GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT

31st OCTOBER 2008

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2008

CHAIRMAN'S STATEMENT

I am pleased to report that the pre-tax profits for the Group for the six month period ending 31st October 2008 was £6.81 million (2007: £4.37 million), an increase of 55% from revenue of £46.82 million (2007: £34.96 million) which is up 34 % on the same period last financial year.

Despite the overall global economic environment, the order books for our products of all Group companies remain buoyant and it would be surprising if the same level of activity was not seen in the second half year. Companies within the Group continue, as mandated, to develop products and market activities that provide niche opportunities that allow us to continue to win new business world wide even in these difficult times.

Goodwin Steel Castings has recently developed a casting technique that provides for large 12 tonne super nickel castings to be manufactured and this should position this company well to win much casting business for the Advanced Ultra Super Critical Steam Turbines that will be manufactured world wide in years to come to help minimise CO_2 emissions and so combat climate change.

Our two check valve companies, Goodwin International Ltd and Noreva GmbH, continue to excel with their supply of check valves to the oil, gas, petrochemical and water industries across the globe.

The engineering refractory group which now incorporates the recently acquired SRS Holdings is starting to see the benefits of consolidation of the UK businesses and the technology being shared by our overseas manufacturing plants provides them with the opportunity of further improving their performance.

As can be seen from the unaudited balance sheet, the shareholders funds of the Group are down by £425,000 as compared to the position at 30th April 2008 despite the level of pre tax profits reported. This has occurred by nature of a negative adjustment of just over £6 million associated with the mandated treatment required by IAS 39 (International Accounting Standard No. 39) whereby the currency hedges taken out by the Group to lock in the estimated gross profit on a contract that is taken in a foreign currency are shown at a mark to market valuation in the balance sheet. This reported reduction in Group reserves ordinarily would not be realised unless the Group ceased to trade and the cash flow hedge reserve had to be unwound at prevailing market spot rates rather than merely traded when the foreign currency arrived following despatch and invoice of the relevant contract. The effect of the Standard gives rise to unrealised fluctuation both positive and negative (dependant on how currencies have moved relative to the pound). The Board are reporting this fluctuation as is required by IAS 39 but consider it has no relevance to the true assets and reserves of the Group so long as the Group continues to trade nor does it affect the true profit/loss of the Group as is reported within this interim report.

The Board, as reported in the last year end Chairman's Statement, is focused on reducing the corporate debt level in the near future to zero which it considers prudent in these uncertain times and this policy is reaffirmed.

John W Goodwin
Chairman

17th December 2008

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for the half year ended 31st October 2008

Management report

During the six months to 31st October 2008 the Group has completed its planned entrance into Brazil and further consolidated its position in China, two markets with excellent growth when compared to elsewhere in the world.

It has further progressed in all its manufacturing plants and has through design, research and development found ways to manufacture more efficiently.

The Group currently has a sterling equivalent order backlog in excess of £60 million.

The Group has rearranged its banking so as to ensure that the maximum expected underlying debt is 100% covered by committed 3 year facilities.

Financial Highlights

	Unaudited Half year to 31st October 2008	Unaudited Half year to 31st October 2007	Audited Year ended 30th April 2008
Consolidated Results	**£m**	£m	£m
Sales Revenue	46.82	34.96	80.58
Operating Profit	6.99	4.84	10.66
Profit before tax	6.81	4.37	9.82
Profit after tax	4.89	3.04	6.78
Capital Expenditure	2.19	1.72	4.78
Net debt *	5.46	9.00	3.10
*Bank and lease borrowings less cash on hand			
Earnings per share (Basic and Diluted)	67.38p	40.42p	91.14p

Turnover: up by 34%

Sales revenue at £46.82 million for the half year represents a 34% increase over the £34.96 million achieved during the same period last year. The Group's markets continue to show healthy overall trends during the first half of 2008 driven by significant revenue growth in almost all the Group's segments. As can be seen from the segmental analysis, with the exception of the UK segment which is relatively static, revenues are up in all our geographical areas. Within the reported turnover for the current six month period there are £1.4 million of sales arising from the SRS acquisition relating to the period from 1st July 2008 to 31st October 2008.

Operating Profit: up by 44%

The operating profit for the six months of £6.99 million is 44% up on the £4.84 million achieved during the six months to 31st October 2007. The increased activity levels in conjunction with a sustained gross margin percentage and control of overhead costs have combined to generate the significant improvement in the operating profit. Within the reported operating profit of £6.99 million for the current period, £17,000 arises from the SRS acquisition relating to the period from 1st July 2008 to 31st October 2008.

Management report *(continued)*

Net Debt

We would reiterate the comments we made in our interim statement for the period ended 31st October 2007, that the net debt of the Group remains modest despite the working capital pressures that come from sustained growth and the level of investment by the Group in fixed assets and external acquisitions.

The Board of Directors would reiterate the intention to reduce the Group debt levels further through a period of consolidation which is considered prudent in these uncertain times. Further information with respect to Group borrowings is given in note 9 to these financial statements.

Acquisition of SRS Holdings Limited

On the 30th June 2008, the Group acquired 100% of the issued share capital of SRS Holdings Ltd. The company supplies through its subsidiary and associate companies the jewellery and industrial refractory markets and further details of this acquisition are given at note 8 to these interim financial statements.

Mark to Market Valuations

As noted within the Chairman's Statement, the Group has complied with the requirements of IAS 39. The practical impact here on the half year accounts is the movement on the cash flow hedge reserve which now reports a debit balance of £6,470,000 which is up by £5,693,000 on the debit balance reported at 30th April 2008. The adverse position is mainly as a result of the Group entering into forward foreign currency sales contracts with its bankers to underpin sales orders. Given that the Group predominantly operates in capital goods markets, there can be a gestation period approaching 12 months (sometimes longer) between receiving the sales orders and invoicing the goods and so to report the foreign exchange impact on our order book through the profit and loss account (positive or negative) would distort the true profit for the period given that the fluctuation relates to our work in progress and not our debtors and cash. Accordingly, the Group has taken the option of adopting cash flow hedge accounting for this element of the mark to market valuations.

Risks and Uncertainties

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

We would refer you to note 20 (page 25) of the Group annual accounts to 30th April 2008 which describes in detail the key risks and uncertainties affecting the business such as credit risk and foreign exchange risk.

Since the production of our 30th April 2008 annual accounts, much has been said with regards to the credit crunch and an impending world wide recession. We feel that, with the strength of the Group's order book and the way the Group has positioned itself opposite its key markets, we are well placed for what may lie ahead.

Management report *(continued)*

Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2009. The report may contain forward-looking statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report. Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

2009 Outlook

In many countries there has been a fall off in the rate at which oil, gas and electricity are being consumed. We believe, however, that in those countries where there is population and economic growth the underlying demand for energy will continue to rise. The capital projects required to provide this energy need take time to build and we believe governments will commit to expenditure now to avoid their populations suffering from an energy deficiency.

The 2009 order book remains healthy and current planning of priorities for 2010 order bookings is already under way.

Despite risks associated with the availability of finance to our customers enabling them to carry out their projects we see our skills and resources continuing to be in demand.

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

The directors confirm to the best of their knowledge that this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure and Transparency Rules 4.2.7 and 4.2.8 of the United Kingdom's Financial Service Authority.

J. W. Goodwin
Chairman

17th December 2008

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for the half year ended 31st October 2008

Condensed consolidated income statement
for the half year to 31st October 2008

	Unaudited Half year to 31st October 2008 £000	Unaudited Half year to 31st October 2007 £000	Year ended 30th April 2008 £000
Continuing operations			
Revenue	**46,820**	34,958	80,578
Cost of sales	**(34,004)**	(25,395)	(58,201)
Gross profit	**12,816**	9,563	22,377
Distribution costs	**(1,716)**	(1,401)	(2,842)
Administrative expenses	**(4,103)**	(3,320)	(8,873)
Operating profit	**6,997**	4,842	10,662
Financial expenses	**(341)**	(474)	(844)
Share of profit of associates	**152**	–	–
Profit before taxation	**6,808**	4,368	9,818
Tax on profit	**(1,922)**	(1,328)	(3,035)
Profit after taxation	**4,886**	3,040	6,783
Attributable to:			
Equity holders of the parent	**4,851**	2,910	6,562
Minority interest	**35**	130	221
Profit for the period	**4,886**	3,040	6,783
Basic and diluted earnings per ordinary share	**67.38p**	40.42p	91.14p

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2008

Condensed consolidated balance sheet
at 31st October 2008

	Unaudited As at 31st October 2008 £000	Unaudited As at 31st October 2007 £000	Audited As at 30th April 2008 £000
Non-current assets			
Property, plant and equipment	**17,867**	14,188	16,376
Intangible assets	**9,767**	4,815	5,331
Investments in associates	**1,290**	–	–
	28,924	19,003	21,707
Current assets			
Inventories	**16,948**	14,405	15,038
Trade and other receivables	**23,754**	20,862	20,620
Deferred tax assets	**1,283**	–	–
Derivative financial assets	**506**	–	154
Cash and cash equivalents	**2,097**	470	1,812
	44,588	35,737	37,624
Total assets	**73,512**	54,740	59,331
Current liabilities			
Bank overdraft	**1,525**	2,922	1,532
Other interest-bearing loans and borrowings	**422**	5,622	2,549
Trade and other payables	**22,905**	16,994	23,552
Derivative financial liabilities	**12,363**	–	1,873
Tax payable	**2,265**	1,276	1,613
	39,480	26,814	31,119
Non-current liabilities			
Other interest-bearing loans and borrowings	**5,611**	959	830
Deferred consideration	**4,039**	1,558	1,607
Deferred tax liabilities	**–**	1,652	968
	9,650	4,169	3,405
Total liabilities	**49,130**	30,983	34,524
Net assets	**24,382**	23,757	24,807
Equity attributable to equity holders of the parent			
Share capital	**720**	720	720
Translation reserve	**381**	22	142
Cash flow hedge reserve	**(6,470)**	1,296	(777)
Retained earnings	**28,299**	21,120	23,447
	22,930	23,158	23,532
Minority interest	**1,452**	599	1,275
Total equity	**24,382**	23,757	24,807

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Condensed consolidated statement of recognised income and expense
for the half year ended 31st October 2008

	Unaudited Half year to 31st October 2008 £000	Unaudited Half year to 31st October 2007 £000	Audited Year ended 30th April 2008 £000
Foreign exchange translation differences	**239**	(11)	109
Effective portion of changes in fair value of cash flow hedges	**(8,013)**	917	(1,218)
Change in fair value of cash flow hedges transferred to profit or loss	**106**	(94)	(838)
Tax recognised on income and expenses recognised directly in equity	**2,214**	(211)	595
Net income and expense recognised directly in equity	**(5,454)**	601	(1,352)
Profit for the period	**4,886**	3,040	6,783
Total recognised income and expense	**(568)**	3,641	5,431
Total recognised income and expense for the period is attributable to:			
Equity holders of the parent	**(603)**	3,511	5,210
Minority interest	**35**	130	221
	(568)	3,641	5,431

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Condensed consolidated cash flow statement
for the half year ended 31st October 2008

	Unaudited Half year to 31st October 2008 £000	Unaudited Half year to 31st October 2007 £000	Audited Year ended 30th April 2008 £000
Cash flow from operating activities			
Profit for the year	**4,886**	3,040	6,783
Adjustments for:			
Depreciation	**1,019**	843	1,831
Amortisation of intangible assets	**204**	235	458
Financial expense	**341**	474	844
Loss on sale of property, plant and equipment	**1**	2	7
Share of profit of associates	**(152)**	–	–
Tax expense	**1,922**	1,328	3,035
Operating profit before changes in working capital and provisions	**8,221**	5,922	12,958
(Increase)/Decrease in trade and other receivables	**(1,993)**	(3,073)	(3,428)
(Increase)/Decrease in inventories	**(1,288)**	15	(213)
(Decrease)/Increase in trade and other payables (excluding payments on account)	**(1,608)**	(1,215)	2,989
Increase/(Decrease) in payments on account	**2,822**	1,811	2,199
Cash generated from operations	**6,154**	3,460	14,505
Interest paid	**(240)**	(439)	(684)
Corporation tax paid	**(1,308)**	(1,309)	(2,557)
Interest element of finance lease obligations	**(20)**	(35)	(62)
Net cash from operating activities	**4,586**	1,677	11,202
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	**5**	5	12
Acquisition of property, plant and equipment	**(3,035)**	(1,721)	(3,245)
Acquisition of intangibles/customer list	**(724)**	–	(594)
Acquisition of subsidiary net of cash acquired	**(3,220)**	–	(145)
Associate dividends received	**141**	–	–
Increase holding in subsidiary company	**(161)**	–	–
Net cash from investing activities	**(6,994)**	(1,716)	(3,972)
Cash flows from financing activities			
Payment of capital element of finance lease obligations	**(345)**	(328)	(518)
Dividends paid	**–**	–	(1,325)
Proceeds of new loans	**3,000**	–	(3,056)
Net cash from financing activities	**2,655**	(328)	(4,899)
Net increase/(decrease) in cash and cash equivalents	**247**	(367)	2,331
Opening cash and cash equivalents	**280**	(2,081)	(2,081)
Effect of exchange rate fluctuations on cash held	**45**	(4)	30
Closing cash and cash equivalents	**572**	(2,452)	280

Notes
to the condensed consolidated financial statements

1 Reporting entity

Goodwin PLC (the "Company") is a company incorporated in the UK. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2008 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 30th April 2008 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.goodwinplc.com

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 30th April 2008.

The comparative figures for the financial year ended 30th April 2008 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 237(2) or (3) of the Companies Act 1985

These condensed consolidated interim financial statements were approved by the Board of Directors on 17th December 2008.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30th April 2008.

IAS 34 states the tax measurement basis may depart from the basis adopted in the year end accounts. In accordance with IAS 34, the interim tax charge shown in these condensed accounts is based on the estimated full year tax rate for the year ended 30th April 2009 of 28% for corporation tax, with deferred tax being provided at a rate of 28%.

4 Estimates

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

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30th April 2008.

Notes *(continued)*

5 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 segment

	Half year ended 31st October 2008			Half year ended 31st October 2007			Year ended 30th April 2008		
	Revenue £000	**Operational assets £000**	**Capital expenditure £000**	Revenue £000	Operational assets £000	Capital expenditure £000	Revenue £000	Operational assets £000	Capital expenditure £000
UK	**8,536**	**18,410**	**1,487**	8,717	20,904	1,638	15,325	20,622	4,077
Rest of Europe	**10,474**	**2,209**	**94**	9,146	1,038	–	21,686	936	401
USA	**4,602**	**–**	**–**	2,854	–	–	7,084	-	-
Pacific Basin	**12,111**	**1,760**	**31**	6,350	1,075	48	16,123	1,288	86
Rest of world	**11,097**	**2,003**	**578**	7,891	740	35	20,360	1,961	209
Total	**46,820**	**24,382**	**2,190**	34,958	23,757	1,721	80,578	24,807	4,773

The Group is managed as one business but 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.

	Half year ended 31st October 2008 £000	Half year ended 31st October 2007 £000	Year ended 30th April 2008 £000
Equity dividends:			
Paid dividend *(April 2007: 18.403p per share)*	**–**	–	1,325
Proposed dividend *(April 2008: 23.004p per share)*	**–**	–	1,656

7 Earnings per share

The calculation of the earnings per ordinary share is based on the number of ordinary shares in issue during all periods of 7,200,000 and on the profit for the six months attributable to ordinary shareholders of £4,851,000 *(31st October 2007: £2,910,000)*. The company has no share options or diluting earnings per share.

Notes *(continued)*

8. Acquisition of SRS Holdings Limited

On the 30th June 2008, the Group acquired 100% of the ordinary shares of SRS Holdings Limited. In the four months to 31st October 2008, the acquisition directly contributed £140,000 towards pre tax profits which does not take into account the impact of the expected synergy savings which are expected to materialise over the next twelve months. In addition, the acquisition has created an additional and significant order input level for the Group's calciner plant.

If the acquisition had occurred on the first day of the accounting period, Group turnover would have increased by a further £778,000 and pre tax profits (excluding synergy savings and additional work for our calciner plant) would have increased by a further £83,000.

	Acquired net assets at the acquisition date		
	Recognised Values £'000	**Fair Value Adjustments £'000**	**Carrying Amounts £'000**
Brand name / customer list	–	300	300
Property, plant and equipment	111	80	191
Investment in associates	1,279		1,279
Inventories	512	(9)	503
Trade and other receivables	1,189	(88)	1,101
Cash and cash equivalents	128		128
Trade and other payables	(1,211)	(47)	(1,258)
Net identifiable assets and liabilities	2,008	236	2,244
Purchase Consideration:			
– Cash			3,200
– Discounted Deferred Consideration (payable 30th June 2011)			2,351
– Costs			148
			5,699
Goodwill arising			3,455

The provisional fair value adjustments comprise:

– Adjustments to reflect the valuation of intangible assets
– Adjustments to inventories to reflect the net realisable value
– Adjustments to fixed assets to reflect existing use values
– Adjustments to trade debtors to reflect net realisable value

9. Issuance and repayment of debt

During the six months to 31st October 2008, the Group has drawn down an additional £3 million of committed lines (committed until November 2011) as a deliberate policy to move away from on demand borrowings and has repaid capital elements of its finance leases of £345,000.

10. Property, Plant and Equipment

During the six month period, the Group incurred fixed asset expenditure of £2.18 million on various capital projects throughout the Group. As reported here and within the 30th April 2008 annual accounts, the Board of Directors now foresees a period of consolidation consistent with a significant reduction in bank borrowings.