Contents

CHAIRMAN'S STATEMENT

for the year ended 31 December 2003

As I write my statement for 2003, the Group is in a very different position from this time last year. During 2003 the Board has successfully followed a strategy to dispose of trading subsidiaries, substantially reduce borrowing and focus on a core of property based assets that will create a platform for the future development of Hawtin.

The results for the year to 31 December 2003 include net exceptional charges associated with the completion of the above strategy amounting to £3.5 million, which contributed to a large degree to the reported loss of £3.9 million before taxation (2002 - £8.1 million). Whilst progress has been made and retained losses have significantly reduced, a dividend on Ordinary Shares is not appropriate.

Group net assets at 31 December 2003 stand at £11.4 million compared to £9.3 million at the end of the previous year. Assets are now predominantly property based, being the premises in Portsmouth, Bridgend, Bordeaux and Bodmin that were occupied by our one time subsidiary companies, and 19 acres of development land at Hawtin Park, Blackwood. The development status of the land at Hawtin Park has been revised to expand the area for development and to include an area designated for housing. After taking professional advice, the value of the land included in the accounts at 31 December 2003 has been increased by £4 million to reflect its now enhanced market value.

Net borrowings have reduced from £17.6 million to £4.4 million at the year end, falling further on receipt of the £3 million paid on completion of the disposal of Spaform in early January 2004. Term loans of £5.4 million are secured against specific property assets and are repayable over 9 years, and positive cash balances are held on deposit available for future investment.

TRANSACTIONS

During the year, Hawtin completed the following disposals:

- Sale of Hawtin Park - £6.1 million
- Sale of former premises of Singlam Fabrics at Treforest - £1.2 million
- Closure of the US sunbed business, Ultrabronz Inc., along with the sale of the intellectual property of the UK sunbed manufacturer Barclay Leisure, bringing an effective end to the Group's sunbed operations - $1 million
- Sale of Gul International Limited to its management for £400,000
- Sale of the fitness equipment manufacturer, Powersport International Limited, to its management for £700,000
- Sale of the Certikin Group of businesses for £5.8 million which also released £2.2 million of borrowings
- Sale of Spaform Limited to its management for £600,000, bringing a further £2.7 million in settlement of Group loans
- Conditional sale of Aquamarine for €500,000.

In November 2003, an Administrator was appointed at the company which purchased Powersport which has had an impact on the recoverability of certain deferred payments due under the sale. No further debt recoveries have been assumed in these accounts. The business was subsequently sold and the lease assigned, which has maintained rental income to Norfleet from the premises.

The conditional sale of Aquamarine announced in November 2003 was dependent on the completion of certain building works. On 25 February 2004, the transaction was completed and the consideration monies released.

Hawtin PLC

CHAIRMAN'S STATEMENT

for the year ended 31 December 2003

THE BOARD

In June 2003, the Group Finance Director, John Dixon served the one year notice required under his service contract. With the advanced sale of the operating businesses, John felt that his energies and skills were no longer best suited to Hawtin. He continues for the time being to serve the Group in clearing legacy issues associated with the sale of businesses. The Board thanks him for his efforts since joining Hawtin and his endeavours to leave the Group in a clean and settled position.

In July 2003, Stephen Morgan was appointed to the Board, having served the Group since 1989 as Group Accountant and latterly Company Secretary. The Board now comprises myself as Chairman and Chief Executive, Anton Woodhouse as non-Executive, John Dixon until his notice expires and Stephen Morgan. The remaining experience and skills are predominantly associated with property matters. The current size and structure of the Board is appropriate for the Group's current activity, although this will be continually reviewed as the Group develops.

AIM (Alternative Investment Market)

In the circular sent to shareholders on 15 December 2003 regarding the disposal of Spaform Limited, it was stated that following a review of our listing status, the Board intended to apply for cancellation of the listing of the Ordinary Shares and apply for their admission to AIM. The Board has come to the view that Hawtin's market capitalisation no longer justifies the costs and obligations of listing and that it would be more appropriate to rebuild the Group in a less heavily regulated market.

Consequently, Hawtin has requested that the listing of both its Ordinary and Preference Shares be cancelled as from the close of business on 24 May 2004. Application is being made to AIM for the admission of the Ordinary and Preference Shares as from the start of business on 24 May 2004. The Board is advised that, in normal circumstances, there is no interruption to the dealing facilities available to shareholders when the trading market in a security moves from the Official List to AIM.

Shareholders who, however, own their Hawtin shares through either a Personal Equity Plan ("PEP") or Individual Savings Account ("ISA") may well find that their investment no longer qualifies and may therefore have to have their holdings either transferred or sold. In this respect, shareholders are strongly urged to consult their own investment or taxation advisor.

PREFERENCE DIVIDENDS

The Board is aware that the payment of dividends is not possible when there are insufficient distributable reserves in the Company. The Preference dividend payable on 30 June 2004 will not be paid as the Company Balance sheet at 30 December 2003 includes negative distributable reserves. The Board expect that future disposals of property assets will restore distributable reserves and the dividend will be paid in due course.

PROSPECTS

The Group's current property assets are leased at a current rent roll of £700,000 which covers Head Office costs and makes a contribution to net interest costs. There is potential for further rental income from these premises and from sale or development of the land at Hawtin Park.

Once the process of moving to AIM is completed, the Board is intent upon investing in property and property related businesses that will create shareholder value.

L Dovey

LEONARD DOVEY
Chairman

REPORT OF THE DIRECTORS

The Directors submit their 130th Annual Report together with the Group accounts for the year ended 31 December 2003

Principal Activities and Review of the Business

Hawtin is a holding company of a Group now principally engaged in property management. During 2003, most of the businesses previously operating in manufacturing and distribution of leisure equipment were sold. The Group's activities and future prospects are detailed in the Chairman's Statement (Pages 1 to 2) and should be read as part of this report.

Dividends

The dividends on the 6.5% Cumulative Preference Shares for the 6 months to 30 June 2003 and 31 December 2003 were paid on the due dates. The Directors do not recommend a dividend on the Ordinary Shares.

Substantial Interests

As at 19 April 2004 the Company was aware of the following interests (other than Directors' interests shown overleaf) in 3% or more of the total issued Ordinary Share Capital of the Company.

	Ordinary Shares	
	Number	%
P J Dovey	6,137,343	8.56%
R P Morgan	4,553,057	6.35%
The Fernback Family & Pension Scheme	4,777,183	6.66%
TWG Charlton	3,000,000	4.18%

Payment Terms

It is Group policy to agree terms of payment in advance with individual suppliers and abide by those terms based upon the timely receipt of an accurate invoice. The Group supports and follows the CBI prompt Payers Code, a copy of which can be obtained from the CBI at Centre Point, 103 New Oxford Street, London WC1A 1DU.

The Company's average number of days purchases outstanding of Trade Creditors at 31 December 2003 was 59 days.

Employment Policies

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. All employees, including the disabled, are given equal opportunities in terms of career development and promotion.

The Company remains committed to its policy of keeping employees fully informed about all matters which concern them. Formal communications are used to achieve this objective, including notice board announcements and newsletters.

Schemes have been implemented to ensure that employees are properly rewarded for performance and loyalty.

Statement of Directors' Responsibilities

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group, and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE DIRECTORS

Directors' Shareholdings

	Ordinary Shares of 5p each 31 December 2003	Ordinary Shares of 5p each 31 December 2002
L Dovey	11,270,912	11,270,912
A Woodhouse	-	n/a
W J Dixon	250,000	250,000
S H P Morgan	-	n/a

All the above interests are beneficial

There have been no changes in the shareholding of the Directors between 31 December 2003 and the date of this report.

Details of the Directors' interests in share options are given in the Directors' Remuneration Report on pages 7 and 8.

No Director has any interest in the Preference Shares.

Treasury

A summary of the Group's use of financial instruments is given in note 31 to the accounts. The Group treasury function seeks to minimise financial risk from exposure to currency and interest rate fluctuations. Group trading has historically generated a shortfall in both Euro and US dollars which were anticipated and hedged through Forward Exchange Contracts. Future currency flows include rent from the French property and US dollar realisation of sunbed assets. Currency risks are now not considered significant.

The risk of significant interest rate increases has been addressed through the inception of a £6 million, seven year interest rate swap with the Group's bankers.

International Accounting Standards

In June 2002, the Council of the European Union adopted a Regulation requiring listed companies in Member States to prepare their consolidated financial statements in accordance with International Accounting Standards from 2005. The Group has initiated a project to plan for and implement the conversion from UK GAAP to International Financial Reporting Standards (IFRSs). The first Annual Report prepared under IFRSs will be that for the year ending 31 December 2005. The first financial results announcement prepared in accordance with IFRSs will be that for the first half of 2005.

Corporate Governance

The Board has for a number of years sought to apply the principles of corporate governance as outlined in the Hampel Code as far as possible in the management of the Group given its size and nature.

In the 2002 Directors' Report it was noted that there was underway a re-evaluation of strategy and a consequent change in Group activities and management structure and that the adherence to the detailed principles and provisions relating to the Board's structure would be superseded by the restructuring process. In keeping with the resulting reduced size and scope of operations, Hawtin does not comply fully with the Principles of Corporate Governance.

As required by the 'Listing Rules', the Board reports below on how the Principles of Corporate Governance have been applied to the Group and on compliance with the provisions of the Hampel Code during the period.

The Directors consider that the Group has complied with all the provisions of the Hampel Code issued by the Financial Services Authority throughout the year ended 31 December 2003 with the following exceptions:

(Provision A.1.6) The Group does not have a formal training programme for Directors either on appointment or subsequently. Continuing professional development is a matter for each Director individually although each is qualified by experience.
(Provision A.2.1) Since 30 April 2003, Mr. Len Dovey has combined the role of Chief Executive with that of Chairman.

(Provisions A.3.1, A.3.2, & B.2.2) Following his assumption of the combined roles of Chief Executive and Chairman in April 2003, Mr. L Dovey no longer qualified for non-executive status, although he attended audit and remuneration committees under the Chairmanship of Mr. A Woodhouse. Mr. Woodhouse became the sole non-executive and senior independent director and, on the appointment of Mr. S Morgan in July 2003, the ratio of non-executives fell below one third.
(Provision A.6.1) There are no set limits to the length of Non-Executive Directors' appointments to the Board subject to their requirement to seek re-election periodically.
(Provision A.6.2) The Company's Memorandum and Articles of Association do not require Executive Directors to stand for re-election except at the first Annual General Meeting following their appointment. Non-Executive Directors are required to retire by rotation and seek re-election at the Annual General Meeting.
(Provision B.1.4) Performance related bonuses do not form a significant part of Executive Directors' remuneration packages.
(Provision B.1.9) No explicit provision for compensation is currently made in Directors' service contracts in the event of early termination of contracts.
(Provision D.3.1) The Audit Committee comprises the sole Non-Executive Director and the Chairman/Chief Executive rather than the three Non-Executive Directors prescribed by the Hampel Code.

The above departures from the Hampel Code provisions have arisen since the Board consider the effective management of the Group is not best served by strict adherence to the provisions given the size and nature of the Group. The Directors consider that the current function of the Board is sufficient in the short term for the present size and composition of the Group. The Board of Directors is however aware that the roles of Chief Executive and Chairman should not be combined for an extended period. The medium term structure of the Board and compliance with the Code is under review.

The Board of Directors have a formal schedule of matters specifically reserved for its consideration.

Internal Control

The Board of Directors is responsible for the Group's system of internal controls and for reviewing its effectiveness and note that the system can only provide a reasonable but not an absolute assurance against material mis-statement or loss. The Directors have reviewed the effectiveness of the system of internal control which has been in place throughout the year under review and up to the date of approval of this Annual Report and Accounts. There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process which accords with the 'Turnbull' guidelines is regularly reviewed by the Board at monthly meetings and steps are taken to deal with areas of improvement which come to the Board's attention.
The Board has relied on the following established framework:-

Risk Assessment: Key areas of risk are identified by the Directors and senior managers of the Group and a 'Risk Register' has been established. Review and implementation of procedures to measure and reduce the risk areas are given a high priority by the Board and the Audit Committee. This process has been in place throughout the year to 31 December 2003 and up to the date of approval of the financial statements and which is in accordance with "Internal Control: Guidance for Directors on the Combined Code".

Financial Control: The Group has had an appropriate system for reporting financial results by business unit. Monthly accounts which include key performance indicators are produced and circulated and reviewed against forecast. Results are analysed and discussed at frequent board meetings. Forecasts are renewed and revised regularly.

Organisational Structure: A formal framework of appropriate responsibility and authorisation has been in place for some time. This is constantly reviewed for compliance and completeness.

Procedural Controls: Certain functions are concentrated at the Group centre notably the Treasury functions, cash monitoring and Fixed Asset Investment appraisal.

REPORT OF THE DIRECTORS

Going Concern

The Directors, after making enquiries, have deliberated on the future prospects of the Group and, at the date of approving the accounts, have a reasonable expectation that it will have adequate resources to continue operating for the foreseeable future and therefore the going concern basis has been adopted in preparing these accounts.

Audit Committee

The Audit Committee, which comprises the Non-Executive Director, Mr. A Woodhouse and Mr. L Dovey (Chairman), meets regularly and maintains a close contact with the Company's Auditors. The Audit Committee, which has written terms of reference, and can take independent financial advice as necessary, continues to monitor the effectiveness and independence of the external auditors including the provision of non-audit services.

The Audit Committee has considered the benefits of an internal audit department, but does not consider such a function necessary or appropriate in the current circumstances.

Approved by the Board of Directors and signed on behalf of the Board.

S H P Morgan
Secretary
19 April 2004

DIRECTORS' BIOGRAPHIES

Len Dovey

Chairman and Chief Executive, Aged 76.
Appointed a Non-Executive Director in 1971 and Chairman in 1982. In April 2003 he took on the office of Chief Executive as well as Chairman of the Board. He has been actively involved over a period of more than 40 years in a wide range of business activities through interests in property development, banking, shipping and various industrial companies. He sits on the Remuneration Committee and the Audit Committee.

Anton Woodhouse

Non-Executive Director, Aged 51.
Anton Woodhouse was appointed a Non-Executive Director in 2003 and is Chairman of the Audit and Remuneration Committees. Anton spent 23 years with Peacock's Stores and has wide business experience with special interest in property and retail markets.

John Dixon

Financial Director, Aged 52, Executive.
John Dixon joined Hawtin in November 1998 from Grundig UK. He is responsible for Group Treasury and Finance. He is dual qualified as a Mechanical Engineer and Chartered Accountant and has obtained broad experience in a number of diverse industries whilst a partner with Ernst & Young.

Stephen Morgan

Executive Director and Company Secretary, Aged 43.
Stephen Morgan joined Hawtin in 1989 as Group Accountant and was subsequently appointed Company Secretary in March 1998. In July 2003 he was appointed Executive Director. He qualified as a Chartered Accountant with KPMG in 1985.

DIRECTORS' REMUNERATION REPORT

Introduction

A resolution to approve this Remuneration Report will be proposed at the forthcoming Annual General Meeting. The Regulations require the auditors to report to the company members on aspects of this report and to state whether, in their opinion, that part of the report has been properly prepared in accordance with the Companies Act 1985.

Unaudited information

The Committee

The Remuneration Committee consists of the Non-Executive Directors Mr. A Woodhouse (Chairman) and the Chairman and Chief Executive, Mr. L Dovey. The Committee is responsible for the determination of remuneration policy for the Executive Directors. It has access to and takes professional advice. The fees of the Non-Executive Director are determined by the Board.

Policy

The basic objective of the policy is that Executive Directors should receive remuneration which is appropriate to their position of responsibility, and which will attract, motivate and retain executives of the necessary calibre.

Basic Salary and Performance Bonus

Remuneration of the Executive Directors consists of annual salary, taxable benefits in kind and pension contributions. There is at present no performance related bonus scheme.

There is an annual review at which the Committee approves the basic salary for each Executive Director. Details of Directors' salaries, benefits, bonuses and share options can be found on the following page.

Benefits

Benefits for Executive Directors comprise a car allowance, pension and private medical insurance.

Share Options

Executive Directors hold share options under the Hawtin PLC Executive Share Option Scheme 1995. Share options held and granted during the year ended 31 December 2003 are shown on page 8. The Committee grants options to Executive Directors and other employees to encourage long term commitment to the Company and there are no performance conditions attached thereto.

The Non-Executive Directors are not entitled to participate in the Company's share option schemes.

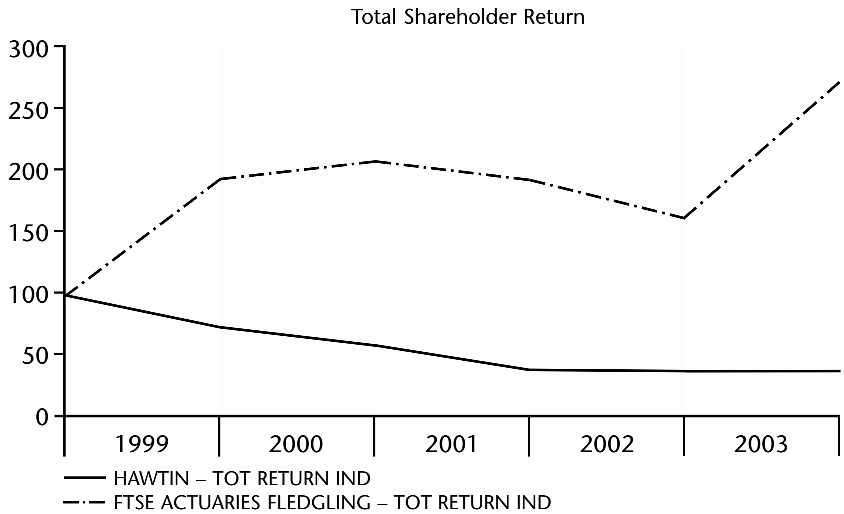
Service Contracts

Mr. W J Dixon and Mr. S H P Morgan have one-year rolling contracts in accordance with the recommendations of the Hampel Code.

Pensions

Mr. W J Dixon and Mr. S H P Morgan operate a money purchase Personal Pension Scheme into which the Company makes contributions amounting to 10% of basic salary. Directors are entitled to convert part of their pension into a lump sum payment, receive life assurance cover of four times salary during employment, and allow part of their pension to be payable to dependants upon their death.

Performance graph



The Total Shareholder Return is plotted against the FTSE Fledgling Index, in which Hawtin PLC Ordinary Shares are classified.

Audited Information

Executive Directors	Salary	Bonus	Benefits	Total 2003	Total 2002	Pension Contributions 2003	Pension Contributions 2002
	£000	£000	£000	£000	£000	£000	£000
L Dovey	25	-	-	25	25	-	-
R S Atkinson[1]	166	1	7	174	101	45	7
W J Dixon	102	5	18	125	116	10	10
S H P Morgan[2]	32	5	7	44	n/a	3	n/a
	325	11	32	368	242	58	17
Non-Executive Directors							
A Woodhouse[3]	13	-	-	13	n/a	-	n/a
R P Morgan[4]	7	-	-	7	20	-	-
	345	11	32	388	262	58	17

[1] Included in salary and pension for R S Atkinson are payments of £123,700 and £24,000 respectively due under a Compromise Agreement following his leaving the Group on 30 April 2003.
[2] From date of appointment 17 July 2003
[3] From date of appointment on 30 April 2003
[4] Until his resignation on 30 April 2003

Share Options	As at 1 January 2003	Lapsed in the year	Exercised during the year	Options granted during the year	As at 31 December 2003	Exercise Price
R S Atkinson	500,000	(500,000)	-	-	-	-
W J Dixon	250,000	(250,000)	-	-	-	-
S H P Morgan	*40,000	-	-	-	40,000	34.5
	*50,000	-	-	-	50,000	15.5

*On appointment 17th July 2003.
The options granted may be exercised at dates before February 2010.
The market price at 31 December 2003 of Hawtin PLC 5p Ordinary Shares was 8.5p and the range during the year was 6.5p to 10.25p.

Approved by the Board of Directors and signed on behalf of the Board.

S H P Morgan
Secretary
19 April 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWTIN PLC

We have audited the financial statements of Hawtin PLC for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheets, the cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movements in shareholders' funds and the related notes 1 to 33. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the part of the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. They are also responsible for the preparation of the other information contained in the annual report including the directors' remuneration report. Our responsibility is to audit the financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report described as having been audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report described as having been audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report described as having been audited.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2003 and of the loss of the group for the year then ended; and
- the financial statements and part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cardiff
19 April 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

	Notes	Continuing operations £000	Discontinued operations £000	2003 Total £000	Continuing operations £000	Discontinued operations £000	2002 Total £000
Turnover	2	602	37,014	37,616	1,800	52,099	53,899
Cost of sales	3	(129)	(26,664)	(26,793)	(397)	(42,733)	(43,130)
Gross profit		473	10,350	10,823	1,403	9,366	10,769
Distribution costs		-	(2,722)	(2,722)	-	(4,375)	(4,375)
Administration expenses	3	(1,095)	(6,865)	(7,960)	(1,914)	(11,785)	(13,699)
Other operating income	4	34	45	79	17	319	336
Operating profit/(loss)		(588)	808	220	(494)	(6,475)	(6,969)
Exceptional loss on disposal and closure of subsidiary undertakings	3	-	(3,372)	(3,372)	-	-	-
Interest receivable		21	-	21	6	2	8
Interest payable	7	(222)	(561)	(783)	(738)	(376)	(1,114)
Loss on ordinary activities before taxation	2	(789)	(3,125)	(3,914)	(1,226)	(6,849)	(8,075)
Taxation	8			149			375
Loss on ordinary activities after taxation				(3,765)			(7,700)
Minority interests				-			2
Loss for the financial year				(3,765)			(7,698)
Dividends	10			(36)			(36)
Retained loss for the financial year	22			(3,801)			(7,734)
Basic and diluted loss per ordinary share of 5p	11			(5.30p)			(10.78p)

Discontinued operations relate to businesses sold or which ceased operations during the year, and Aquamarine S.A.R.L. which was disposed of on 25 February 2004.

Operating profit/(loss) includes exceptional charges of £148,000 (2002 - £3,594,000) see note 3.

Hawtin PLC

CONSOLIDATED BALANCE SHEET

as at 31 December 2003

	Notes	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Tangible assets	12		14,603		22,188
Intangible assets	13		-		712
			14,603		22,900
Current assets					
Stocks	16	563		8,597	
Debtors	17	4,650		10,025	
Cash at bank and in hand		1,011		5,747	
		6,224		24,369	
Creditors: amounts falling due within one year	18	(3,560)		(27,535)	
Net current assets/(liabilities)			2,664		(3,166)
Total assets less current liabilities			17,267		19,734
Creditors: amounts falling due after more than one year	19		(4,664)		(10,084)
Provisions for liabilities and charges	20		(1,202)		(321)
			11,401		9,329
Capital and reserves					
Called up share capital	21		4,135		4,135
Share premium account	22	2,586		2,586	
Revaluation reserve	22	5,422		6,010	
Capital redemption reserve	22	150		150	
Profit and loss account	22	(892)		(3,569)	
Total reserves			7,266		5,177
Shareholders' funds			11,401		9,312
Equity minority interests	23		-		17
			11,401		9,329
Attributable to equity shareholders			10,852		8,763
Attributable to non equity shareholders			549		549
			11,401		9,312

These financial statements were approved by the Board of Directors on 19 April 2004.

Signed on behalf of the Board of Directors

Leonard Dovey

Director

Hawtin PLC

COMPANY BALANCE SHEET

as at 31 December 2003

	Notes	2003 £000	2003 £000	2002 £000	2002 £000
Fixed assets					
Tangible assets	12		4,955		6,912
Investments	15		26		1,912
			4,981		8,824
Current assets					
Debtors	17	5,498		22,157	
Cash at bank and in hand		11,678		4,140	
		17,176		26,297	
Creditors: amounts falling due within one year	18	(3,082)		(18,023)	
Net current assets			14,094		8,274
Total assets less current liabilities			19,075		17,098
Creditors: amounts falling due after more than one year	19		(4,664)		(8,534)
Provisions for liabilities and charges	20		(3,450)		-
			10,961		8,564
Capital and reserves					
Called up share capital	21		4,135		4,135
Share premium account	22	2,586		2,586	
Revaluation reserve	22	4,392		1,521	
Capital redemption reserve	22	150		150	
Profit and loss account	22	(302)		172	
Total reserves			6,826		4,429
Shareholders' funds			10,961		8,564
Attributable to equity shareholders			10,412		8,015
Attributable to non equity shareholders			549		549
			10,961		8,564

These financial statements were approved by the Board of Directors on 19 April 2004.

Signed on behalf of the Board of Directors

Leonard Dovey
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

	Notes	2003 £000	2003 £000	2002 £000	2002 £000
Net cash (outflow)/inflow from operating activities	24		(5,529)		120
Returns from investments and servicing of finance					
Interest received		21		8	
Interest paid		(780)		(1,168)	
Preference dividends paid		(36)		(36)	
Net cash outflow from returns on investments and servicing of finance			(795)		(1,196)
Taxation received			8		416
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(655)		(1,190)	
Payments to acquire intangible fixed assets		-		(24)	
Receipts from sale of tangible fixed assets		7,997		651	
Net cash inflow/(outflow) from capital expenditure and financial investment			7,342		(563)
Acquisitions and disposals					
Receipts from sale of subsidiary undertakings		6,071		-	
Net overdraft released with subsidiary undertakings		5,239		-	
Payments to acquire subsidiary undertaking		-		(526)	
Net cash acquired with subsidiary undertaking		-		160	
Net cash inflow/(outflow) from acquisitions and disposals			11,310		(366)
Net cash inflow/(outflow) before financing			12,336		(1,589)
Financing					
Capital element of finance lease rentals		(280)		(432)	
Loans received		-		368	
Loans repaid		(5,762)		(1,426)	
Net cash outflow from financing			(6,042)		(1,490)
Increase/(decrease) in cash in the period	26		6,294		(3,079)

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

for the year ended 31 December 2003

	2003 £000	2002 £000
Loss for the financial year	(3,765)	(7,698)
Exchange movements	(205)	150
Unrealised surplus on revaluation of properties	3,663	735
Total recognised gains and losses for the year	(307)	(6,813)

NOTE OF HISTORICAL COST PROFITS & LOSSES

for the year ended 31 December 2003

	2003 £000	2002 £000
Reported loss on ordinary activities before taxation	(3,914)	(8,075)
Realisation of property revaluation gain/(loss)	4,251	(42)
Additional depreciation on the revaluation surplus	-	4
Historical cost profit/(loss) on ordinary activities before taxation	337	(8,113)
Historical cost profit/(loss) on ordinary activities after taxation, minority interests and dividends	450	(7,772)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2003

	2003 £000	2002 £000
Loss attributable to members of the Company	(3,765)	(7,698)
Dividends	(36)	(36)
	(3,801)	(7,734)
Exchange movements	(205)	150
Unrealised surplus on revaluation of properties	3,663	735
Goodwill released on disposal of subsidiary undertakings	2,432	-
Net change to shareholders' funds	2,089	(6,849)
Opening shareholders' funds	9,312	16,161
Closing shareholders' funds	11,401	9,312

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1. Accounting Policies

The financial statements have been prepared in accordance with applicable UK accounting standards. Compliance with Statement of Standard Accounting Practice 19 ("SSAP 19") "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 1985 relating to depreciation. An explanation of the departure is given below. The particular accounting policies adopted, which have been applied consistently throughout the year, are described below.

a) Accounting Convention

These accounts are prepared under the historical cost convention as modified by the revaluation of certain freehold and long leasehold properties.

b) Consolidation

The Group accounts consolidate the accounts of the Company and all subsidiaries for the year ended 31 December 2003. In respect of subsidiaries acquired during the year the results for the period of ownership by the Group are included.

In respect of subsidiaries which have been sold or ceased trading, results are included to the date of sale or cessation of activities.

c) Deferred Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.
Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

d) Stocks

The basis of valuation of stocks including work-in-progress is the lower of cost and estimated net realisable value. In the case of stock manufactured by the Group, costs include an appropriate addition of factory overheads.

e) Investments

Fixed asset investments are stated at cost less provision for impairment.

f) Fixed Assets and Depreciation

In accordance with "SSAP 19", investment properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve. No depreciation is provided in respect of investment properties.

The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in "SSAP 19". The Directors consider that, because these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt "SSAP 19" in order to give a true and fair view.

If this departure from the Act had not been made, the loss for the financial year would have been increased by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

A five year valuation cycle for other properties is carried out in accordance with FRS 15. Other fixed assets are stated at cost or valuation net of depreciation and any provision for impairment.
Depreciation is provided on other assets, by equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Short leasehold land and buildings	Period of lease
Freehold and long leasehold buildings	2%
Plant and equipment	10% - 50%
Fixtures, fittings and office equipment	15% - 50%
Motor vehicles	25% - 33%

g) Intangible Fixed Assets

Trademarks : Expenditure on acquiring trademarks is capitalised at cost and amortised over the period in which they are anticipated to contribute to profits, not exceeding ten years.
Goodwill : Goodwill represents the excess of purchase consideration over the fair value of assets acquired. Under the requirements of Financial Reporting Standard 10 ("FRS 10") this amount is capitalised and amortised over the expected period that the goodwill will have an effect on the profits of the Group (not exceeding ten years). Previously goodwill had been written off directly to reserves as a matter of accounting policy and has been charged in the profit and loss account in 2003 on the subsequent disposal of the businesses to which it related.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

1. Accounting Policies (continued)

h) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Gains or losses on exchange arising from trading operations are taken into account in arriving at the trading results, and differences arising from the retranslation of net assets of subsidiaries at the beginning of the year are dealt with through reserves.

i) Grants

Revenue based grants are credited to the profit and loss account on a receivable basis.

j) Pension Costs

The Group operates defined contribution pension schemes. The charge for the year represents contributions payable in the year.

k) Leases

Assets held under finance leases and hire purchase contracts and the related obligations are recorded in the balance sheet at the fair value of the assets at the inception of the contracts. The amounts by which the payments exceed the recorded obligations are treated as finance charges which are amortised over each contract term to give a constant rate of charge on the remaining balance of the obligation.
Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the lease.

l) Financial Instruments

The only derivative instruments utilised by the Group are forward exchange contracts and interest rate swaps. Interest rate swaps have been used to restrict the effect of future interest rate increases. The Group does not enter into speculative derivative contracts. Forward exchange contracts are used for hedging purposes to alter the risk profile of an existing underlying exposure of the Group in line with the Group's risk management policies.

2. Analysis of Results by Division

(a) Turnover		2003 £000	2002 £000
	Continuing operations		
	Property	602	1,800
	Discontinued operations	37,014	52,099
		37,616	53,899

Geographical analysis of turnover by destination:

	2003 £000	2002 £000
United Kingdom	27,234	38,716
Europe	6,652	9,010
Other Countries	3,730	6,173
	37,616	53,899

Geographical analysis of turnover by origination:

	2003 £000	2002 £000
United Kingdom	34,965	46,483
United States of America	599	3,919
Europe	2,052	3,497
	37,616	53,899

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

2. Analysis of Results by Division (continued)

(b) Operating profit/(loss)	2003 £000	2003 £000	2002 £000	2002 £000
Continuing operations				
Property income	426		1,284	
Less central costs	(1,014)		(1,778)	
		(588)		(494)
Discontinued operations		808		(6,475)
Operating profit/(loss)		220		(6,969)
Exceptional items		(3,372)		-
Interest		(762)		(1,106)
Loss on ordinary activities before taxation		(3,914)		(8,075)

(c) Net assets	2003 £000	2002 £000
Property	14,068	9,226
Discontinued operations	527	17,993
	14,595	27,219
Interest bearing liabilities	(4,409)	(17,635)
Unallocated net assets/(liabilities)*	1,215	(255)
Total net assets	11,401	9,329

*Represents the net assets/(liabilities) of the parent and dormant companies not allocated in the above categories

3. Exceptional Items

	2003 £000	2002 £000
Included in Cost of sales		
Impairment provisions	-	(264)
Included in Administration expenses		
Impairment provisions	-	(2,643)
Cessation of manufacturing	-	(331)
Provision against overseas debtor	-	(356)
Termination of employment of Group Chief Executive	(148)	-
	(148)	(3,330)
Loss on disposal and closure of subsidiary undertakings		
Loss on disposal of subsidiary undertakings (note 32)	(1,463)	-
Profit on sale of fixed assets - discontinued operations	155	-
Closure provisions (note 20)	(2,064)	-
	(3,372)	-

4. Other Operating Income

Other operating income includes the following items:	2003 £000	2002 £000
Profit on sale of fixed assets	35	158
Royalty income	16	178

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

5. Operating profit/(loss)

Operating profit/(loss) is arrived at after charging:		2003 £000	2002 £000
Depreciation and amortisation	- owned assets	1,454	1,995
	- leased assets	34	187
Impairment provision		-	2,907
Rentals under operating leases	- land and buildings	361	381
	- others	5	123
Auditors' remuneration	- audit fees company	19	17
	- audit fees subsidiaries	20	58
	- acquisition due diligence	-	45
	- tax advisory	28	26
	- tax compliance	34	23
	- further assurance services	-	10
	- working capital reports in respect of disposals	95	-

6. Information regarding Directors and Employees

(i) The average number employed by the Group within each category of person was:	2003 No.	2002 No.
Production staff	253	345
Sales and distribution staff	51	92
Administration staff	80	108
	384	545

(ii) The costs incurred in respect of these employees were:	£000	£000
Wages and salaries	6,685	10,109
Social security costs	764	1,002
Other pension costs	214	281
	7,663	11,392

Details of Directors' remuneration by Director, which form part of the financial statements, are set out in the Directors' Remuneration Report on pages 7 and 8 and details of their interests in the share capital of the Company are set out in the Directors' Report on page 4.

7. Interest Payable

	2003 £000	2002 £000
On bank loans, overdrafts and other borrowings	763	1,053
Finance charges: finance leases and hire purchase contracts	20	61
	783	1,114

8. Tax on loss on ordinary activities

	2003 £000	2002 £000
Current taxation		
United Kingdom Corporation Tax:		
Current tax on income for the year at 30%	-	-
Overseas tax	49	6
	49	6
Adjustment in respect of prior year's tax provision	-	7
	49	13
Deferred taxation		
Origination and reversal of timing differences	(198)	(388)
	(149)	(375)

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge of the current and the previous year differs from the standard rate for the reasons set out in the following reconciliations:

	2003 £000	2002 £000
Loss on ordinary activities before tax	(3,914)	(8,075)
Tax on loss on ordinary activities before tax at 30%	(1,174)	(2,423)
Expenses not deductible for tax purposes	57	297
Depreciation for the year in excess of capital allowances	(9)	346
Movement in short-term timing differences	(36)	44
Tax losses	385	1,307
Prior period adjustments	-	(10)
Overseas losses	402	501
Loss on disposal of non-qualifying assets	(236)	-
Depreciation on non-qualifying assets	-	97
Profit on disposal of capital assets covered by losses	-	(138)
Fair value adjustment	-	(28)
Loss on disposal/closure of subsidiaries	508	-
Pre disposal results of subsidiaries now sold	98	-
Transfer from revaluation reserve	54	-
Others	-	13
	49	6

The Group has tax losses of £2.7 million carried forward at 31 December 2003 which are recoverable when the Group can foresee future taxable profits.

9. Loss of the Parent Company

As permitted by s.230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss for the financial year amounted to £1,567,000 (2002 loss - £2,691,000).

10. Dividends

	2003 £000	2002 £000
Preference dividend on non-equity Shares:		
Paid - 6.5%	36	36

11. Loss per Ordinary Share of 5p

The basic loss per Ordinary Share is based on a loss of £3,801,000 (2002 - £7,734,000) being the loss after taxation and after deducting the preference dividends and on an average number of shares in issue of 71,728,687.
Diluted earnings per Ordinary Share is the same as basic earnings per Ordinary Share since, for a loss making period, this would assume the exercise of out-of-the-money share options which would be irrational.

12. Tangible Fixed Assets

The Group	Properties Investment £000	Properties Other £000	Plant Equipment and Vehicles £000	Total £000
Cost or valuation:				
At 1 January 2003	8,285	9,973	14,063	32,321
Additions	236	77	458	771
On disposal of subsidiaries	-	(307)	(6,372)	(6,679)
Disposals	(7,360)	(275)	(5,743)	(13,378)
Currency adjustment	-	-	23	23
Revaluation surplus	3,481	182	-	3,663
Transfers	9,643	(9,533)	(1,800)	(1,690)
At 31 December 2003	14,285	117	629	15,031
Depreciation and impairment:				
At 1 January 2003	-	1,339	8,794	10,133
Charge for the year	-	191	1,290	1,481
On disposal of subsidiaries	-	(149)	(3,948)	(4,097)
Disposals	-	(275)	(5,141)	(5,416)
Currency adjustment	-	-	17	17
Transfers	-	(989)	(701)	(1,690)
At 31 December 2003	-	117	311	428
Net Book Value at 31 December 2003	14,285	-	318	14,603
Net Book Value at 31 December 2002	8,285	8,634	5,269	22,188

Properties	Investment £000	Other £000	2003 £000	2002 £000
Cost	-	-	-	326
Valuation	14,285	-	14,285	16,593
	14,285	-	14,285	16,919
Freehold	14,285	-	14,285	13,910
Long leasehold	-	-	-	2,891
Short leasehold	-	-	-	118
	14,285	-	14,285	16,919

Investment properties have been valued by the Directors at open market value based on professional advice received from E J Hales, Chartered Surveyors.
The historic cost and net book value of properties are £9,166,000 and £8,863,000 respectively (2002 - £12,434,000 and £10,909,000).

12. Tangible Fixed Assets (continued)

The Company	Freehold Investment Properties £000	Plant Equipment & Vehicles £000	Total £000
Cost or valuation:			
At 1 January 2003	6,845	801	7,646
Additions	-	2	2
Disposal	(5,920)	(724)	(6,644)
Revaluation surplus	4,000	-	4,000
At 31 December 2003	4,925	79	5,004
Depreciation:			
At 1 January 2003	-	734	734
Charge for the year	-	39	39
Disposals	-	(724)	(724)
At 31 December 2003	-	49	49
Net Book Value at 31 December 2003	4,925	30	4,955
Net Book Value at 31 December 2002	6,845	67	6,912

The historic cost and net book value of properties is £533,000 (2002 - £5,324,000).

13. Intangible Fixed Assets

The Group	Goodwill £000	Trademarks £000	Total £000
Cost:			
At 1 January 2003	1,506	471	1,977
On disposal of subsidiaries	(1,506)	(471)	(1,977)
At 31 December 2003	-	-	-
Amortisation and impairment:			
At 1 January 2003	901	364	1,265
Charge for the year	5	2	7
On disposal of subsidiaries	(906)	(366)	(1,272)
At 31 December 2003	-	-	-
Net Book Value at 31 December 2003	-	-	-
Net Book Value at 31 December 2002	605	107	712

14. Future Capital Expenditure

	The Group 2003 £000	2002 £000
Authorised and contracted for but not provided in the accounts	350	103

15. Fixed Asset Investments

Investments in subsidiaries	The Company £000
Cost:	
At 1 January 2003	6,061
Released on disposal of subsidiary undertakings	(1,891)
At 31 December 2003	4,170
Provisions:	
At 1 January 2003	4,149
Released during the year	(5)
At 31 December 2003	4,144
Net Book Value at 31 December 2003	**26**
Net Book Value at 31 December 2002	1,912

Principal Subsidiary Companies

Name	Activity
Norfleet Properties (Holdings) Limited	Estate Manager
Aquamarine S.A.R.L	Spa and Bathroom Goods Manufacturer

Both are wholly owned subsidiaries of Hawtin PLC. Norfleet Properties (Holdings) Limited operates in the UK and is registered in England and Wales. Aquamarine S.A.R.L is registered and operates in France.

16. Stocks

	The Group		The Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Raw materials and consumables	**331**	2,619	-	-
Work in progress	**46**	94	-	-
Finished goods and goods for resale	**186**	5,884	-	-
	563	8,597	-	-

17. Debtors

	The Group		The Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Trade debtors	**564**	8,877	**3**	96
Amounts owed by Group companies	-	-	**1,909**	21,813
Other debtors	**4,036**	511	**3,574**	148
Prepayments	**50**	637	**12**	100
	4,650	10,025	**5,498**	22,157

Included in Other debtors of the Group and the Company, is £3,350,000 due from the purchaser of Spaform Limited. On 5 January 2004, a payment of £3,030,000 was received, with the remainder due prior to 30 September 2004. Deferred consideration of $675,000 is due in respect of the sale of fixed assets associated with the Group's sunbed business, of which $450,000 falls due after more than one year.

18. Creditors: Amounts falling due within one year

	The Group		The Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Bank loans and overdrafts	**729**	13,925	**930**	10,547
Trade creditors	**406**	6,722	**20**	286
Amounts owed to Group companies	**-**	-	**226**	53
Other creditors	**1,785**	4,585	**1,452**	6,850
Corporation tax	**48**	54	**-**	-
Other taxation and social security	**72**	649	**21**	18
Obligations under finance leases and hire purchase contracts	**27**	217	**27**	106
Accruals	**493**	1,383	**406**	163
	3,560	27,535	**3,082**	18,023

The bank loans and overdrafts are secured by a fixed and floating charge over certain assets of the Group. Obligations under finance leases and hire purchase contracts are secured on the related assets.

19. Creditors: Amounts falling due after more than one year

	The Group		The Company	
	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
Obligations under finance leases and hire purchase contracts (1-2 years)	**-**	128	**-**	28
Bank loans	**4,664**	9,112	**4,664**	8,506
Other creditors and accruals	**-**	844	**-**	-
	4,664	10,084	**4,664**	8,534

The bank loans are secured by a fixed and floating charge over certain assets of the Group and are repayable quarterly as follows:

	2003	2002	**2003**	2002
	£000	£000	**£000**	£000
1 - 2 years	**572**	1,093	**572**	1,093
2 - 5 years	**1,635**	3,371	**1,635**	3,160
5 - 10 years	**2,457**	4,253	**2,457**	4,253
Over 10 years	**-**	395	**-**	-
	4,664	9,112	**4,664**	8,506

NOTES TO THE ACCOUNTS

for the year ended 31 December 2003

20. Provisions for Liabilities and Charges

	Deferred Taxation £000	Closure Provision £000	Total £000
The Group			
At 1 January 2003	321	-	321
Released on disposal of subsidiary undertakings	(27)	-	(27)
Credited to the Profit and loss account	(198)	-	(198)
Created during the year	-	2,064	2,064
Utilised during the year	-	(958)	(958)
At 31 December 2003	96	1,106	1,202
The Company			
Created during the year	-	3,450	3,450
At 31 December 2003	-	3,450	3,450

The closure provision relates to the closure of Ultrabronz America Inc. and Barclay Leisure Ltd, and the sale of Aquamarine S.A.R.L.

The amounts of deferred taxation provided in the accounts are:	The Group 2003 £000	The Group 2002 £000
Capital allowances in excess of depreciation	98	279
Other timing differences	(2)	42
	96	321

21. Share Capital

	2003 £000	2002 £000
Authorised:		
90,000,000 Ordinary Shares of 5p each	4,500	4,500
750,000 6.5% Cumulative Preference Shares of £1 each	750	750
Allotted and Fully Paid:		
71,728,687 Ordinary Shares of 5p each	3,586	3,586
548,750 6.5% Cumulative Preference Shares of £1 each	549	549
	4,135	4,135

Options

Options on 165,000 Ordinary Shares had been granted and remain unexercised at 31 December 2003 under the Executive Share Option Scheme 1995. Options on 1,440,000 Ordinary Shares lapsed during the year. The remaining options may be exercised at between 15.5p and 34.5p before 2010.

Class Rights

The Cumulative Preference Shares are entitled to a dividend of 6.5% per annum payable on 31 December and 30 June. The holders of these shares have first call on their nominal value on a return of assets plus a premium based on excess over par of the average of the daily nominal quotation of Hawtin PLC Ordinary Shares on the London Stock Exchange in the previous 6 months after accounting for arrears of dividend.

22. Statement of Movement on Reserves

	Share Premium £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and Loss Account £000
The Group				
As at 1 January 2003	2,586	6,010	150	(3,569)
Released on disposal of investment properties	-	(4,251)	-	4,251
Acquisition goodwill released on disposal	-	-	-	2,432
Revaluation surplus	-	3,663	-	-
Retained loss for the financial year	-	-	-	(3,801)
Exchange movements	-	-	-	(205)
At 31 December 2003	2,586	5,422	150	(892)

The revaluation reserve relates entirely to investment properties.

	Share Premium £000	Revaluation Reserve £000	Capital Redemption Reserve £000	Profit and Loss Account £000
The Company				
As at 1 January 2003	2,586	1,521	150	172
Retained loss for the financial year	-	-	-	(1,603)
Revaluation surplus	-	4,000	-	-
Released on disposal of investment properties	-	(1,129)	-	1,129
At 31 December 2003	2,586	4,392	150	(302)

23. Equity minority interests

	£000
At 1 January 2003	17
Released on disposal of subsidiary undertakings	(17)
At 31 December 2003	-

24. Net Cash (Outflow)/Inflow from Operating Activities

	2003 £000	2002 £000
Operating profit/(loss)	220	(6,969)
Exchange movements	(199)	177
Depreciation of tangible fixed assets	1,481	2,046
Amortisation of intangible fixed assets	7	136
Impairment	-	2,907
Utilisation of provisions	(958)	-
Profit on sale of fixed assets	(35)	(158)
Decrease in stocks	573	1,597
(Increase)/decrease in debtors	(7,978)	1,270
Increase/(decrease) in creditors	1,360	(886)
Net cash (outflow)/inflow from operating activities	(5,529)	120

25. Analysis of Net Debt

	At 1 January 2003 £000	Cash Flow £000	Other Non-cash Changes £000	Disposal £000	At 31 December 2003 £000
Cash in hand and at bank	5,747	(4,736)	-	-	1,011
Overdrafts	(11,030)	11,030	-	-	-
	(5,283)	6,294	-	-	1,011
Loans	(12,007)	5,762	-	852	(5,393)
Finance leases and hire purchase agreements	(345)	280	(116)	154	(27)
	(17,635)	12,336	(116)	1,006	(4,409)

26. Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 £000	2002 £000
Increase/(decrease) in cash	6,294	(3,079)
Cash outflow from lease financing	280	432
Loan received	-	(367)
Bank loan repaid	5,762	1,425
Change in net debt resulting from cash flows	12,336	(1,589)
Inception of finance leases	(116)	(200)
On disposal/(acquisition)	1,006	(1,022)
Movement in net debt in the year	13,226	(2,811)
Net debt at the start of the year	(17,635)	(14,824)
Net debt at the end of the year	(4,409)	(17,635)

27. Contingent Liabilities

A customer has threatened to enter into litigation against one of the Group businesses in respect of the sale of products that are alleged to be of unmerchantable quality. The lawyer acting for the claimant has stated that he intends to act on behalf of other purchasers. It is not possible to quantify the maximum amount of the claim. Following legal advice, the Directors consider that no material liability currently exists in relation to the threatened action.

28. Pension Schemes

The Group has operated a number of defined contribution schemes. The pension charge for the year under these schemes was £214,000 (2002 - £281,000). The assets of the schemes are held separately from the Group in independently administered funds.

29. Transactions with Directors

In September 2002, Certikin International Ltd raised unsecured loans in order to finance the initial consideration for the acquisition of MMC S.A.R.L. Mr Len Dovey and Mr Richard Morgan loaned £135,000 and £137,000 respectively which remained outstanding at 31 December 2002. The loans were repaid in full during 2003 including interest accrued at a commercial rate of interest.

No other contract or arrangement has been entered into during the year, nor subsisted at the year end in which a Director had a material interest.

30. Operating Lease Commitments

At 31 December the Group was committed to making the following payments during the next year in respect of operating leases.

	Land and Buildings 2003 £000	Land and Buildings 2002 £000
Leases which expire:		
Within one year	-	-
Within two to five years	**129**	130
After five years	**56**	263
	185	393

31. Financial Instruments

The Group's policies as regards derivatives and financial instruments are set out in the Directors' Report on page 4 and the accounting policies on page 16.

As permitted by FRS 13 short term debtors and creditors have been omitted from all disclosures other than foreign currency debtors and creditors which at 31 December 2003 were insignificant. There were no material gains or losses recognised or carried forward at the year end.

On 22 January 2002 the company entered into an interest rate swap on £6,000,000 for 7 years at a rate fixed at 5.37% plus margin.

Details of non-equity shares issued by the Group are given in note 21.

The interest rate risk profile of the Group's financial assets and liabilities is as follows:-

	Financial Assets Floating Rate 2003 £000	Financial Assets Floating Rate 2002 £000
Sterling	**-**	5,352
US $	**719**	301
Other	**859**	94
Comprising: Cash at Bank	**1,578**	5,747

Financial Liabilities

	Floating £'000	Fixed £'000	**2003 Total £'000**	Floating £'000	Fixed £'000	**2002 Total £'000**
Comprising: Sterling						
Bank overdrafts	567	-	**567**	11,030	-	**11,030**
Bank loans	-	5,393	**5,393**	6,007	6,000	**12,007**
Finance leases and hire purchase	-	27	**27**	-	345	**345**
Preference Shares	-	549	**549**	-	549	**549**
	567	5,969	**6,536**	17,037	6,894	**23,931**

The weighted average period for which interest rates are fixed, excluding Preference Shares which have no redemption period, is 59 months (2002 - 70 months). The weighted average interest rate for the fixed rate liabilities was 7.1% over the 12 month period ended 31 December 2003 (2002 - 7.3%). A right of offset exists for the bank accounts which is used to offset the interest charged on the floating rate overdraft liabilities which bear interest at rates based on LIBOR.

Further details of the financial liabilities at 31 December 2003 are shown in notes 18, 19 and 21.

There is no significant difference between the book value and the fair value of the Group's financial assets and liabilities.

32. Disposal of subsidiary undertakings

	Powersport £000	Gul £000	Certikin Group £000	Spaform £000	Total £000
Tangible fixed assets	-	122	1,584	876	2,582
Intangible fixed assets	-	98	599	8	705
Stocks	832	1,109	3,838	1,682	7,461
Debtors	2,594	1,625	6,291	3,598	14,108
Creditors	(2,437)	(445)	(5,493)	(4,507)	(12,882)
Hire purchase	-	-	(152)	(2)	(154)
Cash at bank	(217)	(1,617)	(2,135)	(1,270)	(5,239)
Loans	-	-	(852)	-	(852)
Provisions	-	(67)	40	-	(27)
	772	825	3,720	385	5,702
Sale proceeds	575	335	5,743	600	7,253
less costs	(74)	(22)	(323)	(163)	(582)
Net cash received	501	313	5,420	437	6,671
Reversal of Goodwill	(1,004)	(598)	697	(1,527)	(2,432)
(Loss)/profit on disposal	(1,275)	(1,110)	2,397	(1,475)	(1,463)

Note - the proceeds from the sale of Spaform were received on 5 January 2004 and were included in debtors at 31 December 2003 (note 17).

33. Post Balance Sheet Events

On 25 February 2004, the Group completed the sale of its French based spa manufacturer, Aquamarine S.A.R.L. for a gross consideration of €500,000.

PROFESSIONAL ADVISORS

Auditors
Deloitte & Touche LLP
Chartered Accountants
Cardiff

Bankers
Bank of Scotland
Cardiff

Stockbrokers
Bell Lawrie White
& Co Limited
Glasgow

Solicitors
Eversheds LLP
Cardiff

Registrars
Computershare Investor Services PLC
Bristol

ANALYSIS OF ORDINARY SHAREHOLDERS

Shareholder Analysis By size of holding*	No of holders	%	No of Shares	%
1 - 5,000	7,214	88.7	9,054,609	12.6
5,001 - 10,000	427	5.3	3,445,714	4.8
10,001 - 50,000	373	4.6	8,390,614	11.7
50,001 - 100,000	59	0.7	4,270,217	6.0
100,001 - 1,000,000	50	0.6	15,664,992	21.8
1,000,001+	10	0.1	30,902,541	43.1
	8,133	100.0	71,728,687	100.0

By Category*				
Individuals	7,848	96.5	34,159,149	47.6
Nominees	205	2.5	17,650,307	24.6
Trustee and Investment Companies	16	0.2	11,487,375	16.0
Limited Companies	64	0.8	8,431,856	11.8
	8,133	100.0	71,728,687	100.0

* as at 15 April 2004

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and thirtieth Annual General Meeting of Hawtin PLC will be held in the Caerdydd Suite at the Copthorne Hotel, Cardiff on 28 May 2004 at 9.30 am for the purpose of considering and, if thought fit, passing resolutions 1 to 6 as ordinary resolutions and resolution 7 as a special resolution.

Ordinary Business

Resolution No 1 — To receive and adopt the accounts for the 12 months ended 31 December 2003 together with the reports of the Directors and Auditors thereon.

Resolution No 2 — To re-elect the following Director who does not have a service contract and who retires by rotation: A Woodhouse.

Resolution No 3 — To confirm the appointment of the following Director who was appointed during the year: S H P Morgan.

Resolution No 4 — To re-appoint Deloitte & Touche LLP as Auditors for the ensuing year and authorise the Directors to fix their remuneration.

Resolution No 5 — To approve the Directors' Remuneration Report.

Special Business

Resolution No 6 — That the Directors be and are hereby unconditionally and generally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £4,500,000 in substitution for any authority previously conferred upon them save to the extent that the same may already have been exercised PROVIDED that this authority shall expire on the earlier of 15 months after the passing of this Resolution or the conclusion of the Annual General Meeting of the Company to be held in 2005, save that the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred thereby had not expired.

Resolution No 7 — That, pursuant to the provisions of section 95 of the Companies Act 1985 the Directors are empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the authority given to them for the purposes of section 80 of the Act by the above resolution as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited:

(i) to any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as practicable) to their then holdings of such securities but subject to such exclusions or other arrangements as the directors may deem necessary or desirable in relation to fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever; and

(ii) to the allotment of equity securities up to an aggregate nominal value of £179,000 representing 5% of the total ordinary share capital in issue as at 19 April 2004.

By Order of the Board
S H P Morgan
19 April 2004
Registered Office: Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD.

Notes

1. Preference shareholders are advised that they are not entitled to attend or vote at the Annual General Meeting.
2. A holder of Ordinary Shares entitled to attend and vote may appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member. To be valid, the proxy and the instrument appointing a proxy if any, must reach the Company's registrars, Computershare Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, not less than 48 hours before the time for holding of the Annual General Meeting.
3. Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company gives notice that only those shareholders entered on the Register of Members of the Company at the close of business on 26 May 2004 will be entitled to attend and vote at the aforesaid meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the Register after the close of business on 26 May 2004 will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. There will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday excepted) from the date of this notice to the conclusion of the Annual General Meeting and at the meeting itself, statements covering the period from the last Annual General Meeting to the date of the above notice, of all transactions of Directors and of their family interests in the equity share capital of the Company and copies of the contracts of service of the Directors of the Company.
5. Directors require shareholders' authority for allotment of shares under Section 80 of the Companies Act 1985. Shareholders last granted that authority to the directors at the Company's Annual General Meeting in 2003. Resolution 6 seeks to renew the authority. Resolution 6 is in similar form to the resolution passed by shareholders at the Company's Annual General meeting in 2003 and will be proposed as an ordinary resolution, to authorise the directors to allot generally relevant securities up to a maximum nominal value of £4,500,000. This authority will expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the one hundred and thirty first Annual General Meeting of the Company to be held in 2005. The directors have no present intention of using the authority proposed to be granted by Resolution 6.
6. Under Section 89 of the Companies Act 1985, if the directors wish to allot any of the unissued ordinary shares for cash they must in the first instance offer them to existing ordinary shareholders in proportion to their ordinary shareholding. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emptive offer to existing ordinary shareholders. Resolution 7, which will be proposed as a special resolution, specifies a limit of 5% of the issued ordinary share capital being imposed on the issue of new shares without first offering them to existing ordinary shareholders. This authority will expire on the earlier of 15 months after the passing of the resolution or on the conclusion of the Annual General Meeting of the Company to be held in 2005.

FIVE YEAR RECORD

		2003 £000	2002 £000	15 months 2001 £000	2000 £000	1999 £000
Turnover		37,616	53,103	50,407	52,692	60,854
Profits	(Loss)/profit before taxation	(3,914)	(8,075)	(5,974)	448	1,620
	(Loss)/earnings per ordinary share	(5.30)p	(10.78)p	(7.54)p	0.8p	2.0p
Assets employed	Fixed assets	14,603	22,900	24,193	21,085	21,180
	Net current assets/(liabilities)	2,664	(3,166)	2,735	3,670	5,606
	Total assets less current liabilities	17,267	19,734	26,928	24,755	26,786
	Creditors: Amounts falling due after more than one year	(4,664)	(10,084)	(10,058)	(2,083)	(5,106)
	Provisions for liabilities and charges	(1,202)	(321)	(709)	(946)	(935)
		11,401	9,329	16,161	21,726	20,745
Capital employed	Preference share capital	549	549	549	549	549
	Ordinary share capital	3,586	3,586	3,586	3,586	3,736
	Reserves	7,266	5,177	12,026	17,591	16,460
	Equity minority interests	-	17	-	-	-
		11,401	9,329	16,161	21,726	20,745

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INFORMATION FOR SHAREHOLDERS

Financial Calendar	6 months to 30 June 2004 12 months to 31 December 2004 Annual General Meeting 28 May 2004
Company website	Visit www.hawtin.co.uk for information on the Group and its subsidiaries. Hawtin's corporate brokers are Bell Lawrie White & Co Limited of 48 St Vincent Street, Glasgow, G2 5TS.
Share Information	General shareholders' enquiries, requests for additional copies of the Annual Report and Accounts or Interim Statements and any queries about shareholdings (eg lost certificates, dividend payments, amalgamation of holdings or change of personal details) should be directed to the Company's Registrar, Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. Telephone enquiries may be addressed to the telephone helpline operated by the Company's Registrars on 0870 702 0001. The Ordinary Share price for Capital Gains Tax purposes in March 1982 was 7.75p.
Registered Office	Hawtin PLC, Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff, CF23 8RD. Hawtin PLC is registered in England and Wales (No 7317).
Shareholder Comments	If there are any matters on which you wish to comment, please write to the Company Secretary at Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD.