

Hawtin — PLC —

Annual Report
& Accounts
2005

C o n t e n t s

Chairman's Statement	1
Report of the Directors	2
Directors' Biographies	4
Directors' Remuneration Report	5
Independent Auditors' Report	7
Financial Statements	8
Notes to the Accounts	13
Professional Advisors	24
Analysis of Ordinary Shareholders	24
Notice of Annual General Meeting	25
Five Year Record	26
Information for Shareholders	27

The Group has produced a profit on ordinary activities before taxation of £3,000 for the twelve months to 31 December 2005 (2004 – restated loss £32,000). Without the exceptional bad debt of a tenant, the profit would have been a much less modest £121,000. Reported operating profit, however, was £215,000 which represented a significant improvement against an £11,000 profit from continuing activities in 2004. Whilst both years' results are distorted by exceptional costs, and 2004 by exceptional income, the message that the figures portray is of a stable business with profit potential.

Earnings per ordinary share amounted to 0.01 pence (2004 – 0.31 pence) and net assets per ordinary share was steady at 16.4 pence (2004 - 16.4 pence).

Your Board has continued the process of returning Hawtin to being a stable property-based group. Head office costs have been further reduced as the legacy issues have been managed away, and the net interest burden for the year has reduced again. The business generated cash flow of £505,000 that contributed significantly to the reduction in borrowings of £601,000.

As mentioned above, the Group suffered a bad debt in the year as one of its tenants, Spaform, went into administration. Spaform had previously been purchased from Hawtin by its management and deferred consideration due to Hawtin had been provided in the 2004 accounts. Although some nominal sums were recovered early in 2005, and rent paid until September, rent after that date and ancillary charges amounting to £118,000 were unpaid when the administrator was appointed. The business was immediately purchased from the administrator and the new business took an assignment of the existing lease with only minor rent concessions. The new enterprise has paid rent to terms. Your Board is as confident as it can be that the rental stream is secure in the short term, and that the investment value of the building is not impaired.

A new tenancy commenced during the year at the Group's head office at Cardiff Gate to increase future rental income by £30,000 per annum.

In March it was announced that contracts had been exchanged on the sale of the development land at Hawtin Park for £5.15 million. The profit on this disposal falls outside of the year currently being reported. Proceeds of the sale will be utilised to acquire income generating investments. This sale has underwritten the current value of Hawtin shares.

In November 2005, the Board announced that talks with Panther Securities over a potential offer for the company had ceased. In February 2006, the Company was informed that Panther Securities had disposed of most of its shareholding and Mr. Andrew Perloff, its chief executive, resigned from the Board of Hawtin. Most of the shares sold by Panther Securities were acquired by Gracelands Investments Limited.

I am very pleased that the Hawtin Board has subsequently been strengthened by the appointment of Richard Hayward, who is deemed to be interested in the shares owned by Gracelands Investments Limited. I have known Richard for some years through his private property activities and have no doubt that he will add activity and expertise to the Group.

PROSPECTS

The changes to the Board will strengthen the future prospects of the Group. Existing cash balances will be enhanced by the proceeds from the sale of Hawtin Park land. Hawtin is now a stable base from which new ventures may be launched. I look forward to announcing in due course a number of new initiatives that will grow the profitability of the Group.



LEONARD DOVEY
Chairman

The Directors submit their 132nd Annual Report together with the Group accounts for the year ended 31 December 2005.

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 (Page 1) 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 2005 and 31 December 2005 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 24 April 2006 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	%
Gracelands Investments Ltd	21,500,000	29.9
The Fernback Family & Pension Scheme	8,142,183	11.4
T.W.G. Charlton	2,600,000	3.6
C.J. Hazell	3,425,000	4.8

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 2005 was 87 days (2004 - 68 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 2005	Ordinary Shares of 5p each 31 December 2004
L. Dovey	-	-
A. Woodhouse	350,000	350,000
A.S. Perloff	21,301,312	21,301,312
S.H.P. Morgan	-	-

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), owned 21,301,312 Ordinary Shares in Hawtin PLC at 31 December 2005. On 8 February 2006, Panther Securities PLC and Portnard Limited each sold 9,898,000 Ordinary Shares respectively. Also on 8 February 2006, Mr. L. Dovey and Mr. A. Woodhouse purchased 250,000 and 125,000 Ordinary Shares respectively. There have been no other changes in the shareholding of the Directors between 31 December 2005 and the date of this report.

Mr A.S. Perloff resigned from the board on 15 February 2006.

Mr R.L. Hayward was appointed to the Board on 23 February 2006. He is deemed to be interested in the 21,500,000 Ordinary Shares registered in the name of Gracelands Investments Limited.

Details of the Directors' interests in share options are given in the Directors' Remuneration Report on pages 5 and 6.

Treasury

No Director has any interests in the Preference Shares.

A summary of the Group's financial instruments is given in note 25 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 that 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 misstatement 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 2005 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 comprised the Non-Executive Directors, Mr. A. Woodhouse (Chairman) and Mr. A.S. Perloff, up to the date of his resignation, and the Chairman 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
24 April 2006

DIRECTORS' BIOGRAPHIES

Len Dovey

Chairman, aged 78.

Appointed a Non-Executive Director in 1971 and Chairman in 1982. 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 53.

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 45.

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.

Richard Hayward

Chief Executive, aged 55.

Mr R.L. Hayward was appointed to the Board in February 2006. Richard has a wide range of property development experience. He has operated a private property company for the last ten years, involved in managing properties for landlords and providing consultancy and project management services to substantial property development enterprises.

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, Mr. A. Woodhouse (Chairman) and 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 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.

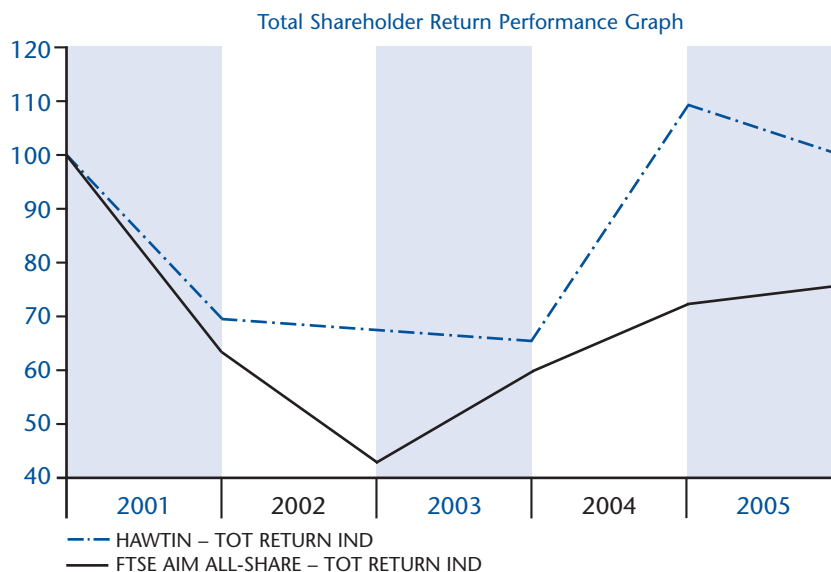
Share Options Mr. S.H.P. Morgan holds share options under the Hawtin PLC Executive Share Option Scheme 1995. Share options held and granted during the year ended 31 December 2005 are shown on the following page. The committee grants options to Executive Directors and other employees to encourage long-term 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 2005	Total 2004	Pension contributions	
	£000	£000	£000	£000	£000	2005	2004
L. Dovey	25	-	-	25	25	-	-
W. J. Dixon ⁽¹⁾	-	-	-	-	73	-	10
S.H.P. Morgan	75	5	15	95	85	8	3
	100	5	15	120	183	8	13

Non-Executive Directors							
A. Woodhouse	25	5	1	31	27	-	-
A.S. Perloff ⁽²⁾	-	-	-	-	-	-	-
	125	10	16	151	210	8	13

⁽¹⁾ Until his resignation on 9 July 2004

⁽²⁾ Mr A.S. Perloff resigned from the board on 15 February 2006.

Share Options	As at 1 January 2005	Lapsed in the year	Exercised during the year	Options granted during the year	As at 31 December 2005	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 2005 of Hawtin PLC 5p Ordinary Shares was 13p and the range during the year was 11.25p to 14.8p.

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

S.H.P. Morgan
Secretary
24 April 2006

INDEPENDENT AUDITORS' REPORT TO
THE MEMBERS OF HAWTIN PLC

We have audited the group and individual company financial statements (the "financial statements") of Hawtin PLC for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the note of historical costs, profits and losses, and the reconciliation of movements in shareholders funds, the balance sheets, the consolidated cash flow statement and the related notes 1 to 26.

These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice are set out in the statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant framework and are properly prepared in accordance with the Companies Act 1985. We also report 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 have also audited the information in the part of the directors' remuneration report that is described as having been audited. We read the other information within the annual report, and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report and the chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information. 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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. 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 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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the group and the individual company as at 31 December 2005 and of the profit of the group for the year then ended; and
- 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.

Deloitte & Touche LLP
Chartered Accountants & Registered Auditors
Cardiff, United Kingdom

24 April 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

	Notes	2005 Total £000	Continuing operations £000	Discontinued operations £000	2004 Total £000
Turnover	2	701	768	40	808
Cost of sales		(23)	(27)	(12)	(39)
Gross profit		678	741	28	769
Administration expenses		(489)	(930)	(203)	(1,133)
Other operating income		26	200	100	300
Operating profit/(loss)	2,4	215	11	(75)	(64)
Exceptional items	3	-			468
Interest receivable		155			129
Interest payable *	6	(367)			(565)
Profit/(loss) on ordinary activities before taxation *		3			(32)
Taxation	7	2			254
Profit for the financial year *		5			222
Basic and diluted profit per ordinary share	9	0.01p			0.31p

Administration expenses include an exceptional item of £118,000 (2004 - £340,000) - see note 3

Other operating income in 2004 includes exceptional items amounting to £263,000 - see note 3

Figures for 2005 relate to continuing operations

*Figures for 2004 have been restated - see note 1

CONSOLIDATED BALANCE SHEET

as at 31 December 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Tangible assets	10		14,393		14,405
Current assets					
Debtors	13	376		1,240	
Cash at bank and in hand		2,558		2,654	
		2,934		3,894	
Creditors: amounts falling due within one year	14	(1,042)		(1,482)	
Net current assets			1,892		2,412
Total assets less current liabilities			16,285		16,817
Creditors: amounts falling due after more than one year *	15		(4,478)		(5,051)
			11,807		11,766
Capital and reserves					
Called up share capital *	17		3,586		3,586
Share premium	18		2,586		2,586
Revaluation reserve	18		5,604		5,786
Capital redemption reserve	18		150		150
Unpaid dividends reserve	18		72		36
Profit and loss account	18		(191)		(378)
Shareholders' funds *			11,807		11,766
Attributable to equity shareholders			11,735		11,730
Attributable to non-equity shareholders			72		36
			11,807		11,766

*Figures for 2004 have been restated - see note 1

These financial statements were approved by the Board of Directors on 24 April 2006.

Signed on behalf of the Board of Directors

Leonard Dovey
Director

COMPANY BALANCE SHEET

as at 31 December 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Tangible assets	10		4,931		4,943
Investments	12		15		15
			<u>4,946</u>		<u>4,958</u>
Current assets					
Debtors	13	3,681		682	
Cash at bank and in hand		9,737		14,099	
		<u>13,418</u>		<u>14,781</u>	
Creditors: amounts falling due within one year	14	(931)		(2,087)	
Net current assets			12,487		12,694
Total assets less current liabilities			17,433		17,652
Creditors: amounts falling due after more than one year *	15	(4,097)		(4,642)	
Provisions for liabilities and charges	16	(3,185)		(3,148)	
			<u>10,151</u>		<u>9,862</u>
Capital and reserves					
Called up share capital *	17		3,586		3,586
Share premium	18		2,586		2,586
Revaluation reserve	18		4,392		4,392
Capital redemption reserve	18		150		150
Unpaid dividends reserve	18		72		36
Profit and loss account	18		(635)		(888)
Shareholders' funds *			10,151		9,862
Attributable to equity shareholders			10,079		9,826
Attributable to non-equity shareholders			72		36
			<u>10,151</u>		<u>9,862</u>

*Figures for 2004 have been restated - see note 1

These financial statements were approved by the Board of Directors on 24 April 2006.

Signed on behalf of the Board of Directors

Leonard Dovey
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

	Notes	2005 £000	2005 £000	2004 £000	2004 £000
Net cash inflow from operating activities	19		751		1,323
Returns from investments and servicing of finance					
Interest received		155		129	
Interest paid		(399)		(612)	
Net cash outflow from returns on investments and servicing of finance			(244)		(483)
Taxation (paid)/received			(2)		161
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		-		(589)	
Receipts from sale of tangible fixed assets		-		2,010	
Net cash inflow from capital expenditure and financial investment			-		1,421
Acquisitions and disposals					
Acquisition of subsidiary undertaking		-		(15)	
Net cash acquired with subsidiary		-		22	
Receipts from sale of subsidiary undertakings		-		43	
Net cash released with subsidiary undertakings		-		(59)	
Net cash outflow from acquisitions and disposals			-		(9)
Net cash inflow before financing			505		2,413
Financing					
Capital element of finance lease rentals		-		(27)	
Loans repaid		(601)		(743)	
Net cash outflow from financing			(601)		(770)
(Decrease)/increase in cash in the year	20,21		(96)		1,643

STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

for the year ended 31 December 2005

	2005 £000	2004 £000
Profit for the financial year *	5	222
Exchange movements	-	4
Unrealised surplus on revaluation of properties	-	652
Total recognised gains for the year *	<u>5</u>	<u>878</u>

NOTE OF HISTORICAL COST PROFITS & LOSSES

for the year ended 31 December 2005

	2005 £000	2004 £000
Profit/(loss) on ordinary activities before taxation *	3	(32)
Realisation of property revaluation gains	-	288
Historical cost profit on ordinary activities before taxation *	<u>3</u>	<u>256</u>
Historical cost profit on ordinary activities after taxation *	<u>5</u>	<u>510</u>

RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS' FUNDS

for the year ended 31 December 2005

	2005 £000	2004 £000
Profit for the financial year *	5	222
Exchange movements	-	4
Unrealised surplus on revaluation of properties	-	652
Unpaid dividends reserve	<u>36</u>	<u>36</u>
Net change to shareholders' funds *	41	914
Opening shareholders' funds *	11,766	10,852
Closing shareholders' funds *	<u>11,807</u>	<u>11,766</u>

*Figures for 2004 have been restated - see note 1

1. Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom 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 financial statements have been prepared on a basis consistent with the accounting policies disclosed in the Annual Report for the year ended 31 December 2004, except for the adoption of FRS 25 *Financial Instruments: Disclosure Presentation*. This standard requires that Preference Shares of £548,750 are classified as a liability rather than as share capital, reducing net assets and shareholders' funds by £548,750 from the figure previously reported. Additionally, the accrual for the Cumulative Preference Share Dividend of £36,000 in the year ended 31 December 2004 is now reported within interest, rather than as a dividend, reducing the profit for the financial year by the same amount. The particular accounting policies adopted, which have been applied consistently throughout the financial 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 2005. 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 have ceased trading, results are included to the date of sale or cessation of activities.
- c) **Taxation** Current taxation is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.
- 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) **Investments** Fixed asset investments are stated at cost less provision for impairment.
- e) **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%

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

1. Accounting Policies (continued)

- f) **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.
- g) **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.
- h) **Grants** Revenue based grants are credited to the profit and loss account on a receivable basis.
- i) **Pension Costs** The Group operates defined contribution pension schemes. The charge for the year represents contributions payable in the year.
- j) **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.
- k) **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

	2005	2004
	£000	£000
(a) Turnover		
Continuing operations		
Property	701	768
Discontinued operations	-	40
	<u>701</u>	<u>808</u>

Turnover relates to the Group's principal activity and arises in the United Kingdom.

	2005	2005	2004	2004
	£000	£000	£000	£000
(b) Operating profit/(loss)				
Continuing operations				
Property income	547		691	
Less central costs	(358)		(880)	
Other operating income	26		200	
		<u>215</u>		<u>11</u>
Discontinued operations				
Operating profit/(loss)		<u>215</u>		<u>(64)</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

2. Analysis of Results by Division (continued)	2005	2005	2004	2004
(c) Net assets		£000		£000
Property		14,298		14,762
Discontinued operations		-		37
		<u>14,298</u>		<u>14,799</u>
Interest bearing liabilities		(2,494)		(2,999)
Unallocated net assets/(liabilities) *		<u>3</u>		<u>(34)</u>
Total net assets		<u>11,807</u>		<u>11,766</u>

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

3. Exceptional Items

	2005	2004
	£000	£000
Included in administration expenses		
Provision against deferred consideration from Spaform	-	(340)
Bad debt from tenant	<u>(118)</u>	<u>-</u>
Included in other operating income		
Recovery of debtor previously written off	-	100
Settlement of legal case	<u>-</u>	<u>163</u>
		<u>263</u>
Profit on disposal of subsidiary undertakings	-	19
Profit on sale of fixed assets	-	250
Release of surplus provisions	<u>-</u>	<u>199</u>
		<u>468</u>

4. Operating Profit/(Loss)

	2005	2004
	£000	£000
Operating profit/(loss) is arrived at after charging:		
Depreciation and amortisation - owned assets	12	12
Rentals under operating leases - land and buildings	25	25
- others	-	-
Auditors' remuneration - audit fees company	10	10
- audit fees subsidiaries	5	4
- tax advisory	-	17
- tax compliance	<u>8</u>	<u>18</u>

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

5. Information regarding Directors and Employees	2005 No.	2004 No.
(i) The average number employed by the Group and the Company within each category of person was:		
Administration staff	5	5
(ii) The costs incurred in respect of these employees were:	£000	£000
Wages and salaries	154	204
Social security costs	16	25
Other pension costs	9	15
	179	244

Details of Directors' remuneration by Director, which form part of the financial statements, are set out in the Directors' Remuneration Report on pages 5 and 6 and details of their interests in the share capital of the Company are set out in the Directors' Report on page 3.

6. Interest Payable and Similar Charges	2005 £000	2004 £000
On bank loans, overdrafts and other borrowings	331	528
On Preference Shares - see note 15	36	36
Finance charges: finance leases and hire purchase contracts	-	1
	367	565

7. Tax on Profit/(Loss) on Ordinary Activities	2005 £000	2004 £000
Current taxation		
United Kingdom Corporation Tax:		
Release of over-provision in previous year	2	-
Sale of tax losses	-	158
	2	158
Deferred taxation		
Origination and reversal of timing differences	-	96
	2	254

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30% (2004 - 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 reconciliation:

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

7. Tax on profit on Ordinary Activities (continued)	2005 £000	2004 £000
Profit/(loss) on ordinary activities before tax	3	(32)
Tax on profit/(loss) on ordinary activities before tax at 30%	(1)	10
Expenses not deductible for tax purposes	(3)	(21)
Capital allowances for the year in excess of depreciation	111	80
Movement in short-term timing differences	1	4
Tax losses not utilised	(121)	(226)
Prior period adjustments	2	158
Overseas losses	7	69
Carry back post cessation receipts	8	26
Profit on disposal of capital assets covered by losses	-	(23)
Preference share dividend charged as interest	(11)	(11)
Non-taxable income	9	-
Exchange differences on inter-company balances	-	92
	<u>2</u>	<u>158</u>

The Group has tax losses of £3.7 million carried forward at 31 December 2005 which are recoverable when the Group can foresee future taxable profits.

8. Profit/(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 profit for the financial year amounted to £253,000 (2004 loss - £550,000).

9. Profit per Ordinary Share of 5p

The basic profit per Ordinary Share is based on a profit of £5,000 (2004 - £222,000), 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 (2004 - 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.

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

10. Tangible Fixed Assets

The Group	Freehold investment properties £000	Plant equipment and vehicles £000	Total £000
Cost or valuation:			
At 1 January 2005	14,387	79	14,466
Disposals	-	(31)	(31)
At 31 December 2005	14,387	48	14,435
Depreciation and impairment:			
At 1 January 2005	-	61	61
Charge for the year	-	12	12
Disposals	-	(31)	(31)
At 31 December 2005	-	42	42
Net Book Value at 31 December 2005	14,387	6	14,393
Net Book Value at 31 December 2004	14,387	18	14,405
	Freehold investment properties £000	2005 £000	2004 £000
Properties			
Cost	-	-	-
Valuation	14,387	14,387	14,387
	14,387	14,387	14,387

Investment properties have been valued by the Directors at open market value. The properties were valued by external professional valuers at dates between April 2004 and January 2005. The historic cost and net book value of properties are £8,837,000 and £8,783,000 respectively (2004 - £8,837,000 and £8,783,000).

The Company

Cost or valuation:			
At 1 January 2005	4,925	79	5,004
Disposals	-	(31)	(31)
At 31 December 2005	4,925	48	4,973
Depreciation:			
At 1 January 2005	-	61	61
Charge for the year	-	12	12
Disposals	-	(31)	(31)
At 31 December 2005	-	42	42
Net Book Value at 31 December 2005	4,925	6	4,931
Net Book Value at 31 December 2004	4,925	18	4,943

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 (2004 - £533,000).

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

11. Future Capital Expenditure

	The Group	
	2005	2004
	£000	£000
Authorised and contracted for but not provided in the accounts	4	-

12. Fixed Asset Investments

	The Company
	£000
Investments in subsidiaries	
Cost:	
At 1 January 2005 and 31 December 2005	4,102
Provisions:	
At 1 January 2005 and 31 December 2005	(4,087)
Net Book Value:	
At 31 December 2005 and 31 December 2004	<u>15</u>

Principal Subsidiary Companies (100% shareholding)

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

13. Debtors

	The Group		The Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Trade debtors	22	641	-	-
Amounts owed by Group companies	-	-	3,334	184
Other debtors	346	583	332	483
Prepayments	8	16	15	15
	<u>376</u>	<u>1,240</u>	<u>3,681</u>	<u>682</u>

Deferred consideration of £146,000 is due in respect of the sale of Aquamarine SARL, of which £73,000 falls due after more than one year.

14. Creditors: Amounts falling due within one year

	The Group		The Company	
	2005	2004	2005	2004
	£000	£000	£000	£000
Bank loans and overdrafts	574	602	549	578
Amounts owed to Group companies	-	-	8	876
Other creditors	225	486	163	387
Corporation tax	-	5	-	-
Other taxation and social security	11	32	8	6
Accruals	232	357	203	240
	<u>1,042</u>	<u>1,482</u>	<u>931</u>	<u>2,087</u>

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

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

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

	The Group		The Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Bank loans	3,929	4,502	3,548	4,093
6.5% Cumulative Preference Shares	549	549	549	549
	<u>4,478</u>	<u>5,051</u>	<u>4,097</u>	<u>4,642</u>

The Cumulative Preference Shares have no fixed repayment date and 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 or vote at General Meetings.

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

	The Group		The Company	
	2005 £000	2004 £000	2005 £000	2004 £000
1 - 2 years	576	577	545	545
2 - 5 years	1,746	1,746	1,635	1,635
5 - 10 years	1,607	2,151	1,368	1,913
Over 10 years	-	28	-	-
	<u>3,929</u>	<u>4,502</u>	<u>3,548</u>	<u>4,093</u>

16. Provisions for Liabilities and Charges

	Closure Provision £000
The Company	
At 1 January 2005	3,148
Charged to the profit and loss account	37
At 31 December 2005	<u>3,185</u>

The closure provision relates to irrecoverable inter-company balances of Barclay Leisure Limited following the closure of the business.

17. Called up Share Capital

	2005 £000	2004 £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

17. Called up Share Capital (continued)

Options

Options on 90,000 Ordinary Shares had been granted and remain unexercised at 31 December 2005 under the Executive Share Option Scheme 1995. The remaining options may be exercised at between 15.5p and 34.5p before 2010.

Under FRS 25 *Financial Instruments: Disclosure and Presentation* Preference Shares are now disclosed under Creditors: amounts falling due after more than one year - see note 15.

18. Statement of Movement on Reserves

	Share premium	Revaluation reserve	Capital redemption reserve	Unpaid dividends reserve	Profit and loss account
	£000	£000	£000	£000	£000
The Group					
As at 1 January 2005	2,586	5,786	150	36	(378)
Released on disposal of investment properties	-	(182)	-	-	182
Profit for the financial year	-	-	-	-	5
Dividends	-	-	-	36	-
At 31 December 2005	2,586	5,604	150	72	(191)

The revaluation reserve relates entirely to investment properties.

The Company

As at 1 January 2005	2,586	4,392	150	36	(888)
Profit for the financial year	-	-	-	-	253
Dividends	-	-	-	36	-
At 31 December 2005	2,586	4,392	150	72	(635)

The unpaid dividend reserve recognises the obligation to pay a preference dividend in respect of 2004 and 2005, although lack of distributable reserves prevents its current payment.

19. Net Cash Inflow from Operating Activities

	2005 £000	2004 £000
Operating profit/(loss)	215	(64)
Exchange movements	-	4
Depreciation of tangible fixed assets	12	12
Utilisation of provisions	-	(687)
Decrease in stocks	-	177
Decrease in debtors	864	3,161
Decrease in creditors	(340)	(1,280)
Net cash inflow from operating activities	751	1,323

NOTES TO THE ACCOUNTS

for the year ended 31 December 2005

20. Analysis of Net Debt

	At 1 January 2005 £000	Cash Flow £000	At 31 December 2005 £000
Cash in hand and at bank	2,654	(96)	2,558
Loans	(5,104)	601	(4,503)
Preference shares *	(549)	-	(549)
	(2,999)	505	(2,494)

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

	2005 £000	2004 £000
(Decrease)/increase in cash	(96)	1,643
Cash outflow from lease financing	-	27
Bank loan repaid	601	743
Change in net funds resulting from cash flows	505	2,413
On acquisition	-	(454)
Movement in net funds in the year	505	1,959
Net debt at the start of the year *	(2,999)	(4,958)
Net debt at the end of the year *	(2,494)	(2,999)

22. Contingent Liabilities

The Company has guaranteed overdrafts of certain subsidiaries which, at 31 December 2005, amounted to £7,182,966 (2004 - £11,472,529).

23. Pension Schemes

The Group has operated a number of defined contribution schemes. The pension charge for the year under these schemes was £9,000 (2004 - £15,000). 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 2005 were nil (2004 - £3,000).

24. Transactions with Directors

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

*Figures for 2004 have been restated - see note 1

25. Financial Instruments

The Group's policies as regards derivatives and financial instruments are set out in the Directors' Report on page 3 and the accounting policies on page 14.

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 2005 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 with a principal of £6,000,000 for 7 years at a rate fixed at 5.37% plus margin.

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

	Financial Assets Floating Rate	
	2005 £000	2004 £000
Sterling	2,538	3,984
US \$	-	5
Euro	20	-
Comprising: Cash at bank	<u>2,558</u>	<u>3,989</u>

Financial liabilities

	2005			2004		
	Floating £000	Fixed £000	Total £000	Floating £000	Fixed £000	Total £000
Comprising: Sterling						
Bank overdrafts	-	-	-	1,336	-	1,336
Bank loans	379	3,550	3,929	440	4,664	5,104
Preference Shares	-	549	549	-	549	549
	<u>379</u>	<u>4,099</u>	<u>4,478</u>	<u>1,776</u>	<u>5,213</u>	<u>6,989</u>

The weighted average period for which interest rates are fixed, excluding Preference Shares which have no redemption period, is 37 months (2004 - 49 months). The weighted average interest rate for the fixed rate liabilities was 6.74% over the 12 month period ended 31 December 2005 (2004 - 6.1%). 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 2005 are shown in notes 14 and 15.

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

26. Post Balance Sheet Event

On 16 March 2006, the Group exchanged contracts for the sale of its investment land at Hawtin Park, near Blackwood for a consideration of £5.15 million. The book value of the land at 31 December 2005 was £4.925 million, and the profit on disposal of £225,000 will be included in the results for the year to 31 December 2006.

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	6,710	89.8	8,211,182	11.4
5,001 - 10,000	369	5.0	2,981,442	4.2
10,001 - 50,000	301	4.0	6,870,797	9.6
50,001 - 100,000	47	0.6	3,368,335	4.7
100,001 - 1,000,000	35	0.5	11,492,264	16.0
1,000,001+	7	0.1	38,804,667	54.1
	7,469	100.0	71,728,687	100.0

By category *	No of holders	%	No of Shares	%
Individuals	7,267	97.3	28,163,699	39.3
Nominees	125	1.7	19,706,693	27.5
Trustee and investment companies	11	0.1	21,540,963	30.0
Limited companies	66	0.9	2,317,332	3.2
	7,469	100.0	71,728,687	100.0

* as at 24 April 2006

Notice is hereby given that the one hundred and thirty second Annual General Meeting of Hawtin PLC will be held in the Coch Suite at the Copthorne Hotel, Cardiff on 20 June 2006 at 10.30 am for the purpose of considering and, if thought fit, passing resolutions 1 to 7 as ordinary resolutions and resolution 8 as a special resolution.

Ordinary Business

- Resolution No 1** To receive and adopt the accounts for the 12 months ended 31 December 2005 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:
R.L. Hayward.
- 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 capital of the Company be and is hereby increased from £4,500,000 to £100,000,000 by the creation of an additional 1,910,000,000 Ordinary Shares of 5pence each.
- Resolution No 7** 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 £100,000,000 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 2007, 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 8** 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 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 24 April 2006 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 2007, 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.

By Order of the Board

S H P Morgan

24 April 2006

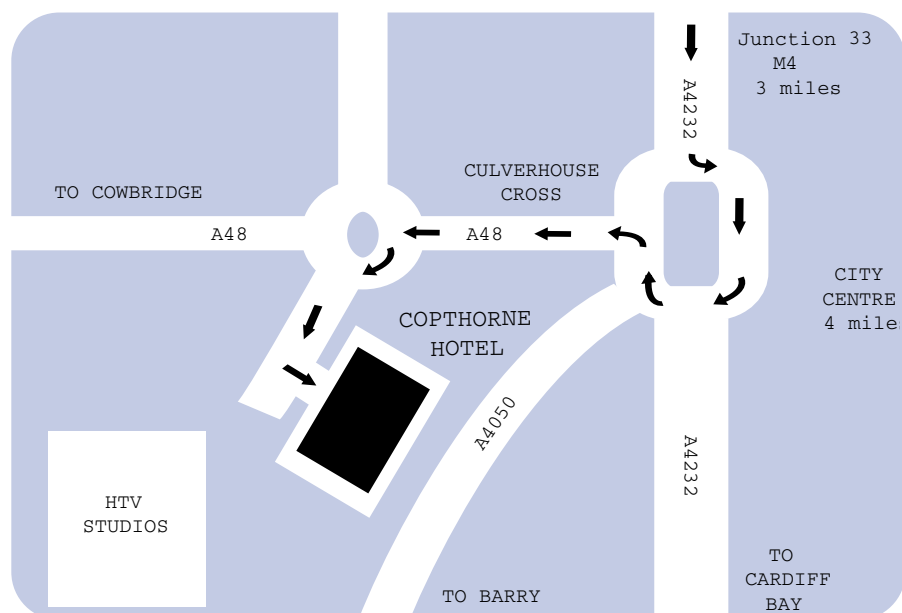
Registered Office: Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD.

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 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the Register of Members of the Company at the close of business on 18 June 2006 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 18 June 2006 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 2005. Resolution 7 seeks to renew the authority. Resolution 7 is in similar form to the resolution passed by shareholders at the Company's Annual General Meeting in 2005 and will be proposed as an ordinary resolution, to authorise the directors to allot generally relevant securities up to a maximum nominal value of £100,000,000. 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 third Annual General Meeting of the Company to be held in 2007. The directors have no present intention of using the authority proposed to be granted by Resolution 7.
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 8, 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 2007.

		2005	2004	15 months 2003	2002	2001
		£000	£000	£000	£000	£000
Turnover		701	808	37,616	53,103	50,407
Profits	Profit/(loss) before taxation	3	(32)	(3,914)	(8,075)	(5,974)
	Earnings/(loss) per ordinary share	0.01p	0.31p	(5.30)p	(10.78)p	(7.54)p
Assets employed	Fixed assets	14,393	14,405	14,603	22,900	24,193
	Net current assets/(liabilities)	1,892	2,412	2,664	(3,166)	2,735
	Total assets less current liabilities	16,285	16,817	17,267	19,734	26,928
	Creditors: Amounts falling due after more than one year	(4,478)	(5,051)	(4,664)	(10,084)	(10,058)
	Provisions for liabilities and charges	-	-	(1,202)	(321)	(709)
		11,807	11,766	11,401	9,329	16,161
Capital employed	Preference share capital	-	-	549	549	549
	Ordinary share capital	3,586	3,586	3,586	3,586	3,586
	Reserves	8,221	8,180	7,266	5,177	12,026
	Equity minority interests	-	-	-	17	-
		11,807	11,766	11,401	9,329	16,161

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 2006 12 months to 31 December 2006</p> <p>Annual General Meeting 20 June 2006</p>
Company website	<p>Visit www.hawtin.co.uk for information on the Group and its subsidiaries.</p> <p>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, Bridgewater Road, Bristol BS99 7NH.</p> <p>Telephone enquiries may be addressed to the telephone helpline operated by the Company's Registrars on 0870 703 6316.</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.</p> <p>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>

Hawtin

— PLC —

Beechwood House,
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8RD

Tel: +44 (029)2073 9480

Fax: +44 (029)2073 9481

E-mail: info@hawtin.co.uk

Web site: www.hawtin.co.uk