

Hawtin — PLC —

Annual Report & Accounts | **2004**

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I am pleased to be able to report a Group profit, albeit a modest one, for the first time since 2000. A profit on ordinary activities before tax for the 12 months to 31 December was enhanced through a tax credit to yield retained earnings of £222,000. This is a dramatic turnaround and a favourable contrast with the loss on ordinary activities before taxation in the previous period of £3.9 million. This reflects a positive change in fortune and stability for the Group. The profit was achieved from the underlying property income combined with a number of one-off exceptional items incurred in the rationalisation of the Group.

Earnings per share of 0.31 pence per ordinary share (2003 loss per ordinary share 5.3 pence) and net asset per ordinary share of 16.4 pence (2003 15.1 pence) are encouraging improvements. An ordinary dividend will not be payable for the year (2003 - nil).

PROPERTY

Property generated income of £691,000 before interest and tax, along with an exceptional profit of £250,000 on disposal of the former Powersport premises in Bridgend. The Group currently owns industrial premises in Bodmin and Portsmouth, plus the non-income-generating development land at Hawtin Park and a small 10 acre plot in Richmond, USA. During the year, the Group also acquired Purabuild Limited, a single-property company that owns the building which houses our Head Office.

The two industrial premises in Portsmouth and Bodmin were revalued following an external professional valuation by Donaldsons in January 2005, which resulted in a positive increase against previous values by £652,000.

The development land at Hawtin Park is valued at £5 million. Despite significant efforts, little progress has been made with planning issues during the year. Nevertheless, the Board is confident that the valuation is sound and that, when the appropriate conditions prevail, the asset will realise its potential. The premises in France formerly occupied by Aquamarine are classified in the balance sheet as an asset for resale and proceeds of sale of €450,000 were received on 23 March 2005.

EXCEPTIONAL ITEMS

Exceptional items include the outcome of a number of disparate events related to the Group's divestment in manufacturing and distribution and concentration on its core property base:

- The lease of the premises in Macclesfield where the sunbed manufacturer, Barclay Leisure Limited, previously operated was assigned, which released surplus rent and dilapidation provisions made in 2003 amounting to £144,000.
- The Group had retained certain assets and liabilities following the sale in 2003 of its US-based sunbed distribution business, Ultrabronz. During 2004, a supplementary settlement with the purchaser of Ultrabronz released warranty and lease provisions of £55,000.
- Fitness equipment previously sold on extended terms by Powersport International Limited was excluded from the business assets when the business was sold to its management in 2003. The customer had defaulted on payment and the equipment was provided against in full in 2003, as there were significant legal obstacles to its recovery. However, through 2004, the Board continued to pursue these contingent assets and has managed to agree settlement to a value of £100,000, which has contributed to 2004 results.
- The Group also successfully completed a legal action in relation to a former subsidiary company that yielded £163,000.
- In January 2004, the sale of Spaform Limited to its management was completed, and the Group received £3 million on completion. Deferred consideration of over £300,000 remained to be paid before September 2004. This date has been revised by mutual agreement to coincide with the anticipated cashflow surplus of the Spaform business. The new payment schedule is now in place and all repayments and interest charges due to date have been received. However, in the interest of prudence, deferred sums have been fully provided in these accounts with credit to be taken when the debt is collected.

for the year ended 31 December 2004

INTEREST

The net interest charge for the year ended 31 December 2004 was relatively high in proportion to the loans and overdrafts outstanding through the existence of an onerous interest rate swap agreement taken out in 2002 to hedge against future interest rates on what were at that time significantly higher Group borrowings. As borrowings have been reduced, and with a fall in long-term interest rates, this financial instrument no longer represents an effective hedge. Accordingly, a provision of £150,000 to reflect the market value of the derivative was made in 2004. Future interest charges should now more closely reflect actual net borrowings.

PREFERENCE DIVIDENDS

Preference dividends were not paid on the due dates as the Company did not have available distributable reserves. In the short term, distributable reserves are not likely to be restored until either the revaluation reserve becomes realised through the sale of the assets, or dividends are paid up from Group subsidiaries as they generate their own distributable reserves through trading or the realisation of revalued properties. The dividends are instead reflected as a separate part of the profit and loss account reserve.

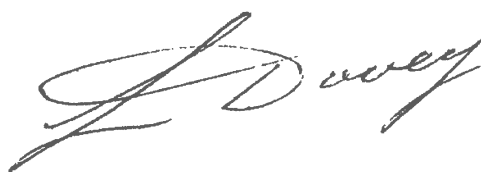
PROSPECTS

The company has largely successfully completed its transition from a group of trading companies which collectively were loss making and severely eroding shareholder funds, to a property based Group with modest borrowings and substantial cash balances available for investment opportunities.

Head Office costs are much reduced from previous levels and capacity exists for greater activity at no extra outlay. Rental income from existing properties currently covers costs. It has been a Herculean task to achieve the financial stability that exists today. The reconstruction of the Group has spanned some twenty months and has been achieved through the tremendous loyalty and support that your board has received from the executives and staff of Hawtin and its subsidiaries. Consequently I wish to express my personal thanks to them all, to my fellow Directors and, in particular, the Corporate Departments of Eversheds and Deloitte, who have

provided shareholders with new opportunity for the future.

The Board's existing property expertise has been strengthened by the arrival in the year of Andrew Perloff. It is actively seeking appropriate opportunities to build on our stable financial position.



LEONARD DOVEY
Chairman

The Directors submit their 131st Annual Report together with the Group accounts for the year ended 31 December 2004.

Principal Activities and Review of the Business

Hawtin is a holding company of a Group now principally engaged in property management. The Group's activities and future prospects are detailed in the Chairman's Statement (Pages 1 and 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 2004 and 31 December 2004 were not paid on the due dates as there were no distributable reserves, although a separate reserve has been set up to recognise the obligation. The Directors do not recommend a dividend on the Ordinary Shares.

Substantial Interests

As at 25 April 2005 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	%
The Fernback Family & Pension Scheme	7,307,183	10.2
T.W.G. Charlton	2,600,000	3.62

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 Group's average number of days purchases outstanding of Trade Creditors at 31 December 2004 was 68 days (2003 - 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; and
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors'
Registered
Interests

	Ordinary Shares of 5p each 31 December 2004	Ordinary Shares of 5p each 31 December 2003
L. Dovey	Nil	11,270,912
A. Woodhouse	250,000	-
A.S. Perloff †	21,301,312*	-

There have been no changes in the shareholding of the Directors between 31 December 2004 and the date of this report.

† Mr. A.S. Perloff is Chairman and Chief Executive of Panther Securities PLC which, along with Portnard Limited (a company controlled by Mr. Perloff and his family trusts), owns 21,301,312 Ordinary Shares in Hawtin PLC.

* As at the date of appointment July 2004.

Details of the Directors' interests in share options are given in the Directors' Remuneration Report on pages 6 and 7.

No Director has any interest in the Preference Shares.

Treasury

A summary of the Group's financial instruments is given in note 28 to the accounts. The Group treasury function seeks to minimise financial risk from exposure to currency and interest rate fluctuations. Group trading no longer generates a transaction of a routine nature in foreign currencies. Currency risks are not now considered significant.

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. For companies listed on AIM in the UK, a two-year delay to 2007 was established. The Group has considered implementation of International Financial Reporting Standards (IFRS). The first Annual Report prepared under IFRS will be that for the year ending 31 December 2007. The first financial results announcement prepared in accordance with IFRS will be those for the first half of 2007.

Corporate
Governance

As an AIM company, Hawtin PLC is not required to comply with the July 2003 FRC Combined Code or make specific disclosures regarding compliance. However, the Board seeks to apply the principles of good governance that it has established over many years. The company considers that it has an effective, balanced Board which meets regularly to:

- consider performance of the Group;
- deliberate on investment and strategic matters; and
- evaluate risks of the business.

Internal Control

The Board of Directors is responsible for the Group's system of internal controls and for reviewing its effectiveness and notes 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 being 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 2004 and up to the date of approval of the financial statements.

Financial Control: The Group has had a comprehensive 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 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.

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 Directors, Mr. A. Woodhouse (Chairman) and Mr. A.S. Perloff and Mr. L. Dovey, 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.

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

S.H.P. Morgan
Secretary
25 April 2005

DIRECTORS' BIOGRAPHIES

Len Dovey

Chairman and Chief Executive, aged 77.

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 Audit Committee.

Anton Woodhouse

Non-Executive Director, aged 52.

Mr. 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.

Stephen Morgan

Executive Director and Company Secretary, aged 44.

Stephen Morgan joined the Group 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.

Andrew Perloff

Non-Executive Director, aged 60.

Andrew Perloff was appointed a Non-Executive Director in July 2004 and sits on the Audit and Remuneration Committees. Andrew has wide property interests in the UK through Panther Securities PLC, of which he is Chief Executive, and private property businesses.

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 Mr. A.S. Perloff. 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 Directors 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 Mr. S.H.P. Morgan comprise a car allowance, pension and private medical insurance. Mr. A. Woodhouse receives private medical insurance cover. No other Director receives any benefit.

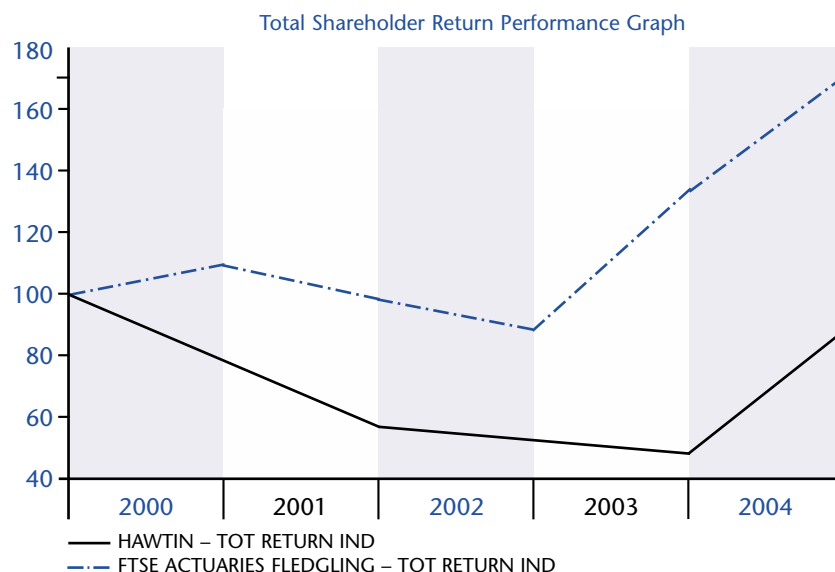
Share Options Mr. S.H.P. Morgan holds share options under the Hawtin PLC Executive Share Option Scheme 1995. Share options held and granted during the year ended 31 December 2004 are shown on page 7. The Committee grants options to Executive Directors and other employees to encourage long-term commitment 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. S.H.P. Morgan has a one-year rolling contract in accordance with the recommendations of the Hampel Code.

Pensions The Company makes contributions amounting to 10% of basic salary into the personal money purchase pension scheme of Mr. S.H.P. Morgan. He is entitled to convert part of his pension into a lump sum payment, receive life assurance cover of four times salary during employment, and allow part of his pension to be payable to dependants upon his death.

Performance graph



DIRECTORS' REMUNERATION REPORT

Audited Information

Executive Directors	Salary	Bonus	Benefits	Total 2004	Total 2003	Pension contributions	
	£000	£000	£000	£000	£000	2004	2003
						£000	£000
L. Dovey	25	-	-	25	25	-	-
R. S. Atkinson	-	-	-	-	174	-	45
W. J. Dixon ⁽¹⁾	60	-	13	73	125	6	10
S.H.P. Morgan	70	-	15	85	44	7	3
	155	-	28	183	368	13	58
Non-Executive Directors							
A. Woodhouse	25	2	-	27	13	-	-
A.S. Perloff	-	-	-	-	n/a	-	n/a
R.P. Morgan	-	-	-	-	7	-	-
	180	2	28	210	388	13	58

⁽¹⁾ Until his resignation on 9 July 2004

Share Options	As at 1 January 2004	Lapsed in the year	Exercised during the year	Options granted during the year	As at 31 December 2004	Exercise price
S H P Morgan	40,000	-	-	-	40,000	34.5
	50,000	-	-	-	50,000	15.5

The options granted may be exercised at dates before February 2010.

The market price at 31 December 2004 of Hawtin PLC 5p Ordinary Shares was 14p and the range during the year was 8p to 14.63p.

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

S.H.P. Morgan
Secretary
25 April 2005

INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF HAWTIN PLC

We have audited the financial statements of Hawtin PLC for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses, the note of historical cost profits and losses, the reconciliation of movement in shareholders' funds and the related notes 1 to 30. 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 the 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 2004 and of the profit 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 & Registered Auditors
Cardiff, UK

25 April 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2004

	Notes	Continuing operations £000	Discontinued operations £000	2004 Total £000	Continuing operations £000	Discontinued operations £000	2003 Total £000
Turnover	2	768	40	808	602	37,014	37,616
Cost of sales		(27)	(12)	(39)	(129)	(26,664)	(26,793)
Gross profit		741	28	769	473	10,350	10,823
Distribution costs		-	-	-	-	(2,722)	(2,722)
Administration expenses		(930)	(203)	(1,133)	(1,095)	(6,865)	(7,960)
Other operating income		200	100	300	34	45	79
Operating profit/(loss)	4	11	(75)	(64)	(588)	808	220
Exceptional items	3			468			(3,372)
Interest receivable				129			21
Interest payable	6			(529)			(783)
Profit/(loss) on ordinary activities before taxation				4			(3,914)
Taxation	7			254			149
Profit/(loss) for the financial year	20			258			(3,765)
Dividends	9			(36)			(36)
Retained profit/(loss) transferred to reserves				222			(3,801)
Basic and diluted profit/(loss) per ordinary share	10			0.31p			(5.30)p

Other operating income includes exceptional items amounting to £263,000 (2003 - nil) - see note 3
Administration expenses include an exceptional item of £340,000 (2003 - 148,000) - see note 3

CONSOLIDATED BALANCE SHEET

as at 31 December 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Tangible assets	11		14,405		14,603
Current assets					
Stocks	14	-		563	
Debtors	15	1,240		4,650	
Cash at bank and in hand		2,654		1,011	
		3,894		6,224	
Creditors: amounts falling due within one year	16	(1,482)		(3,560)	
Net current assets			2,412		2,664
Total assets less current liabilities			16,817		17,267
Creditors: amounts falling due after more than one year	17		(4,502)		(4,664)
Provisions for liabilities and charges	18		-		(1,202)
			12,315		11,401
Capital and reserves					
Called up share capital	19		4,135		4,135
Share premium	20		2,586		2,586
Revaluation reserve	20		5,786		5,422
Capital redemption reserve	20		150		150
Unpaid dividends reserve	20		36		-
Profit and loss account	20		(378)		(892)
Shareholders' funds			12,315		11,401
Attributable to equity shareholders			11,730		10,852
Attributable to non-equity shareholders			585		549
			12,315		11,401

These financial statements were approved by the Board of Directors on 25 April 2005.

Signed on behalf of the Board of Directors

Leonard Dovey
Director

COMPANY BALANCE SHEET

as at 31 December 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Fixed assets					
Tangible assets	11		4,943		4,955
Investments	13		15		26
			<u>4,958</u>		<u>4,981</u>
Current assets					
Debtors	15	682		5,498	
Cash at bank and in hand		<u>14,099</u>		<u>11,678</u>	
		<u>14,781</u>		<u>17,176</u>	
Creditors: amounts falling due within one year	16	<u>(2,087)</u>		<u>(3,082)</u>	
Net current assets			<u>12,694</u>		<u>14,094</u>
Total assets less current liabilities			<u>17,652</u>		<u>19,075</u>
Creditors: amounts falling due after more than one year	17		<u>(4,093)</u>		<u>(4,664)</u>
Provisions for liabilities and charges	18		<u>(3,148)</u>		<u>(3,450)</u>
			<u>10,411</u>		<u>10,961</u>
Capital and reserves					
Called up share capital	19		4,135		4,135
Share premium	20		2,586		2,586
Revaluation reserve	20		4,392		4,392
Capital redemption reserve	20		150		150
Unpaid dividends reserve	20		36		-
Profit and loss account	20		<u>(888)</u>		<u>(302)</u>
Shareholders' funds			<u>10,411</u>		<u>10,961</u>
Attributable to equity shareholders			<u>9,826</u>		<u>10,412</u>
Attributable to non-equity shareholders			<u>585</u>		<u>549</u>
			<u>10,411</u>		<u>10,961</u>

These financial statements were approved by the Board of Directors on 25 April 2005.

Signed on behalf of the Board of Directors

Leonard Dovey
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

	Notes	2004 £000	2004 £000	2003 £000	2003 £000
Net cash inflow/(outflow) from operating activities	21		1,323		(5,529)
Returns from investments and servicing of finance					
Interest received		129		21	
Interest paid		(612)		(780)	
Preference dividends paid		-		(36)	
Net cash outflow from returns on investments and servicing of finance			(483)		(795)
Taxation received			161		8
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(589)		(655)	
Receipts from sale of tangible fixed assets		2,010		7,997	
Net cash inflow from capital expenditure and financial investment			1,421		7,342
Acquisitions and disposals					
Acquisition of subsidiary undertaking		(15)		-	
Net cash acquired with subsidiary		22		-	
Receipts from sale of subsidiary undertakings		43		6,071	
Net (cash)/overdraft released with subsidiary undertakings		(59)		5,239	
Net cash (outflow)/inflow from acquisitions and disposals			(9)		11,310
Net cash inflow before financing			2,413		12,336
Financing					
Capital element of finance lease rentals		(27)		(280)	
Loans repaid		(743)		(5,762)	
Net cash outflow from financing			(770)		(6,042)
Increase in cash in the period	22, 23		1,643		6,294

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

for the year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) for the financial year	258	(3,765)
Exchange movements	4	(205)
Unrealised surplus on revaluation of properties	652	3,663
Total recognised gains and losses for the year	<u>914</u>	<u>(307)</u>

NOTE OF HISTORICAL COST PROFITS & LOSSES

for the year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	4	(3,914)
Realisation of property revaluation gains	288	4,251
Historical cost profit on ordinary activities before taxation	<u>292</u>	<u>337</u>
Historical cost profit on ordinary activities after taxation, and dividends	<u>510</u>	<u>450</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

for the year ended 31 December 2004

	2004 £000	2003 £000
Profit/(loss) for the financial year	258	(3,765)
Dividends	(36)	(36)
	<u>222</u>	<u>(3,801)</u>
Exchange movements	4	(205)
Unrealised surplus on revaluation of properties	652	3,663
Unpaid dividends reserve	36	-
Goodwill released on disposal of subsidiary undertakings	-	2,432
Net change to shareholders' funds	<u>914</u>	<u>2,089</u>
Opening shareholders' funds	11,401	9,312
Closing shareholders' funds	<u>12,315</u>	<u>11,401</u>

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 and the prior financial period, 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 2004. 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 profit for the financial year would have been decreased 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) **Turnover** Turnover represents amounts receivable for goods and services provided in the normal course of business, net of discounts and VAT. Property income is recognised evenly over the period of the rental agreement.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

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 lease 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. Segmental Reporting

	2004	2003
(a) Turnover	£000	£000
Continuing operations		
Property	768	602
Discontinued operations	40	37,014
	<u>808</u>	<u>37,616</u>
Geographical analysis of turnover by destination:		
United Kingdom	808	27,234
Europe	-	6,652
Other Countries	-	3,730
	<u>808</u>	<u>37,616</u>
Geographical analysis of turnover by origination:		
United Kingdom	808	34,965
United States of America	-	599
Europe	-	2,052
	<u>808</u>	<u>37,616</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

2. Segmental Reporting (continued)	2004	2004	2003	2003
(b) Operating profit/(loss)	£000	£000	£000	£000
Continuing operations				
Property income	691		426	
Less central costs	(880)		(1,048)	
Other operating income	200		34	
		11		(588)
Discontinued operations				
Operating (loss)/profit		(75)		808
		(64)		220
<hr/>				
(c) Net assets		2004		2003
		£000		£000
<hr/>				
Property		14,762		14,068
Discontinued operations		37		527
		14,799		14,595
Interest bearing liabilities		(2,450)		(4,409)
Unallocated net liabilities/(assets)*		(34)		1,215
Total net assets		12,315		11,401

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

3. Exceptional Items

	2004	2003
	£000	£000
<hr/>		
Included in administration expenses		
Provision against deferred consideration from Spaform	(340)	-
Termination of employment of Group Chief Executive	-	(148)
<hr/>		
Included in other operating income		
Recovery of debtor previously written off	100	-
Settlement of legal case	163	-
	263	-
<hr/>		
Profit/(loss) on disposal of subsidiary undertakings (note 29)	19	(1,463)
Profit on sale of fixed assets	250	155
Release of surplus provisions	199	-
Closure provisions	-	(2,064)
	468	(3,372)

4. Operating profit/(loss)

	2004	2003
	£000	£000
<hr/>		
Operating profit/(loss) is arrived at after charging/(crediting):		
Depreciation and amortisation - owned assets	12	1,454
- leased assets	-	34
Rentals under operating leases - land and buildings	25	361
- others	-	5
Profit on sale of fixed assets	-	(35)
Royalty income	-	16
Auditors' remuneration - audit fees company	10	19
- audit fees subsidiaries	4	20
- tax advisory	17	28
- tax compliance	18	34

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

5. Information regarding Directors and Employees	2004	2003
	No.	No.
(i) The average number employed by the Group within each category of person was:		
Production staff	-	253
Sales and distribution staff	-	51
Administration staff	5	80
	<u>5</u>	<u>384</u>
(ii) The costs incurred in respect of these employees were:	£000	£000
Wages and salaries	204	6,685
Social security costs	25	764
Other pension costs	15	214
	<u>244</u>	<u>7,663</u>

Details of Directors' remuneration by Director, which form part of the financial statements, are set out in the Directors' Remuneration Report on pages 6 and 7 and details of their interests in the share capital of the Company are set out in the Directors' Report on page 4.

6. Interest Payable and Similar Charges	2004	2003
	£000	£000
On bank loans, overdrafts and other borrowings	378	763
Exceptional cost of interest-rate swap	150	-
Finance charges: finance leases and hire purchase contracts	1	20
	<u>529</u>	<u>783</u>

7. Tax on profit/(loss) on Ordinary Activities	2004	2003
	£000	£000
Current taxation		
United Kingdom Corporation Tax:		
Current tax on income for the year at 30%	-	-
Prior period adjustments	(158)	-
Overseas tax	-	49
	<u>(158)</u>	<u>49</u>
Deferred taxation		
Origination and reversal of timing differences	(96)	(198)
	<u>(254)</u>	<u>(149)</u>

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:

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

7. Tax on profit/(loss) on Ordinary Activities (continued)	2004 £000	2003 £000
Profit/(loss) on ordinary activities before tax	4	(3,914)
Tax on profit/(loss) on ordinary activities before tax at 30%	1	(1,174)
Expenses not deductible for tax purposes	21	57
Depreciation for the year in excess of capital allowances	(80)	(9)
Movement in short-term timing differences	(4)	(36)
Tax losses	226	385
Prior period adjustments	(158)	-
Overseas losses	(69)	402
Profit on disposal of non-qualifying assets	-	(236)
Carry back post cessation receipts	(26)	-
Profit on disposal of capital assets covered by losses	23	-
Loss on disposal/closure of subsidiaries	-	508
Pre disposal results of subsidiaries now sold	-	98
Transfer from revaluation reserve	-	54
Exchange differences on intercompany balances	(92)	-
	<u>(158)</u>	<u>49</u>

The Group has tax losses of £3.3 million carried forward at 31 December 2004 which are recoverable when the Group can foresee future taxable profits.

8 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 £550,000 (2003 - £1,567,000).

9. Dividends	2004 £000	2003 £000
Preference dividend on non-equity Shares:		
Paid - 6.5%	-	36
Unpaid - 6.5%	36	-
	<u>36</u>	<u>36</u>
See note 20 re unpaid dividends		

10. Profit per Ordinary Share of 5p

The basic profit per Ordinary Share is based on a profit of £222,000 (2003 - loss £3,801,000), being the profit for the financial year and after deducting the preference dividends and on an average number of shares in issue of 71,728,687 (2003 - 71,728,687). Diluted earnings per ordinary share is not represented as required by FRS 14 since this would assume the exercise of out-of-the-money share options which would be irrational.

11. Tangible Fixed Assets

The Group	Properties		Plant	Total £000
	Investment £000	Other £000	equipment and vehicles £000	
Cost or valuation:				
At 1 January 2004	14,285	117	629	15,031
Additions	589	-	-	589
On disposal of subsidiary	-	-	(550)	(550)
Disposals	(1,760)	(117)	-	(1,877)
On acquisition of subsidiary	621	-	-	621
Revaluation surplus	652	-	-	652
At 31 December 2004	14,387	-	79	14,466
Depreciation and impairment:				
At 1 January 2004	-	117	311	428
Charge for the year	-	-	12	12
Disposals	-	(117)	-	(117)
On disposal of subsidiaries	-	-	(262)	(262)
At 31 December 2004	-	-	61	61
Net Book Value at 31 December 2004	14,387	-	18	14,405
Net Book Value at 31 December 2003	14,285	-	318	14,603

Investment properties are included above at valuation and are freehold which have been valued by the Directors at open market value. External valuations were carried out by Donaldsons (Chartered Surveyors) in January 2005 on the premises in Bodmin and Portsmouth at £8,650,000 which were included in the Directors valuations. The historic cost and net book value of properties are £8,904,000 and £8,601,000 respectively (2003 - £9,166,000 and £8,863,000).

The Company	Freehold	Plant	Total £000
	investment properties £000	equipment & vehicles £000	
Cost or valuation:			
At 1 January 2004	4,925	79	5,004
Additions	-	-	-
At 31 December 2004	4,925	79	5,004
Depreciation:			
At 1 January 2004	-	49	49
Charge for the year	-	12	12
At 31 December 2004	-	61	61
Net Book Value at 31 December 2004	4,925	18	4,943
Net Book Value at 31 December 2003	4,925	30	4,955

The net book value of assets held under finance lease and hire purchase contracts is £nil.
The historic cost and net book value of properties is £533,000 (2003 - £533,000).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

12. Capital Commitments	The Group	
	2004 £000	2003 £000
Authorised and contracted for but not provided in the accounts	-	350

13. Fixed Asset Investments	The Company	
	£000	
Investments in subsidiaries		
Cost:		
At 1 January 2004		4,170
Additions		15
Released on disposal of subsidiary undertakings		(83)
At 31 December 2004		4,102
Provisions:		
At 1 January 2004		4,144
Released during the year		(57)
At 31 December 2004		4,087
Net Book Value at 31 December 2004		15
Net Book Value at 31 December 2003		26

Principal Subsidiary Companies (100% shareholding)

Name	Activity
Norfleet Properties (Holdings) Limited	Estate Manager
Purabuild Limited	Property Limited

Disposal and acquisition of subsidiaries are shown in notes 29 and 30 respectively.

14. Stocks	The Group		The Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Raw materials and consumables	-	331	-	-
Work-in-progress	-	46	-	-
Finished goods and goods for resale	-	186	-	-
	-	563	-	-

15. Debtors	The Group		The Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Trade debtors	641	564	-	3
Amounts owed by Group companies	-	-	184	1,909
Other debtors	583	4,036	483	3,574
Prepayments	16	50	15	12
	1,240	4,650	682	5,498

Deferred consideration of £228,000 is due in respect of the sale of Aquamarine SARL, of which £152,000 falls due after more than one year.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

16. Creditors: Amounts falling due within one year	The Group		The Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank loans and overdrafts	602	729	6	930
Trade creditors	-	406	572	20
Amounts owed to Group companies	-	-	876	226
Other creditors	486	1,785	387	1,452
Corporation tax	5	48	-	-
Other taxation and social security	32	72	6	21
Obligations under finance lease and hire purchase contracts	-	27	-	27
Accruals	357	493	240	406
	<u>1,482</u>	<u>3,560</u>	<u>2,087</u>	<u>3,082</u>

The bank loans and overdrafts are secured by a fixed and floating charge over certain assets of the Group.

17. Creditors: Amounts falling due after more than one year	The Group		The Company	
	2004 £000	2003 £000	2004 £000	2003 £000
Bank loans	<u>4,502</u>	<u>4,664</u>	<u>4,093</u>	<u>4,664</u>

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

	2004 £000	2003 £000	2004 £000	2003 £000
1 - 2 years	577	572	545	572
2 - 5 years	1,746	1,635	1,635	1,635
5 - 10 years	2,151	2,457	1,913	2,457
Over 10 years	28	-	-	-
	<u>4,502</u>	<u>4,664</u>	<u>4,093</u>	<u>4,664</u>

18. Provisions for Liabilities and Charges	Deferred taxation £000	Closure provision £000	Total £000
The Group			
At 1 January 2004	96	1,106	1,202
Credited to the profit and loss account	(96)	(199)	(295)
Utilised during the year	-	(907)	(907)
At 31 December 2004	-	-	-
The Company			
At 1 January 2004	-	3,450	3,450
Credited to the profit and loss account	-	(59)	(59)
Utilised during the year	-	(243)	(243)
At 31 December 2004	-	3,148	3,148

The provision relates to the negative net worth of Barclay Leisure Limited.

The amounts of deferred taxation provided in the accounts are:	The Group	
	2004 £000	2003 £000
Capital allowances in excess of depreciation	-	98
Other timing differences	-	(2)
	-	96

19. Share Capital	2004 £000	2003 £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 90,000 Ordinary Shares had been granted and remain unexercised at 31 December 2004 under the Executive Share Option Scheme 1995. Options on 75,000 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. Preference Shareholders are not entitled to attend nor vote at General Meetings.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

20. Statement of Movement on Reserves

	Share premium £000	Revaluation reserve £000	Capital redemption reserve £000	Unpaid dividends reserve £000	Profit and loss account £000
The Group					
As at 1 January 2004	2,586	5,422	150	-	(892)
Released on disposal of investment properties	-	(288)	-	-	288
Revaluation surplus	-	652	-	-	-
Profit for the financial year	-	-	-	-	258
Dividends	-	-	-	36	(36)
Exchange movements	-	-	-	-	4
At 31 December 2004	2,586	5,786	150	36	(378)

The revaluation reserve relates entirely to investment properties.

The Company

As at 1 January 2004	2,586	4,392	150	-	(302)
Loss for the financial year	-	-	-	-	(550)
Dividends	-	-	-	36	(36)
At 31 December 2004	2,586	4,392	150	36	(888)

The unpaid dividend reserve recognises the obligation to pay a preference dividend in respect of 2004, although lack of distributable reserves prevents its current payment.

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

	2004 £000	2003 £000
Operating (loss)/profit	(64)	220
Exchange movements	4	(199)
Depreciation of tangible fixed assets	12	1,481
Amortisation of intangible fixed assets	-	7
Utilisation of provisions	(687)	(958)
Profit on sale of fixed assets	-	(35)
Decrease in stocks	177	573
Decrease/(increase) in debtors	3,161	(7,978)
(Decrease)/increase in creditors	(1,280)	1,360
Net cash inflow/(outflow) from operating activities	1,323	(5,529)

22. Analysis of Net Debt

	At 1 January 2004 £000	Cash flow £000	On acquisition £000	At 31 December 2004 £000
Cash in hand and at bank	1,011	1,643	-	2,654
Loans	(5,393)	743	(454)	(5,104)
Finance lease and hire purchase agreements	(27)	27	-	-
	(4,409)	2,413	(454)	(2,450)

NOTES TO THE ACCOUNTS

for the year ended 31 December 2004

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

	2004 £000	2003 £000
Increase in cash	1,643	6,294
Cash outflow from lease financing	27	280
Bank loan repaid	743	5,762
Change in net funds resulting from cash flows	2,413	12,336
Inception of finance leases	-	(116)
On (acquisition)/disposal	(454)	1,006
Movement in net funds in the year	1,959	13,226
Net debt at the start of the year	(4,409)	(17,635)
Net debt at the end of the year	(2,450)	(4,409)

24. Contingent Liabilities

The Company has guaranteed overdrafts of certain subsidiaries which at 31 December 2004 amounted to £11,472,529 (31 December 2003 - £10,687,734)

25. Pension Schemes

The Group has operated a number of defined contribution schemes. The pension charge for the year under these schemes was £15,000 (2003 - £214,000). The assets of the schemes are held separately from the Group in independently administered funds. Amounts unpaid in respect of pension contributions at 31 December 2004 were £3,000 (2003 - £3,000).

26. Transactions with Directors

During the year fitness equipment owned by the Group was purchased at fair value by Mr Len Dovey (£5,504) and Mr A Woodhouse (£1,527) of which £1,000 was outstanding at 31 December 2004. 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.

27. Operating Lease Commitments

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

	Land and Buildings 2004 £000	2003 £000
Leases which expire:		
Within one year	-	-
Within two to five years	-	129
After five years	25	56
	25	185

28. 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 15.

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 2004 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 19.

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

	Financial Assets Floating Rate	
	2004 £000	2003 £000
Sterling	3,985	-
US \$	5	719
Other	-	859
Comprising: Cash at bank	3,990	1,578

Financial liabilities

	2004			2003		
	Floating £000	Fixed £000	Total £ 000	Floating £000	Fixed £000	Total £000
Comprising: Sterling						
Bank overdrafts	1,336	-	1,336	567	-	567
Bank loans	440	4,664	5,104	-	5,393	5,393
Finance leases and hire purchase	-	-	-	-	27	27
Preference Shares	-	549	549	-	549	549
	1,776	5,213	6,989	567	5,969	6,536

The weighted average period for which interest rates are fixed, excluding Preference Shares which have no redemption period, is 49 months (2003 - 59 months). The weighted average interest rate for the fixed rate liabilities was 6.1% over the 12 month period ended 31 December 2004 (2003 - 7.1%). 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 2004 are shown in notes 16 and 17.

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

29. Disposal of subsidiary undertakings

On 25 February 2004, the sale of the business of Aquamarine SARL was completed.

	£000
Tangible fixed assets	288
Stocks	386
Debtors	249
Creditors	(737)
Cash at bank	58
Provisions	(220)
Net assets	<u>24</u>
Sale on proceeds	43
Profit on disposal	<u>19</u>

30. Acquisition of subsidiary undertakings

On 30 June 2004, Hawtin PLC purchased the entire share capital of Purabuild Limited. Purabuild Limited is a single property venture that owns Beechwood House, the Group's Head Office in Cardiff.

	£000
Tangible fixed assets	621
Creditors	(174)
Loans	(454)
Cash at bank	22
Cash consideration	<u>15</u>

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	6,958	89.2	8,640,704	12.0
5,001 - 10,000	405	5.2	3,264,898	4.5
10,001 - 50,000	337	4.3	7,584,771	10.6
50,001 - 100,000	54	0.7	3,839,735	5.4
100,001 - 1,000,000	40	0.5	12,311,711	17.2
1,000,001+	8	0.1	36,086,868	50.3
	7,802	100.0	71,728,687	100.0

By category*	No of holders	%	No of Shares	%
Individuals	7,582	97.2	29,779,645	41.5
Nominees	150	1.9	18,938,369	26.4
Trustee and investment companies	10	0.1	40,963	0.1
Limited Companies	60	0.8	22,969,710	32.0
	7,802	100.0	71,728,687	100.0

* as at 25 April 2005

Notice is hereby given that the one hundred and thirty first Annual General Meeting of Hawtin PLC will be held in the Caerdydd Suite at the Copthorne Hotel, Cardiff on 21 June 2005 at 2.30 pm 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 2004 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:
L. Dovey.
- Resolution No 3** To confirm the appointment of the following Director who was appointed during the year:
A. S. Perloff.
- 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 2006, 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 25 April 2005.

By Order of the Board

S H P Morgan

25 April 2005

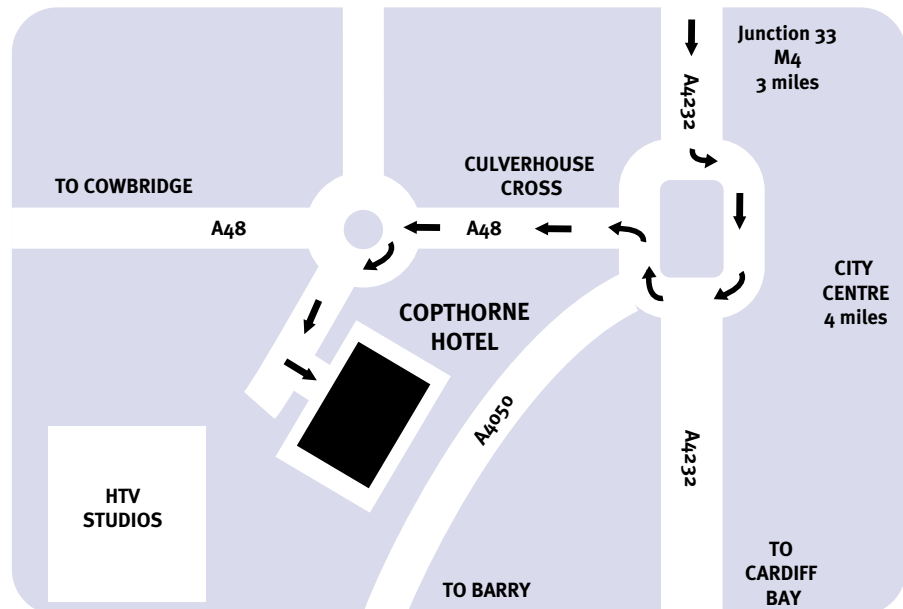
Registered Office: Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD.

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 Investor 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 19 June 2005 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 19 June 2005 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 2004. 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 2004 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 second Annual General Meeting of the Company to be held in 2006. 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 2006.

		2004	2003	15 months		
		£000	£000	2002	2001	2000
		£000	£000	£000	£000	£000
Turnover		808	37,616	53,103	50,407	52,692
Profits	Profit/(loss) before taxation	4	(3,914)	(8,075)	(5,974)	448
	Earnings/(loss) per ordinary share	0.31p	(5.30)p	(10.78)p	(7.54)p	0.8p
Assets employed	Fixed assets	14,405	14,603	22,900	24,193	21,085
	Net current assets/(liabilities)	2,412	2,664	(3,166)	2,735	3,670
	Total assets less current liabilities	16,817	17,267	19,734	26,928	24,755
	Creditors: Amounts falling due after more than one year	(4,502)	(4,664)	(10,084)	(10,058)	(2,083)
	Provisions for liabilities and charges	-	(1,202)	(321)	(709)	(946)
		12,315	11,401	9,329	16,161	21,726
Capital employed	Preference share capital	549	549	549	549	549
	Ordinary share capital	3,586	3,586	3,586	3,586	3,586
	Reserves	8,180	7,266	5,177	12,026	17,591
	Equity minority interests	-	-	17	-	-
		12,315	11,401	9,329	16,161	21,726

DIRECTIONS TO THE ANNUAL GENERAL MEETING



Leaving the M4 Motorway at Junction 33 follow the Ely Link Road (A4232) in the direction of Cardiff for approximately 3 miles to the first junction at Culverhouse Cross.

Financial Calendar	<p>6 months to 30 June 2005 12 months to 31 December 2005</p> <p>Annual General Meeting 21 June 2005</p>
Company website	<p>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.</p>
Share Information	<p>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.</p> <p>Telephone enquiries may be addressed to the telephone helpline operated by the Company's Registrars on 0870 702 0001.</p> <p>The Ordinary Share price for Capital Gains Tax purposes in March 1982 was 7.75p.</p>
Telephone Share Dealing Service	<p>The Registrars operate a telephone share dealing service which provides shareholders with a simple way of buying or selling Hawtin PLC Ordinary Shares. If you are interested in using this service please telephone 0870 703 0084. Please ensure that you have your Shareholder Reference number available when you telephone. Detailed Terms and Conditions are available by telephoning 0870 702 0000.</p>
Registered Office	<p>Hawtin PLC, Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff, CF23 8RD. Hawtin PLC is registered in England and Wales (No 7317).</p>
Shareholder Comments	<p>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.</p>