GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT

31st OCTOBER 2016

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

CHAIRMAN'S STATEMENT

The pre-tax profit for the Group for the first six month period ending 31st October 2016 was £6.05 million (2015: £6.03 million).

The current workload stands at £84 million and sales orders despatched up to 31st October were £69.9 million (2015: £61.2 million) but the margins are lower due to the increased competition in the tighter market.

Growth areas in the refractory products continue to provide good opportunity whilst a better base load within the longer term defence work has given some reassurance in comparison to the continued low new project and procurement activity within the oil, gas and mining industries.

Some cost cutting has taken place during the period but the total number employed remains at just over 1,200 in part due to growth in our new products produced by Dupré Minerals and Goodwin Refractory Services helped by the Group's presence in China, Thailand, India, Korea and Brazil.

Cash flow, credit insurance and political risk together with foreign exchange timings are areas of risk which continue to require careful attention. With our capital expenditure very much reduced, other than customer project financed development we are restricting expenditure.

With the likely continued low oil and gas and metal ore prices and thus constrained profitability and capital expenditure by our oil, gas and mining customer base, it would be unrealistic to expect any significant recovery / improvement in pre-tax profitability until after 2018. Indeed, if it were not for the diversity provided by our refractory division, life would be much more difficult.

As in the five downturns over the past 35 years, we are making good use of this quieter trading time by working hard obtaining approvals and bringing our new products to market such as our axial piston shut off and control valves, our new range of duplex and high impact resistant carbon steels as well as products that use our AVD™ vermiculite dispersions such as fire extinguishers, lithium battery transport bags and fire resistant paints. For all the mentioned products we have patents applied for and they should provide the Group with a sound base to start growing again such that we can be as proud of the next twenty years as we have been of the past twenty.

J. W. Goodwin
Chairman

16th December 2016

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Management report

The turnover for the first six months of this new financial year increased by 14.2%. The pre-tax profit has increased by 0.3% in the first half of the financial year.

The further depressed state of capital expenditure on oil, gas and mining projects will be a challenge to our mechanical engineering companies in 2017. The markets for the refractory engineering division as a whole remain stable.

Financial Highlights

Consolidated Results	**Unaudited Half Year to 31st October 2016 £'m**	Unaudited Half Year to 31st October 2015 £'m	Audited Year Ended 30th April 2016 £'m
Revenue	**69.9**	61.2	123.5
Operating profit	**6.5**	6.2	12.7
Profit before tax	**6.0**	6.0	12.3
Profit after tax	**4.2**	4.8	8.9
Capital Expenditure	**3.2**	5.8	12.1
Earnings per share (Basic and Diluted)	**54.53p**	68.01p	122.75p

Turnover

Revenue of £69,889,000 for the half year represents a 14.2% increase over the £61,220,000 achieved during the same period last year.

Profit Before Tax

Profit before tax for the six months of £6,047,000 is up 0.3% from the £6,028,000 achieved for the same six month period last year.

Risks and Uncertainties

The Group, mainly through its centralised management structure, makes best endeavours to have in place internal control procedures to identify and manage the key risks and uncertainties affecting the Group. We would refer you to page 6 of the Group annual accounts to 30th April 2016 which describes the principal risks and uncertainties, and to note 20 (page 47) which describes in detail the key financial risks and uncertainties affecting the business such as credit risk and foreign exchange risk.

Judging the future relationship of the major currency pairs of the US Dollar, Sterling and the Euro continues to be a challenge.

Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2017. The report may contain forward-looking statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report.

Management report *(continued)*

Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

2017/18 Outlook

The mechanical engineering division companies, with the exception of Easat Radar Systems, are seeing their order backlog go down as it is likely to continue to do so in the calendar year 2017. Goodwin International which had the highest activity level in value terms in the oil and gas industry has in part mitigated the severe purchasing activity decline in this sector by winning significant levels of business in the nuclear engineering sector that has business to place for the next ten years. The hardest hit company is the foundry, Goodwin Steel Castings. Whilst over the past three years it has done better than most other competitive foundries worldwide, it is now short of order input and as such is looking to ramp up new business for submarines in the UK and USA following Goodwin's recent approval to produce HY80 cast material.

Going concern

The Group cash flow has deteriorated since the start of the new financial year. It is not unusual for the Group to see a deteriorating cash flow picture in the first half of the financial year due to the impact of dividend payments, working capital movements and our capital expenditure programmes.

Whilst the reduced level of capital expenditure, as referred to within the Chairman's Statement, has been helpful for cash flow in the first half of this financial year, the impact has been offset by the currency effects of Brexit and associated timing issues related to our foreign exchange hedge trades.

The Group's bank facilities have coped and are coping well with these temporary timing issues. We expect the position to reverse in the second half of the financial year as we rebalance our positions with customer currency inflows.

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

The Directors confirm to the best of their knowledge that 1) this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that 2) the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so).

J. W. Goodwin
Chairman

16th December 2016

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Condensed consolidated income statement
for the half year to 31st October 2016

	Unaudited Half Year to 31st October 2016 £'000	Unaudited Half Year to 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Continuing operations			
Revenue	**69,889**	61,220	123,539
Cost of sales	**(51,442)**	(43,966)	(89,196)
Gross profit	**18,447**	17,254	34,343
Distribution expenses	**(1,731)**	(1,571)	(3,311)
Administrative expenses	**(10,210)**	(9,463)	(18,284)
Operating profit	**6,506**	6,220	12,748
Financial expenses	**(560)**	(357)	(775)
Share of profit of associate companies	**101**	165	341
Profit before taxation	**6,047**	6,028	12,314
Tax on profit	**(1,829)**	(1,202)	(3,376)
Profit after taxation	**4,218**	4,826	8,938
Attributable to:			
Equity holders of the parent	**3,927**	4,897	8,838
Non-controlling interests	**291**	(71)	100
Profit for the period	**4,218**	4,826	8,938
Basic and diluted earnings per ordinary share (Note 7)	**54.53p**	68.01p	122.75p

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Condensed consolidated statement of comprehensive income
for the half year to 31st October 2016

	Unaudited Half Year to 31st October 2016 £'000	Unaudited Half Year to 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Profit for the period	**4,218**	4,826	8,938
Other comprehensive expense			
Items that are or may be reclassified subsequently to the income statement			
Foreign exchange translation differences	**5,796**	(1,529)	279
Effective portion of changes in fair value of cash flow hedges	**(15,696)**	272	(728)
Change in fair value of cash flow hedges transferred to the income statement	**(608)**	(190)	(1,923)
Tax on items that are or may be reclassified subsequently to the income statement	**2,765**	(16)	516
Other comprehensive expense for the period, net of income tax	**(7,743)**	(1,463)	(1,856)
Total comprehensive income for the period	**(3,525)**	3,363	7,082
Attributable to:			
Equity holders of the parent	**(4,618)**	3,550	7,018
Non-controlling interests	**1,093**	(187)	64
	(3,525)	3,363	7,082

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Condensed consolidated statement of changes in equity
for the half year to 31st October 2016

	Share capital £'000	Translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
Half year to 31st October 2016 (Unaudited)							
Balance at 1st May 2016	720	(1,041)	(594)	87,209	86,294	3,823	90,117
Total comprehensive income:							
Profit	–	–	–	3,927	3,927	291	4,218
Other comprehensive income:							
Foreign exchange translation difference	–	4,994	–	–	4,994	802	5,796
Net movements on cash flow hedges	–	–	(13,539)	–	(13,539)	–	(13,539)
Total comprehensive income for the period	**–**	**4,994**	**(13,539)**	**3,927**	**(4,618)**	**1,093**	**(3,525)**
Dividends paid	–	–	–	(3,114)	(3,114)	(339)	(3,453)
Balance at 31st October 2016	**720**	**3,953**	**(14,133)**	**88,022**	**78,562**	**4,577**	**83,139**
Half year to 31st October 2015 (Unaudited)							
Balance at 1st May 2015	720	(1,356)	1,541	81,836	82,741	3,781	86,522
Total comprehensive income:							
Profit	–	–	–	4,897	4,897	(71)	4,826
Other comprehensive income:							
Foreign exchange translation difference	–	(1,413)	–	–	(1,413)	(116)	(1,529)
Net movements on cash flow hedges	–	–	66	–	66	–	66
Total comprehensive income for the period	**–**	**(1,413)**	**66**	**4,897**	**3,550**	**(187)**	**3,363**
Purchase of a non-controlling interest without a change of control	–	–	–	(479)	(479)	149	(330)
Dividends paid	–	–	–	(3,049)	(3,049)	(158)	(3,207)
Balance at 31st October 2015	**720**	**(2,769)**	**1,607**	**83,205**	**82,763**	**3,585**	**86,348**
Year ended 30th April 2016 (Audited)							
Balance at 1st May 2015	720	(1,356)	1,541	81,836	82,741	3,781	86,522
Total comprehensive income:							
Profit	–	–	–	8,838	8,838	100	8,938
Other comprehensive income:							
Foreign exchange translation difference	–	315	–	–	315	(36)	279
Net movements on cash flow hedges	–	–	(2,135)	–	(2,135)	–	(2,135)
Total comprehensive income for the period	**–**	**315**	**(2,135)**	**8,838**	**7,018**	**64**	**7,082**
Transactions with owners of the Company recognised directly in equity:						174	174
Purchase of non-controlling interest without a change of control	–	–	–	(360)	(360)	–	(360)
Dividends paid	–	–	–	(3,105)	(3,105)	(196)	(3,301)
Balance at 30th April 2016	**720**	**(1,041)**	**(594)**	**87,209**	**86,294**	**3,823**	**90,117**

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Condensed consolidated balance sheet
as at 31st October 2016

	Unaudited as at 31st October 2016 £'000	Unaudited as at 31st October 2015 £'000	Audited as at 30th April 2016 £'000
Non-current assets			
Property, plant and equipment	**65,207**	58,456	62,530
Investments in associates	**2,032**	1,580	1,640
Intangible assets	**18,584**	15,470	17,565
	85,823	75,506	81,735
Current assets			
Inventories	**43,605**	34,617	35,631
Trade and other receivables	**32,819**	27,539	33,792
Derivative financial assets	**1,235**	3,843	2,107
Cash and cash equivalents	**5,269**	5,188	4,970
	82,928	71,187	76,500
Total assets	**168,751**	146,693	158,235
Current liabilities			
Bank overdrafts	**9,347**	11,409	5,383
Interest-bearing loans and borrowings	**3,074**	2,243	3,148
Trade and other payables	**26,647**	25,579	32,608
Deferred consideration	**500**	500	500
Derivative financial liabilities	**13,293**	1,563	2,818
Liabilities for current tax	**2,234**	1,075	1,785
Warranty provision	**132**	95	151
	55,227	42,464	46,393
Non-current liabilities			
Interest-bearing loans and borrowings	**29,571**	14,053	18,497
Warranty provision	**296**	337	179
Deferred tax liabilities	**518**	3,491	3,049
	30,385	17,881	21,725
Total liabilities	**85,612**	60,345	68,118
Net assets	**83,139**	86,348	90,117
Equity attributable to equity holders of the parent			
Share capital	**720**	720	720
Translation reserve	**3,953**	(2,769)	(1,041)
Cash flow hedge reserve	**(14,133)**	1,607	(594)
Retained earnings	**88,022**	83,205	87,209
Total equity attributable to equity holders of the parent	**78,562**	82,763	86,294
Non-controlling interests	**4,577**	3,585	3,823
Total equity	**83,139**	86,348	90,117

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2016

Condensed consolidated cash flow statement
for the half year ended 31st October 2016

	Unaudited Half Year to 31st October 2016 £'000	Unaudited Half Year to 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Cash flow from operating activities			
Profit from continuing operations after tax	**4,218**	4,826	8,938
Adjustments for:			
Depreciation	**2,718**	2,401	4,748
Amortisation of intangible assets	**393**	184	583
Impairment of intangible assets	**–**	–	340
Gain arising on bargain purchase	**–**	–	(143)
Financial expense	**560**	357	775
(Profit) / loss on sale of property, plant and equipment	**(2)**	3	(456)
Share of profit of associate companies	**(101)**	(165)	(341)
Tax expense	**1,829**	1,202	3,376
Operating profit before changes in working capital and provisions	**9,615**	8,808	17,820
Increase in trade and other receivables	**(2,972)**	(1,496)	(5,707)
Increase in inventories	**(6,167)**	(2,085)	(2,357)
Decrease in trade and other payables (excluding payments on account)	**(5,732)**	(2,630)	(1,453)
(Decrease) / increase in payments on account	**(1,207)**	1,532	5,402
Cash (outflow) / inflow from operations	**(6,463)**	4,129	13,705
Interest paid	**(469)**	(329)	(703)
Corporation tax paid	**(1,460)**	(1,653)	(3,058)
Interest element of finance lease obligations	**(91)**	(28)	(20)
Net cash from operating activities	**(8,483)**	2,119	9,924
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	**79**	47	968
Acquisition of intangible assets	**(60)**	(3,500)	(4,319)
Acquisition of property, plant and equipment	**(3,218)**	(6,015)	(7,707)
R&D expenditure capitalised	**(354)**	–	(1,430)
Acquisition of subsidiary	**–**	(1,667)	(2,005)
Additional payment for existing subsidiary	**–**	(383)	(330)
Additional investment in associate companies	**–**	(60)	(30)
Dividends received from associate company	**–**	–	173
Net cash outflow from investing activities	**(3,553)**	(11,578)	(14,680)
Cash flows from financing activities			
Payment of capital element of finance lease obligations	**(466)**	(158)	(274)
Dividends paid	**(3,114)**	(3,049)	(3,105)
Dividends paid to non-controlling interests	**(339)**	(158)	(196)
Proceeds from loans and committed facilities	**11,459**	–	3,305
Repayment of loans and committed facilities	**(21)**	(1,000)	(3,000)
Finance fees	**–**	–	(100)
Net cash inflow / (outflow) from financing activities	**7,519**	(4,365)	(3,370)
Net decrease in cash and cash equivalents	**(4,517)**	(13,824)	(8,126)
Opening cash and cash equivalents	**(413)**	7,732	7,732
Effect of exchange rate fluctuations on cash held	**852**	(129)	(19)
Closing cash and cash equivalents	**(4,078)**	(6,221)	(413)

Notes
to the condensed consolidated financial statements

1. Reporting entity

Goodwin PLC (the "Company") is a company incorporated in England. The unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2016 comprise the Company, its subsidiaries and the Group's interests in associates (together referred to as the "Group").

The audited consolidated financial statements of the Group as at and for the year ended 30th April 2016 are available upon request from the Company's registered office at Ivy House Foundry, Hanley, Stoke on Trent ST1 3NR or via the Company's web site: www.goodwin.co.uk.

2. Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 30th April 2016.

The comparative figures for the financial year ended 30th April 2016 are extracts and not the full Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Audit Committee has reviewed these unaudited condensed consolidated interim financial statements and has advised the Board of Directors that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's half year performance. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 16th December 2016.

3. Significant accounting policies

The accounting policies applied by the Group in these unaudited condensed consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 30th April 2016. New standards to be adopted in the current year as below, effective for annual periods beginning on or after 1st January 2016, are not expected to have a significant impact on the financial statements.

- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1st January 2016)
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (effective for annual periods beginning on or after 1st January 2016)
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38. (effective for annual periods beginning on or after 1st January 2016)
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (effective for annual periods beginning on or after 1st January 2016)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (effective for annual periods beginning on or after 1st January 2016)

Notes *(continued)*

- Annual Improvements to IFRSs – 2012-2014 Cycle (effective for annual periods beginning on or after 1st January 2016)
- Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 1st January 2016)
- Annual Improvements to IFRSs – 2012-2014 Cycle Investment entities (effective for annual periods beginning on or after 1st January 2016)
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective for annual periods beginning on or after 1st January 2016)
- Disclosure Initiative – Amendments to IAS 1 (effective for annual periods beginning on or after 1st January 2016)
- IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1st January 2016)
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1st January 2016)

New IFRS standards, amendments and interpretations not adopted

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the Group:

- IFRS 15 Revenue from Contracts with Customers (not yet endorsed. IASB effective date for annual periods beginning on or after 1st January 2017)
- Disclosure Initiative – Amendments to IAS 7 (not yet endorsed. IASB effective date 1st January 2017)
- IFRS 9 Financial Instruments (effective for annual periods beginning on or after 1st January 2018)
- IFRS 16 Leases (not yet endorsed. IASB effective date 1st January, 2019)

4. Estimates

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

In preparing these unaudited consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30th April 2016.

The tax charge in the period is based on management's estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the impact of any disallowed costs.

5. Business Segments

Products and services from which reportable segments derive their revenues

In accordance with the requirements of IFRS8 "Operating Segments" the Group's reportable segments based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance are as follows:

- Mechanical Engineering - casting, machining and general engineering
- Refractory Engineering - powder manufacture and mineral processing

Information regarding the Group's operating segments is reported below.

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2016

Notes *(continued)*

Segment revenues and profits

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2016 £'000	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Revenue									
External sales	**50,262**	44,816	88,747	**19,627**	16,404	34,792	**69,889**	61,220	123,539
Inter-segment sales	**13,910**	7,526	18,248	**2,988**	1,965	4,534	**16,898**	9,491	22,782
Total revenue	**64,172**	52,342	106,995	**22,615**	18,369	39,326	**86,787**	70,711	146,321
Reconciliation to consolidated revenues:									
Inter-segment sales							**(16,898)**	(9,491)	(22,782)
Consolidated revenue for the period							**69,889**	61,220	123,539

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2016 £'000	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Profits									
Segment result including associates	**4,798**	5,355	10,961	**2,241**	1,616	4,211	**7,039**	6,971	15,172
Group administration costs							**(604)**	(586)	(2,083)
Group finance and treasury costs							**(376)**	(357)	(775)
Consolidation adjustments							**(12)**	-	-
Consolidated profit before tax for the period							**6,047**	6,028	12,314
Tax							**(1,829)**	(1,202)	(3,376)
Consolidated profit after tax for the period							**4,218**	4,826	8,938

Notes *(continued)*

Segmental assets and liabilities

	Segmental total assets			Segmental total liabilities			Segmental net assets		
	Unaudited Half Year Ended 31st October 2016 £'000	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000	**Unaudited Half Year Ended 31st October 2016 £'000**	Unaudited Half Year Ended 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Mechanical Engineering	**93,637**	71,353	82,569	**70,179**	50,452	65,432	**23,458**	20,901	17,137
Refractory Engineering	**44,726**	39,158	43,207	**26,998**	20,265	28,455	**17,728**	18,893	14,752
Sub total reportable segment	**138,363**	110,511	125,776	**97,177**	70,717	93,887	**41,186**	39,794	31,889
Goodwin PLC (the Company) net assets							**68,467**	66,491	71,620
Elimination of Goodwin PLC investments							**(22,441)**	(24,764)	(22,441)
Goodwill							**9,689**	9,288	8,994
Hedge reserve consolidation adjustments							**(14,133)**	1,607	(594)
Other consolidation adjustments							**371**	(6,068)	649
Consolidated total net assets							**83,139**	86,348	90,117

Segmental property, plant and equipment (PPE) capital expenditure

Goodwin PLC	**2,095**	3,221	5,633
Mechanical Engineering	**737**	1,485	3,405
Refractory Engineering	**386**	1,091	3,030
	3,218	5,797	12,068

Notes *(continued)*

Geographical segments

	Half Year Ended 31st October 2016				Half Year Ended 31st October 2015			
	Unaudited	**Unaudited**	**Unaudited**	**Unaudited**	Unaudited	Unaudited	Unaudited	Unaudited
	Revenue £'000	**Operational assets £'000**	**Non-current assets £'000**	**PPE Capital expenditure £'000**	Revenue £'000	Operational assets £'000	Non-current assets £'000	PPE Capital expenditure £'000
UK	**11,352**	**52,149**	**70,611**	**2,631**	15,193	65,166	64,065	4,708
Rest of Europe	**15,031**	**10,646**	**2,480**	**265**	11,825	5,254	762	98
USA	**3,919**	**–**	**–**	**–**	5,890	–	–	–
Pacific Basin	**20,615**	**14,564**	**5,825**	**63**	15,941	11,935	5,813	532
Rest of World	**18,972**	**5,780**	**6,907**	**259**	12,371	3,993	4,866	459
Total	**69,889**	**83,139**	**85,823**	**3,218**	61,220	86,348	75,506	5,797

	Year Ended 30th April 2016			
	Audited	Audited	Audited	Audited
	Revenue £'000	Operational assets £'000	Non-current assets £'000	PPE Capital expenditure £'000
UK	36,776	66,292	69,383	9,771
Rest of Europe	21,656	8,035	1,120	453
USA	13,974	–	–	–
Pacific Basin	26,958	11,497	5,610	708
Rest of World	24,175	4,293	5,622	1,136
Total	123,539	90,117	81,735	12,068

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

6. Dividends

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

	Unaudited Half Year to 31st October 2016 £'000	Unaudited Half Year to 31st October 2015 £'000	Audited Year Ended 30th April 2016 £'000
Equity Dividends Paid:			
Ordinary dividends paid during the period in respect of the year ended 30th April 2016 *(42.348p per share)*	**3,049**	–	–
Ordinary dividends paid during the period in respect of the year ended 30th April 2015 *(42.348p per share)*	**–**	3,049	3,049
Total dividends paid during the period	**3,049**	3,049	3,049

7. Earnings per share

The calculation of the basic earnings per ordinary share is based on the number of ordinary shares in issue during all periods of 7,200,000 and on the profit for the six months attributable to ordinary shareholders of £3,927,000 (six months to 31st October 2015: £4,897,000).

Notes *(continued)*

8. Capital Management, issuance and repayment of debt

At 31st October 2016 the capital utilised was £115,785,000 as shown below

	Unaudited as at 31st October 2016 £'000	Unaudited as at 31st October 2015 £'000	Audited as at 30th April 2016 £'000
Cash and cash equivalents	**(5,269)**	(5,188)	(4,970)
Finance leases	**3,878**	407	4,339
Bank loans and committed facilities	**28,767**	15,889	17,306
Bank overdrafts	**9,347**	11,409	5,383
Deferred consideration	**500**	500	500
Net debt	**37,223**	23,017	22,558
Total equity attributable to equity holders of the parent	**78,562**	82,763	86,294
Capital	**115,785**	105,780	108,852

9. Property, Plant and Equipment

Fixed asset additions were £3,218,000 during the six month period to 31st October 2016 (2015: £5,797,000), with the Group progressing on its capital projects. Other movements in fixed assets were: depreciation of £2,718,000 (2015: £2,401,000); an increase due to the effect of exchange adjustments of £2,254,000 (2015: decrease of £588,000); disposals of £77,000 (2015: £50,000) and an acquisition of £Nil (2015: £39,000).

10. Intangible assets

During the six month period to 31st October 2016, intangible assets were increased by £414,000 (2015: £3,500,000), via acquisitions of £Nil (2015: £1,405,000) and by additions to goodwill of £70,000 (2015: £53,000). The current period goodwill addition relates to additional deferred tax liabilities in existing subsidiaries; the prior half year addition was an increased interest in existing subsidiaries by virtue of a minority dividend having been paid. Intangible assets have been reduced by amortisation of £393,000 (2015: £184,000) and increased by exchange adjustments of £928,000 (2015: decreased by £169,000).

11. Hedge reserve

The Group is exposed to sales and purchases in foreign currency and in order to mitigate the foreign exchange risk, the Group at its discretion uses hedges where deemed appropriate by the Board. The majority of the Group's hedging activity is in relation to UK subsidiary sales contracts in US Dollars and Euros. Since the UK took the decision to leave the EU on the 23rd June 2016, Sterling has depreciated against all major currencies including the US Dollar and the Euro. As at the 31st October 2016, the cash flow hedge reserve is significantly negative which reflects the marked to market values of currencies sold to / purchased from the banks in relation to the Group's underlying currency sales and purchase requirements and does not impact on the reported profits of the Group.

12. Total financial assets and financial liabilities

The table below sets out the Group's accounting classification of its financial assets and financial liabilities, and their carrying values/fair values at 31st October 2016. The fair values of all financial assets and financial liabilities are not materially different to the carrying values.

	Carrying value/ Fair value £'000
Financial assets	
Cash and cash equivalents	**5,269**
Receivables	
Trade receivables	**28,534**
Other receivables	**4,285**
Designated cash flow hedge relationships	
Derivative financial assets designated and effective as cash flow hedging instruments	**1,235**
Total financial assets	**39,323**
Financial liabilities	
Financial liabilities at amortised cost	
Bank overdraft	**9,347**
Trade payables	**12,916**
Other payables	**13,731**
Deferred consideration	**500**
Finance lease liabilities	**3,878**
Bank loans	**28,767**
Corporation tax	**2,234**
Designated cash flow hedge relationships	
Derivative financial liabilities designated and effective as cash flow hedging instruments	**13,293**
Total financial liabilities	**84,666**

Derivative financial assets and financial liabilities fair values in the above table are derived using Level 2 inputs as defined by IFRS 7 as detailed in the paragraph below.* All other financial assets and financial liabilities fair values are determined using Level 3 inputs.

* IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy: Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).