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A large, faded version of the Hawtin PLC logo is visible in the background of the dark blue header bar.

Hawtin  
PLC

Interim Report | **2004**

## Chairman's Statement

The first half of 2004 has seen some significant changes, our share quotation having moved from the Official Listing on the London Stock Exchange to AIM, and more recently undergone changes to the Board.

Meanwhile, the Group has continued the process started some 18 months ago, to return to its property roots. The Group has significantly reduced its half year operating loss from £614,000 to £45,000 even after incurring further cost and overhead in clearing up legacy issues.

I am pleased to say that much of the hard work and expense is now behind us, and that on an ongoing basis, rental income covers central costs and interest.

Borrowings have continued to fall, and future prospects are modestly encouraging.

### PROPERTY

The Group's core asset, the freehold property portfolio, stands at £14.6 million, yielding rental income of £820,000.

Key events since the last Chairman's Statement including:

- the completion of capital works to separate the Bodmin property, allowing occupation by a new tenant alongside former subsidiary, Gul International. Total rental income from this premises has risen from £120,000 to £237,000.
- acquisition of the freehold of Beechwood House, the Group's Head Office in Cardiff.

Development land at Hawtin Park, with a book value of £5 million, still offers significant opportunity as discussions with Planners progress. The site has both housing and industrial potential, which the Board continues to monitor.

### BOARD

In June, shares held for many years by myself, Phillip Dovey and Richard Morgan, the latter both former directors of Hawtin, were sold to companies associated with Andrew Perloff and interests associated with his family, such that 29.7% of the company's shares are under his beneficial control. Andrew Perloff has wide property interests, and he has recognised the potential of the property portfolio within Hawtin.

Andrew Perloff was subsequently invited to join the Board, and I look forward to working with him.

In July, John Dixon left the Board, after having worked his one year notice in clearing up the legacy issues.

### PROSPECTS

The Group is in a stable financial position. The Board has the necessary expertise and facilities to capitalise on its position, and either expand its property portfolio, or consider suitable alternatives.

Len Dovey

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2004

	Unaudited for the six months ended 30 June 2004	Unaudited for the six months ended 30 June 2003		£'000
	Continuing £'000	Continuing £'000	Discontinued £'000	
<b>Turnover</b>	<b>382</b>	288	25,551	<b>25,839</b>
Cost of Sales	(44)	(58)	(18,430)	(18,488)
<b>Gross profit</b>	<b>338</b>	230	7,121	<b>7,351</b>
Distribution costs	-	-	(1,542)	(1,542)
Administration expenses	(569)	(857)	(4,946)	(5,803)
Other operating income	186	13	31	44
<b>Operating Profit/(loss)</b>	<b>(45)</b>	(614)	664	50
Exceptional items	19			(3,386)
Interest Receivable	65			9
Interest Payable	(182)			(521)
<b>Loss on ordinary activities before taxation</b>	<b>(143)</b>			<b>(3,848)</b>
Taxation	-			250
<b>Loss on ordinary activities after taxation</b>	<b>(143)</b>			<b>(3,598)</b>
<b>Minority interests</b>	<b>-</b>			<b>(16)</b>
<b>Loss for the financial year</b>	<b>(143)</b>			<b>(3,614)</b>
Dividends	-			(18)
<b>Retained loss for the financial year</b>	<b>(143)</b>			<b>(3,632)</b>
<b>Loss per Ordinary Share</b>	<b>(0.20)p</b>			<b>(5.06) p</b>

## CONSOLIDATED BALANCE SHEET

As at 30 June 2004

	Unaudited 30 June 2004		Unaudited 30 June 2003	
	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>				
Tangible Assets		14,639		13,733
Intangible assets		-		609
		<u>14,639</u>		<u>14,342</u>
<b>CURRENT ASSETS</b>				
Stocks	53		5,806	
Debtors	1,448		11,488	
Cash at bank and in hand	1,475		5,941	
	<u>2,976</u>		<u>23,235</u>	
<b>CREDITORS</b> : amounts falling due within one year	(1,448)		(24,480)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>1,528</u>		<u>(1,245)</u>
Total assets less current liabilities		16,167		13,097
<b>CREDITORS</b> : amounts falling due after more than one year	(4,364)		(5,627)	
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(541)		(305)	
		<u>11,262</u>		<u>7,165</u>
<b>CAPITAL &amp; RESERVES</b>				
Called up share capital	4,135		4,135	
Share Premium	2,586		2,586	
Revaluation Reserve	5,422		1,663	
Capital Redemption Reserve	150		150	
Profit and loss account	(1,031)		(1,402)	
		<u>11,262</u>		<u>7,165</u>
<b>SHAREHOLDERS FUNDS' MINORITY INTERESTS</b>				
		11,262		7,132
		-		33
		<u>11,262</u>		<u>7,165</u>
Attributable to Equity Shareholders	10,713		6,583	
Attributable to Non Equity Shareholders	549		549	
	<u>11,262</u>		<u>7,132</u>	

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2004

	Unaudited Six months ended 30 June 2004		Unaudited Six months ended 30 June 2003	
	£'000	£'000	£'000	£'000
<b>Net cash inflow/(outflow) from operating activities</b>		1,388		(4,233)
<b>Returns from investments and servicing of finance</b>				
Interest received	64		9	
Interest paid	(181)		(515)	
Preference dividends paid	-		(18)	
	<u>64</u>		<u>9</u>	
Net cash outflow from returns on investments and servicing of finance		(117)		(524)
Taxation paid		-		(116)
<b>Capital expenditure and financial investment</b>				
Receipts from sale of subsidiary undertaking	43		972	
Cash balances released with subsidiary undertakings	(59)		-	
Payments to acquire tangible fixed assets	(332)		(320)	
Receipts from sale of tangible fixed assets	-		7,240	
	<u>43</u>		<u>972</u>	
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>		(348)		7,892
<b>Net cash inflow before financing</b>		<u>923</u>		<u>3,019</u>
<b>Financing</b>				
Capital element of finance lease rentals	(27)		(183)	
Loans repaid	(432)		(5,453)	
	<u>(459)</u>		<u>(5,636)</u>	
<b>Net cash outflow from financing</b>		(459)		(5,636)
<b>Increase/(decrease) in cash in the period</b>		<u>464</u>		<u>(2,617)</u>

<b>STATEMENT OF RECOGNISED GAINS AND LOSSES</b> <b>For the six months ended 30 June 2004</b>	<b>2004</b> <b>£'000</b>	2003 £'000
Loss for the financial year	(143)	(3,614)
Exchange movements	<u>4</u>	<u>(150)</u>
Total recognised gains and losses for the period	<u>(139)</u>	<u>(3,764)</u>

**NOTE OF HISTORICAL COST PROFITS & LOSSES**  
**For the Six Months ended 30 June 2004**

Reported loss on ordinary activities before taxation	(143)	(3,848)
Realisation of property revaluation gains	-	4,348
Goodwill on disposed business	-	1,602
Additional depreciation on the revaluation surplus	<u>-</u>	<u>7</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>(143)</u>	<u>2,109</u>
Historical cost profit/(loss) on ordinary activities after taxation, Minority interests and dividends	<u>(143)</u>	<u>2,325</u>

**RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**  
**For the Six Months ended 30 June 2004**

Loss attributable to members of the company	(143)	(3,614)
Dividends	<u>-</u>	<u>(18)</u>
Exchange movements	(143)	(3,632)
Goodwill on disposed business	4	(150)
Realisation of property valuation gains	-	1,602
	<u>-</u>	<u>-</u>
Net change to shareholders' funds	(139)	(2,180)
Opening shareholders' funds	<u>11,401</u>	<u>9,312</u>
Closing shareholders' funds	<u>11,262</u>	<u>7,132</u>

NOTES

- The interim statement was approved by the Board of Directors on 15 September 2004 and is neither audited nor reviewed.
- Dividends  
The Directors do not propose an interim dividend on the ordinary Shares. The half year dividend on the 6.5% Cumulative Preference Shares was not paid on 30th June 2003 as there were no distributable reserves.
- The Earnings per Ordinary Share of 5 pence is based on a loss of £143,000 (2003 £3,632,000) being the loss after taxation and after Minority interests and Preference dividend on an average number of shares in issue of 71,728,687 (2003 71,728,687). Fully diluted Earnings per Ordinary Share is the same value as basic Earnings per Ordinary Share.
- Copies of this statement will be circulated to shareholders and will be available at the Registered Office of the Company, Beechwood House, Greenwood Close, Cardiff Gate Business Park, Cardiff CF23 8RD from 16 September 2004.