potential is only becoming fully realisable as they are integrated onto HML's systems and standardised procedures. The other three acquisitions, substantially larger, were purchased toward the end of the fourth quarter and have not had a material impact on our reported revenues and earnings.

It is pleasing to report higher revenues across all segments of the business with surveying (14% growth) and insurance (8% growth) improving in line with acquisition growth from prior years. Property management continues to enjoy organic and acquisition growth, although it is important to note that this segment would have achieved a further £200,000 in earnings contribution had transactional fees from the sale of properties under management continued at levels of the previous year.

It has been a year in which we have taken several steps forward. We have introduced a new logo and brand for the Group following extensive research and reflection on our values and image. We are progressing towards a single name for our property management offices while accentuating our tailored, personal and local service attributes through the strength in our network of offices. We have also taken significant strides in the centralisation of the management of our human resources not only by upgrading the systems that support them but through a number of initiatives in areas such as recruitment, learning and development, engagement and appraisal. Having grown the staff numbers to over 500 this year, it was pleasing to see some of the early benefits from the investment in these initiatives which are reflected in lower staff turnover and recruitment fees.

We have reported on a number of occasions the emerging differences arising within a market that is more clearly dividing between those offering services that are compliant with the ethical code and practices of our professional bodies and those who seek to compete purely on price with little attention to the peculiarities and complexity of leasehold management. That polarisation has continued with a slowly growing awareness of the susceptibility to the abuse of lessees inherent in the leasehold market. The public light that shone on the recent growth in houses that are unnecessarily sold as leasehold has undoubtedly heightened awareness in this sector. We believe that publicity of practices such as these will support the case for independent and professional managing agents.

We were pleased to welcome new shareholders to our ownership in our December fund raising which facilitated the acquisition of three businesses in the 4<sup>th</sup> quarter. We are confident that these acquisitions will improve shareholder value.

Our thanks also go to our employees for the hard work that has helped us to accomplish meaningful growth during what has been a challenging year.

HML is emerging as one of the larger managing agents in the independent owner occupied market and remains well positioned to benefit from the growing need for independence and professionalism. We remain determined to build the infrastructure and expertise within our management teams that enables us to accommodate that growth. As such our Board enters the upcoming year with confidence and looks forward to updating shareholders as the year progresses.

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2017**

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	Notes	2017 £'000 Total	2016 £'000 Total
<b>CONTINUING OPERATIONS</b>			
REVENUE		20,910	18,564
Direct operating expenses		(17,796)	(15,643)
Central operating overheads		(1,278)	(1,287)
Share based payment charge		(27)	(22)
Amortisation of intangibles		(467)	(390)
Total central operating overheads		(1,772)	(1,699)
Operating expenses	2	(19,568)	(17,342)
<b>PROFIT FROM OPERATIONS</b>		<b>1,342</b>	<b>1,222</b>
Finance costs		(39)	(10)
<b>PROFIT BEFORE TAXATION</b>		<b>1,303</b>	<b>1,212</b>
Income tax charge	3	(261)	(200)
<b>PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>		<b>1,042</b>	<b>1,012</b>
<b>EARNINGS PER SHARE</b>			
Basic	4	2.6p	2.7p
Diluted	4	2.5p	2.6p
<b>ADJUSTED EARNINGS PER SHARE</b>			
Basic	4	3.9p	3.8p
Diluted	4	3.8p	3.6p

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**For the year ended 31 March 2017**

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 31 March 2015	561	129	(85)	(15)	8,198	8,788
Profit for the year	-	-	-	-	1,012	1,012
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	22	22
Share capital issued	22	215	-	-	-	237
Costs incurred by EBT	-	-	(1)	-	-	(1)
Dividend	-	-	-	-	(114)	(114)
Balance at 31 March 2016	583	344	(86)	(15)	9,118	9,944
Profit for the year	-	-	-	-	1,042	1,042
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	27	27
Share capital issued	88	1,907	-	-	-	1,995
Shares sold by EBT	-	-	16	-	-	16
Dividend	-	-	-	-	(129)	(129)
Balance at 31 March 2017	671	2,251	(70)	(15)	10,058	12,895

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**For the year ended 31 March 2017**

	Notes	2017 £'000	2016 £'000
<b>ASSETS</b>			
NON CURRENT ASSETS			
Goodwill		8,894	6,953
Other intangible assets		6,604	5,220
Property, plant and equipment		701	701
		<hr/>	<hr/>
		16,199	12,874
CURRENT ASSETS			
Trade and other receivables		5,619	2,505
Cash at bank		-	-
		<hr/>	<hr/>
		5,619	2,505
<b>TOTAL ASSETS</b>		<hr/>	<hr/>
		21,818	15,379
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables		5,076	3,517
Borrowings		1,119	597
Current tax liabilities		296	264
		<hr/>	<hr/>
		6,491	4,378
NON CURRENT LIABILITIES			
Deferred tax liability		753	632
Borrowings		1,679	425
		<hr/>	<hr/>
		2,432	1,057
<b>TOTAL LIABILITIES</b>		<hr/>	<hr/>
		8,923	5,435
<b>NET ASSETS</b>		<hr/>	<hr/>
		12,895	9,944
<b>EQUITY</b>			
Called up share capital	6	671	583
Share premium account		2,251	344
Other reserve		(70)	(86)
Merger reserve		(15)	(15)
Retained earnings		10,058	9,118
		<hr/>	<hr/>
<b>ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>		12,895	9,944
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**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 March 2017**

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	2017 £'000	2016 £'000
<b>OPERATING ACTIVITIES</b>		
Cash generated from operations	1,878	1,606
Income taxes paid	(229)	(173)
Interest paid	(39)	(10)
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<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,610</b>	<b>1,423</b>
<b>INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(306)	(280)
Sale receipts/(costs) incurred by EBT	16	(1)
Purchase of software	(220)	(208)
Purchases of businesses	(2,390)	(1,066)
Payments of deferred/contingent acquisition	(230)	(356)
Advances to solicitor re: acquisitions	(2,122)	-
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,252)</b>	<b>(1,911)</b>
<b>FINANCING ACTIVITIES</b>		
Net increase in bank overdraft and bank loans	1,776	365
Share issue	1,995	237
Dividend payment	(129)	(114)
	<hr/>	<hr/>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>3,642</b>	<b>488</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>-</b>	<b>-</b>
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**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**GENERAL INFORMATION**

Whilst the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs) as adopted by the European Union, this announcement does not itself contain sufficient information to comply with IFRSs.

The financial information is presented in pounds sterling, prepared on a historical cost basis, except for the revaluation of contingent considerations and 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 2017 or 31 March 2016.

The financial information for the year ended 31 March 2016 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 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 2017 have not yet been delivered to the Registrar of Companies, nor have the auditors yet reported on them. This preliminary announcement does not constitute statutory accounts under section 435 of the Companies Act 2006.

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 3 July 2017.

**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

	2017 £'000	2016 £'000
Revenue	20,910	18,564
Direct operating expenses	(17,796)	(15,643)
Profit contribution from businesses	3,114	2,921
Central operating overheads	(1,278)	(1,287)
Profit before interest, tax, amortisation and share based payments	1,836	1,634
Finance costs	(39)	(10)
Profit before share based payment charges, amortisation and taxation	1,797	1,624
Amortisation of other intangible assets	(467)	(390)
Share based payment charge	(27)	(22)
Profit before taxation	1,303	1,212

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

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

<b>2. PROFIT FROM OPERATIONS</b>	2017 £'000	2016 £'000
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Profit from operations is stated after charging:  
 Depreciation and amounts written off property, plant and equipment:

- charge for the year on owned assets	306	259
Amortisation of intangible assets	467	390
Operating lease rentals:		
- land and buildings	818	628

Set out below is an analysis of other operating expenses;

	2017 £'000	2016 £'000
Employee salaries and staff related expenses	14,313	12,895
Management costs	265	253
Travel costs	219	187
Advertising costs	84	46
Communications	517	461
Premises costs	2,023	1,709
Professional fees	738	630
IT costs	539	427
Depreciation	306	259
Amortisation	467	390
Share based payment charges	27	22
Other expenses	70	63
	<hr/>	<hr/>
Other operating expenses	19,568	17,342
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Amounts payable to the auditor and its related entities in respect of both audit and non-audit services are set out below:

	2017 £'000	2016 £'000
Fees payable for the statutory audit of the Company's annual accounts	12	12
Fees payable to auditor for other services:		
Statutory audit of the Company's subsidiaries	46	39
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Total fees payable to the auditor	58	51
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**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

<b>3. INCOME TAX</b>	2017	2016
	£'000	£'000
UK Corporation tax:		
Current tax on profits of the year	263	220
(Over provision)/under provision of tax in previous year	(2)	(20)
	<hr/>	<hr/>
Tax attributable to the company and its subsidiaries	261	200
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Factors affecting tax charge for the year

The tax assessed for the period is higher than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£'000	£'000
Profit before tax	1,303	1,212
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Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%).	260	243
Effects of:		
Deferred tax assets not recognised	-	(32)
Amortisation and non deductible expenses adjustment	3	9
(Over provision) in previous year	(2)	(20)
	<hr/>	<hr/>
Tax charge for the year	261	200
	<hr/>	<hr/>

Future tax charges may be affected by the fact that no deferred tax asset is recognised in respect of losses. Deferred tax assets are not recognised until the utilisation of the losses is probable.

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 £1,243,000 (2016: £1,243,000). Consequently, the unprovided deferred tax asset in respect of these losses is £211,000 (2016: £249,000).

**4. EARNINGS PER SHARE**

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

	2017 £'000	2016 £'000
<b>Earnings</b>		
Profit after tax for the period (used to calculate the basic and diluted earnings per share)	1,042	1,012
Add back:		
Share based payment charge	27	22
Amortisation of intangible assets	467	390
Interest costs	39	10
	<hr/>	<hr/>
Adjusted profit after the tax for the period	1,575	1,434
	<hr/>	<hr/>

The adjusted profit after tax has been used to calculate the basic and diluted adjusted earnings per share.

	2017 '000	2016 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	40,628	37,864
Effect of dilutive potential ordinary shares:		
- share options	1,264	1,701
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Weighted average number of ordinary shares for the purposes of diluted earnings per share	41,892	39,565
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**Earnings per share**

Basic	2.6p	2.7p
Diluted	2.5p	2.6p
<b>Adjusted earnings per share</b>		
Basic	3.9p	3.8p
Diluted	3.8p	3.6p

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. BUSINESS COMBINATIONS (ACQUISITIONS)**

On 1 April 2016, HML Andertons Limited purchased the trade and assets of Coupe Property Consultants, a business based in Cheltenham. The acquisition provides the Group with a Cheltenham office and reinforces its' trading position as the leading property manager in the South West.

The fair value of net assets acquired is set out below:

	£'000
Consideration	325
Transaction costs	5
Less: the fair value of assets:	
Customer relationships	(170)
	<hr/>
Goodwill	160
	<hr/>

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	260
Contingent consideration	65
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	325
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On 17 May 2016, HML Hawksworth Limited purchased 100% of the share capital of Homes & Watson Partnership Limited, a business based in Ingatestone. The acquisition will strengthen the Group's position in Essex. On the same day, the trade assets and liabilities of Homes and Watson Partnership Limited were transferred to HML Ashton Chater Limited at net book value as set out below.

The fair value of net assets acquired is set out below:

	£'000
Consideration	364
Transaction costs	2
Less: the fair value of assets:	
Customer relationships	(183)
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Goodwill	183
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The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	291
Contingent consideration	73
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	364
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**5. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED**

On 25 May 2016, HML Hathaways Limited purchased 100% of the share capital of Arkleygate Limited, a business based in Borehamwood. The trade and assets of Arkleygate Limited were transferred into HML Hathaways Limited on acquisition. The fair value of net assets acquired in the acquisition are set out below:

	£'000
Consideration	256
Transaction costs	5
Less: the fair value of assets	
Customer relationships	(139)
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Goodwill	122
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The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	205
Contingent consideration	51
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Total consideration	256
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On 2 June 2016, HML Andertons Limited purchased 100% of the share capital of Crown Leasehold Management Limited, a property management business based in Bristol. The acquisition will strengthen the Group's position in the South West and gives the business an office in Bristol. The trade and assets of Crown Leasehold Management Limited were transferred to HML Andertons Limited on acquisition. The fair value of net assets acquired is set out below:

	£'000
Consideration	291
Transaction costs	2
Less: the fair value of assets:	
Customer relationships	(149)
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Goodwill	144
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The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	233
Contingent consideration	58
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	291
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**5. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED**

On 1 February 2017, HML Andertons Limited purchased 100% of the share capital of Goodacre Property Services Limited, a property management business based in Keston, Kent. On acquisition the trade and assets were transferred to HML Andertons Limited. The acquisition will strengthen the Group's position in Kent and gives the business an office in Keston.

The fair value of net assets transferred is set out below:

	£'000
Consideration	474
Transaction costs	9
Less: the fair value of assets:	
Customer relationships	(244)
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Goodwill	239
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The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	318
Contingent consideration	156
	<hr/>
	474
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On 1 March 2017, HML Andertons Limited purchased 100% of the share capital of Gordon & Company (Property Consultants) Limited, a property management business based in Southern England. On acquisition, the trade and assets were transferred to HML Andertons Limited. The acquisition will strengthen the Group's position in the region and gives the business offices in Reigate and Bristol.

The fair value of net assets transferred is set out below:

	£'000
Consideration	1,704
Transaction costs	11
Less: the fair value of assets:	
Customer relationships	(753)
	<hr/>
Goodwill	962
	<hr/>

The residual difference between the total consideration paid and the net value of the recognised assets acquired has been capitalised as goodwill. The goodwill recognised on the acquisition is mainly attributable to the skills and knowledge within the business.

	£'000
Satisfied by:	
Cash on completion	997
Contingent consideration	707
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	1,704
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**HML HOLDINGS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**6. SHARE CAPITAL**

	Group and Company	
	2017	2016
	£'000	£'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456

	Group and Company	
	2017	2016
	£'000	£'000
Allotted, issued and fully paid ordinary shares of 1.5p:		
1 April	583	561
Issued during the year – 5,874,750 shares	88	22
	671	583
31 March		
No. of shares in issue at year end	44,758,096	38,883,346

Shares issued during the year ended 31 March 2017 related to the exercising of share options by HML staff in August 2016 and February 2017 and an equity fund raising in December 2016.

**7. DIVIDENDS**

The Directors have proposed paying a dividend of 0.37p per share in relation to the current year (2016: 0.33p per share).