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

Final Results for the Year Ended 31 March 2014

HML Holdings plc (AIM: HMLH), the property management services Group, announces final results for the year ended 31 March 2014.

Financial and Operational Highlights:

- Operating profit up 27% to £1,355,000 (2013: £1,064,000)*
- Profit before tax up 35% to £1,028,000 (2013: £763,000)
- EBITDA up from 26% to £1,510,000 (2013: £1,201,000)
- 44,000 property units under management (2013: 40,000 units)
- Revenues up 15% to £14.8 m (10% up excluding acquisitions)
- Successful integration of LHH and PR Gibbs portfolio acquisitions
- Cash generated from operations totalled £1.6 m (2013: £1.4m)
- Basic earnings per share 2.3 p (2013: 1.8p)
- Committed to paying maiden dividend of 0.27p per share in 2014

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

Commenting on the results, Rob Plumb, Chief Executive of HML Holdings said: "HML has made considerable progress during the course of the year both in sustaining its organic growth and in the effectiveness with which we integrate acquisitions into our existing operations. The group is confident of its ability to take advantage of the opportunities presenting themselves in a changing residential property management market".

For further information:

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CHAIRMAN'S & CHIEF EXECUTIVE'S REPORT

We are pleased to report a further 27% improvement in our earnings before interest, share based payments, amortisation and tax to £1,355,000 (2013: £1,063,000). Profit after interest and tax improved by 31% to £836,000 (2013: £637,000) and revenues grew by 15% to £14.8m (2013: £12.8m).

In October last year we acquired the businesses of PR Gibbs (annual revenues of £220,000) in Bolton and LHH Block Management (annual revenues of £210,000) in Kensington, both of these operations have been successfully integrated into existing HML offices. The group continues to refine its process of acquiring and assimilating portfolio acquisitions and we are pleased with the extent to which both these businesses have become a part of HML.

The annualised value of acquisitions contributed approximately 5% of the 15% growth in revenues. Organic growth through new client instructions has continued with significant contributions both from existing client referrals and a rising flow of new instructions from new build developers. While price competitiveness in this relatively unregulated property management market remains strong, we have grown the number of residential units under management by 10% to 44,000 through continuing to offer a premium quality service.

We are pleased with the degree to which we have developed the systems and processes that assist with the delivery of our service which remains a complicated mix of personal service, professional expertise and automated procedure. Surveying customer satisfaction provides us with critical input into our systems design particularly given the wide ranging and commonly misunderstood demands on property management services in the leasehold market. Apart from more meaningful financial reports for our clients and leaseholders, we have recently developed and improved a number of additional support functions such as our centralised contractor approval programme and our "Out of hours" emergency service.

In addition to the improvements which we have made to our processes and services, the HML group is making further investment in our employee training and development infrastructure. We are increasingly aware of the growing complexities of residential property management services and, while we have been pleased with our progress to date in improving staff retention, we are also expanding our human resource development effort to meet these demands.

Awareness of the issues underlying the leasehold market has continued to grow for all those associated with the sector. This has become more apparent firstly with The Association of Residential Managing Agent's drive to establish minimum service standards in our industry and also with the Competition and Markets Authority which recently begun an investigation into practices within the residential property management market. We are fully supportive of both these initiatives and are optimistic about the degree to which they will improve the professional standards of our industry.

Our board is confident of the group's ability to grow both organically and through acquisitions. Opportunities to purchase businesses and portfolios within our sector of the property management market which offer good integration possibilities continue to present themselves in what has become an increasingly changing operating environment. We are pleased with the infrastructure we have built and our ability to leverage these market opportunities while keeping to the core values that have helped us to build our business. We believe that the ethical, transparent and professional provision of a wide range of complementary services that we have developed, is key to improving our ability to grow in the current market. Looking ahead, the Group remains committed to paying a maiden dividend of 0.27p per share in 2014.

Our thanks go to the Group's employees who have contributed so much to our progress this year.

Richard Smith (Chairman) Robert Plumb (Chief Executive)

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2014

	Notes	2014 £'000 Total	2013 £'000 Total
CONTINUING OPERATIONS			
REVENUE		14,763	12,809
Direct operating expenses		(12,399)	(10,862)
Central operating overheads		(1,009)	(884)
Share based payment charge		(17)	(12)
Amortisation of intangibles		(280)	(256)
Total central operating overheads		(1,306)	(1,152)
Operating expenses	2	(13,705)	(12,014)
PROFIT FROM OPERATIONS		1,058	795
Finance costs		(30)	(33)
PROFIT BEFORE TAXATION	1	1,028	762
Income tax charge	3	(192)	(125)
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY		836	637
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		836	637
EARNINGS PER SHARE			
Basic	4	2.3p	1.8p
Diluted	4	2.2p	1.7p

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY
For the year ended 31 March 2014

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 2012	543	6,743	(16)	(15)	(895)	6,360
Profit for the year	-	-	-	-	637	637
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	12	12
HML shares purchased by EBT	-	-	(78)	-	-	(78)
Balance at 31 March 2013	543	6,743	(94)	(15)	(246)	6,931
Profit for the year	-	-	-	-	836	836
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	17	17
Share capital issued	11	72	-	-	-	83
HML shares sold by EBT	-	-	4	-	-	4
Balance at 31 March 2014	554	6,815	(90)	(15)	607	7,871

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2014
COMPANY NUMBER: 5728008

ASSETS	Notes	2014 £'000	2013 £'000
NON CURRENT ASSETS			
Goodwill		5,156	4,832
Other intangible assets		3,945	3,706
Property, plant and equipment		374	298
		9,475	8,836
CURRENT ASSETS			
Trade and other receivables		1,995	1,687
Cash at bank		203	266
		2,198	1,953
TOTAL ASSETS		11,673	10,789
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,918	2,580
Borrowings		173	345
Current tax liabilities		192	167
		3,283	3,092
NON CURRENT LIABILITIES			
Deferred tax liability		433	433
Borrowings		86	259
Deferred consideration		-	74
		519	766
TOTAL LIABILITIES		3,802	3,858
NET ASSETS		7,871	6,931
EQUITY			
Called up share capital	6	554	543
Share premium account		6,815	6,743
Other reserve		(90)	(94)
Merger reserve		(15)	(15)
Retained earnings		607	(246)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		7,871	6,931

HML HOLDINGS PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2014
COMPANY NUMBER: 5728008

	Notes	2014 £'000	2013 £'000
OPERATING ACTIVITIES			
Cash generated from operations		1,567	1,436
Income taxes paid		(167)	(80)
Interest paid		(30)	(33)
NET CASH FROM OPERATING ACTIVITIES		1,370	1,323
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(237)	(162)
Sale/(purchase) of own shares		4	(78)
Purchase of software		(155)	(98)
Purchases of businesses		(526)	(676)
Payments of deferred/contingent consideration		(257)	(200)
NET CASH USED IN INVESTING ACTIVITIES		(1,171)	(1,214)
FINANCING ACTIVITIES			
Decrease in long term loan		(345)	(345)
Share issue		83	-
NET CASH USED IN FINANCING ACTIVITIES		(262)	(345)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(63)	(236)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		266	502
CASH AND CASH EQUIVALENTS AT END OF YEAR		203	266

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), 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 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 2014 or 31 March 2013.

The financial information for the year ended 31 March 2013 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 2014 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 18 June 2014.

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

	2014 £'000	2013 £'000
Revenue	14,763	12,809
Direct operating expenses	(12,399)	(10,862)
Profit contribution from businesses	2,364	1,947
Central operating overheads	(1,009)	(884)
Profit before interest, exceptional items, share based payment charges, amortisation of other intangible assets and taxation	1,355	1,063
Finance costs	(30)	(33)
Profit before exceptional items, share based payment charges, amortisation of other intangible assets and taxation	1,325	1,030
Amortisation of other intangible assets	(280)	(256)
Share based payment charge	(17)	(12)
Profit before taxation	1,028	762

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

2. PROFIT FROM OPERATIONS

	2014 £'000	2013 £'000
Profit from operations is stated after charging:		
Depreciation and amounts written off property, plant and equipment:		
- charge for the year on owned assets	154	137
Amortisation of intangible assets	280	256
Operating lease rentals:		
- land and buildings	504	466

Set out below is an analysis of other operating expenses;

	2014 £'000	2013 £'000
Employee salaries and expenses	10,001	8,777
Management costs	303	238
Travel costs	182	136
Advertising costs	27	45
Communications	371	349
Premises costs	1,436	1,245
Professional fees	546	470
IT costs	348	319
Depreciation	154	137
Amortisation	280	256
Share based payment charges	17	12
Other expenses	40	30
Other operating expenses	13,705	12,014

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

	2014 £'000	2013 £'000
Fees payable for the statutory audit of the company's annual accounts	9	9
Fees payable to auditor for other services:		
Statutory audit of the company's subsidiaries	31	30
Total fees payable to the auditor	40	39

3. INCOME TAX

	2014	2013
	£'000	£'000
UK Corporation tax:		
Current tax on profits of the year	190	167
Under provision/(overprovision) in previous year	2	(42)
Tax attributable to the company and its subsidiaries	192	125

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 23% (2013: 24%). The differences are explained below:

	2014	2013
	£'000	£'000
Profit before tax	1,028	762
Profit before tax multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%).	236	184
Effects of:		
Difference between depreciation and capital allowances	(61)	(1)
Amortisation and non deductible expenses adjustment	26	(6)
Benefit of small companies tax rate	(11)	(12)
Under provision/(overprovision) in previous year	2	(42)
Tax charge for the year	192	125

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 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 (2013: £1,243,000). The unprovided deferred tax asset in respect of these losses is £249,000 (2013: £249,000).

4. EARNINGS PER SHARE

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

	2014 £'000	2013 £'000
Earnings		
Earnings for the purposes of basic earnings per share	836	637
Earnings for the purposes of diluted earnings per share	836	637

Number of shares	2014 '000	2013 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	36,280	36,220
Effect of dilutive potential ordinary shares:		
- share options	1,337	784
Weighted average number of ordinary shares for the purposes of diluted earnings per share	37,617	37,004
Basic earnings per ordinary share	2.3p	1.8p
Fully diluted earnings per ordinary share	2.2p	1.7p

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. BUSINESS COMBINATIONS (ACQUISITIONS)

On 31 October 2013, the trade and assets of Philip R Gibbs were purchased by HML Andertons Limited. Philip R Gibbs was a property management business based in Bolton, Lancashire. The acquisition was integrated into HML Guthrie and reinforces HML Guthrie's position as a significant property manager in the North-West of England.

The fair value of net assets acquired in the acquisition are set out below:

	£'000
Consideration	354
less: the fair value of assets	
Customer relationships	(177)
Goodwill	177

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 acquired business.

5. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

Satisfied by:	£'000
Cash on completion	243
Other payments	12
Contingent consideration	99
Total consideration	354

Net cashflow arising on the acquisition was £255,000 which relates to the consideration paid.

The contingent consideration of £99,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. £21,000 of this contingent consideration has been paid during the year. The range of potential payments of contingent consideration could vary from £0 to £99,000, however the more likely outcome would be to pay £99,000 in relation to the contingent consideration.

If the acquisition of Philip R Gibbs had been completed on the first day of the financial year, group revenues for the period would have been increased by £220,000 and the group profit attributable to equity holders of the parent would have increased by £30,000.

The business of Philip R Gibbs contributed £90,000 to the Group's revenue and increased the Group's profit before tax by £2,000 from the date of acquisition to the year end date.

During the year, HML Andertons also paid the vendors of The Guthrie Partnership £34,000 for a small portfolio of clients.

Also on 31 October 2013, the trade and assets of LHH Management were purchased by HML Hawksworth Limited. LHH Management was a property management business based in Kensington, London. The acquisition was integrated into HML Hawksworth Limited's Victoria office and enhances HML Hawksworth Limited's presence in the West London area.

The fair value of net assets acquired in the acquisition are set out below:

	£'000
Consideration	295
less: the fair value of assets	
Customer relationships	(148)
Goodwill	147

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 acquired business.

Satisfied by:	£'000
Cash on completion	232
Other payments	5
Contingent consideration	58
Total consideration	295

Net cashflow arising on the acquisition was £237,000 which relates to the consideration paid.

5. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED

The contingent consideration of £58,000 is due within one year and is adjustable depending on the retention of clients and the arrival of contracted new clients. The range of potential payments of contingent consideration could vary from £0 to £58,000, however the more likely outcome would be to pay £58,000 in relation to the contingent consideration.

If the acquisition of LHH had been completed on the first day of the financial year, group revenues for the period would have been increased by £210,000 and the group profit attributable to equity holders of the parent would have increased by £28,000.

The business of LHH contributed £84,000 to the Group's revenue and increased the Group's profit before tax for the period by £7,000 from the date of acquisition to the year-end date.

6. SHARE CAPITAL

Authorised:	Group and Company	
	2014	2013
	£'000	£'000
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456

Allotted, issued and fully paid ordinary shares of 1.5p:	Group and Company	
	2014	2013
	£'000	£'000
1 April	543	543
Issued during the year – 734,000 shares	11	-
31 March	554	543
No. of shares in issue at year end	36,953,746	36,219,747

All shares issued during the year ended 31 March 2014 related to the exercising of share options by HML staff in February 2014.