GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2010

GOODWIN PLC

www.goodwin.co.uk

Registered in England and Wales, Number 305907
Established 1883

Directors:
J. W. Goodwin *(Chairman)*
R. S. Goodwin *(Managing Director)*
F. A. Gaffney
J. Connolly
M. S. Goodwin

Secretary and registered office:
Mrs. P. Ashley, B.A., A.C.I.S.
Ivy House Foundry, Hanley,
Stoke-on-Trent, ST1 3NR

Registrar and share transfer office:
Computershare Investor Services PLC,
P.O. Box No. 82,
Bristol, BS99 7NH

Auditors:
KPMG Audit Plc,
One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

NOTICE IS HEREBY GIVEN that the SEVENTY FIFTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am on Wednesday, 13th October, 2010 at Crewe Hall, Weston Road, Crewe, Cheshire CW1 6UZ, for the purpose of considering and, if thought fit, passing the following resolutions which are proposed as ordinary resolutions.

1. To receive the report of the Directors and the audited financial statements for the year ended 30th April, 2010.

2. To approve the payment of the proposed ordinary dividend on the ordinary shares.

3. To re-elect Mr. J Connolly as a Director.

4. To approve the Directors' Remuneration Report for the year ended 30th April, 2010.

5. To re-appoint KPMG Audit Plc as auditor and to authorise the Directors to determine their remuneration.

By Order of the Board

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
23rd August, 2010

P. ASHLEY
Secretary

NOTES TO NOTICE OF ANNUAL GENERAL MEETING:

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.

2. To be valid any proxy form or other instrument appointing a proxy must be received by post, by scanned copy sent to proxies@goodwingroup.com or (during normal business hours only) by hand at Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR no later than 10.30am on 11th October, 2010.

3. The return of a completed proxy form or other such instrument will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

5. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

6. To be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the Register of Members of the Company at 10.30am on 11th October, 2010 (or, in the event of any adjournment, 10.30am on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. As at 20th August, 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 7,200,000 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 23rd August, 2010 are 7,200,000.

8. Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the Companies Act 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

9. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

GOODWIN PLC

CHAIRMAN'S STATEMENT

I am pleased to report annual pre-tax profits for the Group for the year to 30th April, 2010 of £13.3 million *(2009: £13.1 million)* on a revenue of £93.9 million *(2009: £100.7 million).*

The Directors propose to maintain the dividend and pay an ordinary dividend of 27.777p per share *(2009: 27.777p and an extraordinary dividend of 27.777p).*

The Group managed to maintain profitability during the current year despite an overall drop in sales revenue. The companies in the Refractory Division significantly improved their profitability in the face of difficult world trading conditions which was in part achieved through the realisation of synergy savings from our prior year acquisition of SRS Holdings Limited and the improved order book for our Dupré vermiculite business. Easat Antennas also achieved a record level of profitability and sales.

Our Refractory Division companies in the UK, India, Thailand, Brazil and China, which supply moulding consumables and machinery to the jewellery investment casters, have progressed in bringing their supply up to speed with the growing markets they serve. The percentage of Group sales of the Refractory Division has increased to 24% *(2009: 18%).*

Dupré Minerals has further enhanced its position as a leading world supplier of vermiculite, both exfoliated and of the raw ore, by signing an exclusive supply agreement that enables the company to distribute and sell the larger grades of vermiculite that are currently in short supply in the world.

Within the Engineering Division Goodwin International, whilst still remaining very profitable, reported profits for the year reduced by 35% as it adopted a policy of conserving the work load to protect its skill base. It is, however, pleasing to report that, although the order input for Goodwin International was some 40% down during the first six months of the financial year, by the end of the financial year ending 30th April, 2010 its order input for the whole year was down just 8% and orders for the nozzle check valves manufactured by Goodwin International had grown by 49% as compared to the previous year.

Noreva GmbH in Germany, which also makes nozzle check valves, continued to perform well in challenging market conditions.

By the end of the first half of the financial year the Board, with a greater level of confidence that the Group's financial performance was not going to be damaged by the global recession, embarked on a further £4 million of capital expenditure which we internally financed. In the UK our largest CNC machine tool to date was ordered to serve the growing demand for larger engineering components.

Two large machined casting contracts (approximating £12 million sales) for the Oakland Bridge in California and the Hardanger Bridge in Norway form work in progress and are on schedule. We have adopted a new focus on obtaining orders for engineering products with a unit weight in the higher weight range of up to 25 tonnes.

The workload for current orders remains the same as it was twelve months ago (approximately 6 months of workload) and new order potential seems more positive due to a rise in enquiries and signs that more capital projects are being released in the energy sector.

There is evidence of an international tightening of financial controls in terms of cash management where customers look to suppliers to finance their projects due to there being less liquid funds available in the market. We have strengthened our accounting team to ensure we manage the increased risk of this requirement accordingly. The Board has hedged interest rates and has secured longer five year term loan facilities (not necessarily drawn down). This will be at some cost but, due to the continued uncertainty of the ability of banks to lend money in the future, the Board considers this additional expenditure prudent. Gearing at year end was 1.8% (gearing is defined as net debt divided by equity attributable to the shareholders).

As part of the Company's resilience, autonomy in overseas subsidiaries where possible is encouraged. This is backed up by the creation of common standards enabling inter-changeability should unforeseen events occur. For example, restrictions in travel due to volcanic ash clouds mean communications, risk and business continuity assessments (ISO 17799) remain high on our corporate agenda.

The Group operates its foundry in line with a climate levy agreement and steps are being taken to meet the UK CRC deadline reporting requirements for the remainder of the Group. During the year Goodwin Steel Castings Ltd achieved certified accreditation to ISO 18001 Occupational Health and Safety in addition to its ISO 14000 Environment Management accreditation and its ISO 9001 accreditation.

The Group has engaged recently a further 38 managerial employees to help cope with our continued growth aspirations over the next five years.

Our thanks go to a growing team of multi-talented individuals from a variety of cultural backgrounds who understand the need to be hard working, quality orientated, competent and competitive. Their hard work has resulted in the Group reporting a satisfactory result this year bearing in mind that the world has been in the worst recession for 65 years.

J. W. Goodwin
Chairman

23rd August, 2010

GOODWIN PLC

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2010.

Business review

The principal activity of the Group is mechanical and refractory engineering. The consolidated results for the year may be summarised as follows:

	2010 £'000	2009 £'000
Revenue	**93,928**	100,684
Profit before taxation	**13,311**	13,115
Tax on profit	**(3,980)**	(4,003)
Profit after taxation	**9,331**	9,112

Comments on the results for the year, including business review, are given in the Chairman's statement.

Proposed dividends

The Directors recommend that an ordinary dividend of 27.777p per share be paid to shareholders on the register at the close of business on 17th September, 2010 *(2009: 27.777p per share).* The Directors do not recommend an extraordinary dividend for the year ended 30th April, 2010 *(2009: 27.777p per share).* If approved by shareholders, the final dividend will be paid to shareholders on 15th October, 2010.

Freehold land and buildings

The Directors consider that the market value of the Group's freehold land and buildings is in excess of the values disclosed in the Group balance sheet.

Directors

The Directors of the Company who have served during the year are set out below.

J. W. Goodwin	R. S. Goodwin
F. A. Gaffney	J. Connolly
M. S. Goodwin	

The interests of the Directors in the share capital of the Company at the beginning and end of the financial year were as follows:

	Number of 10p ordinary shares	
	30th April, 2010	30th April, 2009
Beneficial		
J. W. Goodwin	**5,435**	154,602
R. S. Goodwin	**179,254**	210,019
J. W. Goodwin and R. S. Goodwin	**1,946,346**	1,857,057
J. W. Goodwin and R. S. Goodwin	**1,177,087**	1,122,110
F. A. Gaffney	**7,131**	7,131
M. S. Goodwin	**173,540**	267,285
Non beneficial		
J. W. Goodwin and E. M. Goodwin	**145,122**	169,861

On 9th and 21st June, 2010 various share transactions took place. Following these transactions the Directors' beneficial and non-beneficial interests are as follows:

	Number of 10p ordinary shares	
	21st June, 2010	30th April, 2010
Beneficial		
J. W. Goodwin	**77,435**	5,435
R. S. Goodwin	**104,520**	179,254
J. W. Goodwin and R. S. Goodwin	**1,950,520**	1,946,346
J. W. Goodwin and R. S. Goodwin	**1,177,087**	1,177,087
F. A. Gaffney	**7,131**	7,131
M. S. Goodwin	**82,980**	173,540
Non beneficial		
J. W. Goodwin and E. M. Goodwin	**37,122**	145,122

The Director retiring in accordance with the Articles is Mr. J. Connolly who, being eligible, offers himself for re-election.

No Director has a service agreement with the Company, nor any beneficial interest in the share capital of any subsidiary undertaking.

The Company does not have any share option schemes for employees or Directors.

Shareholdings

The Company has been notified that as at 3rd August, 2010, the following had an interest in 3% or more of the issued share capital of the Company:

J. W. and R. S. Goodwin 1,950,520 shares (27.09%), J. W. and R. S. Goodwin 1,177,087 shares (16.35%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. T. J. W. Goodwin 258,867 shares (3.6%), J. H. Ridley 524,515 shares (7.29%), L. R. Dean 236,500 shares (3.28%).

Share capital

The Company's issued share capital comprises a single class of share capital which is divided into ordinary shares of 10p each. Information concerning the issued share capital in the Company is set out in note 18 to the financial statements on page 31.

All of the Company's shares are ranked equally and the rights and obligations attaching to the Company's shares are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in England and Wales or by writing to the Company Secretary.

There are no restrictions on the voting rights of shares and there are no restrictions in their transfer other than;

- Certain restrictions as may from time to time be imposed by laws and regulations (for example insider trading laws); and
- Pursuant to the Model Code whereby Directors of the Company require approval to deal in the Company's shares.

Additionally, the Company is not aware of any agreements between shareholders of the Company that may result in restrictions on the transfer of ordinary shares or voting rights.

The Directors have not been given the authority to issue or buy back the shares of the Company.

Significant contracts

A change in the control of the Company would result in long term loan notes amounting to £2 million becoming due on an accelerated basis. The Goodwin family who own a controlling interest in the Company currently or for the foreseeable future have no intention of relinquishing their controlling interest.

Research and Development

The Group continues to invest in research and development activities. Expenditure continued to be incurred during the year within Goodwin Steel Castings Limited on the production of nickel alloy castings for the next generation of heat efficient power stations.

Risks and Uncertainties

The Group's operations expose it to a variety of risks and uncertainties, including:

Market risk: The Group provides a range of products and services, and there is a risk that the demand for these services will vary from time to time because of competitor action or economic cycles. As shown in Note 2 to the financial statements, the Group operates across a range of geographical regions, and its turnover is split across the UK, Europe, North America, the Pacific Basin and the rest of the world. This spread reduces risk in any one territory. Similarly, the Group operates in both mechanical and refractory engineering sectors, mitigating the risk of a downturn in any one product area. The potential risk of the loss of any key customer is limited as, typically, no single customer accounts for more than 10% of turnover.

Technical risk: The Group develops and launches new products as part of its strategy to enhance the long-term value of the Group. Such development projects carry business risks, including reputational risk, abortive expenditure and potential customer claims which may have a material impact on the Group. The potential risk here is seen as small given the Group is developing products in areas in which it is knowledgeable and new products are extensively tested prior to their release into the market.

Health and safety: The Group's operations involve the typical health and safety hazards inherent in manufacturing and business operations. The Group is subject to numerous laws and regulations relating to health and safety around the world. Hazards are managed by carrying out risk assessments and introducing appropriate controls.

Acquisitions: The Group's growth plan over recent years has included a number of acquisitions. There is the risk that these, or future acquisitions, fail to provide the planned value. This risk is mitigated through extensive financial and technical due diligence during the acquisition process and the Group's knowledge of the markets they operate in.

Financial risk: The principal financial risks faced by the Group are changes in market prices (interest rates, foreign exchange rates and commodity prices), credit risks and liquidity. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques, including credit insurance, stage payments, forward foreign exchange contracts and interest rate caps and swaps. Further information on the financial risk management objectives and policies is set out in Note 19 to the financial statements on page 31.

Donations

The Company made no political contributions during the year.

Donations by the Group for charitable purposes amounted to £65,250 *(2009: £77,343).*

Employee consultation

The Group takes seriously its responsibilities to employees and, as a policy, provides employees systematically with information on matters of concern to them. It is also the policy of the Group to consult where appropriate, on an annual basis, with employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

The policy of the Group is to offer the same opportunity to disabled people, and those who become disabled, as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out the duties required of them.

Creditor payment policy

The Company has not adopted any formal code or standards on supplier payment practice. The Company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on a contract by contract basis. The Company has no trade creditors at 30th April, 2010 *(2009: Nil)*.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Corporate governance

Introduction

The Board has always felt that it should be recognised that what may be appropriate for the larger company may not necessarily be so for the smaller company, a point raised previously in the Cadbury Code of Best Practice. The Board continues to be conscious of its non-compliance with certain aspects of the revised Code, as detailed below, but does not believe that at this stage in the Group's development and circumstances it is appropriate to change its own operational or governance structure just to gain compliance. As before, where it does not comply, the Board is happy to provide its explanations for not doing so on the basis that it believes that such non-compliance is more appropriate to the shareholders' and other stakeholders' long term interests.

Compliance statement

The Company is required to report on compliance with the detailed requirements of the UK Corporate Governance Code (formerly the Combined Code) throughout the year. In relation to all of the provisions except those mentioned here the Company complied throughout the period. Further details on all areas are given below.

The Group does not comply with aspects of the Code's requirements paragraphs A4, C3, B1, B2 and D2 in terms of non-executive Directors and the requirement for an Audit Committee, Remuneration Committee and Nominations Committee and Senior Independent Director.

The roles of the Chairman in running the Board and the Managing Director in running the Group's businesses are well understood. It is not considered necessary to have written job descriptions. This is contrary to paragraph A2.1. The Chairman and Managing Director do not retire by rotation, which is contrary to paragraph B7 of the Code.

There is no formal schedule of matters reserved for the Board, which is contrary to paragraph A1.1.

The Group does not have an internal audit function which is contrary to paragraphs C3.2 and C3.5.

The Board

The Board, which comprises five Executive Directors, meets formally by itself and with subsidiary Directors on a regular basis. In view of the Group's present size and proven track record, non-executive directors are not thought to be appropriate, due to the cost likely to be involved and the lack of opportunity for adding significant value to the business. The Chairman and Managing Director do not retire by rotation. With this exception, all Directors retire at the first AGM after their initial appointment and then by rotation at least every three years.

During the year, the Board met formally sixteen times. Details of attendees at these meetings are set out below:

J. W. Goodwin	16 out of 16 attended
R. S. Goodwin	16 out of 16 attended
F. A. Gaffney	15 out of 16 attended
J. Connolly	15 out of 16 attended
M. S. Goodwin	16 out of 16 attended

Regular informal meetings are also held to enable all members of the Board to discuss relevant issues with local management and staff at the business units.

The Board retains full responsibility for the direction and control of the Group and, whilst there is no formal schedule of matters reserved for the Board, all acquisitions and disposals of assets, investments and material capital-related projects are, as a matter of course, specifically reserved for Board decision.

Board evaluation

The Chairman and Managing Director address the development and training needs of the Board as a whole. An evaluation of the effectiveness and performance of the Board and the subsidiary Directors has been carried out by the Chairman and Managing Director, by way of personal discussions and individual performance evaluation against financial targets.

All Directors have reasonable access to the Company Secretary and to independent professional advice at the Company's expense.

Board Committees

The Board has not operated a separate Audit Committee, Remuneration Committee or Nomination Committee during the year due to its size and composition. However, the Board as a whole has fulfilled many of the roles specified in the revised UK Corporate Governance Code (formerly the Combined Code) for these sub-committees including:

- review of the interim and annual financial statements and associated announcements;
- making recommendations in relation to the re-appointment, remuneration and terms of engagement of the external auditors;

• reviewing the external auditors' work plan, audit process, independence and objectivity;
• reviewing the need for an internal audit function;
• reviewing the "whistle-blowing" procedures.

Internal control

The Board has overall responsibility for the Group's system of internal control (including operational, financial, compliance and risk management controls), which is designed to manage rather than eliminate risk and provides only reasonable reassurance against material misstatement or loss. Except as noted in this Corporate Governance report, the Board confirms that the system of internal control accords with the UK Corporate Governance Code.

The Board meets with an agenda to discuss corporate strategy, to formulate and monitor the progress of business plans for all subsidiaries and to identify, evaluate and manage the business risks faced. The management philosophy of the Group is to operate its subsidiaries on an autonomous basis, subject to overall supervision and evaluation by the Board, with formally defined areas of responsibility and delegation of authority. The Group has put in place formal lines of reporting with subsidiary management meeting with the directors on a regular basis.

The Board considers that the close involvement of the Company's Directors in all areas of the day-to-day operations of the Group's business represents the most effective ongoing control over its financial and business risks. In particular, authority is limited to the Company Directors in key risk areas such as treasury management, capital expenditure and other investment decisions. The Directors annually review the effectiveness of the internal financial control system including considering reports from management; discussions with senior personnel throughout the Group; and consideration by the Board of any reports from the external auditor. These procedures have been in place throughout the year and up to the date of this report and accord with the Turnbull Guidance.

Corporate governance

Given the close involvement of the Company's Directors in the operation of the business, the Board does not currently consider that a formal review of non-financial controls would provide any additional benefit in their review of the effectiveness of the Group's internal controls.

Following the year end the Group has taken initial steps to set up an internal audit function and has recruited a Group internal auditor. The Group's executive Directors and senior management will continue to have close involvement on a day-to-day operational basis and the scope and results of internal audit work to be performed will be kept under review in the coming year.

Directors' remuneration

The remuneration of the Directors is considered by the Board so that no Director determines his own salary.

Details of each element of the Directors' remuneration are given in the Directors' Remuneration Report on page 8.

External audit

The external auditor is appointed annually at the Annual General Meeting. The Board considers the re-appointment of the auditor, and assesses on an annual basis the qualification, expertise, cost, independence and objectivity of the external auditor. In addition, the Board regularly monitors the level of non-audit services provided to the Group by the external auditor to ensure that their independence is not compromised.

Shareholder relations

All shareholders are encouraged to participate in the Company's Annual General Meeting.

The Board complies with the recommendations of the UK Corporate Governance Code that the notice of the Annual General Meeting and related papers should be sent to shareholders at least twenty working days before the meeting.

The Directors attend the Annual General Meeting. The Chairman will be available to answer questions at the forthcoming Annual General Meeting. In addition, proxy votes will be counted and the results announced after any vote on a show of hands.

The Chairman ensures that the views of shareholders are communicated to the Board as a whole, ensuring that Directors develop an understanding of the view of major shareholders.

Going concern

The current global economic conditions will to some degree impact on the Group, its customers and suppliers but it is too early to be precise about the scale and duration of these effects. The Directors have reviewed the Group's forecasts along with reasonable possible changes in trading performance from these uncertainties. The Group, however, has considerable access to financial resources together with a diverse range of products and customers across wide geographic areas and industries. As a consequence, after making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in the preparing the financial statements.

Auditors

In accordance with Section 489 of the Companies Act 2006, a resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of KPMG Audit Plc as auditors of the Company.

Approved by the Board of Directors and signed on its behalf by:

J. W. GOODWIN
Chairman

Ivy House Foundry,
Hanley, Stoke-on-Trent, ST1 3NR

23rd August, 2010

GOODWIN PLC

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with the Directors' Remuneration Report Regulations.

Consideration by the Directors of matters relating to Directors' remuneration

The remuneration policy is set by the Board as a whole and is described below.

Remuneration policy

The Group's policy in respect of Directors' remuneration for the forthcoming years is to provide individual packages which are determined having due regard to the Company's current and projected profitability, the employee's specific areas of responsibility and performance, their related knowledge and experience in the Company's specific fields of operation, the external labour market and their personal circumstances whereby the Board sets a package to remunerate and motivate the individual so as to best serve the Company. All Board members have access to independent advice when considered appropriate. In forming its policy, the Board has given full consideration to the UK Corporate Governance Code's best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of Directors of comparative companies.

The Board does not, at present, consider it necessary to include a performance related element within the remuneration of individual Directors.

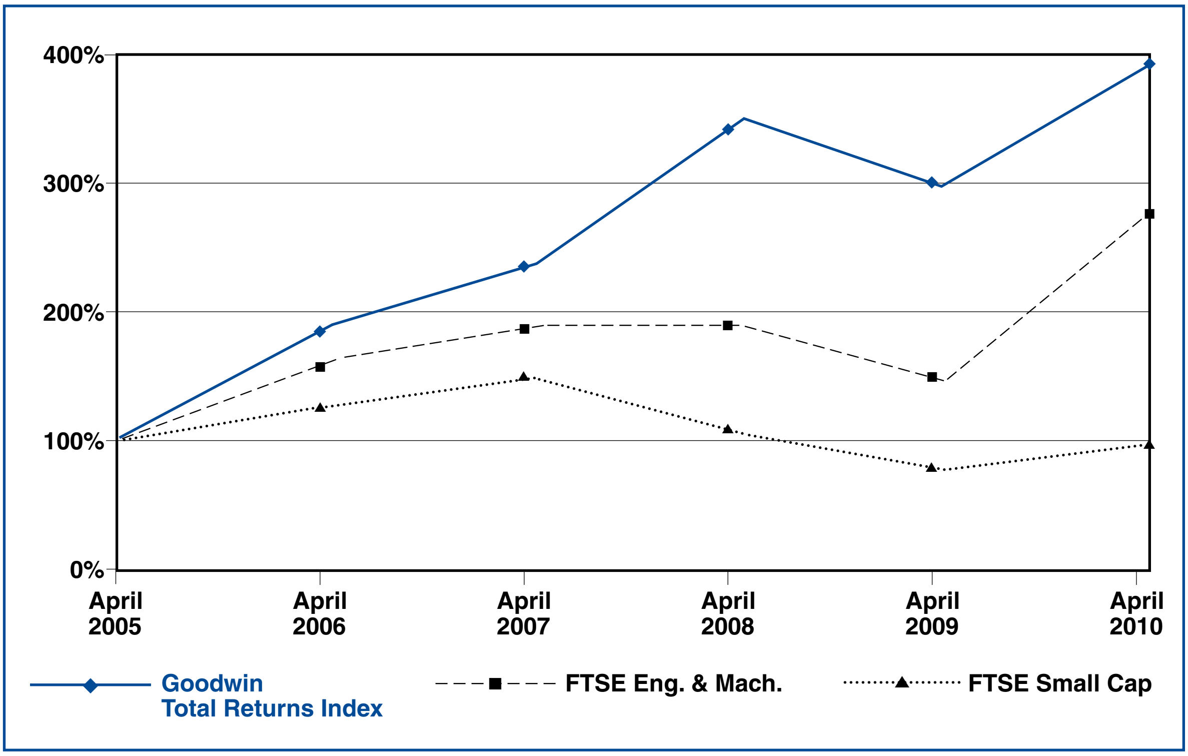
Service contracts

None of the Directors has a service contract, a Director may resign at any time by notice in writing to the Board. There are no set minimum notice periods but all Directors other than the Chairman and Managing Director are subject to retirement by rotation. No compensation is payable to Directors on leaving office.

Total shareholder return

The following graph compares the Company's total shareholder return over the five years ended 30th April, 2010 with that for the FTSE Small-Cap share index and the FTSE Engineering and Machinery Sector Index.

The FTSE Small-cap Share Index was chosen as it is a relevant broad equity market index for smaller quoted companies.



Details of individual emoluments and compensation

The auditors are required to report on the information contained in this section of the Directors' Remuneration Report.

	Salary 2010 £'000	**Benefits in kind 2010 £'000**	**Total 2010 £'000**	Total 2009 £'000	**Pension contributions 2010 £'000**	Pension contributions 2009 £'000
J. W. Goodwin	**262**	**35**	**297**	273	**11**	11
R. S. Goodwin	**262**	**35**	**297**	273	**11**	11
F. A. Gaffney	**189**	**1**	**190**	175	**–**	–
J. Connolly	**137**	**17**	**154**	140	**–**	–
M. S. Goodwin	**125**	**1**	**126**	116	**–**	–
R. J. Dyer (retired 20th September, 2008)	**–**	**–**	**–**	44	**–**	–
	975	**89**	**1,064**	1,021	**22**	22
2009	933	88	1,021			

Pension contributions comprise contributions to money purchase pension schemes.

Benefits-in-kind consist of the provision of a fully-expensed motor vehicle, cash alternative scheme, healthcare insurance or other services.

There are no share option schemes or other long term incentive schemes.

Approval of report

An ordinary resolution for the approval of this report will be put to shareholders at the forthcoming Annual General Meeting.

The Directors' Remuneration Report was approved by the Board on 23rd August, 2010, and is signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period.

In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to our best knowledge:

a) the financial statements prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and

b) the management report incorporated into and referenced from the Directors' Report includes a fair review of the development and performance of the business and position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

J. W. GOODWIN
Director

R. S. GOODWIN
Director

23rd August, 2010

INDEPENDENT AUDITOR'S REPORT
to the Members of
GOODWIN PLC

We have audited the financial statements of Goodwin PLC for the year ended 30th April, 2010 set out on pages 12 to 45. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30th April, 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 7, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Tim Widdas (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway, Birmingham, B4 6GH

23rd August, 2010

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 30th April, 2010

	Notes	2010 £'000	2009 £'000
CONTINUING OPERATIONS			
Revenue	1, 2	**93,928**	100,684
Cost of sales		**(64,057)**	(71,985)
GROSS PROFIT		**29,871**	28,699
Distribution expenses		**(4,595)**	(4,805)
Administrative expenses		**(11,232)**	(10,072)
OPERATING PROFIT		**14,044**	13,822
Financial expenses	5	**(959)**	(878)
Share of profit of associate companies		**226**	171
PROFIT BEFORE TAXATION	3	**13,311**	13,115
Tax on profit	6	**(3,980)**	(4,003)
PROFIT AFTER TAXATION		**9,331**	9,112
ATTRIBUTABLE TO:			
Equity holders of the parent	18	**8,507**	8,779
Minority interest		**824**	333
PROFIT FOR THE YEAR		**9,331**	9,112
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	7	**118.15p**	121.93p

GOODWIN PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th April, 2010

	2010 £'000	2009 £'000
PROFIT FOR THE YEAR	**9,331**	9,112
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR		
Foreign exchange translation differences	**382**	1,090
Effective portion of changes in fair value of cash flow hedges	**328**	(7,131)
Change in fair value of cash flow hedges transferred to profit or loss ...	**6,858**	922
Tax recognised on income and expenses recognised directly in equity ...	**(2,012)**	1,739
	5,556	(3,380)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**14,887**	5,732
ATTRIBUTABLE TO:		
Equity holders of the parent	**13,922**	5,124
Minority interest	**965**	608
	14,887	5,732

GOODWIN PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th April, 2010

	Share capital £'000	Trans-lation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
Year ended 30th April, 2010							
Balance at 1st May, 2009 ...	720	957	(5,247)	30,575	27,005	2,482	29,487
Total comprehensive income for the year	–	242	5,173	8,507	13,922	965	14,887
Dividends paid	–	–	–	(4,000)	(4,000)	(205)	(4,205)
Balance at 30th April, 2010	720	1,199	(74)	35,082	36,927	3,242	40,169
Year ended 30th April, 2009							
Balance at 1st May, 2008 ...	720	142	(777)	23,447	23,532	1,275	24,807
Total comprehensive income for the year	–	815	(4,470)	8,779	5,124	608	5,732
Dividends paid	–	–	–	(1,651)	(1,651)	(275)	(1,926)
Acquisition of subsidiaries ...	–	–	–	–	–	874	874
Balance at 30th April, 2009	720	957	(5,247)	30,575	27,005	2,482	29,487

GOODWIN PLC

CONSOLIDATED BALANCE SHEET

At 30th April, 2010

	Notes	2010 £'000	2009 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**23,260**	20,689
Investment in associates		**919**	673
Intangible assets	10	**10,671**	10,837
Deferred tax asset	12	**–**	606
		34,850	32,805
CURRENT ASSETS			
Inventories	13	**18,085**	16,530
Trade and other receivables	14	**21,815**	21,921
Derivative financial assets		**635**	708
Cash and cash equivalents	15	**10,710**	10,237
		51,245	49,396
TOTAL ASSETS		**86,095**	82,201
CURRENT LIABILITIES			
Bank overdraft	15	**887**	1,057
Other interest-bearing loans and borrowings	16	**139**	458
Trade and other payables	17	**23,629**	25,203
Derivative financial liabilities		**1,306**	9,509
Liabilities for current tax		**2,150**	2,618
		28,111	38,845
NON-CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	16	**10,358**	8,307
Deferred consideration	17	**5,911**	5,562
Deferred tax liabilities	12	**1,546**	–
		17,815	13,869
TOTAL LIABILITIES		**45,926**	52,714
NET ASSETS		**40,169**	29,487
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	18	**720**	720
Translation reserve	18	**1,199**	957
Cash flow hedge reserve	18	**(74)**	(5,247)
Retained earnings	18	**35,082**	30,575
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**36,927**	27,005
MINORITY INTEREST	18	**3,242**	2,482
TOTAL EQUITY		**40,169**	29,487

These financial statements were approved by the Board of Directors on 23rd August, 2010 and signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

GOODWIN PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th April, 2010

	Notes		2010 £'000		2009 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit from continuing operations after tax			**9,331**		9,112
Adjustments for:					
Depreciation			**2,832**		2,263
Amortisation of intangible assets			**456**		475
Goodwill write off			**–**		37
Financial expense			**959**		878
Loss/(profit) on sale of property, plant and equipment			**86**		(725)
Share of profit of associate companies			**(226)**		(171)
Tax expense			**3,980**		4,003
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS			**17,418**		15,872
Decrease in trade and other receivables			**203**		1,028
Increase in inventories			**(1,595)**		(308)
(Decrease)/increase in trade and other payables (excluding payments on account)			**(1,581)**		356
(Decrease)/increase in payments on account			**(1,825)**		933
CASH GENERATED FROM OPERATIONS			**12,620**		17,881
Interest paid			**(564)**		(759)
Corporation tax paid			**(4,240)**		(2,788)
Interest element of finance lease obligations			**(15)**		(54)
NET CASH FROM OPERATING ACTIVITIES			**7,801**		14,280
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**17**		769	
Acquisition of property, plant and equipment		**(4,235)**		(7,157)	
Acquisition of intangible assets		**–**		(255)	
Acquisition of subsidiary net of cash acquired	25	**(290)**		(2,788)	
Acquisition of associated undertaking		**(40)**		–	
Payment of deferred purchase creditor		**(500)**		–	
Dividends received from associate company		**119**		226	
NET CASH FROM INVESTING ACTIVITIES			**(4,929)**		(9,205)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of capital element of finance lease obligations		**(275)**		(416)	
Dividends paid		**(4,000)**		(1,651)	
Proceeds from loans		**2,007**		5,589	
NET CASH FROM FINANCING ACTIVITIES			**(2,268)**		3,522
NET INCREASE IN CASH AND CASH EQUIVALENTS			**604**		8,597
Cash and cash equivalents at beginning of year			**9,180**		280
Effect of exchange rate fluctuations on cash held			**39**		303
CASH AND CASH EQUIVALENTS AT END OF YEAR	15		**9,823**		9,180

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Goodwin PLC (the "Company") is a company incorporated in the UK.

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent Company financial statements in accordance with UK GAAP; these are presented on pages 41 to 45.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

The current global economic conditions will to some degree have an impact on the Group, its customers and suppliers but it is too early to be precise about the scale and duration of these effects. The Directors have reviewed the Group's forecasts along with reasonable possible changes in trading performance from these uncertainties. The Group, however, has considerable access to financial resources together with a diverse range of products and customers across wide geographic areas and industries. As a consequence, after making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in the preparing the financial statements.

New IFRS standards and interpretations adopted during 2010

In the current financial year the Group has adopted International Financial Reporting Standard 8 "Operating Segments" and International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007).

IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. The comparatives have been restated accordingly.

IAS 1 (revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement, and a statement of comprehensive income. As a result, a consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for the current and preceding year.

Amendment to IFRS7 – financial instruments : Disclosures

The adoption of this standard has not had a significant impact on the results for the year.

Measurement convention

The financial statements are rounded to the nearest thousand pounds.

The financial statements are based on the historical cost basis except where the measurement of balances at fair value is required as below.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total recognised income and expense and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement within operating profit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency *(continued)*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations are taken directly to the translation reserve. They are released into the income statement upon disposal of the foreign operation.

The Group has taken advantage of relief available in IFRS 1 to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS (1st May, 2006).

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group has become a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand including cash deposits with an original maturity of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade receivables

Trade receivables do not carry interest and are initially recognised at fair value and are subsequently measured at their amortised cost using the effective interest method where material as reduced by allowances for impairment when there is objective evidence of impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flow discounted using the original effective interest rate. The carrying value of the receivable is reduced through the use of an impairment account and any impairment loss is recognised in the income statement.

Recognition and valuation of equity instruments

Equity instruments are stated at par value. For ordinary share capital, the par value is recognised in share capital and the premium in the share premium reserve.

Recognition and valuation of financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recorded at their fair value less attributable transaction costs. They are subsequently carried at their amortised cost and finance charges are recognised in the income statement over the term of the instrument using an effective rate of interest. Bank overdrafts that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method where material.

Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price and the current forward price for the residual maturity of the contract. For derivatives that do not form part of a designated hedge relationship, the gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

Cash flow hedges (continued)

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial cost or other carrying amount of the non-financial asset or liability.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant and equipment on the following bases:

Freehold Land	Nil
Freehold buildings	4% on cost or reducing balance
Leasehold property	over period of lease
Plant and machinery	10% to 25% on reducing balance or cost
Motor vehicles	15% or 25% on reducing balance
Tooling	over estimated production life
Fixtures and fittings	15% to 25% on reducing balance

Assets under the course of construction are not depreciated.

Intangible assets and goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of businesses. In respect of business acquisitions that have occurred since 1 May 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets and contingent liabilities acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

In respect of acquisitions prior to 1 May 2006, goodwill is included at transition date on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased as required by IFRS 1.

Negative goodwill arising on an acquisition is recognised immediately in profit or loss.

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

• Capitalised development costs	5 years
• Manufacturing rights	6-10 years
• Brand names	8-15 years
• Valve order book	1 year

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Results attributable to the stage completion of a long term contract are recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus the attributable result, less amounts recognised in previous periods. Provision is made for any losses as soon as they are foreseen.

Put option in respect of a minority interest in a subsidiary

Where the Group has, through a put option, an obligation to purchase shares in a subsidiary from a minority interest, a financial liability is recognised for the present value of the estimated consideration payable under the put option and the minority interest is not recognised.

At each reporting date, changes in the carrying amount of the liability arising from variations in the estimated fair value of the purchase consideration (excluding the effect of the unwinding of the discount, which is accounted for as a financial expense) are recognised by adjusting the carrying amount of the goodwill recognised on initial recognition of the business combination.

Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Recoverable amount is the greater of an asset's or cash generating unit's fair value less costs to sell or value in use.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 May 2006, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue represents the amounts (excluding value added taxes and other sales taxes) derived from the provision of goods and services (including long term contracts) to external customers. Revenue is recognised at the time the principal risks and rewards transfer to the customer typically being either shipment or customer acceptance.

Revenue on long term contracts is stated at the cost appropriate to the stage of completion plus the attributable result, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen. Stages of completion are judged by reference to milestones set out within the contract and the judgement of senior management. Of the total revenue for the year, around £4.7 million was from contract revenue *(2009: £1.4 million).*

Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financial expenses

Financial expenses comprise interest payable and interest on finance leases.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Pension costs

The Group contributes to a number of defined contribution pension schemes for certain senior employees. The assets of these schemes are held in independently administered funds. Group pension costs are charged to income statement in the year for which contributions are paid.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Adopted IFRS not yet applied

During the year, the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards and interpretations with an effective date after the end of these financial statements:

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements:

- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1st July, 2009).
- Amendments to IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1st July, 2009).
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement: Eligible Hedged Items' (mandatory for year commencing on or after 1st July, 2009).
- Amendments to IAS 39 'Reclassification of Financial Assets: Effective Date and Transition' (mandatory for year commencing on or after 1st July, 2009).
- IFRIC 17 'Distribution of Non-cash Assets to Owners' (mandatory for year commencing on or after 1st November, 2009).
- IFRIC 18 'Transfer of Assets from Customers' (mandatory for year commencing on or after 1st November, 2009)
- Amendments to IAS 32 'Financial Instruments: Presentation – Classification of rights issue' (mandatory for year commencing on or after 1st February, 2010).
- Amendments to IFRS 2 'Group Cash-Settled Share-based payments transactions' (mandatory for year commencing on or after 1st January, 2010).
- Improvements to IFRSs (issued 16th April, 2009) (adoption dates vary but certain improvements are mandatory for the year commencing on or after 1st July, 2009).
- Revised IAS 24 'Related Party Disclosure' (mandatory for year commencing on or after 1st January, 2011).
- IFRS 9 'Financial Instruments' (mandatory for year commencing on or after 1st January, 2013).
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' (mandatory for year commencing on or after 1st July, 2010).

The Directors do not anticipate that the adoption of the standards and interpretations listed above will have a material impact on the Group's or Company's financial statements in the period of initial application, however additional disclosures will be required.

2. Segmental information

Products and services from which reportable segments derive their revenues

In accordance with the requirements of IFRS 8 the Group's reportable segments based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance are as follows:

- Engineering – casting, machining and general engineering
- Refractories – powder manufacture and mineral processing

Information regarding the Group's operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

	Engineering £'000		**Refractories £'000**		**Sub Total £'000**	
Year ended 30th April	**2010**	2009	**2010**	2009	**2010**	2009
Revenue						
External sales	**70,982**	80,754	**22,981**	18,286	**93,963**	99,040
Intra-Group sales	**15,028**	16,013	**3,104**	2,614	**18,132**	18,627
Total revenue	**86,010**	96,767	**26,085**	20,900	**112,095**	117,667
Reconciliation to consolidated revenues:						
Intra-Group sales					**(18,132)**	(18,627)
Net consolidated adjustments ...					**(35)**	–
IAS 39 adjustment					**–**	1,644
Consolidated revenue for the year					**93,928**	100,684
Profits						
Segment result including associates	**11,533**	13,705	**3,299**	340	**14,832**	14,045
Group administration costs ...					**(368)**	(792)
Group finance and treasury costs...					**(1,284)**	(134)
Other (net)					**131**	(4)
Consolidated profit before tax for the year					**13,311**	13,115
Tax					**(3,980)**	(4,003)
Consolidated profit after tax for the year					**9,331**	9,112

2. Segmental information *(continued)*

Year ended 30th April	Segmental total assets £'000 **2010**	2009	Segmental total liabilities £'000 **2010**	2009	Segmental net assets £'000 **2010**	2009
Segmental net assets						
Engineering	**44,010**	40,535	**32,003**	31,515	**12,007**	9,020
Refractories	**22,668**	20,249	**12,338**	11,326	**10,330**	8,923
Sub total reportable segment ...	**66,678**	60,784	**44,341**	42,841	**22,337**	17,943
PLC net assets					**25,072**	23,736
Investments elimination/ Goodwill adjustments					**(6,611)**	(6,608)
Other consolidation adjustments ...					**(1,426)**	(1,717)
Foreign exchange/IAS 39					**797**	(3,867)
Consolidated total net assets ...					**40,169**	29,487

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Board of Directors monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of those held by the parent Company.

Geographical Segments

The Group operates in the following principal locations.

In presenting the information on geographical segments, revenue is based on the location of its customers and assets on the location of the assets.

	Year ended 30th April, 2010				Year ended 30th April, 2009			
	Revenue £'000	**Operational net assets £'000**	**Non current assets £'000**	**PPE Capital expenditure £'000**	Revenue £'000	Operational net assets £'000	Non current assets £'000	PPE Capital expenditure £'000
UK	**18,332**	**29,459**	**30,764**	**3,741**	17,022	20,323	28,379	3,886
Rest of Europe	**22,251**	**3,872**	**723**	**798**	23,269	2,816	1,311	379
USA	**9,277**	**–**	**–**	**–**	12,313	–	–	–
Pacific Basin	**24,035**	**3,697**	**128**	**50**	27,019	4,146	681	102
Rest of world	**20,033**	**3,141**	**3,235**	**518**	21,061	2,202	2,434	1,604
Total	**93,928**	**40,169**	**34,850**	**5,107**	100,684	29,487	32,805	5,971

3. Expenses and auditors' remuneration

Included in profit before taxation are the following:

	2010 £'000	2009 £'000
Depreciation:		
Owned assets	**2,754**	2,083
Assets held under finance lease	**78**	180
Amortisation of intangible assets	**456**	475
Disposal of goodwill	**–**	36
Loss/(profit) on sale of property, plant and equipment	**86**	(724)
Operating lease rentals:		
Short term plant hire	**453**	337
Research and development expensed as incurred	**34**	416
Impairment of trade receivables	**304**	35
Foreign exchange gains	**98**	234
Ineffective portion of fair value changes of cash flow hedges	**55**	165
(Gains)/losses on derivatives at fair value through profit and loss	**(933)**	708
Fees receivable by the auditors and their associates in respect of:		
Audit of these financial statements	**40**	43
Audit of the financial statements of subsidiaries	**60**	63
Other services relating to grants	**3**	–
Other services relating to taxation	**–**	3

4. Staff numbers and costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2010	2009
Works personnel	**792**	747
Administration staff	**35**	37
	827	784

The aggregate payroll costs of these persons were as follows:	**£'000**	£'000
Wages and salaries	**21,551**	21,879
Social security costs	**2,224**	2,311
Other pension costs	**25**	26
	23,800	24,216

5. Financial expenses

	2010 £'000	2009 £'000
Interest expense on finance leases	**15**	54
Unwinding of discount on deferred consideration	**380**	222
Interest expense on bank loans and overdrafts	**564**	602
Financial expenses	**959**	878

6. Taxation

Recognised in the income statement	**2010 £'000**	2009 £'000
Current tax expense		
Current year	**3,705**	3,779
Adjustments for prior years	**(9)**	11
	3,696	3,790
Deferred tax expense		
Origination and reversal of temporary differences – current year	**138**	27
Origination and reversal of temporary differences – prior years	**78**	138
	3,912	3,955
Share of tax of associate companies	**68**	48
Total tax expense	**3,980**	4,003

Reconciliation of effective tax rate	**£'000**	£'000
Profit before tax	**13,311**	13,115
Tax using the UK corporation tax rate of 28% (2009: 28%)	**3,727**	3,672
Non-deductible expenses	**237**	250
Under provided in prior years	**69**	149
Additional R&D tax credit benefit	**(3)**	(29)
Tax offset against brought forward losses	**(148)**	(54)
Losses not utilised	**61**	15
Witholding tax unrelieved	**37**	–
Total tax in income statement	**3,980**	4,003

The Group's total amount of taxes payable in respect of the year ending April, 2010 comprising Corporation Tax, PAYE and National Insurance was £11.0 million.

Deferred tax recognised directly in equity

The following amounts are included in the consolidated statement of recognised income and expense:

	£'000	£'000
Cash flow hedge deferred tax charge/(credit)	**2,012**	(1,739)

7. Earnings per share

The earnings per ordinary share has been calculated on profit for the year attributable to ordinary shareholders of £8,507,000 *(2009: £8,779,000)* and by reference to the 7,200,000 ordinary shares in issue throughout both years.

The Company has no share options or other diluting interests and accordingly, there is no difference in the calculation of diluted earnings per share.

8. Dividends

	2010 £'000	2009 £'000
Paid ordinary dividends during the year in respect of prior years 27.777p *(2009: 23.004p)* per qualifying ordinary share	**2,000**	1,656
Paid extraordinary dividend during the year in respect of prior years 27.777p *(2009: £Nil)* per qualifying ordinary share	**2,000**	–
	4,000	1,656

After the balance sheet date an ordinary dividend of 27.777p per qualifying ordinary share was proposed by the Directors *(2009: ordinary dividend of 27.777p plus an extraordinary dividend of 27.777p).*

The current year proposed ordinary dividend of £2,000,000 has not been provided for within these financial statements *(2009: proposed ordinary dividend of £2,000,000 and extraordinary dividend of £2,000,000 were not provided for within the comparative figures).*

9. Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1st May, 2008	6,653	22,614	2,274	31,541
Additions	2,634	3,091	246	5,971
Disposals	(35)	(474)	(132)	(641)
Acquisition of subsidiary	–	224	20	244
Exchange adjustment	188	312	40	540
At 30th April, 2009	9,440	25,767	2,448	37,655
At 1st May, 2009	9,440	25,767	2,448	37,655
Additions	1,241	3,465	401	5,107
Disposals	–	(1,094)	(165)	(1,259)
Exchange adjustment	267	148	1	416
At 30th April, 2010	10,948	28,286	2,685	41,919
Depreciation				
At 1st May, 2008	973	12,655	1,537	15,165
Charged in year	264	1,795	204	2,263
Disposals	(23)	(455)	(120)	(598)
Exchange adjustment	21	98	17	136
At 30th April, 2009	1,235	14,093	1,638	16,966
At 1st May, 2009	1,235	14,093	1,638	16,966
Charged in year	360	2,232	240	2,832
Disposals	–	(996)	(159)	(1,155)
Exchange adjustment	8	3	5	16
At 30th April, 2010	1,603	15,332	1,724	18,659
Net book value				
At 1st May, 2008	**5,680**	**9,959**	**737**	**16,376**
At 30th April, 2009 and 1st May, 2009	**8,205**	**11,674**	**810**	**20,689**
At 30th April, 2010	**9,345**	**12,954**	**961**	**23,260**

Leased plant and machinery

At 30th April, 2010 the net carrying amount of leased plant and machinery was £668,000 *(2009: £877,000).* The leased equipment secures lease obligations (see note 16).

10. Intangible assets

	Goodwill £'000	Brand names £'000	Valve order book £'000	Manu-facturing rights £'000	Develop-ment costs £'000	Total £'000
Cost						
Balance at 1st May, 2008 ...	1,346	3,656	127	734	201	6,064
Acquisition of subsidiary ...	5,446	344	–	–	–	5,790
Additions	–	–	–	227	–	227
Disposal	(36)	–	–	–	–	(36)
Balance at 30th April, 2009	6,756	4,000	127	961	201	12,045
Additions	290	–	–	–	–	290
Balance at 30th April, 2010	7,046	4,000	127	961	201	12,335
Amortisation						
Balance at 1st May, 2008 ...	–	341	127	64	201	733
Amortisation for the year ...	–	295	–	180	–	475
Balance at 30th April, 2009	–	636	127	244	201	1,208
Amortisation for the year ...	–	318	–	138	–	456
Balance at 30th April, 2010	–	954	127	382	201	1,664
Net book value						
At 1st May, 2008	**1,346**	**3,315**	**–**	**670**	**–**	**5,331**
At 30th April, 2009	**6,756**	**3,364**	**–**	**717**	**–**	**10,837**
At 30th April, 2010	**7,046**	**3,046**	**–**	**579**	**–**	**10,671**

Additional goodwill of £120,000 in the current year relates to an increased holding by the Group in Easat Antennas Limited *(2009: £117,000).* The remaining £170,000 of goodwill added during the year relates to an increased interest in Noreva GmbH by virtue of minority dividend paid *(2009: £157,000).*

The goodwill disposal in the prior period related to the closure of Goodwin Alloy Products Limited. Whilst the company has been closed, the activities of the company continue through Goodwin Steel Castings Limited.

Amortisation charge

The amortisation charge is recognised in the following line items in the income statement:

	2010 £'000	2009 £'000
Cost of sales	**456**	475

10. Intangible assets *(continued)*

Impairment testing for cash generating units containing goodwill

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. For the purpose of impairment testing, goodwill is allocated to the relevant subsidiary which is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each unit are:

	2010 £'000	2009 £'000
Easat Antennas Limited	**324**	204
Goodwin India Private Limited	**108**	108
Noreva GmbH	**3,364**	3,194
Goodwin Refractory Services Holdings Ltd	**3,250**	3,250
	7,046	6,756

An impairment test is a comparison of the carrying value of the assets of a cash generating unit ("CGU") to their recoverable amount, based on a value-in-use calculation. Recoverable amount is the greater of value-in-use and market value. Where the recoverable amount is less than the carrying value an impairment results. During the year each CGU containing goodwill was separately assessed and tested for impairment. No impairment of the carrying value of goodwill was indicated by this review.

As part of testing goodwill for impairment detailed forecasts of operating cash flows for the next five years are used, which are based on approved budgets and plans by the Board. The forecasts represent the best estimate of future performance of the CGU based on past performance and expectations for the market development of the CGU.

A number of key assumptions are used as part of impairment testing. These key assumptions are made by management reflecting past experience combined with their knowledge of future performance and relevant external sources of information.

The forecast projections use growth rate forecasts extrapolated over the minimum expected life span of the unit and discounted at appropriate rates considering the perceived levels of risk, ranging from 12-15% *(2009: 12-15%).*

The estimates and assumptions made in connection with the impairment testing could differ from future actual results of operations and cash flows. A reasonably likely variation in the assumptions would not give rise to an impairment. However, future events could cause the Group to conclude that impairment indicators exist and that the asset values associated with a given operation have become impaired.

11. Investments in subsidiaries and associate

The Group has the following principal subsidiaries and associates:

	Country of incorporation	**Class of shares held**	**% held**
Subsidiaries			
Goodwin International Limited	Great Britain	Ordinary	**100**
		Preference	**100**
Goodwin Steel Castings Limited	Great Britain	Ordinary	**100**
Dupré Minerals Limited	Great Britain	Ordinary	**100**
		Preference	**100**
Easat Antennas Limited	Great Britain	Ordinary	**94**
Internet Central Limited	Great Britain	Ordinary	**82.5**
Goodwin Refractory Services Limited	Great Britain	Ordinary	**100**
Hoben International Limited	Great Britain	Ordinary	**100**
Noreva GmbH	Germany	Ordinary	**75***
Gold Star Powders India Private Limited	India	Ordinary	**80**
Goodwin India Private Limited	India	Ordinary	**80**
Ultratec Jewelry Supplies Limited	China	Ordinary	**51**
SRS Guangzhou Limited	China	Ordinary	**51**
Goodwin Shanghai Co. Limited	China	Ordinary	**100**
Goodwin (Shanxi) Pump Company Limited	China	Ordinary	**100**
Siam Casting Powders Limited	Thailand	Ordinary	**51**
Goodwin Korea Co. Limited	South Korea	Ordinary	**95**
Gold Star Brazil Limited	Brazil	Ordinary	**51**
Goodwin Valve and Pump Company Limited	Brazil	Ordinary	**100**

*Whilst Noreva is a 75% owned subsidiary the Company has been treated as a 100% subsidiary by virtue of there being both put and call options in place for the remaining 25% of the share capital.

All of the companies are involved in mechanical and refractory engineering except Internet Central which, although an internet service provider, is key to supplying the mechanical and refractory engineering companies with communication facilities.

11. Investments in subsidiaries and associate *(continued)*

The Group's share of profit after tax in its associate companies for the year ended 30 April, 2010 was £158,000 *(2009: £123,000).*

Summary financial information per associate for the year ended 30th April, 2010 was:

	2010 £'000	2009 £'000
Assets	**2,269**	2,167
Liabilities	**421**	7,161
Revenues	**1,908**	600
Profit after tax	**158**	123

During the year the Group invested in a new associate, Asian Industrial Investment Casting Powders Private Ltd. The company had a nil result for the year ended 30th April, 2010.

12. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000
Property, plant and equipment	**–**	–	**1,734**	1,435
Derivative financial instruments	**188**	2,041	**–**	–
	188	2,041	**1,734**	1,435

Movement in deferred tax during the year

	1st May, 2009 £'000	Recognised in income £'000	Recognised in equity £'000	**30th April, 2010 £'000**
Property, plant and equipment	1,435	299	–	**1,734**
Derivative financial instruments	(2,041)	(159)	2,012	**(188)**
Net deferred tax liability/(asset)	(606)	140	2,012	**1,546**

Movement in deferred tax during the prior year

	1st May, 2008 £'000	Recognised in income £'000	Recognised in equity £'000	30th April, 2009 £'000
Property, plant and equipment	1,270	165	–	1,435
Derivative financial instruments	(302)	–	(1,739)	(2,041)
Net deferred tax liability/(asset)	968	165	(1,739)	(606)

The Group has not recognised a deferred tax asset of £127,000 *(2009: £37,000)* in respect of subsidiaries' losses. Whilst the Group believes there is a reasonable chance of recovering the tax losses, it is felt prudent to recognise them as and when the profits arise.

The Emergency Budget on 22nd June, 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20th July, 2010 and will be effective from 1st April, 2011. This will reduce the Company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the balance sheet date it would have had the effect of reducing the deferred tax liability *(2009: asset)* recognised at that date by £55,000 and would have reduced the amount of the total unrecognised deferred tax assets at that date by £5,000. It has not yet been possible to quantify the full possible anticipated effect of the announced further 3% rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax liabilities accordingly.

13. Inventories

	2010 £'000	2009 £'000
Raw materials and consumables	**9,150**	8,294
Work in progress	**7,837**	7,465
Finished goods	**1,098**	771
	18,085	16,530

14. Trade and other receivables

	2010 £'000	2009 £'000
Trade receivables	**20,563**	20,882
Other receivables	**700**	646
Prepayments	**552**	393
	21,815	21,921

15. Cash and cash equivalents

	2010 £'000	2009 £'000
Cash and cash equivalents per balance sheet	**10,710**	10,237
Bank overdrafts	**(887)**	(1,057)
Cash and cash equivalents per cash flow statement	**9,823**	9,180

16. Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 19.

	2010 £'000	2009 £'000
Non-current liabilities		
Finance lease liabilities	**8**	135
Bank loans	**10,350**	8,172
	10,358	8,307
Current liabilities		
Finance lease liabilities	**139**	287
Bank loans	**–**	171
	139	458

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2010			2009		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**145**	**6**	**139**	298	11	287
Between one and five years	**8**	**–**	**8**	145	10	135
	153	**6**	**147**	443	21	422

17. Trade and other payables

	2010 £'000	2009 £'000
Current liabilities		
Trade payables	**11,372**	12,775
Non-trade payables and accrued expenses	**6,904**	5,078
Deferred consideration on acquisitions	**–**	469
Other taxation and social security costs	**1,431**	1,134
Payments received on account	**3,922**	5,747
	23,629	25,203
Non-current liabilities		
Deferred and contingent consideration on acquisitions	**5,911**	5,562

The deferred consideration relates to the remaining payments to be made in relation to the acquisitions of Noreva GmbH and Goodwin Refractory Services Holdings Limited (formerly SRS Holdings Limited). The liabilities have been calculated on the basis of payments being made at the earliest opportunity under the legal agreements as discounted to present values using an assumed cost of capital of 6.5%.

18. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £'000	Translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
Balance at 1st May, 2008 ...	720	142	(777)	23,447	23,532	1,275	24,807
Total recognised income and expense	–	815	(4,470)	8,779	5,124	608	5,732
Dividends paid	–	–	–	(1,651)	(1,651)	(275)	(1,926)
Acquisition of subsidiary ...	–	–	–	–	–	874	874
Balance at 30th April, 2009	720	957	(5,247)	30,575	27,005	2,482	29,487
Total recognised income and expense	–	242	5,173	8,507	13,922	965	14,887
Dividends paid	–	–	–	(4,000)	(4,000)	(205)	(4,205)
Balance at 30th April, 2010	**720**	**1,199**	**(74)**	**35,082**	**36,927**	**3,242**	**40,169**

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge instruments related to hedged transactions that have not yet occurred.

The aggregate deferred tax relating to items that are recognised in equity is an asset of £29,000 *(2009: £2,041,000)*.

Share capital	**2010 £'000**	2009 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in market prices (interest rates, foreign exchange rates and commodity prices), credit risks, and liquidity. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

a) Credit risk

The Group's financial assets are cash and cash equivalents and trade and other receivables, the carrying amounts of which represent the Group's maximum exposure to credit risk in relation to financial assets.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group's credit risk is primarily attributable to its trade receivables, and is managed through the following processes:

i) The majority of orders accepted by Group companies are taken with credit insurance coverage.
ii) Some orders are accepted with no credit insurance but with letters of credit.
iii) Some orders are accepted with no credit insurance and no letter of credit but with internal analysis of the customer's size, credit worthiness, historic profitability and payment record.
iv) A few orders (less than 10%) are taken at risk following review by more than two Board members.
v) Major orders are normally accompanied by stage payments which go towards mitigating our credit risk.

19. Financial risk management *(continued)*

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Notes	Carrying amount **2010** **£'000**	2009 £'000
Trade and other receivables	14	**21,263**	21,528
Cash at bank and cash equivalents	15	**10,710**	10,237
Derivative financial assets	19(e)	**635**	708
		32,608	32,473

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Carrying amount **2010** **£'000**	2009 £'000
UK	**3,873**	2,715
Rest of Europe	**4,633**	5,249
USA	**3,321**	3,315
Pacific Basin	**4,605**	5,718
Rest of World	**4,131**	3,885
	20,563	20,882

The ageing of trade receivables that were past due but not impaired at the reporting date were:

	Net 2010 £'000	**Gross 2010 £'000**	**Impairment 2010 £'000**	Net 2009 £'000	Gross 2009 £'000	Impairment 2009 £'000
Not past due	**13,747**	**13,747**	**–**	12,291	12,291	–
Past due 1-30 days	**2,519**	**2,572**	**(53)**	3,783	3,783	–
Past due 31-90 days	**2,393**	**2,393**	**–**	3,556	3,556	–
Past due more than 90 days	**1,904**	**2,210**	**(306)**	1,252	1,809	(557)
	20,563	**20,922**	**(359)**	20,882	21,439	(557)

There are no significant credit risks arising from the above assets and management believes the credit quality of customers is good based on a review of past payment history and the current financial status of the customers. The Group has not renegotiated the terms of any trade receivables and has not pledged any trade receivables as security.

The Directors estimate that the fair value of the Group's trade and other receivables is approximate to their carrying values.

An analysis of the provision for impairment of receivables is as follows:	**2010 £'000**	2009 £'000
At beginning of year	**557**	580
Charge for the year	**304**	35
Utilised during the year	**(502)**	(58)
At end of year	**359**	557

19. Financial risk management *(continued)*

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

At the year end the Group had the following un-drawn facilities in respect of which all conditions precedent had been met:

	Uncommitted		**Committed**		**Total**	
	2010 £'000	2009 £'000	**2010 £'000**	2009 £'000	**2010 £'000**	2009 £'000
Un-drawn borrowing facilities	**15,096**	10,163	**1,650**	4,150	**16,746**	14,313

The Group's principal borrowing facilities are provided by 3 banks in the form of borrowings and short term overdraft facilities. The quantum of borrowing facilities available to the Group is reviewed regularly in light of current working capital requirements and the need for capital investment for the long term future for the Group.

Maturity analysis

The table below analyses the Group's financial liabilities into maturity groupings based on the period outstanding at the balance sheet date up to the contractual maturity date. All figures are contracted gross cashflows that have not been discounted.

	2010 Contractual cash flows			**Carrying value 2010**
	Within 1 year £'000	**1-5 years £'000**	**Total £'000**	**Total £'000**
Non-derivative financial liabilities				
Overdrafts	**887**	**–**	**887**	**887**
Bank loans	**–**	**10,550**	**10,550**	**10,350**
Finance leases	**145**	**8**	**153**	**147**
Trade and other payables	**23,629**	**–**	**23,629**	**23,629**
Deferred considerations on acquisitions	**–**	**6,537**	**6,537**	**5,911**
Total	**24,661**	**17,095**	**41,756**	**40,924**

	2009 Contractual cash flows			Carrying value 2009
	Within 1 year £'000	1-5 years £'000	Total £'000	Total £'000
Non-derivative financial liabilities				
Overdrafts	1,057	–	1,057	1,057
Bank loans	–	8,507	8,507	8,343
Finance leases	293	139	432	422
Trade and other payables	24,734	–	24,734	24,734
Deferred consideration on acquisition	500	6,037	6,537	6,031
Total	26,584	14,683	41,267	40,587

19. Financial risk management *(continued)*

c) Market risk

Foreign exchange risk

The Group is subject to fluctuations in exchange rates on its net investments overseas and transactional monetary assets and liabilities not denominated in the operating (or "functional") currency of the operating unit involved.

The Group is exposed to fluctuations in several currencies which give rise to the net currency gains and losses recognised in the income statement.

The Group at its discretion is empowered to hedge its estimated annual foreign currency exposure in respect of forecast sales and purchases if the Board deems it appropriate after having taken into account the expected movement in the foreign exchange rates. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the foreign exchange contracts have maturities of less than one year after the balance sheet date. Where necessary, the forward exchange contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies, the Group ensures that the net exposure is eliminated through the use of forward exchange contracts or spot transactions at the time the contractual commitment is in place.

Currency profile of financial assets and liabilities

	2010 US Dollar £'000	2009 US Dollar £'000	**2010 Euro £'000**	2009 Euro £'000	**2010 Other £'000**	2009 Other £'000	**2010 Total £'000**	2009 Total £'000
Trade and other receivables	**7,743**	8,365	**2,813**	2,456	**472**	7	**11,028**	10,828
Cash and cash equivalents	**–**	202	**–**	–	**–**	–	**–**	202
Bank overdrafts	**–**	–	**–**	–	**–**	–	**–**	–
Bank loans	**–**	–	**–**	–	**–**	–	**–**	–
Finance lease liabilities	**–**	–	**–**	–	**–**	–	**–**	–
Trade and other payables	**(342)**	(286)	**(370)**	(989)	**(4)**	(3)	**(716)**	(1,278)
	7,401	8,281	**2,443**	1,467	**468**	4	**10,312**	9,752

The following significant exchange rates applied during the year:

	Average Exchange rate 2010	2009	**Reporting date spot rate 2010**	2009
US Dollar	**1.6020**	1.6762	**1.5268**	1.4832
Euro	**1.1319**	1.1862	**1.1479**	1.1183

19. Financial risk management *(continued)*

c) Market risk *(continued)*

Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and surplus cash. The Group is aware of the financial products available to ensure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. During the year, no new interest rate swaps were entered into.

The Group has taken out in previous years £10 million of interest rate protection in the form of swaps and caps. For the year ended 30th April, 2010 these products ensure that the Group's worse case borrowing rate (including the banks margins) is capped.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

	Fixed rate		**Floating rate**		**Non-interest bearing**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
	£'000		**£'000**		**£'000**		**£'000**	
Cash and cash equivalents	**–**	–	**10,710**	10,237	**–**	–	**10,710**	10,237
Trade and other receivables*	**–**	–	**–**	–	**22,450**	22,629	**22,450**	22,629
Trade and other payables*	**–**	–	**–**	–	**(30,846)**	(40,274)	**(30,846)**	(40,274)
Bank overdrafts	**–**	–	**(887)**	(1,057)	**–**	–	**(887)**	(1,057)
Bank loans	**–**	(4,850)	**(10,350)**	(3,493)	**–**	–	**(10,350)**	(8,343)
Finance lease liabilities	**(22)**	(48)	**(125)**	(339)	**–**	(35)	**(147)**	(422)
	(22)	(4,898)	**(652)**	5,348	**(8,396)**	(17,680)	**(9,070)**	(17,230)

*including derivatives

d) Capital management

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Capital is managed by maximising retained profits. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents and dividends are paid from current year profits, thereby maintaining capital.

The policy for debt is to ensure a smooth debt maturity profile with the objective of ensuring continuity of funding.

Capital includes share capital, translation reserve, cash flow hedge reserve, net debt and retained earnings reserve. Net debt includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

19. Financial risk management *(continued)*

d) Capital management *(continued)*

Currency derivatives

The Group utilises currency derivatives to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures.

Forecast transactions

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value. The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April, 2010 was US$14.02 million *(2009: US$54.29 million),* the fair value of these at 30th April, 2010 was a liability of £0.26 million *(2009: liability £6.86 million).* The Group also has a number of forward contracts not designated as cash flow hedges, and therefore recorded at fair value through profit or loss. The nominal value of these contracts at 30th April, 2010 was ¥Nil, US$22.03 million and €1.6 million *(2009: ¥102.5 million, US$4.3 million and €16.5 million),* the fair value of these at 30th April, 2010 was a liability of £0.37 million *(2009: £1.31 million).*

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of administrative expenses.

Interest rate swaps/caps

The Group uses interest rate swaps and caps to manage its exposure to interest rate movements on its bank borrowings. The nominal value of these contracts at the year end was £10 million *(2009: £10 million).*

The fair value of swaps/caps entered into at 30th April, 2010 was estimated at £614,000 liability *(2009: £629,000 liability).* Of these swaps/caps, the fair value of those designated as cash flow hedges at 30th April, 2010 was £592,000 liability *(2009: £596,000 liability).*

Derivative financial instruments

For cash flow hedges the following table sets out the periods when the cash flows are expected to occur and when they are expected to affect profit or loss:

	2010				
	Periods in which cash flows and profits are expected to occur				
	Carrying amount £'000	**Expected cash flow £'000**	**Within 1 year £'000**	**Between 1 and 5 years £'000**	**Over 5 years £'000**
Forward exchange contracts					
Assets	**635**	**635**	**635**	**–**	**–**
Liabilities	**(310)**	**(310)**	**(310)**	**–**	**–**
Interest rate swaps					
Assets	**–**	**–**	**–**	**–**	**–**
Liabilities	**(592)**	**(592)**	**(80)**	**(512)**	**–**
	(267)	**(267)**	**245**	**(512)**	**–**

	2009				
	Periods in which cash flows and profits are expected to occur				
	Carrying amount £'000	Expected cash flow £'000	Within 1 year £'000	Between 1 and 5 years £'000	Over 5 years £'000
Forward exchange contracts					
Assets	357	357	357	–	–
Liabilities	(7,215)	(7,215)	(7,215)	–	–
Interest rate swaps					
Assets	–	–	–	–	–
Liabilities	(596)	(596)	(80)	(402)	(114)
	(7,454)	(7,454)	(6,938)	(402)	(114)

19. Financial risk management *(continued)*

d) Capital management *(continued)*

Derivative financial instruments *(continued)*

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward contract markets for the principal foreign currencies in which the Group operates. Given recent fluctuations in rates, it is deemed sensible to provide the quantum for a 1% change in rates to aid understanding. These figures can be extrapolated proportionately to obtain an estimate of the impact of large movements.

	2010 £'000	2009 £'000
Impact on equity		
1% increase in US Dollar fx rate against pound sterling	**(88)**	(369)
1% increase in Euro fx rate against pound sterling	**(81)**	–
1% decrease in US Dollar fx rate against pound sterling	**88**	369
1% decrease in Euro fx rate against pound sterling	**81**	–
Impact on profit or loss		
1% increase in US Dollar fx rate against pound sterling	**(145)**	(110)
1% increase in Euro fx rate against pound sterling	**(67)**	(10)
1% decrease in US Dollar fx rate against pound sterling	**145**	110
1% decrease in Euro fx rate against pound sterling	**67**	10

The Group has calculated the following sensitivities based on available data from forward markets for fixed and floating interest rates. Management believe that these reflect the most probable rate movements.

	2010 £'000	2009 £'000
Impact on equity		
1% increase in base rate of interest	**269**	450
Impact on profit or loss		
1% increase in base rate of interest	**25**	25

e) Total financial assets and liabilities

The table below sets out the Group's accounting classification of each class of financial assets and liabilities, and their fair values at 30th April, 2010 and 30th April, 2009.

	30th April, 2010		30th April, 2009	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	**10,710**	**10,710**	10,237	10,237
Loans and receivables				
Trade receivables	**20,563**	**20,563**	20,882	20,882
Other receivables	**1,252**	**1,252**	1,039	1,039
At fair value through profit or loss				
Derivative financial assets not designated in a cash flow hedge relationship	**–**	**–**	350	350
Designated cash flow hedge relationships				
Derivative financial assets designated and effective as cash flow hedging instruments	**635**	**635**	358	358
Total financial assets	**33,160**	**33,160**	32,866	32,866

19. Financial risk management *(continued)*

e) Total financial assets and liabilities *(continued)*

Financial liabilities

Financial liabilities at amortised cost

	30th April, 2010 Carrying amount £'000	30th April, 2010 Fair value £'000	30th April, 2009 Carrying amount £'000	30th April, 2009 Fair value £'000
Bank overdraft	**887**	**887**	1,057	1,057
Trade payables	**11,372**	**11,372**	12,775	12,775
Other payables (current)	**12,257**	**12,257**	11,959	11,959
Deferred consideration	**5,911**	**5,911**	6,031	6,031
Finance lease liabilities	**147**	**147**	422	422
Bank loans	**10,350**	**10,350**	8,343	8,343
At fair value through profit or loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	**404**	**404**	1,698	1,698
Designated cash flow hedge relationships				
Derivative financial liabilities designated and effective as cash flow hedging instruments	****902**	****902**	**7,811	**7,811
Total financial liabilities	**42,230**	**42,230**	50,096	50,096

**The movement from £7,811,000 as at 30th April, 2009 to £902,000 at 30th April, 2010 as detailed under the heading "Designated cash flow hedge relationships" is reported in the balance sheet as mandated by IFRS and represents notional marked-to-market valuations arising mainly from currency hedging carried out to lock in the Sterling equivalent we are paid in foreign currency (mainly US Dollars and Euros) in relation to Group sales orders. The same comment applies to the cash flow hedged assets of £635,000 *(2009: £358,000).*

By locking in the exchange rate through the use of these derivatives, it provides Group companies the opportunity of achieving the gross and net profit that was targeted on receipt of customer orders regardless of fluctuations in exchange rates.

The £902,000 *(2009: £7,811,000)* represents theoretical marked-to-market liabilities of our financial instruments and are processed through our hedge reserve as opposed to a realised liability which would be processed through the Group's profit and loss account.

Since 1st May, 2009, the majority of the £7,811,000 notional liability has been removed from the balance sheet as we have despatched the contracts associated with the derivative hedges. The receipt of foreign currency from our customers effectively dissolved the associated derivative position and Group companies having performed satisfactorily from a production point of view on these contracts, the required gross and net profit were achieved as normal.

Under IAS 39, all derivative financial instruments not in a hedge relationship are classified as derivatives at fair value through profit or loss. The Group does not use derivatives for speculative purposes. All transactions in derivative financial instruments are underpinned by firm orders from customers or to suppliers or where there is a high degree of certainty that orders will be received.

For short term cash and cash equivalents trade and other receivables trade and other payables and floating rate borrowings, the fair values are the same as carrying value. For fixed rate borrowings, forward currency contracts and interest rate instruments fair values have been calculated by discounting the cash flows as prevailing appropriate market rates. Other assets reflect management's estimate of value on an appropriate basis.

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings £'000	Other £'000	Total 2010 £'000	Total 2009 £'000
Less than one year	**86**	**11**	**97**	50
Between one and five years	**21**	**1**	**22**	71
	107	**12**	**119**	121

21. Capital commitments

Contracted capital commitments at 30th April, 2010 for which no provision has been made in these financial statements were Nil *(2009: £Nil).*

22. Guarantees and contingencies

Year ended	Total £'000	Number of contracts
30th April, 2010	**10,533**	**246**
30th April, 2009	12,721	276

The Group enters into guarantee and bond commitments principally in order to secure its contracts.

23. Subsequent events

After the balance sheet date an ordinary dividend of 27.777p per qualifying ordinary share was proposed by the Directors *(2009: ordinary dividend of 27.777p plus an extraordinary dividend of 27.777p).*

The current year proposed ordinary dividend of £2,000,000 has not been provided for within these financial statements *(2009: proposed ordinary dividend of £2,000,000 and extraordinary dividend of £2,000,000 were not provided for within the comparative figures).*

24. Accounting estimates and judgements

(a) Recoverability of assets/impairment calculations

The Group's Directors review the appropriateness of the carrying values of its non-current and current assets.

With regards to the non-current assets, the Directors are of the opinion that the goodwill at the year end remains unimpaired as the underlying performance of the subsidiaries giving rise to this goodwill is sufficiently profitable to merit no impairment.

With regard to property, plant and equipment, the Directors continue to make reference in the Directors' Report that, in their opinion, the value of the Group's freehold land and buildings is in excess of the values disclosed in the balance sheet. With regard to plant and equipment, the Directors consider that the depreciation rates applied are sufficient, taking into account both the expected lifespan of the plant and equipment and also the demand in the marketplace for the goods that the plant produces.

With regard to current assets, the Directors look at the carrying values as stated in the balance sheet and make full provision for any assets on which there is a high degree of probability that full conversion of such assets into cash is unlikely.

(b) Derivatives

As stated in note 1, under derivative financial instruments and hedging, the Group has applied the provisions of IAS 39 with respect to hedge accounting for its effective cash flow hedging on foreign exchange transactions. For the most part, the hedges are underpinned by firm orders and the balance relating to forecast activities is relatively small given the Group's normal order inputs in these currencies. In addition to the foreign exchange hedging the Group has also cash flow hedged an element of its interest rate swap derivative.

(c) Acquisitions

During the previous year, the Group acquired 100% share capital of SRS Holdings Limited (subsequently renamed as Goodwin Refractory Services Holdings Limited). The purchase gave rise to goodwill and other intangible assets as set out in note 10 to the financial statements. In determining the fair value of assets acquired under business combinations, including the valuation of other intangibles a number of estimates are made. These estimates include the expected life spans of the products underpinning the purchases together with the returns expected and the risk attaching to those returns.

Further to the SRS Holdings Limited aquisition, there is an element of deferred consideration amounting to £2.8 million and payable on the 30th June, 2011. The £2.8 million is consolidated in these accounts less an appropriate discount for the deferred payment period.

(d) Deferred taxation

Deferred taxation has been estimated using the best information available, including seeking the opinions of independent experts when applicable.

25. Acquisitions

2010 Acquisitions

In September 2009 the Group increased its investments in Goodwin (Shanxi) Pump Company Limited and Goodwin Valve and Pump Company, Brazil by £123,755 and £190,000 respectively via subscriptions for new issues of ordinary share capital in order to fund the next stage of both subsidiaries' development.

In October 2009 the Group acquired an additional 1.5% of the share capital of Easat Antennas Limited for £120,000 plus costs of a further £600. During the year the Group increased its interest in Noreva GmbH by virtue of a minority dividend paid of £170,000 *(2009: £157,000).*

2009 Acquisitions

On 30th June, 2008 the Group acquired 100% of the issued share capital of Goodwin Refractory Services Holdings Limited (formerly SRS Holdings Limited). This transaction has been accounted for by the purchase method of accounting. The holding company owns 100% of a UK company which manufactures powders for the investment jewellery casting and the industrial lost wax casting market. The holding company also owns manufacturing interests within the same industry sector both within Thailand and China.

In the year ended 30th April, 2010 the sub group contributed net profit after tax of £706,000 *(10 months ended 30th April, 2009: £265,000)* to the consolidated profit for the year. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition occurred on the first day of accounting period.

Effect of acquisition

The acquisition has the following effect on the Group's net assets and liabilities.

	Acquired net assets at the acquisition date		
	Recognised values	**Fair value adjustments**	**Carrying Amounts**
	£'000	£'000	£'000
Brand name (intangible asset)	–	344	344
Property plant and equipment	164	80	244
Investments	775	–	775
Inventories	674	11	685
Trade and other receivables	1,754	(37)	1,717
Cash and cash equivalents	610	–	610
Trade and other payables	(1,374)	(122)	(1,496)
Deferred tax	–	(2)	(2)
Minority interest	(539)	–	(539)
Net identifiable assets and liabilities	2,064	274	2,338
Purchase consideration – cash			3,200
– deferred consideration			2,800
– deferred discount			(449)
– repayment from vendors			(111)
– costs			148
			5,588
Goodwill arising			3,250

Goodwill arose on the acquisition because of the expected synergy benefits of merging the UK manufacturing operation with the existing powder manufacturing capability of the Goodwin Group.

The provisional fair value adjustments comprised:

- Adjustments to reflect the valuation of intangible asset brand names
- Adjustments to inventories to reflect net realisable value
- Adjustments to property, plant and equipment to reflect existing use replacement costs
- Adjustment to reflect impairment of trade debtors
- Adjustment to reflect under provision for tax and sundry other trade and other payables

Acquisition of Gold Star Brazil

During year ended April, 2009, the Group purchased a 51% investment in a new company, registered in Brazil with a view to expanding the Group's investment powder business.

At 30th April, 2009, the Company was capitalised at a total of £1.2 million and the Group's 51% interest on acquisition was satisfied in cash of £617,000.

GOODWIN PLC

COMPANY BALANCE SHEET

At 30th April, 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Intangible assets	C4	**1,572**	1,848
Tangible assets	C5	**13,705**	12,170
Investments	C6	**15,310**	15,040
		30,587	29,058
CURRENT ASSETS			
Debtors	C7	**15,551**	13,055
Cash at bank and in hand		**5,733**	4,790
		21,284	17,845
CREDITORS: amounts falling due within one year	C8	**(9,947)**	(9,457)
NET CURRENT ASSETS		**11,337**	8,388
TOTAL ASSETS LESS CURRENT LIABILITIES		**41,924**	37,446
CREDITORS: amounts falling due after more than one year	C9	**(16,261)**	(13,412)
PROVISIONS FOR LIABILITIES	C10	**(591)**	(298)
NET ASSETS		**25,072**	23,736
CAPITAL AND RESERVES			
Called up share capital	C11	**720**	720
Hedge reserve	C12	**(426)**	(429)
Profit and loss account	C12	**24,778**	23,445
TOTAL SHAREHOLDERS' FUNDS		**25,072**	23,736

These financial statements were approved by the board of Directors on 23rd August, 2010 and signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

Registered Company Number 305907

C1 UK GAAP accounting policies

Principal accounting policies

The Company has elected to prepare its financial statements under UK GAAP.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules, except for derivatives which are valued at fair value, and in accordance with applicable Accounting Standards.

The company is exempt under S408(3) Companies Act 2006 from the requirement to present its own profit and loss account.

In accordance with FRS 1, the Company is exempt from preparing its own cash flow statement. In accordance with FRS 8 "Related parties", the Company is exempt from disclosing transactions with its subsidiaries.

The Company has adopted the requirements of FRS 29 and has taken the exemption under that standard from disclosure on the grounds that the Group financial statements contain disclosures in compliance with IFRS 7.

Investment in subsidiary undertakings

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less amounts written off for impairment.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

Intangible fixed assets and amortisation

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Manufacturing rights, brand names and customer lists purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 6 and 15 years.

Tangible fixed assets and depreciation

Depreciation is calculated so as to write down the cost of fixed assets to their anticipated residual value over their estimated useful lives. The method of calculation and the annual rates applied are as follows:

Freehold land	Nil
Freehold buildings	4% on cost or reducing balance
Leasehold property	Over period of lease on cost
Plant and machinery	10% to 25% on reducing balance or 25% on cost
Motor vehicles...	15% or 25% on reducing balance
Fixtures and fittings	25% on reducing balance

Assets under the course of construction are not depreciated.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but not reversed at the balance sheet date.

Deferred taxation is not provided on earnings retained in overseas subsidiary undertakings as it is not expected that an actual liability will arise.

Leasing

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life, or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Financial Instruments

The Company uses financial instruments to manage financial risks associated with the Group's underlying business activities and the financing of those business activities. The Company does not undertake any trading in financial instruments.

Derivatives are initially recognised at fair value on the date that the contract is entered into and subsequently re-measured in future periods at their fair value. The method of recognising the resulting change in fair value is dependent on whether the derivative is designated as a hedging instrument.

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swaps at the balance sheet date, taking into account current interest rates and the current credit worthiness of the swap counterparties.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Any gain or loss on translation arising from a movement in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

C2 Profit for the financial year

The Company's profit for the financial year was £5,333,000 *(2009: £6,691,000).*

Included in profit before taxation are the following:

Fees receivable by the auditors and their associates in respect of:	**2010 £'000**	2009 £'000
Audit of these financial statements	**15**	15

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis (see note 3 on page 24).

C3 Staff numbers and costs (including Directors)

Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 8 and 9.

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	Number of employees 2010	2009
Administration	**35**	37

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	**1,942**	1,830
Social security costs	**229**	218
Other pension costs	**22**	24
	2,193	2,072

C4 Intangible fixed assets

	Brand Name and customer list £'000	**Manufacturing rights** £'000	**Intellectual Property Rights and Non-Compete** £'000	**Total** £'000
Cost				
At beginning of year	880	827	594	2,301
Additions	–	–	–	–
At end of year	880	827	594	2,301
Amortisation				
At beginning of year	266	79	108	453
Charged in year	110	68	98	276
At end of year	376	147	206	729
Net book value				
At 30th April, 2010	**504**	**680**	**388**	**1,572**
At 30th April, 2009	614	748	486	1,848

During the previous year, the Company acquired on behalf of Hoben International Limited the right for that company to manufacture and sell cristobalite to companies connected to Goodwin Refractory Services Holdings Limited.

The brand name and customer list reflects the purchase of an intangible asset to assist an existing manufacturing process at one of the Group's subsidiaries. The manufacturing rights brought forward reflect the payment in a previous period for an irrevocable licence for the Goodwin Group to manufacture the Noreva range of nozzle check valves in the UK. These rights will be amortised over 15 years in line with the expected life of the asset with appropriate royalties being charged to the UK subsidiary carrying on the manufacturing of the valves. The intangible asset, being in effect an inter company transaction, does not feature in the Group accounts as an intangible asset.

C5 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At beginning of year	8,125	7,918	1,200	17,243
Additions	1,259	1,121	158	2,538
Disposals	–	(41)	(159)	(200)
At end of year	9,384	8,998	1,199	19,581
Depreciation				
At beginning of year	1,072	3,111	890	5,073
Charge for year	329	547	111	987
Disposals	–	(30)	(154)	(184)
At end of year	1,401	3,628	847	5,876
Net book value				
At 30th April, 2010	**7,983**	**5,370**	**352**	**13,705**
At 30th April, 2009	7,053	4,807	310	12,170

C6 Fixed asset investments

	Shares in associated undertakings £'000	Shares in Group undertakings £'000
Cost and net book value		
At beginning of year	–	15,040
Additions	40	435
Disposal	–	(205)
At end of year	**40**	**15,270**

The additions during the year represented additional investments in Goodwin Valve and Pump Company, Brazil, Goodwin (Shanxi) Pump Company, Easat Antennas Limited and Asian Industrial Investment Casting Powders (see note 25 in the Group accounts). A list of principal subsidiaries is given in note 11 of the Group accounts.

The disposal relates to a rationalisation of the Group structure during the year. This does not impact on the Group assets or results for the year ended 30th April, 2010.

C7 Debtors

	2010 £'000	2009 £'000
Trade debtors	**19**	–
Amounts owed by Group undertakings	**13,298**	6,627
Other debtors	**68**	109
Intra-Group derivatives	**–**	4,841
Corporation tax	**1,407**	745
Derivative valuations	**630**	675
Prepayments and accrued income	**129**	58
	15,551	13,055

C8 Creditors: amounts falling due within one year

	2010 £'000	2009 £'000
Bank loans and overdrafts	**1,378**	1,019
Amounts owed to Group undertakings	**5,464**	716
Other taxation and social security	**116**	143
Derivative valuations	**890**	6,505
Intra-Group derivatives	**499**	–
Deferred consideration on acquisitions	**–**	469
Accruals and deferred income	**1,600**	605
	9,947	9,457

C9 Creditors: amounts falling due after more than one year

	2010 £'000	2009 £'000
Bank loans	**10,350**	7,850
Deferred and contingent consideration on acquisition of subsidiaries	**5,911**	5,562
	16,261	13,412

C10 Provisions for liabilities

Deferred taxation	**£'000**
At beginning of year	298
Charge to the profit and loss for the year	293
At end of year	**591**

The elements of deferred taxation are as follows:

	2010 £'000	2009 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**852**	429
Taxation on derivative financial instruments	**(261)**	(131)
	591	298

C11 Called up share capital

	2010 £'000	2009 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720

C12 Share capital and reserves

	Share capital £'000	**Hedging reserve £'000**	**Profit and loss account £'000**	**2010 Total £'000**	2009 Total £'000
At beginning of year	**720**	**(429)**	**23,445**	**23,736**	19,157
Profit for the year	**–**	**3**	**5,333**	**5,336**	6,235
Dividends	**–**	**–**	**(4,000)**	**(4,000)**	(1,656)
At end of year	**720**	**(426)**	**24,778**	**25,072**	23,736

C13 Contingent liabilities

The Company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil *(2009: £Nil)*.

C14 Commitments

Contracted capital commitments at 30th April, 2010 for which no provision has been made in these financial statements, were £Nil *(2009: £Nil)*.

C15 Subsequent events

Apart from the dividends declared after the balance sheet date (see note C16), no significant events have occurred after the balance sheet date.

C16 Dividends

	2010 £'000	2009 £'000
Final dividends paid during the year in respect of prior years 27.777p *(2009: 23.004p)* per qualifying ordinary share	**2,000**	1,656
Extraordinary dividends paid during the year in respect of prior years 27.777p *(2009: £Nil)*	**2,000**	–
	4,000	1,656

After the balance sheet date an ordinary dividend of 27.777p per qualifying ordinary share was proposed by the Directors *(2009: ordinary dividend of 27.777p plus an extraordinary dividend of 27.777p)*.

The current year proposed ordinary dividend of £2,000,000 has not been provided for within these financial statements *(2009: proposed ordinary dividend of £2,000,000 and extraordinary dividend of £2,000,000 were not provided for within the comparative figures)*.