GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2009

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,
2 Cornwall Street, Birmingham, B3 2DL

NOTICE IS HEREBY GIVEN that the SEVENTY FOURTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am on Wednesday, 14th October, 2009 at Crewe Hall, Weston Road, Crewe, Cheshire CW1 6UZ, for the purpose of considering and, if thought fit, passing the following resolutions of which the first five are proposed as ordinary resolutions and the sixth as a special resolution.

1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 2009.
2. To approve the payment of the proposed ordinary and extraordinary dividends on the ordinary shares.
3. To re-elect Mr. M. S. Goodwin as a director.
4. To approve the directors' remuneration report for the year ended 30th April, 2009.
5. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration.

6.1 That the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and

6.2 That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By Order of the Board

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
25th August, 2009

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 or (during normal business hours only) by hand at Ivy House Foundry, Hanley, Stoke-on-Trent, ST1 3NR no later than 10.30am on 12th October, 2009.

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 12th October, 2009 (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 24th August, 2009 (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 24th August, 2009 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, 2009 of £13.1 million (2008: £9.8 million), an increase of 33% on a revenue of £100.7 million (2008: £80.6 million) which is up 24.9 % on the previous year.

The directors propose an ordinary dividend of 27.777p per share (2008: 23.004p), an increase of 20.7 %. To reward our shareholders for their loyalty and for accepting a prudent dividend policy over the years that has allowed the Company to fund significant capital investments, which in themselves have enabled the Group to successfully grow both in the UK and overseas, the Board is also recommending an extraordinary dividend of 27.777p per share. The timing of this additional dividend payment will allow shareholders to maximise their position in relation to the 10% tax increase that the Government has implemented on dividends to help finance the banking crisis costs.

The results for the year were accomplished by the Group's continued high level of sales into the oil and gas markets, as well as the power generation markets worldwide. The results also benefited from the profits from our recently acquired German valve manufacturing subsidiary, Noreva GmbH, which more than doubled its pre-tax profits to £3.1 million in its second full year of trading as part of the Group.

The new financial year commencing 1st May, 2009 was started with order books at £57 million which should allow our companies to have the opportunity of achieving a good performance in the new financial year, but it is unlikely due to the global trading environment that there will be any growth in pre-tax profit for the year ending 30th April, 2010.

I had previously reported in my year end statement dated August, 2008 and the October, 2008 half year interim statement that it was policy to reduce the Group debt levels to zero in the near future. I am pleased to say that with the focused efforts of our management team, this goal was achieved by our year end, 30th April, 2009. We embarked on this debt reduction programme as, for more than a year, our Board had become increasingly concerned about our main clearing bank. This concern turned out to be well founded as towards the end of 2008, despite the Group's excellent reported financial performance, the same facilities as we had previously enjoyed were not on offer and, although we had banked with them since 1903, we changed banks. Our new banks, Barclays and Lloyds TSB, who offered the company the facilities it requested, are now our main bankers.

You will see from the accounts that this year we decided to avail ourselves of £12 million of committed facilities rather than relying solely on utilising on demand facilities as we were unsure that, should we need facilities in the future, they would be available to us in these uncertain economic conditions. As a key performance indicator it can be seen that the cash flow generated from operating activities by the Group to 30th April, 2009 was £14.28 million (2008: £11.20 million). The policy decision to maximise cash flow rather than profits will undoubtedly result in a fall off in growth in pre-tax profits over the next 18 months, but the Board think that it is more important to trade with a strong balance sheet in the current global financial climate.

The consolidation of the refractory engineering group of companies was completed by 30th April, 2009, with the newly acquired UK SRS manufacturing activity consolidated into Hoben International and Goodwin Refractory Services and the completion of the Gold Star Brazil manufacturing plant and offices. As yet, the synergy benefits of purchasing SRS Holdings are hardly visible in profit terms as the jewellery casting and precision casting for car parts industries are overall at least 22 % down worldwide this year and we will have to be patient for the sales input of these companies to recover when these markets start recovering which we expect will commence in the first quarter of 2011. We are, however, expecting the profits of the refractory engineering division to significantly increase this financial year now that we are able to focus on running the businesses rather than consolidating them.

In September 2008 Jeff Dyer, who had been a Director of Goodwin PLC for 12 years, retired. He had worked for the Goodwin Group for over 44 years with his focus in the last 8 years on Easat Antennas. The Board takes the opportunity of thanking him for his work over the years which helped move the Group forward and we wish him much happiness in his retirement.

The Board again wishes to thank the employees for their never ending efforts in pushing the Group performance forward.

J. W. Goodwin
Chairman

21st August, 2009

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2009.

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

	2009 £'000	2008 £'000
Revenue	**100,684**	80,578
Profit before taxation	**13,115**	9,818
Tax on profit	**(4,003)**	(3,035)
Profit after taxation	**9,112**	6,783

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 18th September, 2009 *(2008: 23.004p per share)*. In addition the directors recommend an extraordinary dividend of 27.777p per share be paid to shareholders on the register at the close of business on 18th September, 2009 *(2008: Nil).*

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
R. J. Dyer (retired 26th September, 2008)

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, 2009	30th April, 2008
Beneficial		
J. W. Goodwin	**154,602**	153,370
R. S. Goodwin	**210,019**	222,280
J. W. Goodwin and R. S. Goodwin	**1,857,057**	1,857,057
J. W. Goodwin and R. S. Goodwin	**1,122,110**	1,122,110
F. A. Gaffney	**7,131**	7,131
M. S. Goodwin	**267,285**	265,928
R. J. Dyer (retired 26th September, 2008)	**–**	14,750
Non beneficial		
J. W. Goodwin and E. M. Goodwin	**169,861**	184,861

There have been no changes in the above figures between the year end and 5th August, 2009.

The director retiring in accordance with the Articles is Mr. M.S. Goodwin 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 5th August, 2009, the following had an interest in 3% or more of the issued share capital of the company:

J. W. and R. S. Goodwin 1,857,057 shares (25.79%), J. W. and R. S. Goodwin 1,122,110 shares (15.59%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. M. S. Goodwin 267,285 shares (3.71%), S. R. Goodwin 230,785 shares (3.21%), B. R. E. Goodwin 291,687 shares (4.05%), J. H. Ridley 523,741 shares (7.27%), L. R. Dean 236,500 shares (3.28%), D. J. Williams 226,840 shares (3.15%).

Share capital

The Company's issued share capital comprised 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 28.

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 £4.8 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 & development

The Group continues to invest in research and development activities. Significant expenditure was 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 it turnover is split across the UK, Europe, North America and the Pacific Basin. 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 the the Group's knowledge of the markets in which they operate.

Financial risk: The principal financial risks faced the 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 28.

Donations

The company made no political contributions during the year.

Donations by the Group for charitable purposes amounted to £77,343 *(2008: £16,977)*.

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 30 April, 2009 *(2008: 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 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 A3, C3.1, B2.1, A4.1 and A3.3 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 A7 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 fourteen times. Details of attendees at these meetings are set out below:

J. W. Goodwin	14 out of 14 attended
R. S. Goodwin	14 out of 14 attended
F. A. Gaffney	13 out of 14 attended
J. Connolly	13 out of 14 attended
M. S. Goodwin	14 out of 14 attended
R. J. Dyer	4 out of 4 attended (retired 26th September, 2008)

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 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 Combined 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.

The Group does not have an internal audit function. This is presently considered appropriate given the size and complexity of the Group and the close involvement of executive directors and senior management on a day to day operational basis, however, the need for an internal audit function is kept under constant review.

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 9.

External audit

The external auditors are appointed annually at the annual general meeting. The Board considers the re-appointment of the auditors, 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 Combined 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

After making enquiries, the directors have a reasonable expectation that the company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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

21st August, 2009

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 Combined 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.

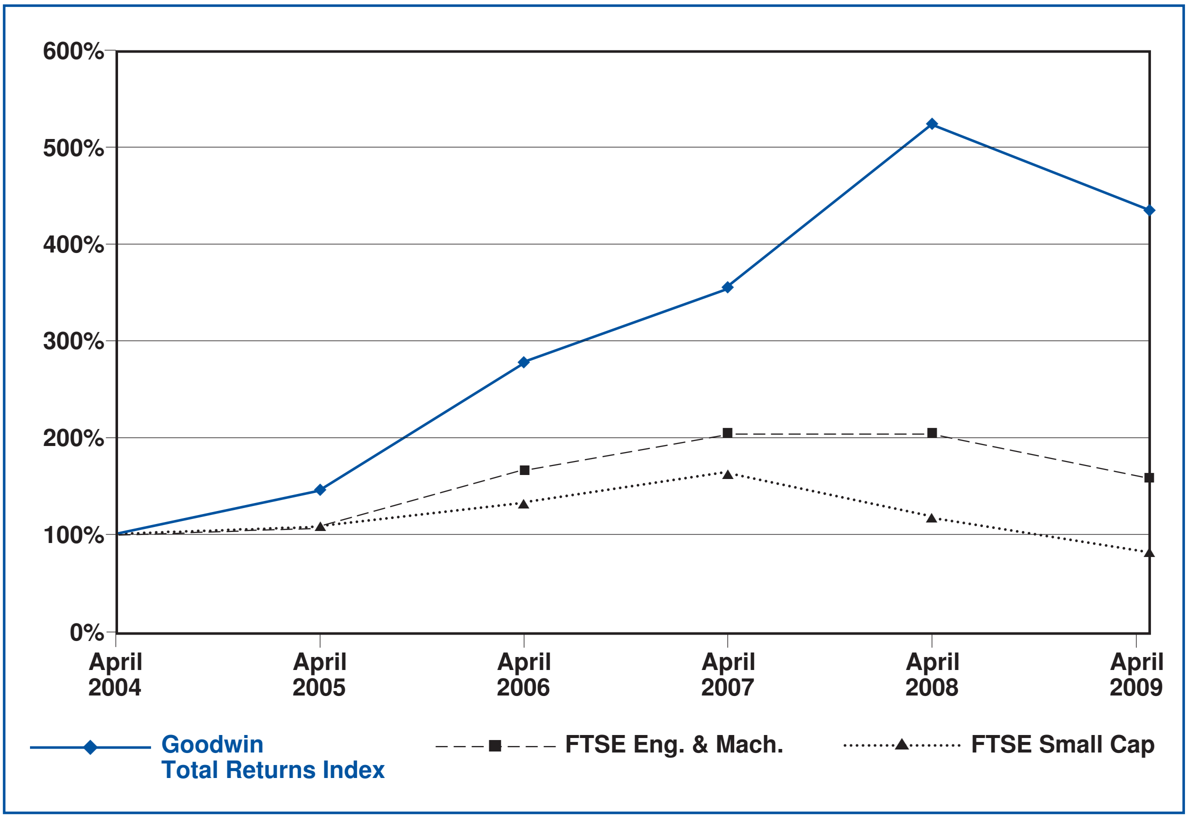
Service contracts

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, 2009 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 2009 £'000	**Benefits in kind 2009 £'000**	**Total 2009 £'000**	Total 2008 £'000	**Pension contrib-utions 2009 £'000**	Pension contrib-utions 2008 £'000
J. W. Goodwin	**238**	**35**	**273**	261	**11**	11
R. S. Goodwin	**238**	**35**	**273**	261	**11**	11
F. A. Gaffney	**174**	**1**	**175**	158	**–**	–
J. Connolly	**124**	**16**	**140**	125	**–**	–
M. S. Goodwin	**115**	**1**	**116**	98	**–**	–
R. J. Dyer (retired 26th September, 2008)	**44**	**0**	**44**	128	**–**	–
	933	**88**	**1,021**	1,031	**22**	22
2008	945	86	1,031			

Pension contributions comprise contributions to money purchase pension schemes.

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

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 21st August, 2009, 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

21st August, 2009

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, 2009. 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 sections 495, 496 and 497 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As 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, 2009 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
Birmingham

21st August, 2009

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 30th April, 2009

	Notes	2009 £'000	2008 £'000
CONTINUING OPERATIONS			
Revenue	1, 2	**100,684**	80,578
Cost of sales		**(71,985)**	(58,201)
GROSS PROFIT		**28,699**	22,377
Distribution costs		**(4,805)**	(2,842)
Administrative expenses		**(10,072)**	(8,873)
OPERATING PROFIT		**13,822**	10,662
Financial expenses	5	**(878)**	(844)
Share of profit of associate company	11	**171**	–
PROFIT BEFORE TAXATION	3	**13,115**	9,818
Tax on profit	6	**(4,003)**	(3,035)
PROFIT AFTER TAXATION		**9,112**	6,783
ATTRIBUTABLE TO:			
Equity holders of the parent	18	**8,779**	6,562
Minority interest	18	**333**	221
PROFIT FOR THE YEAR		**9,112**	6,783
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	7	**121.93p**	91.14p

GOODWIN PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30th April, 2009

	Note	2009 £'000	2008 £'000
Foreign exchange translation differences		**1,090**	109
Effective portion of changes in fair value of cash flow hedges		**(7,131)**	(1,218)
Change in fair value of cash flow hedges transferred to profit or loss ...		**922**	(838)
Tax recognised on income and expenses recognised directly in equity ...		**1,739**	595
NET EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(3,380)**	(1,352)
PROFIT FOR THE YEAR		**9,112**	6,783
TOTAL RECOGNISED INCOME AND EXPENSE	18	**5,732**	5,431
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD IS ATTRIBUTABLE TO:			
Equity holders of the parent	18	**5,124**	5,210
Minority interest	18	**608**	221
		5,732	5,431

GOODWIN PLC

CONSOLIDATED BALANCE SHEET

At 30th April, 2009

	Notes	2009 £'000	2008 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**20,689**	16,376
Investment in associate	11	**673**	–
Intangible assets	10	**10,837**	5,331
Deferred tax asset	12	**606**	–
		32,805	21,707
CURRENT ASSETS			
Inventories	13	**16,530**	15,038
Trade and other receivables	14	**21,921**	20,620
Derivative financial assets		**708**	154
Cash and cash equivalents	15	**10,237**	1,812
		49,396	37,624
TOTAL ASSETS		**82,201**	59,331
CURRENT LIABILITIES			
Bank overdraft	15	**1,057**	1,532
Other interest-bearing loans and borrowings	16	**458**	2,549
Trade and other payables	17	**25,203**	23,552
Derivative financial liabilities		**9,509**	1,873
Liabilities for current tax		**2,618**	1,613
		38,845	31,119
NON-CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	16	**8,307**	830
Deferred consideration	17	**5,562**	1,607
Deferred tax liabilities	12	**–**	968
		13,869	3,405
TOTAL LIABILITIES		**52,714**	34,524
NET ASSETS		**29,487**	24,807
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	18	**720**	720
Translation reserve	18	**957**	142
Cash flow hedge reserve	18	**(5,247)**	(777)
Retained earnings	18	**30,575**	23,447
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**27,005**	23,532
MINORITY INTEREST	18	**2,482**	1,275
TOTAL EQUITY		**29,487**	24,807

These financial statements were approved by the Board of directors on 21st August, 2009 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, 2009

	Notes		2009 £'000		2008 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit from continuing operations after tax			9,112		6,783
Adjustments for:					
Depreciation			2,263		1,831
Amortisation of intangible assets			475		458
Goodwill written off			37		–
Financial expense			878		844
(Proft)/loss on sale of property, plant and equipment			(725)		7
Share of profit of associate company			(171)		–
Tax expense			4,003		3,035
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS			15,872		12,958
Decrease/(increase) in trade and other receivables			1,028		(3,428)
Increase in inventories			(308)		(213)
Increase in trade and other payables (excluding payments on account)			356		2,989
Increase in payments on account			933		2,199
CASH GENERATED FROM OPERATIONS			17,881		14,505
Interest paid			(759)		(684)
Corporation tax paid			(2,788)		(2,557)
Interest element of finance lease obligations			(54)		(62)
NET CASH FROM OPERATING ACTIVITIES			14,280		11,202
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		769		12	
Acquisition of property, plant and equipment		(7,157)		(3,245)	
Acquisition of intangible assets		(255)		(594)	
Acquisition of subsidiaries net of cash acquired	25	(2,788)		(145)	
Dividends received from associate company		226		–	
NET CASH FROM INVESTING ACTIVITIES			(9,205)		(3,972)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of capital element of finance lease obligations		(416)		(518)	
Dividends paid		(1,651)		(1,325)	
Proceeds from/(repayment of) loans		5,589		(3,056)	
NET CASH FROM FINANCING ACTIVITIES			3,522		(4,899)
NET INCREASE IN CASH AND CASH EQUIVALENTS			8,597		2,331
Opening cash and cash equivalents			280		(2,081)
Effect of exchange rate fluctuations on cash held			303		30
CLOSING CASH AND CASH EQUIVALENTS	15		9,180		280

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 39 to 43.

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 2009

In 2009, the following standard became effective and was adopted by the Group.

- IFRIC 11 and IFRS 2 Group and Treasury Share Transactions.

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

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.

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 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 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. 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).

The fair value of interest rate swaps and caps are the estimated amount that the Group would receive or pay to terminate the swaps and caps at the balance sheet date, taking into account current interest rates and the current creditworthiness of the 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.

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.

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. Land is not depreciated. The estimated useful lives are as follows:

Freehold Land	Nil
Freehold buildings	2% or 4% on cost
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	25% 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 subsidiaries. In respect of business acquisitions that have occurred since 1st 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 1st 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 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 amout 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 1st 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 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 £1.4 million was from contract revenue *(2008: £2.5 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.

Taxation *(continued)*

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:

International Accounting Standards (IAS/IFRS)	**Effective date** (accounting periods on or after):
Endorsed	
Amendments to IFRS 1 and IAS 27:	1st January, 2009
'Cost of an Investment in a Subsidiary, Jointly- Controlled Entity or Associate	
IFRS 8: Operating segments	1st January, 2009
IAS 1: Amendment to Presentation of financial statements (2007)	1st January, 2009
IAS 23: Amendment to Borrowing costs (2007)...	1st January, 2009
IAS 27: Consolidated financial statements and accounting for investment in subsidiaries (2008)	1st January, 2009
Amendments to IFRIC 7 Improving Disclosures about Financial Instruments	1st January, 2009
IFRS 3 (Revised): Business combinations (2008)	1st July, 2009
Unendorsed	
Amendments to IAS 39 Financial instruments:	1st July, 2009
Recognition and Measurement: Eligible Hedged Items	
Amendments to IFRS 7: Improving Disclosure about Financial Instruments	1st January, 2009
International Financial Reporting Interpretations Committee (IFRIC)	
Unendorsed	
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives	30th June, 2009

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 analysis

Segment information is presented in respect of the Group's business and geographic segments. The primary format business segment is based on the Group's management and internal reporting structure.

Business segment

The Group has one significant primary trading activity being that of mechanical and refractory engineering so no further analysis is provided.

Geographical segments

The Group is managed as one business but 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.

	2009 Revenue £'000	**2009 Operational assets £'000**	**2009 PPE Capital expenditure £'000**	2008 Revenue £'000	2008 Operational assets £'000	2008 PPE Capital expenditure £'000
UK	**17,022**	**20,323**	**3,886**	15,325	20,622	4,077
Rest of Europe	**23,269**	**2,816**	**379**	21,686	936	401
USA	**12,313**	**–**	**–**	7,084	–	–
Pacific Basin	**27,019**	**4,146**	**102**	16,123	1,288	86
Rest of world	**21,061**	**2,202**	**1,604**	20,360	1,961	209
Total	**100,684**	**29,487**	**5,971**	80,578	24,807	4,773

3. Expenses and auditors' remuneration

Included in profit before taxation are the following:	**2009 £'000**	2008 £'000
Depreciation:		
Owned assets	**2,083**	1,641
Assets held under finance lease	**180**	190
Amortisation of intangible assets	**475**	458
Disposal of goodwill	**36**	–
(Profit)/Loss on sale of property, plant and equipment	**(724)**	7
Operating lease rentals:		
Short term plant hire	**337**	333
Research and development expensed as incurred	**416**	–
Impairment of trade receivables	**35**	14
Foreign exchange gains	**234**	53
Ineffective portion of fair value changes of cash flow hedges	**165**	–
(Gains)/Losses on derivatives at fair value through profit and loss	**708**	852
Fees receivable by the auditors and their associates in respect of:		
Audit of these financial statements	**43**	16
Audit of the financial statements of subsidiaries	**63**	70
Other services relating to taxation	**3**	47

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 2009	2008
Works personnel	**747**	681
Administration staff	**37**	36
	784	717

The aggregate payroll costs of these persons were as follows:	**£'000**	£'000
Wages and salaries	**21,879**	17,897
Social security costs	**2,311**	1,639
Other pension costs	**26**	25
	24,216	19,561

5. Financial expenses

	2009 £'000	2008 £'000
Interest expense on finance leases	**54**	62
Unwinding of discount on deferred consideration	**222**	98
Interest expense on bank loans and overdrafts	**602**	684
Financial expenses	**878**	844

6. Taxation

Recognised in the income statement	**2009**	2008
	£'000	£'000
Current tax expense		
Current year	**3,779**	3,021
Adjustments for prior years	**11**	6
	3,790	3,027
Deferred tax expense		
Origination and reversal of temporary differences – current year	**27**	112
Origination and reversal of temporary differences – prior years	**138**	(104)
	3,955	3,035
Share of tax of associate company	**48**	–
Total tax expense	**4,003**	3,035

Reconciliation of effective tax rate	**£'000**	£'000
Profit before tax	**13,115**	9,818
Tax using the UK corporation tax rate of 28% *(2008: 29.84%)*	**3,672**	2,930
Non-deductible expenses	**250**	221
Under/(over) provided in prior years	**149**	(98)
Additional R&D tax credit benefit	**(29)**	–
Tax offset against brought forward losses	**(54)**	(25)
Losses not utilised	**15**	7
Total tax in income statement	**4,003**	3,035

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 credit	**1,739**	595

7. Earnings per share

The earnings per ordinary share has been calculated on profit for the year attributable to ordinary shareholders of £8,779,000 *(2008: £6,562,000)* 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

	2009	2008
	£'000	£'000
Final dividends paid during the year in respect of prior years 23.004p *(2008: 18.403p)* per qualifying ordinary share	**1,656**	1,325

After the balance sheet date an ordinary dividend of 27.777p *(2008: 23.004p)* and an extraordinary dividend of 27.777p *(2008: £Nil)* per qualifying ordinary share were proposed by the directors. The dividends totalling £4,000,000 have not been provided for.

9. Property, plant and equipment

	Freehold land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1st May, 2007	3,364	20,383	1,893	1,050	26,690
Additions	2,633	1,768	372	–	4,773
Reclassification	630	420	–	(1,050)	–
Disposals	–	(79)	–	–	(79)
Exchange adjustment	26	122	9	–	157
At 30th April, 2008	6,653	22,614	2,274	–	31,541
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
Depreciation					
At 1st May, 2007	843	11,196	1,346	–	13,385
Charged in year	133	1,508	190	–	1,831
Disposals	–	(59)	–	–	(59)
Exchange adjustment	(3)	10	1	–	8
At 30th April, 2008	973	12,655	1,537	–	15,165
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
Net book value					
At 1st May, 2007	2,521	9,187	547	1,050	13,305
At 30th April, 2008 and 1st May, 2008 ...	5,680	9,959	737	–	16,376
At 30th April, 2009	**8,205**	**11,674**	**810**	–	**20,689**

Leased plant and machinery

At 30th April, 2009 the net carrying amount of leased plant and machinery was £877,000 *(2008: £1,677,000)*. 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, 2007 ...	1,201	3,656	127	140	201	5,325
Acquisition of subsidiary ...	145	–	–	–	–	145
Additions	–	–	–	594		594
Balance at 30th April, 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
Amortisation						
Balance at 1st May, 2007 ...	–	46	–	28	201	275
Amortisation for the year ...	–	295	127	36	–	458
Balance at 30th April, 2008	–	341	127	64	201	733
Amortisation for the year ...	–	295	–	180	–	475
Balance at 30th April, 2009	–	636	127	244	201	1,208
Net book value						
At 1st May, 2007	1,201	3,610	127	112	–	5,050
At 30th April, 2008	1,346	3,315	–	670	–	5,331
At 30th April, 2009	**6,756**	**3,364**	**–**	**717**	**–**	**10,837**

Of the goodwill added during the year, £3,250,000 is attributable to the acquisition of Goodwin Refractory Services Holdings Limited (formerly SRS Holdings Limited) on the 30th June. The goodwill here is attributable to the expected synergy benefits of merging 2 manufacturing operations.

Additional goodwill of £2,035,000 has been recognised in relation to the acquisition of Noreva GmbH. The deferred purchase of the residual interest in this company is performance linked and currently the company is performing in front of expectations.

The remaining £161,000 of goodwill added during the year related to an increased holding by the Group in Easat Antennas Limited.

The Goodwill disposal of £36,000 is a result of the closure of Goodwin Alloy Products Limited.

Amortisation and impairment charge

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

	2009 £'000	2008 £'000
Cost of sales	**475**	458

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:

	2009 £'000	2008 £'000
Easat Antennas Limited	**204**	43
Goodwin India Private Limited	**108**	108
Goodwin Alloy Products Limited	**–**	36
Noreva GmbH	**3,194**	1,159
Goodwin Refractory Services Holdings Ltd	**3,250**	–
	6,756	1,346

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 value 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%.

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**
Dupre Minerals Limited	Great Britain	Ordinary	**100**
		Preference	**100**
Easat Antennas Limited	Great Britain	Ordinary	**92.5**
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 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) Valve Co. 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**
Associate			
Jewelry Plaster Company Limited	Thailand	Ordinary	**49**

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.

*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.

The Group's share of post-acquisition total recognised profit or loss (after tax) in the above associate for the year ended 30th April, 2009 was £123,000 *(2008: Nil).*

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

Summary financial information on associate taken from year ended 31st December accounts (100 per cent):

	31st December, 2008 £'000	31st December, 2007 £'000
Assets	**2,038**	1,863
Liabilities	**278**	197
Revenues	**2,077**	2,196
Profit	**372**	638

12. Deferred tax liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Property, plant and equipment	**–**	–	**1,435**	1,270
Derivative financial instruments	**2,041**	302	–	–
	2,041	302	**1,435**	1,270

Movement in deferred tax during the 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)**
	968	165	(1,739)	**(606)**

Movement in deferred tax during the prior year

	1st May, 2007 £'000	Recognised in income £'000	Recognised in equity £'000	30th April, 2008 £'000
Property, plant and equipment	1,102	168	–	1,270
Derivative financial instruments	293	–	(595)	(302)
	1,395	168	(595)	968

The Group has not recorded a deferred tax asset of £37,000 *(2008: £76,000)* 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 a tax credit as and when the profits arise.

13. Inventories

	2009 £'000	2008 £'000
Raw materials and consumables	**8,294**	7,527
Work in progress	**7,465**	6,065
Finished goods	**771**	1,446
	16,530	15,038

14. Trade and other receivables

	2009 £'000	2008 £'000
Trade receivables	**20,882**	18,517
Other receivables	**646**	1,839
Prepayments	**393**	264
	21,921	20,620

15. Cash and cash equivalents

	2009 £'000	2008 £'000
Cash and cash equivalents per balance sheet	**10,237**	1,812
Bank overdrafts	**(1,057)**	(1,532)
Cash and cash equivalents per cash flow statement	**9,180**	280

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.

	2009 £'000	2008 £'000
Non-current liabilities		
Finance lease liabilities	**135**	397
Bank loans	**8,172**	433
	8,307	830
Current liabilities		
Finance lease liabilities	**287**	399
Bank loans	**171**	2,150
	458	2,549

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2009			2008		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**298**	**11**	**287**	433	34	399
Between one and five years	**145**	**10**	**135**	412	15	397
	443	**21**	**422**	845	49	796

17. Trade and other payables

	2009 £'000	2008 £'000
Current liabilities		
Trade payables	**12,775**	13,229
Non-trade payables and accrued expenses	**5,078**	4,341
Deferred consideration on acquisitions	**469**	–
Other taxation and social security costs	**1,134**	1,168
Payments received on account	**5,747**	4,814
	25,203	23,552
Non-current liabilities		
Deferred and contingent consideration on acquisitions	**5,562**	1,607

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 agreement 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, 2007 ...	720	33	684	18,210	19,647	469	20,116
Total recognised income and expense	–	109	(1,461)	6,562	5,210	221	5,431
Dividends paid	–	–	–	(1,325)	(1,325)	–	(1,325)
Acquisition of subsidiary ...	–	–	–	–	–	585	585
Balance at 30th April, 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 subsidiaries	–	–	–	–	–	874	874
Balance at 30th April, 2009	**720**	**957**	**(5,247)**	**30,575**	**27,005**	**2,482**	**29,487**

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 £2,041,000 *(2008: £302,000).*

Share capital

	2009 £'000	2008 £'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, trade and other receivables, the carrying amount of which represents 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 5%) 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:

	Carrying amount	
	2009	2008
	£'000	£'000
Trade and other receivables	**21,528**	20,356
Cash at bank and cash equivalents	**10,237**	1,812
Financial assets	**708**	154
	32,473	22,322

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

	Carrying amount	
	2009	2008
	£'000	£'000
UK	**2,715**	2,597
Rest of Europe	**5,249**	5,122
USA	**3,315**	1,374
Pacific Basin	**5,718**	4,737
Rest of World	**3,885**	4,687
	20,882	18,517

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

	Net 2009 £'000	**Gross 2009 £'000**	**Impairment 2009 £'000**	Net 2008 £'000	Gross 2008 £'000	Impairment 2008 £'000
Not past due	**12,291**	**12,291**	**–**	16,360	16,360	–
Past due 1-30 days	**3,783**	**3,783**	**–**	714	714	–
Past due 31-120 days	**3,556**	**3,556**	**–**	900	900	–
Past due more than 120 days	**1,252**	**1,809**	**(557)**	543	1,123	(580)
	20,882	**21,439**	**(557)**	18,517	19,097	(580)

There are no significant credit risks arising from the above assets and management believe 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:	**2009 £'000**	2008 £'000
At beginning of year	**580**	276
Charge for the year	**35**	290
Utilised during the year	**(58)**	(14)
At end of year	**557**	580

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:

	2009 Uncommitted £'000	**2009 Committed £'000**	**2009 Total £'000**
Un-drawn borrowing facilities	**10,163**	**4,150**	**14,313**

	2008 Uncommitted £'000	2008 Committed £'000	2008 Total £'000
Un-drawn borrowing facilities	12,114	3,000	15,114

The Group's principal borrowing facilities are provided by 3 banks in the form of borrowings and short term overdraft facilities. The quantum of benefited 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.

	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 considerations on acquisitions	**500**	**6,037**	**6,537**	**6,031**
Total	**26,584**	**14,683**	**41,267**	**40,587**

	2008 Contractual cash flows			Carrying value 2008
	Within 1 year £'000	1-5 years £'000	Total £'000	Total £'000
Non-derivative financial liabilities				
Overdrafts	1,532	–	1,532	1,532
Bank loans	3,070	–	3,070	2,583
Finance leases	433	412	845	796
Trade and other payables	23,552	–	23,552	23,552
Deferred consideration on acquisition	–	2,000	2,000	1,607
Total	28,587	2,412	30,999	30,070

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	**2009**			
	US Dollar £'000	**Euro £'000**	**Other £'000**	**Total £'000**
Trade and other receivables	**8,365**	**2,456**	**7**	**10,828**
Cash and cash equivalents	**202**	**–**	**–**	**202**
Bank overdrafts	**–**	**–**	**–**	**–**
Bank loans	**–**	**–**	**–**	**–**
Finance lease liabilities	**–**	**–**	**–**	**–**
Trade and other payables	**(286)**	**(989)**	**(3)**	**(1,278)**
	8,281	**1,467**	**4**	**9,752**

	2008			
	US Dollar £'000	Euro £'000	Other £'000	Total £'000
Trade and other receivables	8,215	1,641	–	9,856
Cash and cash equivalents	24	92	–	116
Bank overdrafts	(304)	(636)	–	(940)
Bank loans	–	–	–	–
Finance lease liabilities	–	–	–	–
Trade and other payables	(253)	(669)	–	(922)
	7,682	428	–	8,110

The following significant exchange rates applied during the year:

	Average Exchange rate		**Reporting date spot rate**	
	2009	2008	**2009**	2008
US Dollar	**1.6762**	2.0074	**1.4832**	1.9846
Euro	**1.1862**	1.4024	**1.1183**	1.2748

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 or caps 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, 2009 these products ensure that the Group's worse case borrowing rate (including the banks margins) are no worse than 6.43%.

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.

	2009			
	Fixed rate £'000	**Floating rate £'000**	**Non-interest bearing £'000**	**Total £'000**
Cash and cash equivalents	**–**	**10,237**	**–**	**10,237**
Trade and other receivables (incl. derivatives)	**–**	**–**	**22,629**	**22,629**
Trade and other payables (incl. derivatives) ...	**–**	**–**	**(40,274)**	**(40,274)**
Bank overdrafts	**–**	**(1,057)**	**–**	**(1,057)**
Bank loans...	**(4,850)**	**(3,493)**	**–**	**(8,343)**
Financial lease liabilities	**(48)**	**(339)**	**(35)**	**(422)**
	(4,898)	**5,348**	**(17,680)**	**(17,230)**

	2008			
	Fixed rate £'000	Floating rate £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	–	1,812	–	1,812
Trade and other receivables (incl. derivatives)	–	–	20,774	20,774
Trade and other payables	–	–	(27,032)	(27,032)
Bank overdrafts	–	(1,532)	–	(1,532)
Bank loans...	–	(2,583)	–	(2,583)
Finance lease liabilities	(574)	(222)	–	(796)
	(574)	(2,525)	(6,258)	(9,357)

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 of forecast 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, 2009 was $54.29M *(2008: US$83.87 million and €1.63 million),* fair value of these at 30th April, 2009 was a liability of £6.86 million *(2008: £1.12 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, 2009 was ¥102.5 million, US$4.3 million and €16.5 million. Fair value of these at 30th April, 2009 was a liability of £1.31 million *(2008: £0.64 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. Contracts with nominal values of £10 million *(2008: £10 million)* fix interest payments at a maximum interest rate of 6.43% *(2008: 6.28%)* for a nominal £10 million up to October, 2011 which then reduces to a nominal £5 million for a further 5 years to October, 2016.

The fair value of swaps entered into at 30th April, 2009 is estimated at £629,000 liability *(2008: £40,000 asset).* Of these swaps/caps, the fair value of those designated as cash flow hedges at 30th April, 2009 was £596,000 liability (*2008: £38,000 asset).*

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:

	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 and caps					
Assets	**–**	**–**	**–**	**–**	**–**
Liabilities	**(596)**	**(596)**	**(80)**	**(402)**	**(114)**
	(7,454)	**(7,454)**	**(6,938)**	**(402)**	**(114)**

	2008				
	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	41	44	20	24	–
Liabilities	(1,158)	(1,211)	(974)	(237)	–
Interest rate swaps and caps					
Assets	38	49	5	23	21
Liabilities	–	–	–	–	–
	(1,079)	(1,118)	(949)	(190)	21

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.

	2009 £'000	2008 £'000
Impact on equity		
1% increase in US Dollar fx rate against pound sterling	**(369)**	(448)
1% increase in Euro fx rate against pound sterling	**–**	(12)
1% decrease in US Dollar fx rate against pound sterling	**369**	448
1% decrease in Euro fx rate against pound sterling	**–**	12
Impact on profit or loss		
1% increase in US Dollar fx rate against pound sterling	(110)	(440)
1% increase in Euro fx rate against pound sterling	(10)	(39)
1% decrease in US Dollar fx rate against pound sterling	110	440
1% decrease in Euro fx rate against pound sterling	10	39

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.

	2009 £'000	2008 £'000
Impact on equity		
1% increase in base rate of interest	**450**	320
Impact on profit or loss		
1% increase in base rate of interest	**25**	56

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, 2009 and 30th April, 2008.

	30th April, 2009		30th April, 2008	
	Carrying amount £'000	**Fair value £'000**	Carrying amount £'000	Fair value £'000
Financial assets				
Cash and cash equivalents	**10,237**	**10,237**	1,812	1,812
Loans and receivables				
Trade receivables	**20,882**	**20,882**	18,517	18,517
Other receivables	**1,039**	**1,039**	1,839	1,839
At fair value through profit or loss				
Derivative financial assets not designated in a cash flow hedge relationship	**350**	**350**	75	75
Designated cash flow hedge relationships				
Derivative financial assets designated and effective as cash flow hedging instruments	**358**	**358**	79	79
Total financial assets...	**32,866**	**32,866**	22,322	22,322

19. Financial risk management *(continued)*

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

Financial liabilities

Financial liabilities at amortised cost

	30th April, 2009 Carrying amount £'000	**30th April, 2009** Fair value £'000	30th April, 2008 Carrying amount £'000	30th April, 2008 Fair value £'000
Bank overdraft	**1,057**	**1,057**	1,532	1,532
Trade payables	**12,775**	**12,775**	13,229	13,229
Other payables (current)	**11,959**	**11,959**	10,323	10,323
Deferred consideration	**6,031**	**6,031**	1,607	1,607
Finance lease liabilities	**422**	**422**	796	796
Bank loans	**8,343**	**8,343**	2,583	2,583
At fair value through profit or loss				
Derivative financial liabilities not designated in a cash flow hedge relationship	**1,698**	**1,698**	715	715
Designated cash flow hedge relationships				
Derivative financial liabilities designated and effective as cash flow hedging instruments	****7,811**	****7,811**	**1,158	**1,158
Total financial liabilities	**50,096**	**50,096**	31,943	31,943

** The movement from £1,158,000 as at 30th April, 2008 to £7,811,000 at 30th April, 2009 as detailed under the heading "Designated cash flow hedge relationships" is reported in the balance sheet as mandated by IFRS and represents 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 £358,000 *(2008: £79,000).*

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 £7,811,000 *(2008: £1,158,000)* represents 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.

Within 12 months, the majority of the £7,811,000 liability will be removed from the balance sheet as we will have despatched the contracts associated with the derivative hedges. The receipt of foreign currency from our customers effectively dissolves the associated derivative position and, subject to Group companies performing satisfactorily from a production point of view on these contracts, the required gross and net profit will be 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 2009 £'000**	Total 2008 £'000
Less than one year	**50**	**–**	**50**	21
Between one and five years	**71**	**–**	**71**	–
	121	**–**	**121**	21

21. Capital commitments

Capital commitments at 30th April, 2009 for which no provision has been made in these financial statements were £Nil *(2008: £Nil million)*.

22. Guarantees and contingencies

Year ended	Total £'000	Number of contracts
30th April, 2009	**12,721**	**276**
30th April, 2008	9,747	249

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

The Group has never had a bond or guarantee called upon to be paid by our bankers to our customers and we currently see no reason to believe that any bonds will be called upon in the future.

23. Subsequent events

After the balance sheet date an ordinary dividend of 27.777p *(2008: 23.004p)* and an extraordinary dividend of 27.777p *(2008: £Nil)* per qualifying ordinary share were proposed by the directors. The dividends totalling £4,000,000 have not been provided for.

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 are sufficiently profitable to merit no impairment.

With regard to property, plant and equipment, the directors continually 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 are 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 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

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 10 months to 30th April, 2009 the sub group contributed net profit after tax of £265,000 to the consolidated profit for the year. If the acquisition had occurred on 1st May, 2008, the Group revenue would have been an additional £956,000 and net profit after tax would have been an additional £177,000. 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 has arisen 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 comprise:

- 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

25. Acquisitions *(continued)*

2008 Acquisitions

Acquisition of Goldstar 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.

The company is capitalised at a total of £1.2 million and the Group's 51% interest has been satisfied in cash of £617,000.

Acquisition of Noreva

When the Group acquired Noreva GmbH on 22nd March, 2007, part of the deferred consideration for the remaining 25% share interest was performance based. In light of the recent impressive profit performance of this company, the directors consider it prudent to revise upwards the purchase consideration payable. The review has had the effect of creating additional goodwill of £2,035,000 as shown in note 10 of the accounts with a corresponding increase in the deferred and contingent consideration as shown in note 17.

Acquisition of brand names, customer list and plant of a vermiculite manufacturer:

On 2nd November, 2007, the Group acquired the brand names, the customer list and certain plant of a vermiculite supplier. The effect of the acquisition is as tabled below:

	Acquired net assets at the acquisition date		
	Recognised values	**Fair value adjustments**	**Carrying Amounts**
	£'000	£'000	£'000
Plant and equipment	420	–	420
Brand name and customer list	–	880	880
Net identifiable assets and liabilities	420	880	1,300
Purchase consideration – cash			1,300

Provisional fair value adjustments comprise adjustments to reflect the valuation of intangible assets.

The trade has been integrated into the Group and no separate trading information is available.

GOODWIN PLC

COMPANY BALANCE SHEET

At 30th April, 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Intangible assets	*C4*	**1,848**	1,870
Tangible assets	*C5*	**12,170**	11,195
Investments	*C6*	**15,040**	7,241
		29,058	20,306
CURRENT ASSETS			
Debtors	*C7*	**13,055**	12,024
Cash at bank and in hand		**4,790**	272
		17,845	12,296
CREDITORS: amounts falling due within one year	*C8*	**(9,457)**	(11,175)
NET CURRENT ASSETS		**8,388**	1,121
TOTAL ASSETS LESS CURRENT LIABILITIES		**37,446**	21,427
CREDITORS: amounts falling due after more than one year	*C9*	**(13,412)**	(1,607)
PROVISIONS FOR LIABILITIES	*C10*	**(298)**	(663)
NET ASSETS		**23,736**	19,157
CAPITAL AND RESERVES			
Called up share capital	*C11*	**720**	720
Hedge reserve	*C12*	**(429)**	27
Profit and loss account	*C12*	**23,445**	18,410
TOTAL SHAREHOLDERS' FUNDS		**23,736**	19,157

These financial statements were approved by the board of Directors on 21st August, 2009 and signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

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 S230(4) Companies Act 1985 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	2% to 4% on cost
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% 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 £6,691,000 *(2008: £5,112,000)*.

Included in profit before taxation are the following:

Fees receivable by the auditors and their associates in respect of:	**2009 £'000**	2008 £'000
Audit of these financial statements	**15**	14

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 2009	2008
Administration	**37**	36

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	**1,830**	1,750
Social security costs	**218**	209
Other pension costs	**24**	22
	2,072	1,981

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	600	594	2,074
Additions	–	227	–	227
At end of year	880	827	594	2,301
Amortisation				
At beginning of year	156	39	9	204
Charged in year	110	40	99	249
At end of year	266	79	108	453
Net book value				
At 30th April, 2009	**614**	**747**	**487**	**1,848**
At 30th April, 2008	724	560	585	1,870

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

During year ended 30th April, 2008, the Company acquired the manufacturing rights, title to the recipes and a non compete agreement from an overseas investment powder company.

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 brought forward manufacturing rights reflect the payment 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 Fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At beginning of year	6,775	7,400	1,140	15,315
Additions	1,385	500	60	1,945
Disposals	(35)	(2)	–	(37)
Inter-company transfer	–	20	–	20
At end of year	8,125	7,918	1,200	17,243
Depreciation				
At beginning of year	748	2,573	799	4,120
Charge for year	347	539	91	977
Disposals	(23)	(1)	–	(24)
At end of year	1,072	3,111	890	5,073
Net book value				
At 30th April, 2009	**7,053**	**4,807**	**310**	**12,170**
At 30th April, 2008	6,027	4,827	341	11,195

The above net book value includes £Nil *(2008: £708,000)* of assets held under finance leases. Depreciation on these assets was £Nil *(2008: £68,000)*.

C6 Fixed asset investments

	Shares in Group undertakings £'000
Cost and net book value	
At beginning of year	7,241
Additions	7,799
At end of year	**15,040**

The additions during the year represented additional investments in Noreva GmbH, Easat Antennas Limited and the acquisition of Goodwin Refractory Services Holdings Limited (see notes 24 and 25 in the Group accounts). A list of principal subsidiaries is given in note 11 of the Group accounts.

C7 Debtors

	2009 £'000	2008 £'000
Amounts owed by Group undertakings	**6,627**	9,144
Other debtors	**109**	586
Inter-Group derivatives	**4,841**	1,002
Intra-Group corporation tax	**745**	1,100
Derivative valuations	**675**	93
Prepayments and accrued income	**58**	99
	13,055	12,024

C8 Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	**1,019**	4,874
Obligations under finance leases and hire purchase contracts (see note C5)	**–**	105
Amounts owed to Group undertakings	**716**	1,635
Other taxation and social security	**143**	120
Derivative valuations	**6,505**	1,468
Deferred consideration on acquisitions	**469**	–
Accruals and deferred income	**605**	2,973
	9,457	11,175

C9 Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Bank loans	**7,850**	–
Deferred and contingent consideration on acquisition of subsidiary	**5,562**	1,607
	13,412	1,607

Obligations under finance leases are secured on the assets to which they relate.

C10 Provisions for liabilities

Deferred taxation	**£'000**
At beginning of year	663
Charge to the profit and loss for the year	(365)
At end of year	**298**

The elements of deferred taxation are as follows:

	2009 £'000	2008 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**429**	652
Taxation on cash flow hedge movement	**(131)**	11
	298	663

C11 Called up share capital

	2009 £'000	2008 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720

C12 Share premium and reserves

	Share capital £'000	**Hedging reserve £'000**	**Profit and loss account £'000**	**2009 Total £'000**	2008 Total £'000
At beginning of year	**720**	**27**	**18,410**	**19,157**	15,440
Profit/(loss) for the year	**–**	**(456)**	**6,691**	**6,235**	5,042
Dividends	**–**	**–**	**(1,656)**	**(1,656)**	(1,325)
At end of year	**720**	**(429)**	**23,445**	**23,736**	19,157

C13 Contingent liabilities

The Company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil *(2008: £Nil)*.

C14 Commitments

Contracted capital commitments at 30th April, 2009 for which no provision has been made in these financial statements, were £Nil *(2008: £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

	2009 £'000	2008 £'000
Final dividends paid during the year in respect of prior years 23.004p *(2008: 18.403p)* per qualifying ordinary share	**1,656**	1,325

After the balance sheet date an ordinary dividend of 27.777p *(2008: 23.004p)* and an extraordinary dividend of 27.777p *(2008: £Nil)* per qualifying ordinary share were proposed by the directors. The dividends totalling £4,000,000 have not been provided for.