

GOODWIN PLC
IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT



DIRECTORS REPORT AND ACCOUNTS
30th APRIL 2007

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*)
R. J. Dyer
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 SECOND ANNUAL GENERAL MEETING of the company will be held at 10.30 am on Thursday, 8th November, 2007 at Crewe Hall, Weston Road, Crewe, Cheshire CW1 6UZ, for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 2007 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. R. J. Dyer as a director.
3. To re-elect Mr. J. Connolly as a director.
4. To re-elect Mr. M. S. Goodwin as a director.
5. To approve the directors' remuneration report for the year ended 30th April, 2007.
6. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration.

By Order of the Board

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
21st September, 2007

P. ASHLEY
Secretary

NOTES:

1. A member entitled to attend and vote at the above meeting may appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. To be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority must be deposited at the registered office of the company not less than 48 hours before the time appointed for the holding of the meeting.
2. None of the directors have service contracts with the company.
3. If approved by shareholders the final dividend will be paid to shareholders on the 12th November, 2007.

GOODWIN PLC

CHAIRMAN'S STATEMENT

I am pleased to report annual pre-tax profits for the Group for the year to 30th April 2007 of £7.04 million (*2006: £5.13 million*), an increase of 37% on a revenue of £65 million which is up 12 % on the previous year. The directors propose that a dividend of 18.403p per share (*2006: 15.278p*) be paid.

The above results were accomplished by our valve company, Goodwin International, yet again achieving record overseas sales to the oil and gas markets and Goodwin Steel Castings continuing to supply significant quantities of steam valves to the power generation markets around the world. The new financial year again started with a very healthy order book in our valve company.

I am pleased to announce this year there were two new main board Directors appointed:

John Connolly, who is a Chartered Accountant (ACA) and has been with us now for over 10 years after having spent 7 years with Deloitte Touche and then a further 8 years in industry before joining the Group in 1996.

Matthew S. Goodwin has been a director of Goodwin International Ltd specialising in the valve production growth since 2004. He had previously worked on our major investment refractory project within the Group, having graduated from Imperial College, London as a materials engineer. He is the first of the sixth generation of Goodwins working as an executive in the Group to be appointed to the main board.

During the year the Group acquired 75% of the equity of a German nozzle check valve company, Noreva GmbH. The nozzle check valve range is complimentary to the Goodwin dual plate check valve range and will be manufactured both in Germany and at Goodwin International's existing valve facility in Stoke on Trent.

Also during the year the Group purchased the manufacturing plant and customer list of Dupre Vermiculite. By this purchase we expect to substantially increase our turnover and margins in this product line with enhanced manufacturing and purchase efficiencies.

Our small but profitable internet service provider, Internet Central, continued to improve its profitability this year and reported profits of £230,000 on a turnover of £2.0 million.

The weakness of the US Dollar continues to provide virtually all our European Group companies with a challenge, but with our pragmatic steady drive to grow the Group's profit earning capacity in the Pacific Basin and with our manufacturing efficiencies in the UK, we do not expect a deterioration in Group performance in this financial year despite the Dollar effectively being at 2:1 to Sterling.

The Board's policy remains consistent in that all Group companies are required to engineer for growth in turnover and profit without unnecessarily burdening the Group with excessive debt. To ensure this is achieved a long term view is adopted.

A synopsis of historic performance over the past five years can be seen by referring to the Investor section on our web site, www.goodwin.co.uk, clicking on Shareholder Information and then on the Company Fact Sheet. The investment rate of return this year is similar to last year and equates to nine hundred per cent for the five year period as can be seen by turning to the Total Shareholder Return graph on page 6 of these accounts.

The Board again wishes to thank the employees for their relentless efforts in pushing the Group performance forward.

24th August, 2007

J. W. Goodwin
Chairman

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2007.

Business review

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

	2007 £'000	2006 £'000
Revenue	65,314	58,180
Profit before taxation	7,042	5,132
Tax on profit	(2,198)	(1,629)
Profit after taxation	4,844	3,503

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 18.403p per share be paid to shareholders on the register at the close of business on 12th October, 2007. (2006: 15.278p per share).

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
R. J. Dyer
F. A. Gaffney
M. S. Goodwin (appointed 21st December, 2006)
J. Connolly (appointed 21st December, 2006)

The directors retiring in accordance with the Articles are R. J. Dyer, J. Connolly and M. S. Goodwin who, being eligible, offer themselves 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 24th August, 2007, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,835,949 shares (25.50%), J. W. Goodwin and R. S. Goodwin 1,122,110 shares (15.58%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. W. Goodwin, R. S. Goodwin and others 221,648 shares (3.08%), M. S. Goodwin 265,928 shares (3.69%), R. S. Goodwin 232,834 shares (3.23%), J. H. Ridley 514,667 shares (7.15%), L. R. Dean 239,250 shares (3.32%), D. J. Williams 250,000 shares (3.47%).

Donations

The company made no political contributions during the year.

Donations by the Group for charitable purposes amounted to £21,000 (2006: £17,200).

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, employees or their representatives so that their views may be taken into account in making decisions likely to affect their interests.

Employment of disabled persons

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

Creditor payment policy

The company has not adopted any formal code or standards on supplier payment practice. The company's policy is to settle payments having negotiated and advised terms and conditions with suppliers on a contract by contract basis. The company has no trade creditors at 30th April, 2007 (2006: nil).

Environmental/health and safety matters

The board considers that it takes seriously its obligations in complying with the developing requirements of environmental and health and safety legislation and continues to invest in those areas.

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 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, C2.1, B2.1 and A4.1, 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 C3.1 and C3.3.

The Board

The Board, which comprises six 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 13 times. 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.

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 7.

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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution is to be proposed at the 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
24th August, 2007

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.

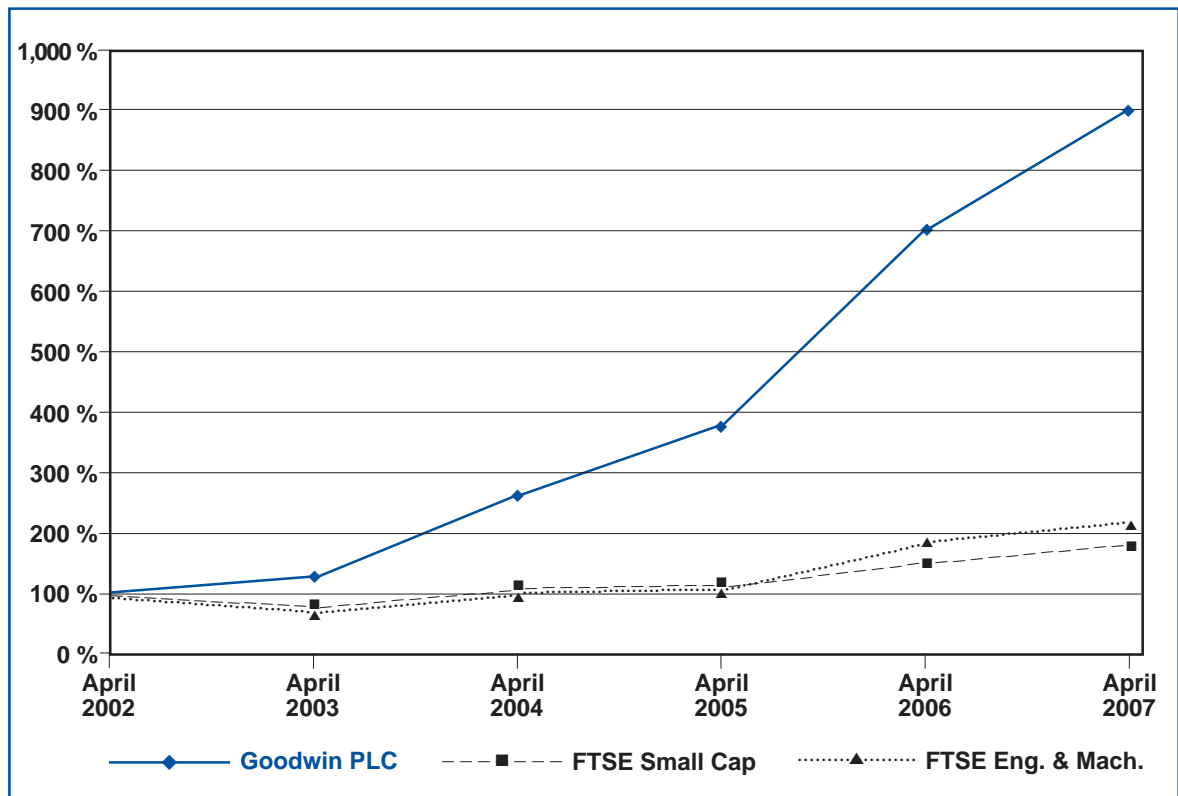
Service contracts

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, 2007, 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.



DIRECTORS' REMUNERATION REPORT *(continued)*

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	Benefits in kind	Total	Total	Pension contrib- utions 2007	Pension contrib- utions 2006
	2007	2007	2007	2006	2007	2006
	£'000	£'000	£'000	£'000	£'000	£'000
J. W. Goodwin	193	34	227	218	11	11
R. S. Goodwin	193	34	227	218	11	11
R. J. Dyer	117	1	118	98	-	16
F. A. Gaffney	139	1	140	129	-	-
J. Connolly (appointed 21st December 2006)	33	5	38	-	-	-
M. S. Goodwin (appointed 21st December 2006)	29	1	30	-	-	-
P. J. Horton (resigned 18th March 2006)	-	-	-	95	-	-
	704	76	780	758	22	38
2006	687	71	758			

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 24th August, 2007, 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 the directors have elected 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).

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and the performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the parent company.

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 company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company 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.

INDEPENDENT AUDITOR'S REPORT
to the Members of
GOODWIN PLC

We have audited the Group and parent company financial statements (the "financial statements") of Goodwin PLC for the year ended 30th April 2007 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, and for preparing the parent company financial statements and the directors' remuneration report in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 8.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referred from the Business Review section of the Directors' Report. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the directors' remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the directors' remuneration report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 30 April 2007 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 30th April 2007;
- the financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the directors' report is consistent with the financial statements.

24th August, 2007

KPMG Audit Plc
Birmingham
Chartered Accountants
Registered Auditor

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 30th April, 2007

	Notes	2007 £'000	2006 £'000
CONTINUING OPERATIONS			
Revenue	1 & 2	65,314	58,180
Cost of sales		(50,135)	(45,429)
GROSS PROFIT		15,179	12,751
Distribution costs		(1,903)	(1,873)
Administrative expenses		(5,518)	(5,345)
OPERATING PROFIT		7,758	5,533
Financial expenses	5	(716)	(401)
PROFIT BEFORE TAXATION	3	7,042	5,132
Tax on profit	6	(2,198)	(1,629)
PROFIT AFTER TAXATION		4,844	3,503
ATTRIBUTABLE TO:			
Equity holders of the parent	18	4,687	3,361
Minority interest	18	157	142
PROFIT FOR THE YEAR		4,844	3,503
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	7	65.10p	46.68p

GOODWIN PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30th April, 2007

	Note	2007 £'000	2006 £'000
Foreign exchange translation differences		9	44
Effective portion of changes in fair value of cash flow hedges		589	(398)
Change in fair value of cash flow hedges transferred to profit or loss		(935)	(2,359)
Tax recognised on income and expenses recognised directly in equity		104	827
NET INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		(233)	(1,886)
PROFIT FOR THE YEAR		4,844	3,503
TOTAL RECOGNISED INCOME AND EXPENSE	18	4,611	1,617
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD IS ATTRIBUTABLE TO:			
Equity holders of the parent	18	4,454	1,475
Minority interest	18	157	142
		4,611	1,617

GOODWIN PLC

CONSOLIDATED BALANCE SHEET

At 30th April, 2007

	Notes	2007 £'000	2006 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	13,305	11,118
Intangible assets	10	5,050	354
		18,355	11,472
CURRENT ASSETS			
Inventories	13	14,367	10,270
Financial assets	14	17,186	13,609
Cash and cash equivalents	15	412	545
		31,965	24,424
TOTAL ASSETS		50,320	35,896
CURRENT LIABILITIES			
Bank overdraft	15	2,493	3,569
Other interest-bearing loans and borrowings	16	5,626	291
Trade and other payables	17	16,598	12,520
Tax payable		1,303	842
		26,020	17,222
NON-CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	16	1,280	520
Deferred consideration	17	1,509	–
Deferred tax liabilities	12	1,395	1,427
		4,184	1,947
TOTAL LIABILITIES		30,204	19,169
NET ASSETS		20,116	16,727
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	18	720	720
Translation reserve	18	33	24
Cash flow hedge reserve	18	684	926
Retained earnings	18	18,210	14,623
		19,647	16,293
MINORITY INTEREST	18	469	434
TOTAL EQUITY		20,116	16,727

These financial statements were approved by the Board of directors on 24th August, 2007 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, 2007

	Note	2007 £'000	2006 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit for the year		4,844	3,503
<i>Adjustments for:</i>			
Depreciation		1,495	1,590
Amortisation of intangible assets		101	54
Financial expense		716	401
Loss on sale of property, plant and equipment		9	29
Tax expense		2,198	1,629
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		9,363	7,206
Increase in trade and other receivables		(2,910)	(2,543)
Increase in inventories		(1,736)	(222)
(Decrease)/increase in trade and other payables (excluding payments on account)		(597)	769
Increase/(decrease) in payments on account		1,793	(2,850)
CASH GENERATED FROM OPERATIONS		5,913	2,360
Interest paid		(657)	(344)
Corporation tax paid		(1,768)	(1,295)
Interest element of finance lease obligations		(59)	(57)
NET CASH FROM OPERATING ACTIVITIES		3,429	664
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		25	31
Acquisition of property, plant and equipment		(2,403)	(1,595)
Acquisition of brand name/customer list		(880)	-
Acquisition of subsidiary net of cash acquired		(2,739)	(136)
NET CASH FROM INVESTING ACTIVITIES		(5,997)	(1,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of capital element of finance lease obligations		(382)	(325)
Dividends paid		(1,100)	(1,000)
Proceeds of new loans		5,000	-
NET CASH FROM FINANCING ACTIVITIES		3,518	(1,325)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		950	(2,361)
Opening cash and cash equivalents		(3,024)	(670)
Effect of exchange rate fluctuations on cash held		(7)	7
CLOSING CASH AND CASH EQUIVALENTS		(2,081)	(3,024)

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"). 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 27 to 31.

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.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments. The accounts are rounded to the nearest thousand pounds.

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.

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.

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 2004).

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 is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is equal to the present value of the difference between the contractual forward price 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 2.5% 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 and trade and asset purchases. In respect of business acquisitions that have occurred since 1st May 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets 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 2004, 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 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	10 years
• Valve brand name/valve design	15 years
• Valve order book	1 year
• Vermiculite brand name/customer list	8 years

Financial assets

Financial assets are stated at their nominal amount (discounted if material) less impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. 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 and other payables

Trade and other payables are stated at their nominal amount (discounted if material).

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax 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.

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.

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 £2.5 million was from contract revenue (*1996: £2.3 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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

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

Adopted IFRS not yet applied

At the date of issue of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 7 – Financial Instruments: Disclosures: and the related amendments to IAS 1 in capital disclosures.

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, except for additional disclosures on capital and financial instruments when the relevant standards come into effect for periods commencing on or after 1st January 2007.

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 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 and the location of the assets.

	2007			2006		
	Revenue £'000	Operational assets £'000	Capital expenditure £'000	Revenue £'000	Operational assets £'000	Capital expenditure £'000
UK	12,754	18,060	2,786	12,352	15,544	1,371
Rest of Europe	9,911	545	–	8,101	73	–
USA	4,544	–	–	3,396	–	–
Pacific Basin	27,466	868	203	30,055	672	118
Rest of world	10,639	683	153	4,276	708	323
Total	65,314	20,156	3,142	58,180	16,997	1,812

3. Expenses and auditors' remuneration

Included in profit before taxation are the following:

	2007 £'000	2006 £'000
Depreciation:		
Owned assets	1,326	1,426
Assets held under finance lease	169	164
Amortisation of intangible assets	55	54
Loss on sale of property, plant and equipment	9	29
Operating lease rentals:		
Short term plant hire	130	90
Research and development expensed as incurred	–	111
Write down of inventories	118	96
Impairment of trade receivables	26	7
Foreign exchange gains	(721)	(101)
Fees receivable by the auditors and their associates in respect of:		
Audit of these financial statements	15	11
Audit of the financial statements of subsidiaries	49	48
Services relating to corporate finance transactions entered into or proposed to be entered into by or on behalf of the Group	4	–
Other services relating to taxation	79	42

NOTES TO THE FINANCIAL STATEMENTS (continued)

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	
	2007	2006
Works personnel	652	615
Administration staff	35	39
	687	654
	2007	2006
	£'000	£'000
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	15,013	14,132
Social security costs	1,526	1,431
Other pension costs	22	38
	16,561	15,601

5. Financial expenses

	2007	2006
	£'000	£'000
Interest expense on finance leases	59	57
Interest expense on bank loans and overdrafts	657	344
Financial expenses	716	401

6. Taxation

Recognised in the income statement

	2007	2006
	£'000	£'000
<i>Current tax expense</i>		
Current year	2,071	1,505
Adjustments for prior years	55	57
	2,126	1,562
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences – current year	133	53
Origination and reversal of temporary differences – prior years	(61)	14
Total tax in income statement	2,198	1,629

Reconciliation of effective tax rate

	£'000	£'000
Profit before tax	7,042	5,132
Tax using the UK corporation tax rate of 30% (2006: 30%)	2,113	1,539
Non-deductible expenses	13	11
(Over)/under provided in prior years	-	71
Research and development additional tax credit	-	(2)
Losses not utilised	72	10
Total tax in income statement	2,198	1,629

Since the balance sheet date it has been determined that the corporation tax rate will change from 30% to 28%. In accordance with IAS10 this change of tax policy and rate reduction is considered a non adjusting post balance sheet event and so deferred tax has been calculated assuming a rate of 30% in these accounts. If the rate of 28% had been used in the deferred tax calculation, then the tax charge in the profit and loss account would have been reduced by £65,000.

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	104	827

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Earnings per share

The earnings per ordinary share has been calculated on profit after taxation for the year attributable to equity holders of the parent of £4,687,000 (2006: £3,361,000) 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

	2007	2006
	£'000	£'000
Final dividends paid during the year in respect of prior years		
15.278p (2006: 13.889p) per qualifying ordinary share	1,100	1,000

After the balance sheet date dividends of 18.403p per qualifying ordinary share (2006: 15.278p) were proposed by the directors. The dividends totalling £1,325,000 have not been provided for.

9. Property, plant and equipment

	Freehold land and buildings £'000	Short leasehold buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1st May 2005	2,743	46	17,110	1,590	-	21,489
Additions	368	-	1,272	172	-	1,812
Disposals	-	-	(271)	(6)	-	(277)
Exchange adjustments	25	1	27	5	-	58
At 30th April 2006	<u>3,136</u>	<u>47</u>	<u>18,138</u>	<u>1,761</u>	<u>-</u>	<u>23,082</u>
At 1st May 2006	3,136	47	18,138	1,761	-	23,082
Additions	199	3	1,748	104	630	2,684
Acquisition of subsidiary	-	3	603	30	-	636
Other acquisitions	-	-	-	-	420	420
Disposals	-	-	(95)	-	-	(95)
Effect of movements in foreign exchange	(24)	-	(11)	(2)	-	(37)
At 30th April 2007	<u>3,311</u>	<u>53</u>	<u>20,383</u>	<u>1,893</u>	<u>1,050</u>	<u>26,690</u>
Depreciation						
At 1st May 2005	658	26	8,802	1,083	-	10,569
Charged in year	76	2	1,377	135	-	1,590
Disposals	-	-	(211)	(5)	-	(216)
Exchange adjustment	5	1	12	3	-	21
At 30th April 2006	<u>739</u>	<u>29</u>	<u>9,980</u>	<u>1,216</u>	<u>-</u>	<u>11,964</u>
At 1st May 2006	739	29	9,980	1,216	-	11,964
Charged in year	76	3	1,285	131	-	1,495
Disposals	-	-	(62)	-	-	(62)
Exchange adjustment	(4)	-	(7)	(1)	-	(12)
At 30th April 2007	<u>811</u>	<u>32</u>	<u>11,196</u>	<u>1,346</u>	<u>-</u>	<u>13,385</u>
Net book value						
At 1st May 2005	2,085	20	8,308	507	-	10,920
At 30th April 2006 and 1st May 2006	2,397	18	8,158	545	-	11,118
At 30th April 2007	<u>2,500</u>	<u>21</u>	<u>9,187</u>	<u>547</u>	<u>1,050</u>	<u>13,305</u>

Leased plant and machinery

At 30th April 2007 the net carrying amount of leased plant and machinery was £1,816,000 (2006: £1,092,000). The leased equipment secures lease obligations (see note 16).

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Intangible assets

	Goodwill £'000	Valve brand name / valve design £'000	Vermiculite brand name / customer list £'000	Valve order book £'000	Manu- facturing rights £'000	Develop- ment costs £'000	Total £'000
Cost							
Balance at 1st May 2005 ...	49	-	-	-	-	201	250
Increased holding in subsidiary	138	-	-	-	-	-	138
Additions ...	-	-	-	-	140	-	140
Balance at 30th April 2006 ...	187	-	-	-	140	201	528
Acquisition of subsidiary	1,014	2,776	-	127	-	-	3,917
Other acquisitions ...	-	-	880	-	-	-	880
Balance at 30th April 2007 ...	1,201	2,776	880	127	140	201	5,325
Amortisation							
Balance at 1st May 2005 ...	-	-	-	-	-	120	120
Amortisation for the year	-	-	-	-	14	40	54
Balance at 30th April 2006 ...	-	-	-	-	14	160	174
Amortisation for the year	-	-	46	-	14	41	101
Balance at 30th April 2007 ...	-	-	46	-	28	201	275
Net book value							
At 1st May 2005 ...	49	-	-	-	-	81	130
At 30th April 2006 ...	187	-	-	-	126	41	354
At 30th April 2007 ...	1,201	2,776	834	127	112	-	5,050

The acquired goodwill represents technical know-how acquired with the purchase of Noreva GmbH - see note 25.

Amortisation and impairment charge

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

	2007 £'000	2006 £'000
Cost of sales	101	54

Impairment testing for cash generating units containing goodwill

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:

	2007 £'000	2006 £'000
Easat Antennas Limited ...	60	60
Goodwin India Private Limited ...	108	108
Goodwin Alloy Products Limited	19	19
Noreva GmbH ...	1,014	-
	1,201	187

The recoverable amount of the goodwill allocated to cash generating units is based on value in use calculations. The calculations use cash flow projections based on actual operating results and budget 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 7-15%. The directors have concluded that there has been no impairment during the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investments in subsidiaries

The Group has the following principal subsidiaries:

	Country of incorporation	Class of shares held	% held
Goodwin International Limited	Great Britain	Ordinary	100
		Preference	100
Goodwin Steel Castings Limited	Great Britain	Ordinary	100
Hoben International Limited	Great Britain	Ordinary	100
		Preference	100
Hoben Industrial Minerals Limited	Great Britain	Ordinary	100
Easat Antennas Limited	Great Britain	Ordinary	90.5
Internet Central Limited	Great Britain	Ordinary	82.5
Goodwin Alloy Products Limited	Great Britain	Ordinary	100
Goodwin GmbH	Germany	Ordinary	100
Goodwin Korea Co. Limited	South Korea	Ordinary	95
Noreva GmbH	Germany	Ordinary	75*

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.

12. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2007 £'000	Liabilities 2006 £'000
Property, plant and equipment	1,102	1,030
Derivative financial instruments	293	397
	1,395	1,427

Movement in deferred tax during the year

	1st May 2006 £'000	Recognised in income £'000	Recognised in equity £'000	30th April 2007 £'000
Property, plant and equipment	1,030	72	–	1,102
Derivative financial instruments	397	–	(104)	293
	<u>1,427</u>	<u>72</u>	<u>(104)</u>	<u>1,395</u>

Movement in deferred tax during the prior year

	1st May 2005 £'000	Recognised in income £'000	Recognised in equity £'000	30th April 2006 £'000
Property, plant and equipment	951	79	–	1,030
Derivative financial instruments	1,224	–	(827)	397
	<u>2,175</u>	<u>79</u>	<u>(827)</u>	<u>1,427</u>

The Group has not recorded a deferred tax asset of £95,000 (2006: £23,000) in respect of losses which are not guaranteed to be recoverable in the near future.

13. Inventories

	2007 £'000	2006 £'000
Raw materials and consumables	6,157	3,924
Work in progress	7,389	5,619
Finished goods	821	727
	14,367	10,270

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Financial assets	2007	2006
	£'000	£'000
Trade receivables	15,229	10,561
Other receivables and pre-payments	768	1,068
Derivative financial instruments	1,189	1,980
	17,186	13,609

15. Cash and cash equivalents	2007	2006
	£'000	£'000
Cash and cash equivalents per balance sheet	412	545
Bank overdrafts	(2,493)	(3,569)
Cash and cash equivalents per cash flow statement	(2,081)	(3,024)

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.

	2007	2006
	£'000	£'000
Non-current liabilities		
Finance lease liabilities	772	520
Bank loans	508	-
	1,280	520
Current liabilities		
Finance lease liabilities	495	291
Bank loans	5,131	-
	5,626	291

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2007			2006		
	Minimum lease payments £'000	Interest £'000	Principal £'000	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	554	59	495	4	-	4
Between one and five years	821	49	772	875	68	807
	1,375	108	1,267	879	68	811

17. Trade and other payables	2007	2006
	£'000	£'000
Trade payables	10,681	9,771
Non-trade payables and accrued expenses	1,988	960
Other taxation and social security costs	1,314	967
Payments received on account	2,615	822
	16,598	12,520

Non-current liabilities

Deferred consideration on acquisition	1,509	-
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The deferred consideration relates to the remaining payments to be made in relation to the acquisition of Noreva GmbH. The liability has 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%.

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

18. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £'000	Trans- lation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
Balance at 1st May 2005 ...	720	(20)	2,856	12,262	15,818	229	16,047
Total recognised income and expense ...	-	44	(1,930)	3,361	1,475	142	1,617
Acquisition of minority Dividends paid ...	-	-	-	(1,000)	(1,000)	63	63 (1,000)
Balance at 30th April 2006	<u>720</u>	<u>24</u>	<u>926</u>	<u>14,623</u>	<u>16,293</u>	<u>434</u>	<u>16,727</u>
Total recognised income and expense ...	-	9	(242)	4,687	4,454	157	4,611
Dividends paid ...	-	-	-	(1,100)	(1,100)	(122)	(1,222)
Balance at 30th April 2007	<u>720</u>	<u>33</u>	<u>684</u>	<u>18,210</u>	<u>19,647</u>	<u>469</u>	<u>20,116</u>

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 charged to equity is £293,000 (2006: £397,000).

Share capital

	2007 £'000	2006 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each ...	<u>720</u>	<u>720</u>

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 instruments

Exposure to credit, interest and foreign exchange risk arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange and interest rates.

Credit risk

Management have a credit policy in place and exposure to credit risk is monitored on an on-going basis. The Group has credit insurance covering the majority of its customers and uses letters of credit where possible for the remainder. As at the balance sheet date there was no significant exposure to credit risk.

Liquidity risk

The Group believes it has sufficient cash and borrowing facilities to meet its operational commitments.

At 30th April 2007, the group had the following undrawn facilities in respect of which all conditions precedent had been met.

	Uncommitted £'000	Committed £'000	Total £'000
Undrawn borrowing facilities ...	<u>9,977</u>	<u>-</u>	<u>9,977</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

19. Financial instruments *(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, the Group took out £10 million of interest rate swaps which caps the company borrowing rate on this level of borrowings to an average of 6.28%.

Foreign currency 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's policy is to hedge, where practical, the net asset value of overseas investments.

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.

Forecast transactions

The Group classifies its forward exchange contracts hedging forecasted transactions as cash flow hedges and states them at fair value. The fair value of forward exchange contracts at 1st May 2005 was adjusted against the opening balance of the hedging reserve at that date. The nominal value of forward exchange contracts used as hedges of forecast transactions at 30th April 2007 was US\$11.02 million and €0.45 million (*2006: US\$35.6 million and €1.2 million*), fair value of these at 30th April 2007 was £0.84 million (*2006: £1.32 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 and the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised as part of administrative expenses.

Effective interest rates and repricing analysis – Group

In respect of income-earning financial assets and interest-bearing financial liabilities at 30th April 2007, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

	Effective interest rate %	Total £'000	0 – <1years £'000	1 to <2years £'000	2 to <5years £'000
Cash and cash equivalents					
in pound sterling	–	17	17	–	–
Cash and cash equivalents held in other currencies	–	395	395	–	–
Fixed rate finance lease liabilities in pound sterling	5.32	(520)	(1)	(334)	(185)
Variable rate finance lease liabilities in pound sterling	5.86	(750)	–	–	(750)
Unsecured bank overdrafts in pound sterling	6.38	(2,493)	(2,493)	–	–
Bank loans	6.45	(5,000)	(5,000)	–	–
Effect of interest rate caps	6.28	–	10,000	–	(10,000)
Bank loans in other currencies	5.04	(636)	–	–	(636)
		<u>(8,987)</u>	<u>2,918</u>	<u>(334)</u>	<u>(11,571)</u>

In respect of income-earning financial assets and interest-bearing liabilities at 30th April 2006, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature.

	Effective interest rate %	Total £'000	0 – <1years £'000	1 to <2years £'000	2 to <5years £'000
Cash and cash equivalents					
in pound sterling	–	57	57	–	–
Cash and cash equivalents held in other currencies	–	488	488	–	–
Fixed rate finance lease liabilities in pound sterling	5.32	(811)	(4)	(7)	(800)
Unsecured bank overdrafts in pound sterling	5.625	(3,569)	(3,569)	–	–
		<u>(3,835)</u>	<u>(3,028)</u>	<u>(7)</u>	<u>(800)</u>

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings £'000	Other £'000	Total 2007 £'000	Total 2006 £'000
Less than one year	50	-	50	50
Between one and five years	21	-	21	71
	<u>71</u>	<u>-</u>	<u>71</u>	<u>121</u>

21. Capital commitments

Capital commitments at 30th April 2007 for which no provision has been made in these financial statements were £1.1 million (2006: £Nil).

22. Guarantees and contingencies

	Total £'000	Number of contracts
30th April 2007	6,209	167
30th April 2006	4,661	118

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

The Group has never been in a position where a customer has called on the Group's bankers to pay out under a bond or guarantee and we currently have no reason to believe that a bond or guarantee will be called upon in the future.

23. Subsequent event

Since the balance sheet date it has been determined that the corporation tax rate will change from 30% to 28%. In accordance with IAS10 this change of tax policy and rate reduction is considered a non adjusting post balance sheet event and so deferred tax has been calculated assuming a rate of 30% in these accounts. If the rate of 28% had been used in the deferred tax calculation, then the tax charge in the profit and loss account would have been reduced by £65,000.

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 equity 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 cap derivatives.

(c) **Acquisition**

During the year, the Group acquired a 75% interest in the share capital of Noreva GmbH and also acquired the brand names, the customer list and plant from a vermiculite supplier. The purchases 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 Noreva GmbH acquisition, there is an element of deferred consideration part of which has a de minimus level which may rise dependant on future profitability. The deferred consideration has been valued at the minimum level of payments as stated in the Sale Agreement as discounted to present value terms using a discount factor of 6.5%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Acquisitions

Acquisition of Noreva

On 22nd March 2007, the Group acquired 75% of the ordinary shares in Noreva GmbH, and the company has been consolidated on the basis it is a 100% subsidiary by virtue of there being put and call options in place for the remaining 25% of the share capital of this company. In the one month to 30 April 2007 the subsidiary contributed net profit before tax of £26,000 to the consolidated net profit for the year. If the acquisition had occurred on the first day of the accounting period, Group revenue would have increased by a further £4.5 million and net profit would have increased by £267,000.

								Acquired net assets at the acquisition date		
								Recognised	Fair value	Carrying
								values	adjustments	amounts
								£000	£000	£000
Brand name	...	...	...	...	...	...	–	2,776	2,776
Order book	...	...	...	...	...	...	–	127	127
Property plant and equipment	...	...	...	...	...	...	654	(18)	636
Inventories	...	...	...	...	...	...	2,330	44	2,374
Trade and other receivables	...	...	...	...	...	...	927	–	927
Cash and cash equivalents	...	...	...	...	...	...	117	–	117
Trade and other payables	...	...	...	...	...	...	(2,701)	–	(2,701)
Interest bearing loans and borrowings	...	...	...	...	...	...	(905)	–	(905)
Net identifiable assets and liabilities	...	...	...	...	...	...	<u>422</u>	<u>2,929</u>	<u>3,351</u>
Purchase consideration – cash	...	...	...	...	...	...			2,730
– deferred consideration	...	...	...	...	...	...			779
– contingent consideration	...	...	...	...	...	...			730
– costs	...	...	...	...	...	...			126
									<u>4,365</u>	
Goodwill arising	...	...	...	...	...	...			<u>1,014</u>

The provisional fair value adjustments comprise:

- Adjustments to reflect the valuation of intangible assets
- Adjustments to inventories to reflect net realisable value
- Adjustments to property, plant and equipment to reflect existing use

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

On 2nd November 2006, 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	Fair value	Carrying
								values	adjustments	amounts
								£000	£000	£000
Plant and equipment	...	...	...	...	...	...	420	–	420	
Brand name and customer list	...	...	...	...	...	...	–	880	880	
Net identifiable assets and liabilities	...	...	...	...	...	...	<u>420</u>	<u>880</u>	<u>1,300</u>	
Purchase consideration – cash	...	...	...	...	...	...			<u>1,300</u>	

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, 2007

	Note	2007 £'000	2006 £'000
FIXED ASSETS			
Intangible assets	C4	1,434	–
Tangible assets	C5	9,009	8,749
Investments	C6	6,518	2,057
		<u>16,961</u>	<u>10,806</u>
CURRENT ASSETS			
Debtors	C7	9,849	4,116
Cash at bank and in hand		502	673
		<u>10,351</u>	<u>4,789</u>
CREDITORS: amounts falling due within one year	C8	<u>(9,592)</u>	<u>(3,198)</u>
NET CURRENT ASSETS		<u>759</u>	<u>1,591</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,720</u>	<u>12,397</u>
CREDITORS: amounts falling due after more than one year	C9	<u>(1,627)</u>	<u>(338)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	C10	<u>(653)</u>	<u>(561)</u>
NET ASSETS		<u>15,440</u>	<u>11,498</u>
CAPITAL AND RESERVES			
Called up share capital	C11	720	720
Hedge reserve	C12	97	–
Profit and loss account	C12	14,623	10,778
TOTAL SHAREHOLDERS' FUNDS		<u>15,440</u>	<u>11,498</u>

These financial statements were approved by the Board of directors on 24th August, 2007 and signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

NOTES TO THE FINANCIAL STATEMENTS (continued)

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.

Investment in subsidiary undertakings

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

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 8 and 15 years.

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% or 2½% 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	Over estimated production life

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

C2 Profit for the financial year

The company's profit for the financial year was £4,945,000 (2006: £2,937,000).
Included in profit before taxation are the following:

	2007	2006
Fees receivable by the auditors and their associates in respect of:	£'000	£'000
Audit of these financial statements	17	15

C3 Staff numbers and costs (including directors)

Details of directors' remuneration are set out in the directors' remuneration report on pages 6 and 7.
The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2007	2006
Administration	35	39
The aggregate payroll costs of these persons were as follows:		
	£'000	£'000
Wages and salaries	1,482	1,542
Social security costs	177	171
Other pension costs	11	11
	1,670	1,724

C4 Intangible fixed assets

	Brand name and customer list	Manufacturing rights	Total
	£'000	£'000	£'000
Cost			
Additions	880	600	1,480
At end of year	880	600	1,480
Amortisation			
Charged in year	46	-	46
At end of year	46	-	46
Net book value			
At 30th April 2007	834	600	1,434

The brand name and customer list reflects the purchase of an intangible asset to assist an existing manufacturing process at one of the Group's subsidiaries. The manufacturing rights 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 manufacturing rights being an inter company transaction does not feature in the Group accounts as an intangible asset.

C5 Fixed assets

	Freehold land and buildings	Short leasehold land and buildings	Plant and machinery	Fixtures and fittings	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At beginning of year	3,857	35	6,430	926	-	11,248
Additions	3	-	-	44	630	677
Acquisitions	-	-	-	-	420	420
Disposals	-	-	(9)	-	-	(9)
At end of year	3,860	35	6,421	970	1,050	12,336
Depreciation						
At beginning of year	502	21	1,359	617	-	2,499
Charge for year	131	1	618	79	-	829
Disposals	-	-	(1)	-	-	(1)
At end of year	633	22	1,976	696	-	3,327
Net book value						
At 30 April 2007	3,227	13	4,445	274	1,050	9,009
At 30th April 2006	3,355	14	5,071	309	-	8,749

The above net book value includes £776,000 (2006: £851,000) of assets held under finance leases. Depreciation on these assets was £75,000 (2006: £121,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

C6	Fixed asset investments		Shares in group undertakings
			£'000
	Cost and net book value		
	At beginning of year		2,057
	Additions		4,461
	At end of year		<u>6,518</u>
	The additions during the year represented additional investments in our overseas subsidiaries and the investment in Noreva GmbH. A list of principal subsidiaries is given in note 11.		
C7	Debtors	2007	2006
		£'000	£'000
	Amounts owed by Group undertakings	8,552	3,322
	Other debtors	151	280
	Corporation tax	743	483
	Derivative valuations	366	–
	Prepayments and accrued income	37	31
		<u>9,849</u>	<u>4,116</u>
	The derivative valuations represent foreign exchange contracts and interest rate caps held at fair value in the balance sheet.		
C8	Creditors: amounts falling due within one year	2007	2006
		£'000	£'000
	Bank loans and overdrafts	7,507	2,621
	Obligations under finance leases and hire purchase contracts (see note C5) ...	216	216
	Amounts owed to Group undertakings	440	371
	Other taxation and social security	114	107
	Other creditors	95	–
	Accruals and deferred income	1,220	(117)
		<u>9,592</u>	<u>3,198</u>
C9	Creditors: amounts falling due after more than one year	2007	2006
		£'000	£'000
	Obligations under finance leases and hire purchase contracts – (due between 2 to 5 years)	118	338
	Deferred consideration on acquisition of subsidiary	1,509	–
	Obligations under finance leases are secured on the assets to which they relate.	1,627	338
C10	Provisions for liabilities		
	Deferred taxation		£'000
	At beginning of year		561
	Charge to the profit and loss for the year		92
	At end of year		<u>653</u>
	The elements of deferred taxation are as follows:		
		2007	2006
		£'000	£'000
	Difference between accumulated depreciation and amortisation and capital allowances	611	561
	Taxation on cash flow hedge movement	42	–
		<u>653</u>	<u>561</u>
C11	Called up share capital	2007	2006
		£'000	£'000
	Authorised, allotted, called up and fully paid:		
	7,200,000 ordinary shares of 10p each	720	720

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

C12 Share premium and reserves

	2007			2006
	Share capital £'000	Hedging reserve £'000	Profit and loss account £'000	Total £'000
At beginning of year as previously stated	720	-	10,778	11,498
Effect of adoption of FRS 21 ...	-	-	-	-
At beginning of year as restated ...	720	-	10,778	11,498
Profit for the year	-	97	4,945	5,042
Dividends	-	-	(1,100)	(1,100)
At end of year ...	<u>720</u>	<u>97</u>	<u>14,623</u>	<u>15,440</u>

Total
£'000

C13 Contingent liabilities

The company is jointly and severally liable for value added tax due by other members of the Group amounting to £Nil (2005: £Nil).

During the year, the company continued as a beneficiary of an agreement whereby certain of the company's current and future bank indebtedness are jointly and severally guaranteed by other Group companies with consolidated net assets of £20.1 million (2006: £16.73 million). The contingent liability at 30th April 2007 amounted to £722,000 (2006: £476,000).

C14 Commitments

Contracted capital commitments at 30th April 2007 for which no provision has been made in these financial statements, were £1.1 million (2006: £Nil).

C15 Post balance sheet events

Since the balance sheet date it has been determined that the corporation tax rate will change from 30% to 28%. If the rate of 28% had been used in the deferred tax calculation, then the tax charge in the profit and loss account would have been reduced by £41,000.

C16 Dividends

	2007 £'000	2006 £'000
Final dividends paid during the year in respect of prior years		
15.278p (2006: 13.889p) per qualifying ordinary share	<u>1,100</u>	<u>1,000</u>

After the balance sheet date dividends of 18.403p per qualifying ordinary share (2006: 15.278p) were proposed by the directors. The dividends totalling £1,325,000 have not been provided for.

