

GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT
31st OCTOBER 2010

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

CHAIRMAN'S STATEMENT

I am pleased to report that the pre-tax profits for the Group for the six month period ending 31st October 2010 were £5.8 million (2009 £6.8 million) from a revenue of £45.9 million (2009 £45.8 million).

Gross margin earned for the period remained in line with the same period last year, but overhead and administration costs increased as a feature of steps being taken such that the Group is appropriately equipped to target significant growth both in the UK and in our overseas subsidiaries over the next five years.

The order input of all Group companies for the first six months of this half year improved by 29% compared with the same period last year which in itself should provide the Group with the opportunity to increase activity in the second half of the year.

Dupré Minerals within our Refractory Division has enhanced its position as the exclusive distributor of vermiculite from the Ugandan Namekara mine by extending the agreement term from 10 to 25 years. This new distribution opportunity, which was originally signed for in May 2010, will allow Dupré to further consolidate its position in the world vermiculite market.

The cash flow position has deteriorated by some £8 million over the past 6 months. This is a feature of the further release and payment for certain capital expenditure projects within the Group and also an increase in the work in progress and debtors as our activity levels are increasing. It is also now more difficult to obtain satisfactory contract stage payments on large contracts as customers have used the recession as a reason not to appropriately fund contracts and as such we have been faced with adding this cost into our selling prices. The Group now has more than adequate lines of credit that are committed to us over a five year period, and this permitted change in cash flow position is an indication of the confidence the Board has in allowing our companies to expand their product lines and activities.

John Goodwin
Chairman

21st December 2010

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Management report

Over 75% of the products made by the Group are for use in overseas markets. The management infrastructure will need continuous investment to further grow the Group in these markets and provide quality of service, whilst minimising the risks.

The sales order backlog stands at seven months as at the end of October 2010.

Financial Highlights

	Unaudited Half Year to 31st October 2010	Unaudited Half Year to 31st October 2009	Audited Year Ended 30th April 2010
Consolidated Results	£m	£m	£m
Sales revenue	45.93	45.83	93.93
Operating profit	6.06	7.20	14.04
Profit before tax	5.80	6.80	13.31
Profit after tax	4.15	4.91	9.33
Capital Expenditure	2.71	1.36	5.10
Earnings per share (Basic and Diluted)	49.90p	65.40p	118.15p

Turnover

Sales revenue virtually unchanged at £45.93 million for the half year represents a 0.2% increase over the £45.83 million achieved during the same period last year.

With the increased order input in the first six months of the year, there is the opportunity of increasing activity levels in the second half of the year.

Profit Before Tax

Profit before tax for the 6 months of £5.80 million is down 14.7% from the £6.80 million achieved for the same period last year. This is largely as a result of an increased level of overhead brought in to service the growth opportunities of the Group over the next 5 years.

Risks and Uncertainties

The Group has in place internal control procedures which, in conjunction with its centralised management structure, identify and manage the key risks and uncertainties affecting the Group.

We would refer you to note 19 (page 31) of the Group annual accounts to 30th April 2010 which describes in detail the key risks and uncertainties affecting the business such as credit risk and foreign exchange risk. This position remains unchanged at the end of October 2010.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Management report *(continued)*

Risks and Uncertainties *(continued)*

We see markets connected with energy such as oil, gas, LNG, electricity and water remaining in demand and additional investment in our engineering division is occurring such that we are suitably positioned to tender for business in the nuclear power station construction activity when it starts ramping up world wide.

Probably the biggest unknown for the next 24 months is the relationship of the major currency pairs and this will have an affect on our global competitiveness, although our overseas manufacturing operations have to some extent reduced this risk.

Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2011. The report may contain forward-looking statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report. Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

2011 Outlook

The order input of all Group companies for the first six months has improved 29% compared to the same period last year, which should in itself provide the Group with the opportunity to increase activity in the second half of the year.

Responsibility statement of the directors in respect of the half-yearly financial report

The directors confirm to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so) of the United Kingdom's Financial Service Authority.

J. W. Goodwin
Chairman

21st December 2010

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Condensed consolidated income statement for the half year to 31st October 2010

	Unaudited Half Year to 31st October 2010 £000	Unaudited Half Year to 31st October 2009 £000	Year Ended 30th April 2010 £000
Continuing operations			
Revenue	45,933	45,827	93,928
Cost of sales	(32,078)	(31,899)	(64,057)
Gross profit	13,855	13,928	29,871
Distribution costs	(1,475)	(1,390)	(4,595)
Administrative expenses	(6,319)	(5,338)	(11,232)
Operating profit	6,061	7,200	14,044
Financial expenses	(436)	(522)	(959)
Share of profit of associates	181	120	226
Profit before taxation	5,806	6,798	13,311
Tax on profit	(1,659)	(1,884)	(3,980)
Profit after taxation	4,147	4,914	9,331
Attributable to:			
Equity holders of the parent	3,593	4,709	8,507
Minority interest	554	205	824
Profit for the period	4,147	4,914	9,331
Basic and diluted earnings per ordinary share	49.90p	65.40p	118.15p

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Condensed consolidated statement of comprehensive income for the half year to 31st October 2010

	Unaudited Half Year to 31st October 2010 £000	Unaudited Half Year to 31st October 2009 £000	Year Ended 30th April 2010 £000
Profit for the period	4,147	4,914	9,331
Other comprehensive income			
Foreign exchange translation differences	(159)	(238)	382
Effective portion of changes in fair value of cash flow hedges	2,067	2,542	328
Change in fair value of cash flow hedges transferred to profit and loss	(363)	3,043	6,858
Tax recognised on income and expenses recognised directly in equity	(477)	(1,564)	(2,012)
Other comprehensive income for the period, net of income tax	1,068	3,783	5,556
Total comprehensive income for the period	5,215	8,697	14,887
Attributable to:			
Equity holders of the parent	4,699	8,297	13,922
Minority interest	516	400	965
	5,215	8,697	14,887

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Condensed consolidated statement of changes in equity for the half year to 31st October 2010

	Share capital	Translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
Half year to 31st October 2010							
Balance at 1st May 2010	720	1,199	(74)	35,082	36,927	3,242	40,169
Total comprehensive income for the period	–	(120)	1,227	3,592	4,699	516	5,215
Dividends paid	–	–	–	(2,000)	(2,000)	(256)	(2,256)
Balance at 31st October 2010 (Unaudited)	<u>720</u>	<u>1,079</u>	<u>1,153</u>	<u>36,674</u>	<u>39,626</u>	<u>3,502</u>	<u>43,128</u>
Half year to 31st October 2009							
Balance at 1st May 2009	720	957	(5,247)	30,575	27,005	2,482	29,487
Total comprehensive income for the period	–	(238)	4,021	4,514	8,297	400	8,697
Dividends paid	–	–	–	(4,000)	(4,000)	(380)	(4,380)
Balance at 31st October 2009 (Unaudited)	<u>720</u>	<u>719</u>	<u>(1,226)</u>	<u>31,089</u>	<u>31,302</u>	<u>2,502</u>	<u>33,804</u>
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 period	–	242	5,173	8,507	13,922	965	14,887
Dividends paid	–	–	–	(4,000)	(4,000)	(205)	(4,205)
Balance at 30th April 2010	<u>720</u>	<u>1,199</u>	<u>(74)</u>	<u>35,082</u>	<u>36,927</u>	<u>3,242</u>	<u>40,169</u>

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Condensed consolidated balance sheet as at 31st October 2010

	Unaudited as at 31st October 2010 £000	Unaudited as at 31st October 2009 £000	As at 30th April 2010 £000
Non-current assets			
Property, plant and equipment	24,596	20,970	23,260
Intangible assets	11,094	10,780	10,671
Investments in associates	1,055	760	919
	<u>36,745</u>	<u>32,510</u>	<u>34,850</u>
Current assets			
Inventories	20,227	17,004	18,085
Trade and other receivables	26,247	23,612	21,815
Derivative financial assets	2,934	1,172	635
Cash and cash equivalents	3,485	5,288	10,710
	<u>52,893</u>	<u>47,076</u>	<u>51,245</u>
Total assets	<u>89,638</u>	<u>79,586</u>	<u>86,095</u>
Current liabilities			
Bank overdrafts	1,882	28	887
Other interest-bearing loans and borrowings	680	390	139
Trade and other payables	21,690	23,340	23,629
Deferred consideration	2,617	–	–
Derivative financial liabilities	1,051	3,768	1,306
Liabilities for current tax	2,379	2,480	2,150
	<u>30,299</u>	<u>30,006</u>	<u>28,111</u>
Non-current liabilities			
Other interest-bearing loans and borrowings	10,768	9,096	10,358
Deferred consideration	3,479	5,722	5,911
Deferred tax liabilities	1,964	958	1,546
	<u>16,211</u>	<u>15,776</u>	<u>17,815</u>
Total liabilities	<u>46,510</u>	<u>45,782</u>	<u>45,926</u>
Net assets	<u>43,128</u>	<u>33,804</u>	<u>40,169</u>
Equity attributable to equity holders of the parent			
Share capital	720	720	720
Translation reserve	1,079	719	1,199
Cash flow hedge reserve	1,153	(1,226)	(74)
Retained earnings	36,674	31,089	35,082
	<u>39,626</u>	<u>31,302</u>	<u>36,927</u>
Minority interest	<u>3,502</u>	<u>2,502</u>	<u>3,242</u>
Total equity	<u>43,128</u>	<u>33,804</u>	<u>40,169</u>

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Condensed consolidated cash flow statement for the half year ended 31st October 2010

	Unaudited Half Year to 31st October 2010 £000	Unaudited Half Year to 31st October 2009 £000	Year Ended 30th April 2010 £000
Cash flow from operating activities			
Profit for the period	4,147	4,914	9,331
Adjustments for:			
Depreciation	1,231	1,149	2,832
Amortisation of intangible assets	232	214	456
Financial expense	436	522	959
Loss on sale of property, plant and equipment	4	6	86
Share of profit of associate companies	(181)	(120)	(226)
Tax expense	1,659	1,884	3,980
Operating profit before changes in working capital and provisions	7,528	8,569	17,418
(Increase) / Decrease in trade and other receivables	(5,590)	(2,443)	203
Increase in inventories	(2,181)	(584)	(1,595)
Increase / (Decrease) in trade and other payables (excluding payments on account)	14	(1,341)	(1,581)
Decrease in payments on account	(617)	(639)	(1,825)
Cash generated from operations	(846)	3,562	12,620
Interest paid	(237)	(324)	(564)
Corporation tax paid	(1,489)	(1,989)	(4,240)
Interest element of finance lease obligations	(14)	(7)	(15)
Net cash (outflow) / inflow from operating activities	(2,586)	1,242	7,801
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	12	9	17
Acquisition of property, plant and equipment	(3,504)	(1,635)	(4,235)
Acquisition of intangible assets	(655)	-	-
Acquisition of subsidiary net of cash acquired	-	(40)	(290)
Acquisition of associated undertaking	-	-	(40)
Payment of deferred purchase creditor	-	-	(500)
Increase holding in subsidiary company	-	(117)	-
Dividends received from associate company	-	-	119
Net cash from investing activities	(4,147)	(1,783)	(4,929)
Cash flows from financing activities			
Payment of capital element of finance lease obligations	(177)	(188)	(275)
Dividends paid	(2,000)	(4,000)	(4,000)
Net proceeds from new loans / lease agreements	696	909	2,007
Net cash from financing activities	(1,481)	(3,279)	(2,268)
Net (Decrease) / Increase in cash and cash equivalents	(8,214)	(3,820)	604
Opening cash and cash equivalents	9,823	9,180	9,180
Effect of exchange rate fluctuations on cash held	(6)	(100)	39
Closing cash and cash equivalents	1,603	5,260	9,823

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes

to the condensed consolidated financial statements

1 Reporting entity

Goodwin PLC (the “Company”) is a company incorporated in England. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2010 comprises the Company, its subsidiaries and the Group’s interests in associates (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended 30th April 2010 are available upon request from the Company’s registered office at Ivy House Foundry, Hanley, Stoke on Trent ST1 3NR or via the Company’s web site: www.goodwin.co.uk

2 Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30th April 2010.

The comparative figures for the financial year ended 30th April 2010 are extracts and not the full Group’s statutory accounts for that financial year. Those accounts have been reported on by the company’s auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

These condensed consolidated interim financial statements were approved by the Board of Directors on 21st December 2010.

3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30th April 2010.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes (continued)

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30th April 2010.

5 Business Segments

Products and services from which reportable segments derive their revenues

In accordance with the requirements of IFRS8 "Operating Segments" 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.

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes (continued)

Segment revenues and profits

	Engineering			Refractories			Sub Total		
	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000
Revenue									
External sales	33,008	34,261	70,982	12,988	10,319	22,981	45,996	44,850	93,963
Intra-Group sales	7,004	7,567	15,028	2,337	1,689	3,104	9,341	9,256	18,132
Total revenue	40,012	41,828	86,010	15,325	12,008	26,085	55,337	53,836	112,095

Reconciliation to consolidated revenues:

Intra-Group sales							(9,341)	(9,256)	(18,132)
Net consolidation adjustments							(63)	1,247	(35)
							45,933	45,827	93,928

	Engineering			Refractories			Sub Total		
	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000
Profits									
Segment result including associates	4,429	5,512	11,533	1,634	1,299	3,299	6,063	6,811	14,832
Group administration costs							(445)	(115)	(368)
Group finance and treasury costs							(251)	(322)	(1,284)
Other (net)							439	424	131
Consolidated profit before tax for the period							5,806	6,798	13,311
Tax							(1,659)	(1,884)	(3,980)
Consolidated profit after tax for the period							4,147	4,914	9,331

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes (continued)

Segmental assets and liabilities

	Segmental total assets			Segmental total liabilities			Segmental net assets		
	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000	Half Year Ended 31st October 2010 £000	Half Year Ended 31st October 2009 £000	Year Ended 30th April 2010 £000
Engineering	50,293	45,645	44,010	33,926	31,032	32,003	16,367	14,613	12,007
Refractories	26,589	20,932	22,668	15,588	11,553	12,338	11,001	9,379	10,330
Sub total reportable segment	76,882	66,577	66,678	49,514	42,585	44,341	27,368	23,992	22,337
Goodwin PLC (the Company) net assets							22,672	19,651	25,072
Investments elimination / Goodwill adjustments							(6,062)	(6,634)	(6,611)
Other consolidation adjustments							(3,324)	(3,360)	(1,426)
Foreign exchange / IAS 39							2,474	155	797
Consolidated total net assets							43,128	33,804	40,169

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes (continued)

Geographical segments

	Half year ended 31st October 2010				Half year ended 31st October 2009			
	Revenue £000	Operational assets £000	Non current assets £000	PPE Capital expenditure £000	Revenue £000	Operational assets £000	Non current assets £000	PPE Capital expenditure £000
UK	9,979	32,531	31,587	1,360	7,325	23,367	27,588	910
Rest of Europe	9,594	3,427	701	148	10,746	3,705	840	321
USA	5,106	-	-	-	6,323	-	-	-
Pacific Basin	10,878	3,955	237	19	13,193	4,152	1,436	17
Rest of World	10,376	3,215	4,220	1,184	8,240	2,580	2,646	116
Total	<u>45,933</u>	<u>43,128</u>	<u>36,745</u>	<u>2,711</u>	<u>45,827</u>	<u>33,804</u>	<u>32,510</u>	<u>1,364</u>

	Year ended 30th April 2010			
	Revenue £000	Operational assets £000	Non current assets £000	PPE Capital expenditure £000
UK	18,332	29,459	30,764	3,741
Rest of Europe	22,251	3,872	723	798
USA	9,277	-	-	-
Pacific Basin	24,035	3,697	128	50
Rest of World	20,033	3,141	3,235	518
Total	<u>93,928</u>	<u>40,169</u>	<u>34,850</u>	<u>5,107</u>

The Group operates in the above principal locations. In presenting the information on geographical segments, revenue is based on the location of its customers and assets and the location of the assets.

6 Dividends

The directors do not propose the payment of an interim dividend.

	Half year ended 31st October 2010 £000	Half year ended 31st October 2009 £000	Year ended 30th April 2010 £000
Equity Dividends Paid:			
Paid ordinary dividend 30th April 2010: (27.777p per share)	2,000		
Paid ordinary dividend 30th April 2009: (27.777p per share)	-	2,000	2,000
Paid extraordinary dividend 30th April 2009: (27.777p per share)	-	2,000	2,000

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2010

Notes (continued)

7 Earnings per share

The calculation of the earnings per ordinary share is based on the number of ordinary shares in issue during all periods of 7,200,000 and on the profit for the six months attributable to ordinary shareholders of £3,593,000 (*half year ended 31st October 2009: £4,709,000*). The company has no share options or other diluting interest and accordingly, there is no difference in the calculation of diluted earnings per share.

8 Issuance and repayment of debt

During the 6 months to 31st October 2010, the Group has repaid £350,000 of 5 year drawn down committed lines which remain available to be redrawn when appropriate.

The Group has also entered into a finance lease agreement for a total of £1,046,000 relating to the purchase of new CNC machinery and has repaid capital elements of its finance leases of £177,000.

9 Property, Plant and Equipment

During the six month period, the Group incurred fixed asset expenditure of £2.711 million (6 months to 31st October 2009: £1.364 million) on various capital projects throughout the Group.

10 Intangible assets

Cost	£000
At 1st May 2010	12,335
Additions	655
At 31st October 2010	12,990
Amortisation	
At 1st May 2010	1,664
Charge for the half year	232
At 31st October 2010	1,896
Net book value at 31st October 2009	10,780
Net book value at 1st May 2010	10,671
Net book value at 31st October 2010	11,094

Additions to intangible assets in the period relate to the acquisition of vermiculite rights in relation to the Ugandan Namekara mine.

