

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

**Final Results for the Year Ended 31 March 2016**

HML Holdings plc (AIM: HMLH), the property management services Group, announces final results for the year ended 31 March 2016.

**Financial and Operational Highlights:**

- Revenues up 8% to £18.6m (2015: £17.2m)
- EBITDA up 8% to £1,893,000 (2015: £1,745,000)\*\*
- Operating profit up 6% to £1,634,000 (2015: £1,535,000)\*
- Profit after tax up 9% to £1,012,000 (2015: £928,000)
- Basic earnings per share 2.7p (2015: 2.5p)
- Dividends proposed of 0.33p per share (2015: 0.30p)

*\*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, Rob Plumb, Chief Executive of HML Holdings said:** “We have made excellent progress this year significantly increasing the number of properties under management while investing in our systems and compliance infrastructure. As a result, we now provide an even higher quality of service that will further differentiate HML from its peer group and reinforce our ability to continue to grow.

As part of our commitment to accelerating the growth of the group, in the second half of the year we invested in dedicated new business teams which have already delivered more than £600,000 of annualised new management contracts, underlining our ability to grow organically as well as through acquisitions.”

**For further information:**

**HML Holdings PLC:** **020 8439 8529**

Robert Plumb, Chief Executive

James Howgego, Financial Director

**Tavistock Communications Group:** **020 7920 3150**

James Verstringhe, Jeremy Carey

**finnCap:** **020 7220 0500**

Jonny Franklin-Adams/ Giles Rolls, corporate  
finance

## **REVIEW OF BUSINESS**

We are pleased to report an 8% growth in annual revenues as properties under management increased to 60,000 (51,000 in 2015) at the year end.

HML's earnings before interest, share based payments, amortisation and tax, increased 6% to £1,624,000 (£1,535,000 in 2015), which reflect our achievements following a year of continuous growth during which we have passed a number of significant milestones in building the business's infrastructure.

The Group has increased its network of property management offices and now operates from 15 locations across the UK. Two of these offices were established as a result of our acquisition of Castle Wildish in Walton on Thames and Managed Living Partnership in Bermondsey. These newly acquired businesses have significantly improved our service coverage in their respective geographical areas and contributed a quarter of our £1,300,000 revenue growth.

Alexander Bonhill, the Group's insurance broking arm, has again delivered very positive growth with premiums written rising to over £7,500,000, equivalent to a 13% growth in revenue to £2,100,000 (£1,900,000: 2015). As we reported at the half year, we incurred exceptional restructuring costs in our professional surveying division during the first half of the year. Some of the benefits of that restructuring came through in the second half with revenue from this division growing to £900,000 for the full year, representing an overall 12% increase on the previous year.

The Group continued to invest in the systems and compliance infrastructure necessary to support our commitment to our industry association's (ARMA) recently enhanced service standards. While that has, in the short term, impacted on operating costs, it has assisted us in preparing for an increasing demand for transparency and compliance with the association's code of conduct. As we have reported on a number of occasions, although these measures commit us to a more costly provision of service, they represent an investment in our future and will further differentiate us within the sector as a provider of quality professional services. During the course of the year, we also launched our Customer Access Portal (CAP), which enables lessees and clients to view specific property management information online. The provision of this facility by managing agents has, in keeping with many service providers, increasingly become a prerequisite for the major players. Having the CAP has been particularly important for us when competing in the larger blocks market and it represents an investment that will ensure better service provision and client retention in the longer term.

We also referred in our half year report to the creation of additional dedicated new business teams. This exercise was completed in the second half of the year and has positioned us well for organic growth in both the new build and existing build markets. The new business teams, despite having been in operation for only part of the year have nevertheless contributed to more than £600,000 in annualised new management contracts, with more than a third of this coming from new build developments. While we remain confident of a growing order book for new build, we, like so many in this market, observe the slow and unpredictable rate at which the developments are completed. We continue to focus on the owner occupied segments of both the new build and existing build sides of the market, which enhances the opportunity for us to provide a full range of services. This approach has, however, directed our attention to a wider geographical coverage of smaller estates outside of the major city centres.

In common with many in the service sector, we have had to rise to the challenges of a more competitive employment market. The group continues to invest in the provision of training and support for our employees in their professional accreditation. This too represents an investment in our future and enhances our ability to improve staff retention. We have also developed further the rationalisation of our service delivery with additional specialisation and, in many cases, centralisation of specific elements of the service. We consistently strive to provide a local and personal property management service, which means continuing to free our property managers from the burden of the administrative functions that limit their ability to be client facing.

We are pleased therefore, to report growth in earnings and revenues while having achieved a number of important investment milestones. We are again thankful for the enthusiasm and hard work that our employees have contributed during the course of the year.

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 March 2016**

---

	Notes	2016 £'000 Total	2015 £'000 Total
<b>CONTINUING OPERATIONS</b>			
REVENUE		18,564	17,227
Direct operating expenses		(15,643)	(14,413)
Central operating overheads		(1,287)	(1,279)
Share based payment charge		(22)	(20)
Amortisation of intangibles		(390)	(355)
Total central operating overheads		(1,699)	(1,654)
Operating expenses	2	(17,342)	(16,067)
<b>PROFIT FROM OPERATIONS</b>		<b>1,222</b>	<b>1,160</b>
Finance costs		(10)	(21)
<b>PROFIT BEFORE TAXATION</b>		<b>1,212</b>	<b>1,139</b>
Income tax charge	3	(200)	(211)
<b>PROFIT AND COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>		<b>1,012</b>	<b>928</b>
<b>EARNINGS PER SHARE</b>			
Basic	4	2.7p	2.5p
Diluted	4	2.6p	2.4p

HML HOLDINGS PLC  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY  
For the year ended 31 March 2016

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 2014	554	6,815	(90)	(15)	607	7,871
Profit for the year	-	-	-	-	928	928
Other comprehensive income	-	-	-	-	-	-
Share based payment charge	-	-	-	-	20	20
Share capital issued	7	57	-	-	-	64
HML shares sold by EBT	-	-	5	-	-	5
Capital reduction	-	(6,743)	-	-	6,743	-
Dividend	-	-	-	-	(100)	(100)
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

HML HOLDINGS PLC  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
31 March 2016  
COMPANY NUMBER: 5728008

<b>ASSETS</b>	Notes	2016 £'000	2015 £'000
<b>NON CURRENT ASSETS</b>			
Goodwill		6,953	6,230
Other intangible assets		5,220	4,730
Property, plant and equipment		701	693
		12,874	11,653
<b>CURRENT ASSETS</b>			
Trade and other receivables		2,505	2,311
Cash at bank		-	-
		2,505	2,311
<b>TOTAL ASSETS</b>		15,379	13,964
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,517	3,708
Borrowings		597	657
Current tax liabilities		264	237
		4,378	4,602
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability		632	574
Borrowings		425	-
		1,057	574
<b>TOTAL LIABILITIES</b>		5,435	5,176
<b>NET ASSETS</b>		9,944	8,788
<b>EQUITY</b>			
Called up share capital	6	583	561
Share premium account		344	129
Other reserve		(86)	(85)
Merger reserve		(15)	(15)
Retained earnings		9,118	8,198
<b>ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT</b>		9,944	8,788

HML HOLDINGS PLC  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the year ended 31 March 2016  
COMPANY NUMBER: 5728008

	Notes	2016 £'000	2015 £'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations		1,606	1,963
Income taxes paid		(173)	(166)
Interest paid		(10)	(21)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>1,423</b>	<b>1,776</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment (Costs)/receipts incurred by EBT		(280) (1)	(539) 5
Purchase of software		(208)	(198)
Purchases of businesses		(1,066)	(1,422)
Payments of deferred/contingent consideration		(356)	(187)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,911)</b>	<b>(2,341)</b>
<b>FINANCING ACTIVITIES</b>			
Increase in bank overdraft and loan		365	398
Share issue		237	64
Dividend payment		(114)	(100)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>488</b>	<b>362</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>-</b>	<b>(203)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>-</b>	<b>203</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>-</b>	<b>-</b>

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

---

**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, 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 2016 or 31 March 2015.

The financial information for the year ended 31 March 2015 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 2016 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 27 June 2016.

**1. PROFIT RECONCILIATION**

The reconciliation set out below provides additional information to enable the reader to reconcile to the numbers discussed in the Review of the Business.

	2016 £'000	2015 £'000
Revenue	18,564	17,227
Direct operating expenses	(15,643)	(14,413)
	<hr/>	<hr/>
Profit contribution from businesses	2,921	2,814
Central operating overheads	(1,287)	(1,279)
	<hr/>	<hr/>
Profit before interest, share based payment charges, amortisation of other intangible assets and taxation	1,634	1,535
Finance costs	(10)	(21)
	<hr/>	<hr/>
Profit before share based payment charges, amortisation of other intangible assets and taxation	1,624	1,514
Amortisation of other intangible assets	(390)	(355)
Share based payment charge	(22)	(20)
	<hr/>	<hr/>
Profit before taxation	1,212	1,139

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>	2016	2015
	£'000	£'000
Profit from operations is stated after charging: Depreciation and amounts written off property, plant and equipment: - charge for the year on owned assets	259	210
Amortisation of intangible assets	390	355
Operating lease rentals: - land and buildings	628	549
Set out below is an analysis of other operating expenses;		
	2016	2015
	£'000	£'000
Employee salaries and staff related expenses	12,895	11,859
Management costs	253	318
Travel costs	187	190
Advertising costs	46	56
Communications	461	421
Premises costs	1,709	1,624
Professional fees	630	580
IT costs	427	388
Depreciation	259	210
Amortisation	390	355
Share based payment charges	22	20
Other expenses	63	46
Other operating expenses	17,342	16,067

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

	2016	2015
	£'000	£'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	39	31
Total fees payable to the auditor	51	43



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

<b>3. INCOME TAX</b>	2016 £'000	2015 £'000
UK Corporation tax:		
Current tax on profits of the year	220	210
(Over provision)/under provision of tax in previous year	(20)	1
	<hr/>	<hr/>
Tax attributable to the company and its subsidiaries	200	211
	<hr/>	<hr/>

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 20% (2015: 21%). The differences are explained below:

	2016 £'000	2015 £'000
Profit before tax	1,212	1,139
	<hr/>	<hr/>
Profit before tax multiplied by the standard rate of corporation tax in the UK of 20% (2015: 21%).	243	237
Effects of:		
Deferred tax assets not recognised	(32)	(56)
Amortisation and non deductible expenses adjustment	9	29
(Over) provision/under provision in previous years	(20)	1
	<hr/>	<hr/>
Tax charge for the year	200	211
	<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 (2015: £1,243,000). The unprovided deferred tax asset in respect of these losses is £249,000 (2015: £249,000).

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

**4. EARNINGS PER SHARE**

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

	2016 £'000	2015 £'000
<i>Earnings</i>		
Earnings for the purposes of basic earnings per share	1,012	928
Earnings for the purposes of diluted earnings per share	1,012	928
<i>Number of shares</i>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	37,864	37,130
Effect of dilutive potential ordinary shares: - share options	1,701	2,109
Weighted average number of ordinary shares for the purposes of diluted earnings per share	39,565	39,239
Basic earnings per ordinary share	2.7p	2.5p
Fully diluted earnings per ordinary share	2.6p	2.4p

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 July 2015, HML Andertons Ltd purchased the trade and assets of Clearwater, a business based in Bolton. The acquisition reinforces HML Andertons Ltd position as the leading property manager in the area and gives the Group an office in Bolton.

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

Consideration	£'000 86
Less: the fair value of assets: Customer relationships	(38)
Goodwill	48

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.

Satisfied by:	£'000
Cash on completion	62
Contingent consideration	24
	86

**5. BUSINESS COMBINATIONS (ACQUISITIONS) CONTINUED**

On 28 September 2015, HML Shaw Ltd purchased the trade and assets of Castle Wildish, a property management business based in Walton on Thames. The acquisition has reinforced HML Shaw Ltd's position as one of the leading property managers in the area.

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

	£'000
Consideration	504
Other transaction costs	10
Less: the fair value of assets:	
Customer relationships	(252)
	<hr/>
Goodwill	262
	<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	403
Contingent consideration	101
	<hr/>
	504
	<hr/>

On 8 January 2016, HML Hawksworth Ltd purchased 100% of the share capital of Managed Living Partnership Limited (MLPL). The acquisition gives HML Hawksworth Limited a stronger presence in South East London and an office in that area.

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

	£'000
Consideration	717
Stamp duty	3
	<hr/>
Total consideration:	720
Less: the fair value of assets:	
Customer relationships	(360)
Fixed assets	(30)
Trade and other debtors	(30)
Cash	(23)
Add: the fair value of liabilities	
Other creditors	57
	<hr/>
Goodwill	334
	<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	572
Contingent consideration	145
	<hr/>
	717
	<hr/>

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

---

**6. SHARE CAPITAL**

	Group and Company	
	2016	2015
	£'000	£'000
Authorised:		
163,733,200 ordinary shares of 1.5p each	2,456	2,456
	2,456	2,456

	Group and Company	
	2016	2015
	£'000	£'000
Allotted, issued and fully paid ordinary shares of 1.5p:		
1 April	561	554
Issued during the year – 1,470,350 shares	22	7
	583	561
31 March		
No. of shares in issue at year end	38,883,346	37,412,996

All shares issued during the year ended 31 March 2016 related to the exercising of share options by HML staff in August 2015 and February 2016.

**7. DIVIDENDS**

The Directors have proposed paying a dividend of 0.33p per share in relation to the current year (2015: 0.30p per share).

Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 17 October 2016 to qualifying shareholders on the Register at the close of business on 4 October 2016. The ordinary shares ex-dividend date is 3 October 2016.