GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT

31st OCTOBER 2009

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

CHAIRMAN'S STATEMENT

I am pleased to report that the pre-tax profits for the Group for the six month period ending 31st October 2009 were virtually unchanged at £6.80 million (2008: £6.81 million), from revenue of £45.83 million (2008: £46.82 million) which is down 2% on the same period last financial year.

The order intake booked for our products of all Group companies was quiet during the first financial quarter, but recovered in the second quarter, such that the Group's work load at the half year end was the same as it was at the beginning of the financial year (1st May 2009). With this work load, the Group has the opportunity during the second half of the financial year to match the results achieved for the six months to 31st October 2009. The order input was helped by Goodwin Steel Castings winning a large order for machined castings for the Hardanger Bridge in Norway and Goodwin International, via our subsidiary Goodwin Valves Shanghai, winning a large order for nozzle check valves in China.

The refractory engineering division has seen a good recovery of order input in the second quarter and it is hoped that business levels in 2010 will allow this improvement to continue through to the financial year end with resultant improved profitability.

The world financial axes have changed over the past twelve months and are reflected in the high levels of business activity in China, India and Brazil, which remain focus business zones for our Group. These changes coupled with a significant change in currency positions between Sterling and the Euro and the Japanese Yen have led to Europe and Japan becoming key target customer countries for all our Group products due to the strength of their currency as compared to the pound Sterling.

As a result of increased confidence, during the first half year the mechanical engineering division committed to £3 million of capital investments which will result in the weight limitation of our foundry being increased from 10 tonnes to 15 tonnes maximum casting size and our CNC machining capacity limitation being increased from assemblies of 15 tonnes to 30 tonnes. This increased capacity range should provide the mechanical engineering division with the opportunity of winning more business in the nuclear power generation programmes which will take place in the UK in the coming years.

John Goodwin
Chairman

21st December 2009

GOODWIN PLC

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for the half year ended 31st October 2009

Management report

During the 6 months to 31st October 2009 the Group has so far weathered the global recession relatively unscathed with the pre-tax profits being virtually identical to the first six months last financial year, but this is not in line with the Group performance over the past 8 years where an average of 30 % annual growth in pre-tax profits had been achieved.

The Group has at the end of the financial half year the same order back log as it had at the beginning of the six month period and, as indicated in the Chairman's Statement, the Group has the opportunity of achieving a similar trading performance in the second half of the financial year to that achieved in the first half.

Financial Highlights

	Unaudited Half Year to 31st October 2009	Unaudited Half Year to 31st October 2008	Audited Year Ended 30th April 2009
Consolidated Results	£m	£m	£m
Sales Revenue	45.83	46.82	100.68
Operating Profit	7.20	6.99	13.82
Profit before tax	6.80	6.81	13.11
Profit after tax	4.91	4.89	9.11
Capital Expenditure	1.36	2.19	5.95
Net (debt) funds*	(4.23)	(5.46)	0.42
Earnings per share (Basic and Diluted)	65.40p	67.38p	121.93p

*Bank and lease borrowings less cash on hand

Turnover: down by 2%

Sales revenue at £45.83 million for the half year represents a 2% decrease over the £46.82 million achieved during the same period last year. The Group's markets are starting to show signs of recovering, but it is unlikely that there will be enough growth in global activity in the next 12 months for the Group to return to the levels of increase of growth in turnover we had previously achieved over the past eight years.

As can be seen from the segmental analysis, our export business continues to be a core strength and we are already seeing good GDP growth in three of our target export markets – China, India and Brazil. Europe, a previously relatively un-tapped export market for the Group has become a stronger focus given the current strength of the Euro against Sterling.

Operating Profit: Up by 3%

The operating profit for the 6 months of £7.20 million is up 3% from the £6.99 million achieved during the 6 month period to 31st October 2008. This result, despite the 2% reduction in turnover has been achieved by controlling costs.

Management report *(continued)*

Net Debt

The net debt figure as at 31st October 2009 is after having paid the Group dividend with respect to year ended 30th April 2009. The corresponding dividend relating to the previous year was paid during November 2008 and so on a true like for like basis, the fair net debt comparison for 31st October 2008 would be £7.11 million and not the £5.46 million as reported above. In short, the net debt reported at 31st October 2009 of £4.23 million is after having paid £4 million of dividends with respect to the year ended 30th April 2009.

Risks and Uncertainties

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

We would refer you to note 19 (page 29) of the Group annual accounts to 30th April 2009 which describes in detail the key risks and uncertainties affecting the business such as credit risk and foreign exchange risk.

Whilst our confidence levels have improved to the extent that the mechanical engineering division embarked on a £3 million investment programme to expand our weight capacity range, the activity levels are yet still too uncertain in Europe and the USA, despite the growth in other parts of the world, to predict when the Group will be able to return to the growth levels it previously enjoyed.

Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2010. 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.

2010 Outlook

The order book at the end of the financial half year remains stable, and whilst there is opportunity for the Group to achieve a similar second half year performance, as has been said in the Chairman's Statement, it is too early to predict performance throughout the calendar year of 2010.

Management report *(continued)*

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

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

J. W. Goodwin
Chairman

21st December 2009

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

Condensed consolidated income statement
for the half year to 31st October 2009

	Unaudited Half Year to 31st October 2009 £000	Unaudited Half Year to 31st October 2008 £000	Year Ended 30th April 2009 £000
Continuing operations			
Revenue	45,827	46,820	100,684
Cost of sales	(31,899)	(32,727)	(71,985)
Gross profit	13,928	14,093	28,699
Distribution costs	(1,390)	(1,716)	(4,805)
Administrative expenses	(5,338)	(5,380)	(10,072)
Operating profit	7,200	6,997	13,822
Financial expenses	(522)	(341)	(878)
Share of profit of associates	120	152	171
Profit before taxation	6,798	6,808	13,115
Tax on profit	(1,884)	(1,922)	(4,003)
Profit after taxation	4,914	4,886	9,112
Attributable to:			
Equity holders of the parent	4,709	4,851	8,779
Minority interest	205	35	333
Profit for the period	4,914	4,886	9,112
Basic and diluted earnings per ordinary share	65.40p	67.38p	121.93p

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

Condensed consolidated statement of comprehensive income
for the half year to 31st October 2009

	Unaudited Half Year to 31st October 2009 £000	Unaudited Half Year to 31st October 2008 £000	Year Ended 30th April 2009 £000
Profit for the period	4,914	4,886	9,112
Other comprehensive income			
Foreign exchange translation differences	(238)	239	1,090
Effective portion of changes in fair value of cash flow hedges	2,542	(8,013)	(7,131)
Change in fair value of cash flow hedges transferred to profit and loss	3,043	106	922
Tax recognised on income and expenses recognised directly in equity	(1,564)	2,214	1,739
Other comprehensive income/(expense) for the period, net of income tax	3,783	(5,454)	(3,380)
Total comprehensive income/(expense) for the period	8,697	(568)	5,732
Attributable to:			
Equity holders of the parent	8,297	(602)	5,124
Minority interest	400	34	608
	8,697	(568)	5,732

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

Condensed consolidated statement of changes in equity
for the half year to 31st October 2009

	Share capital	Translation reserve	Cash flow hedging reserve	Retained earnings	Total	Minority interest	Total equity
	£000	£000	£000	£000	£000	£000	£000
Half year to 31st October 2009							
Balance at 1st May 2009	720	957	(5,247)	30,575	27,005	2,482	29,487
Total comprehensive income for the period	-	(238)	4,021	4,514	8,297	400	8,697
Dividends paid	-	-	-	(4,000)	(4,000)	(380)	(4,380)
Balance at 31st October 2009 (Unaudited)	720	719	(1,226)	31,089	31,302	2,502	33,804
Half year to 31st October 2008							
Balance at 1st May 2008	720	142	(777)	23,447	23,532	1,275	24,807
Total comprehensive income for the period	-	239	(5,693)	4,852	(602)	34	(568)
Acquisition of non controlling interest	-	-	-	-	-	143	143
Balance at 31st October 2008 (Unaudited)	720	381	(6,470)	28,299	22,930	1,452	24,382
Year ended 30th April April 2009							
Balance at 1st May 2008	720	142	(777)	23,447	23,532	1,275	24,807
Total comprehensive income for the period	-	815	(4,470)	8,779	5,124	608	5,732
Dividends paid	-	-	-	(1,651)	(1,651)	(275)	(1,926)
Acquisition of non controlling interest	-	-	-	-	-	874	874
Balance at 30th April 2009	720	957	(5,247)	30,575	27,005	2,482	29,487

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2009

Condensed consolidated balance sheet at 31st October 2009

	Unaudited as at 31st October 2009 £000	Unaudited as at 31st October 2008 £000	Audited as at 30th April 2009 £000
Non-current assets			
Property, plant and equipment	20,970	17,867	20,689
Intangible assets	10,780	9,767	10,837
Investments in associates	760	1,290	673
Deferred tax asset	–	1,283	606
	32,510	30,207	32,805
Current assets			
Inventories	17,004	16,948	16,530
Trade and other receivables	23,612	23,754	21,921
Derivative financial assets	1,172	506	708
Cash and cash equivalents	5,288	2,097	10,237
	47,066	43,305	49,396
Total assets	79,586	73,512	82,201
Current liabilities			
Bank overdraft	28	1,525	1,057
Other interest-bearing loans and borrowings	390	422	458
Trade and other payables	23,340	22,905	25,203
Derivative financial liabilities	3,768	12,363	9,509
Tax payable	2,480	2,265	2,618
	30,006	39,480	38,845
Non-current liabilities			
Other interest-bearing loans and borrowings	9,096	5,611	8,307
Deferred consideration	5,722	4,039	5,562
Deferred tax liabilities	958	-	-
	15,776	9,650	13,869
Total liabilities	45,782	49,130	52,714
Net assets	33,804	24,382	29,487
Equity attributable to equity holders of the parent			
Share capital	720	720	720
Translation reserve	719	381	957
Cash flow hedge reserve	(1,226)	(6,470)	(5,247)
Retained earnings	31,089	28,299	30,575
	31,302	22,930	27,005
Minority interest	2,502	1,452	2,482
Total equity	33,804	24,382	29,487

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

Condensed consolidated cash flow statement
for the half year ended 31st October 2009

	Unaudited Half Year to 31st October 2009 £000	Unaudited Half Year to 31st October 2008 £000	Audited Year Ended 30th April 2009 £000
Cash flow from operating activities			
Profit for the period	4,914	4,886	9,112
Adjustments for:			
Depreciation	1,149	1,019	2,263
Amortisation of intangible assets	214	204	475
Goodwill written off			37
Financial expense	522	341	878
Loss / (Profit) on sale of property, plant and equipment	6	1	(725)
Share of profit of associate	(120)	(152)	(171)
Tax expense	1,884	1,922	4,003
Operating profit before changes in working capital and provisions	8,569	8,221	15,872
(Increase) / Decrease in trade and other receivables	(2,443)	(1,993)	1,028
Increase in inventories	(584)	(1,288)	(308)
(Decrease) / Increase in trade and other payables (excluding payments on account)	(1,341)	(1,608)	356
(Decrease) / Increase in payments on account	(639)	2,822	933
Cash generated from operations	3,562	6,154	17,881
Interest paid	(324)	(240)	(759)
Corporation tax paid	(1,989)	(1,308)	(2,788)
Interest element of finance lease obligations	(7)	(20)	(54)
Net cash from operating activities	1,242	4,586	14,280
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment	9	5	769
Acquisition of property, plant and equipment	(1,635)	(3,035)	(7,175)
Acquisition of intangibles/customer list	-	(724)	(255)
Acquisition of subsidiary net of cash acquired	(40)	(3,220)	(2,788)
Associate dividends received	-	141	226
Increase holding in subsidiary company	(117)	(161)	-
Net cash from investing activities	(1,783)	(6,994)	(9,205)
Cash flows from financing activities			
Payment of capital element of finance lease obligations	(188)	(345)	(416)
Dividends paid	(4,000)	–	(1,651)
Proceeds of new loans	909	3,000	(5,589)
Net cash from financing activities	(3,279)	2,655	3,522
Net(Decrease)/Increase in cash and cash equivalents	(3,820)	247	8,597
Opening cash and cash equivalents	9,180	280	280
Effect of exchange rate fluctuations on cash held	(100)	45	303
Closing cash and cash equivalents	5,260	572	9,180

GOODWIN PLC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the half year ended 31st October 2009

Notes
to the condensed consolidated financial statements

1 Reporting entity

Goodwin PLC (the "Company") is a company incorporated in England. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2009 comprises the Company, its subsidiaries and the Group's interests in associates (together referred to as the "Group").

The consolidated financial statements of the Group as at and for the year ended 30th April 2009 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 2009. In preparing the interim financial statements the income statement for the six months ended 31st October 2008 has been aligned with that presented for the year ended 30th April 2009. This has resulted in a reduction in cost of sales of £1.3 million and an increase in administration costs of the same amount from the figures previously reported.

The comparative figures for the financial year ended 30th April 2009 are extracts and not the full Group's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006

These condensed consolidated interim financial statements were approved by the Board of Directors on 21st December 2009.

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 2009.

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 2010 of 28% for corporation tax, with deferred tax being provided at a rate of 28%.

In the current financial year the Group has adopted International Financial Reporting Standard 8 "Operating Segments" and International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007).

Notes *(continued)*

IFRS8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of Directors, who together are the Group's Chief Operating Decision Maker, to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 "Segment Reporting") required the Group to identify two sets of segments (business and geographical) using a risks and rewards approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, the segmental information required by IAS 34 which is included in note 5 below is presented in accordance with IFRS8. The comparatives have been restated accordingly. Since the change in accounting policy only impacts on presentation aspects, there is no impact on earnings per share.

IAS 1 (revised) requires the presentation of a consolidated statement of changes in equity as a primary statement, separate from the consolidated income statement and consolidated statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented. The comparative information has been restated so that it is also in conformity with the revised standard. Since the change in accounting policy only impacts on presentation aspects, there is no impact on earnings per share.

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 2009.

5 Business Segments

Products and services from which reportable segments derive their revenues

In prior years, segment information reported externally were analyses on the basis of activities undertaken by each of the Group's operating divisions. However, information reported to the Group's Main Board of Directors for the purposes of resource allocation and assessment of segment performance is more specifically focused on the category of customer for each type of activity.

The Group's reportable segments under IFRS 8 are therefore as follows:

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

Information regarding the Group's operating segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of IFRS 8.

Notes *(continued)*

Segment revenues and profits

Unaudited half year ended 31st October 2009	Engineering £000	Refractories £000	Sub total reportable segments £000
Revenue			
External sales	34,261	10,319	44,580
Inter company sales	7,567	1,689	9,256
Total revenue	41,828	12,008	53,836
Reconciliation to consolidated revenues:			
Inter company sales			(9,256)
IAS 39 adjustment			1,247
Consolidated revenue for the period			45,827

Unaudited half year ended 31st October 2008	Engineering £000	Refractories £000	Subtotal reportable segments £000
Revenue			
External sales	37,900	8,913	46,813
Inter company sales	7,419	1,186	8,605
Total revenue	45,319	10,099	55,418
Reconciliation to consolidated revenues:			
Inter company sales			(8,605)
IAS 39 adjustment			7
Consolidated revenue for the period			46,820

Notes *(continued)*

Segment revenues and profits *(continued)*

Unaudited half year ended 31st October 2009	Engineering £000	Refractories £000	Sub total reportable segments £000
Profits			
Segment result	5,712	1,399	7,111
Group administration costs			(115)
Group finance costs			(322)
Amortisation of intangibles			(140)
Other (net)			264
Consolidated profit before tax for the period			6,798
Tax			(1,884)
Consolidated profit after tax for the period			4,914

Unaudited half year ended 31st October 2008	Engineering £000	Refractories £000	Subtotal reportable segments £000
Profits			
Segment result	6,907	248	7,155
Group administration costs			(243)
Group finance costs			(51)
Amortisation of intangibles			(93)
Other (net)			40
Consolidated profit before tax for the period			6,808
Tax			(1,922)
Consolidated profit after tax for the period			4,886

Notes *(continued)*

Segment revenues and profits *(continued)*

Audited year ended 30th April 2009	Engineering £000	Refractories £000	Sub total reportable segments £000
Revenue			
External sales	80,754	18,286	99,040
Inter company sales	16,013	2,614	18,627
Total revenue	96,767	20,900	117,667
Reconciliation to consolidated revenues:			
Inter company sales			(18,627)
IAS 39 adjustment			1,644
Consolidated revenue for the period			100,684

Audited year ended 30th April 2009	Engineering £000	Refractories £000	Sub total reportable segments £000
Profits			
Segment result	13,951	412	14,363
Group administration costs			(792)
Group finance costs			(725)
IAS 39 adjustment			523
Intangibles amortisation			(245)
Other (net)			(9)
Consolidated profit before tax for the period			13,115
Tax			(4,003)
Consolidated profit after tax for the period			9,112

Notes *(continued)*

Segment net assets

Unaudited as at 31st October 2009	Segment total assets £000	Segment total liabilities £000	Segment net assets £000
Segment net assets			
Engineering	45,708	(30,799)	14,909
Refractories	21,459	(11,416)	10,043
Sub total reportable segment	67,167	(42,215)	24,952
Goodwin PLC company net assets			19,952
Elimination of investments			(7,969)
IAS 39 adjustment			155
Intangibles amortisation			(764)
Other (net)			(1,562)
Unallocated – deferred tax liability			(958)
Consolidated total net assets			33,806

Unaudited as at 31st October 2008	Segment total assets £000	Segment total liabilities £000	Segment net assets £000
Segment net assets			
Engineering	50,106	(37,256)	12,850
Refractories	18,374	(9,909)	8,465
Sub total reportable segment	68,480	(47,165)	21,315
Goodwin PLC company net assets			20,013
Elimination of investments			(6,597)
IAS 39 adjustment			(8,420)
Intangibles amortisation			(404)
Other (net)			(2,808)
Unallocated – deferred tax asset			1,283
Consolidated total net assets			24,382

Notes *(continued)*

Segment net assets *(continued)*

Audited year as at 30th April 2009	Segment total assets £000	Segment total liabilities £000	Segment net assets £000
Segment net assets			
Engineering	40,688	(31,297)	9,391
Refractories	20,599	(11,206)	9,393
Sub total reportable segment	61,287	(42,503)	18,784
Goodwin PLC company net assets			24,034
Elimination of investments			(7,781)
IAS 39 adjustment			(5,370)
Intangibles amortisation			(625)
Other (net)			(162)
Unallocated – deferred tax asset			607
Consolidated total net assets			29,487

Notes *(continued)*

For the purposes of monitoring segment performance and allocating resources between segments, the Group's Board of Directors monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of those held by the parent company ('PLC') which predominantly relate to intangible assets and other financial assets (except for trade and other receivables) and tax assets.

Geographical segment

			Half Year Ended 31st October 2009			Half Year Ended 31st October 2008			Year Ended 30th April 2009
	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	7,325	23,367	910	8,536	18,410	1,487	17,022	20,323	3,886
Rest of Europe	10,746	3,705	321	10,474	2,209	94	23,269	2,816	379
USA	6,323	–	–	4,602	–	–	12,313	-	-
Pacific Basin	13,193	4,152	17	12,111	1,760	31	27,019	4,146	102
Rest of world	8,240	2,580	116	11,097	2,003	578	21,061	2,202	1,604
Total	45,827	33,804	1,364	46,820	24,382	2,190	100,684	29,487	5,971

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

6 Dividends

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

	Half year ended 31st October 2009 £000	Half year ended 31st October 2008 £000	Year ended 30th April 2009 £000
Equity dividends:			
Paid ordinary dividend *(April 2009: 27.777p per share, April 2008: 23.004p per share)*	2,000	-	1,656
Paid extraordinary dividend *(April 2009: 27.777p per share, April 2008: nil)*	2,000		-
Proposed ordinary dividend *(April 2009: 27.777p per share)*	-	-	2,000
Proposed extraordinary dividend *(April 2009: 27.777p per share)*	-	-	2,000

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 £4,709,000 *(31st October 2008: £4,851,000)*. The company has no share options or other diluting interest and accordingly, there is no difference in the calculation of diluted earnings per share.

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 6 months to 31st October 2009, the acquisition directly contributed £390,000 (4 months from acquisition to 31 October 2008: £140,000) towards pre-tax profits. In addition, the acquisition has created an additional and significant order input level for the Group's calciner plant.

Effect of acquisition

The acquisition had the following effect on the Group's net assets and liabilities:

	Acquired net assets at the acquisition date		
	Recognised Values £'000	Fair Value Adjustments £'000	Carrying Amounts £'000
Brand name / customer list	–	344	344
Property, plant and equipment	164	80	244
Investment	775	–	775
Inventories	674	11	685
Trade and other receivables	1,754	(37)	1,717
Cash and cash equivalents	610	–	610
Trade and other payables	(1,374)	(122)	(1,496)
Deferred tax	–	(2)	(2)
Minority Interest	(539)	–	(539)
Net identifiable assets and liabilities	2,064	274	2,338
Purchase Consideration:			
– Cash			3,200
– Deferred Consideration			2,800
– Deferred discount			(449)
– Repayment from vendors			(111)
– Costs			148
			5,588
Goodwill arising			3,250

The fair value adjustments comprised:

- Adjustments to reflect the valuation of intangible asset brand names
- Adjustments to inventories to reflect the net realisable value
- Adjustments to property, plant and equipment assets to reflect existing use replacement costs
- Adjustments to reflect impairment of trade debtors
- Adjustments to reflect under provision for tax and sundry other trade and other payables

Notes *(continued)*

9 Issuance and repayment of debt

During the 6 months to 31st October 2009, the Group has drawn down an additional £909,000 of committed lines as a deliberate policy to move away from on demand borrowings and has repaid capital elements of its finance leases of £188,000 (6 months to 31st October 2008: £345,000.)

10 Property, Plant and Equipment

During the six month period, the Group incurred fixed asset expenditure of £1.364 million (6 months to 31st October 2008: £2.19 million) on various capital projects throughout the Group.

11 Intangible assets

Cost	£000
At 1st May 2009	12,045
Additions	157
At 31st October 2009	12,202
Amortisation	
At 1st May 2009	1,208
Charge for period	214
At 31st October 2009	1,422
Net book value at 31st October 2008	9,767
Net book value at 1st May 2009	10,837
Net book value at 31st October 2009	10,780

The additions to intangible assets in the period relate to goodwill arising from the increase in interests in certain subsidiary undertakings.