GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

DIRECTORS REPORT AND ACCOUNTS

30th APRIL 2006

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

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 FIRST ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Wednesday, 1st November, 2006 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, 2006 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. F. A. Gaffney as a director.
3. To approve the directors' remuneration report for the year ended 30th April, 2006.
4. 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.
22nd September, 2006

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 3rd November, 2006.

GOODWIN PLC

CHAIRMAN'S STATEMENT

I am pleased to report annual pre-tax profits for the Group for the year to 30th April 2006 of £5.13 million *(2005: £3.53 million)*, an increase of 45% on a turnover of £58 million *(2005: £45 million)* up 29% on the previous year. The directors propose that a dividend of 15.278p per share *(2005: 13.889p)* be paid.

As a key performance indicator, the strategy of investing into our manufacturing base to enable the profitable supply of technically advanced goods to growth markets continues to prove successful. The underlying demand for energy and electricity whether generated from coal, oil, gas or wave power has meant that demand for our castings and valves supplied to these markets has remained strong. The above results were accomplished by the valve company, Goodwin International, and Goodwin Steel Castings yet again achieving record overseas sales. In recognition of this, Goodwin Steel Castings, supported by Goodwin International, was awarded the Queen's Enterprise Award for Export in April 2006.

Last year we commented on the changes occurring in the jewellery casting industry and its migration to the Pacific Basin as indeed is being carried out by many other manufacturing operations. In addressing some of the geographical changes in business activity I am pleased to report that the Group now has six active companies in the Pacific Basin employing 75 people in addition to the 579 people employed in the UK making a total employed by the Group of 654. I am also pleased to be able to say that the combined profitability of these six overseas operations, although relatively small, amounted to £320,000. There are two companies in India, two companies in China, one in Thailand and one in South Korea. These companies are served by well established local general managers, are replicating our UK activities to a lesser or greater extent and are selling our proven track record products.

The new financial year was started with an order book in the valve company substantially higher than at the same time last year, which again should provide the opportunity for a further increase in annual turnover and profit.

Technological innovation and engineering has been driven by customers' environmental considerations for efficient energy use, water and waste management. Work we have carried out during the year on cast steels in place of forgings for the more efficient operation of turbines at higher temperatures has enabled us in the UK to offer savings to our customers worldwide using advanced chrome steels.

Technological innovation is also at the front of Easat's winning of orders to cover ground movement radar.

Our small but profitable internet service provider, Internet Central, significantly improved its turnover and profitability this year and reported profits of £181,000. Internet Central's provision of Voice-over-IP equipment to businesses has been a factor in this improvement.

The continued increase in turnover provides us with the challenges of managing the cash consumed to fund this, but during the year additional credit facilities were negotiated to cover this demand.

The Group profitability achieved over the past eight years of 16% compound growth has been achieved by organic growth where we have excelled in our field. The Board is now considering whether it is appropriate for certain of the Group companies to continue their growth by acquisition and it is for this reason that the dividend increase to £1.1 million is relatively modest at 10%. This allows us to suitably position the company to undertake such acquisition(s).

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

John W. Goodwin

J. W. Goodwin
Chairman

25th August, 2006

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2006.

Business review

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

	2006 **£'000**	2005 £'000
Turnover	**58,180**	44,945
Profit before taxation	**5,132**	3,535
Taxation charge	**(1,629)**	(1,016)
Profit on ordinary activities after taxation	**3,503**	2,519

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 15.278p per share be paid to shareholders on the register at the close of business on 6th October, 2006. *(2005: 13.889p per share).*

Fixed assets

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 and directors' interests

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
P. J. Horton (resigned 18th March, 2006)

The director retiring in accordance with the Articles is F. A. Gaffney who, being eligible, offers himself for re-election.

The interests of each director in the share capital of the company are as follows:

	Number of 10p ordinary shares	
	30th April 2006	30th April 2005
Beneficial		
J. W. Goodwin	**150,868**	150,868
R. S. Goodwin	**253,985**	276,182
J. W. Goodwin and R. S. Goodwin	**1,798,141**	1,757,653
J. W. Goodwin and R. S. Goodwin	**1,113,182**	1,105,062
R. J. Dyer	**17,500**	17,500
F. A. Gaffney	**7,131**	7,131
Non-beneficial		
J. W. Goodwin, R. S. Goodwin and others ...	**295,530**	295,530
J. W. Goodwin and E. M. Goodwin	**218,783**	243,087

On 25th May, 2006 and 22nd June, 2006 share transactions took place amending the following directors' beneficial and non-beneficial interests as follows:

	22nd June 2006	30th April 2006
Beneficial		
J. W. Goodwin	**153,370**	150,868
R. S. Goodwin	**245,057**	253,985
J. W. Goodwin and R. S. Goodwin	**1,807,069**	1,798,141
J. W. Goodwin and R. S. Goodwin	**1,122,110**	1,113,182
Non-beneficial		
J. W. Goodwin, R. S. Goodwin and others ...	**221,648**	295,530
J. W. Goodwin and E. M. Goodwin	**209,855**	218,783
	3,759,109	3,830,489

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 25th August, 2006, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,807,069 shares (25.10%), J. W. Goodwin and R. S. Goodwin 1,122,110 shares (15.59%). These shares are registered in the names of J. M. Securities Limited and J. M. Securities (No. 3) Limited respectively. J. W. Goodwin, R. S. Goodwin and others 221,648 shares (3.08%), M. S. Goodwin 261,042 shares (3.62%), R. S. Goodwin 245,057 shares (3.40%), J. H. Ridley 514,667 shares (7.15%), L. R. Dean 243,250 shares (3.38%), D. J. Williams 231,748 shares (3.22%).

Donations

The company made no political contributions during the year.

Donations by the Group for charitable purposes amounted to £17,200 *(2005: £7,000).*

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, 2006.

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 taken the opportunity presented by the introduction of the new Combined Code on Corporate Governance to review its approach to corporate governance and to consider the extent to which changes in governance should be introduced.

The Board has always felt that it should be recognised that what may be appropriate for the larger company may not necessarily be so for the smaller company, a point raised previously in the Cadbury Code of Best Practice. The Board continues to be conscious of its non-compliance with certain aspects of the revised Code, as detailed below, but does not believe that at this stage in the Group's development and circumstances it is appropriate to change its own operational or governance structure just to gain compliance. As before, where it does not comply, the Board is happy to provide its explanations for not doing so on the basis that it believes that such non-compliance is more appropriate to the shareholders' and other stakeholders' long term interests.

Compliance statement

The company is required to report on compliance with the detailed requirements of the Combined Code throughout the year. In relation to all of the provisions except those mentioned here the company complied throughout the period. Further details on all areas are given below.

The Group does not comply with aspects of the Code's requirements paragraphs A3, 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 four 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, it is not seen as appropriate to increase further the number of directors on the Board nor are non-executive directors 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 8 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 6.

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

25th August, 2006

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.

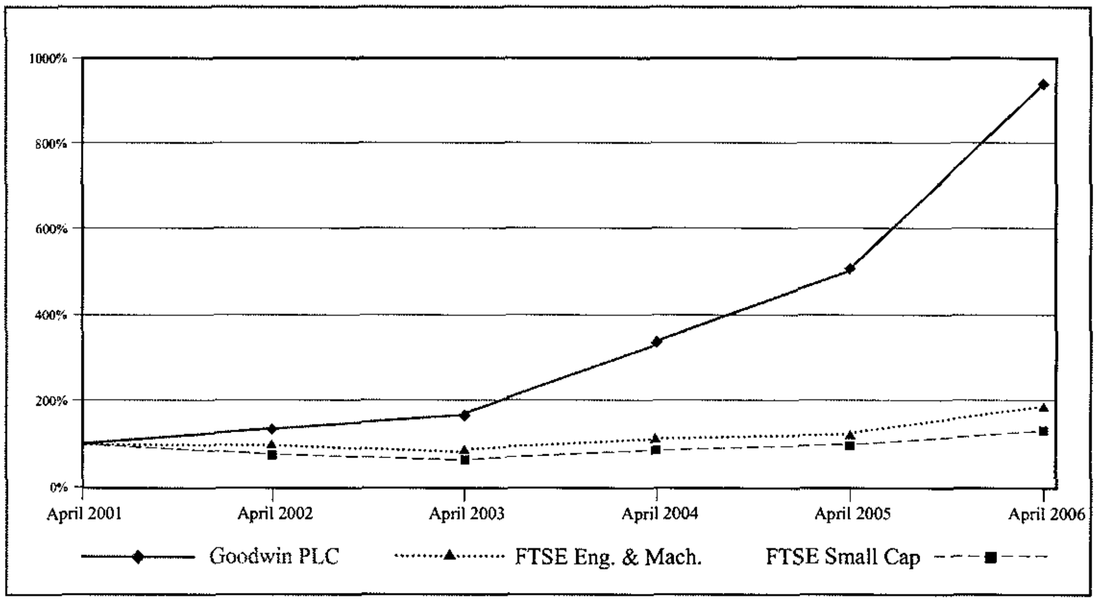
Service contracts

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, 2006, 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**	Pension contrib-utions
	2006	**2006**	**2006**	2005	**2006**	2005
	£'000	**£'000**	**£'000**	£'000	**£'000**	£'000
J. W. Goodwin	**184**	**34**	**218**	177	**11**	11
R. S. Goodwin	**184**	**34**	**218**	177	**11**	11
R. J. Dyer	**97**	**1**	**98**	91	**16**	16
P. J. Horton (resigned 18th March 2006)	**94**	**1**	**95**	105	**–**	–
F. A. Gaffney	**128**	**1**	**129**	108	**–**	–
	687	**71**	**758**	658	**38**	38
2005	641	17	658			

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 25th August, 2006, and is signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

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, 2006 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated and parent 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. 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 30th April, 2006 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, 2006;
- 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.

KPMG Audit Plc

25th August, 2006

KPMG Audit Plc
Birmingham
Chartered Accountants
Registered Auditor

GOODWIN PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 30th April, 2006

	Notes	2006 £'000	2005 £'000
CONTINUING OPERATIONS			
Revenue	1 & 2	**58,180**	44,945
Cost of sales		**(45,429)**	(34,635)
GROSS PROFIT		**12,751**	10,310
Distribution costs		**(1,873)**	(1,506)
Administrative expenses		**(5,345)**	(4,716)
OPERATING PROFIT	2 & 3	**5,533**	4,088
Financial expenses	5	**(401)**	(553)
PROFIT BEFORE TAXATION		**5,132**	3,535
Tax on profit	6	**(1,629)**	(1,016)
PROFIT AFTER TAXATION		**3,503**	2,519
ATTRIBUTABLE TO:			
Equity holders of the parent	18	**3,361**	2,477
Minority interest	18	**142**	42
PROFIT FOR THE YEAR		**3,503**	2,519
BASIC AND DILUTED EARNINGS PER ORDINARY SHARE	7	**46.68p**	34.40p

GOODWIN PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the year ended 30th April, 2006

	Note	**2006** **£'000**	2005 £'000
Foreign exchange translation differences		**44**	(20)
Effective portion of changes in fair value of cash flow hedges		**(398)**	–*
Change in fair value of cash flow hedges transferred to profit or loss ...		**(2,359)**	–*
Tax recognised on income and expenses recognised directly in equity ...		**827**	–*
NET INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		**(1,886)**	(20)
PROFIT FOR THE YEAR		**3,503**	2,519
TOTAL RECOGNISED INCOME AND EXPENSE	18	**1,617**	2,499
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE PERIOD IS ATTRIBUTABLE TO:			
Equity holders of the parent		**1,475**	2,457
Minority interest		**142**	42
		1,617	2,499
EFFECT OF CHANGE IN ACCOUNTING POLICY			
Effect of adoption of IAS 32 and 39, net of tax, on 1st May, 2005 (with 2005 not restated) on:			
Cash flow hedge reserve		**2,856**	–*

* No entries are shown in respect of hedging for the year ended 30th April 2005 due to the fact that the company has adopted IAS 32 and IAS 39 prospectively from 1st May 2005 onwards. There is no requirement under IAS 32 and IAS 39 to restate the effect on the prior year result.

GOODWIN PLC

CONSOLIDATED BALANCE SHEET

At 30th April, 2006

	Notes	2006 £'000	2005 £'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**11,118**	10,920
Intangible assets	10	**354**	130
		11,472	11,050
CURRENT ASSETS			
Inventories	13	**10,270**	10,004
Trade and other receivables	14	**13,609**	9,743
Cash and cash equivalents	15	**545**	275
		24,424	20,022
TOTAL ASSETS		**35,896**	31,072
CURRENT LIABILITIES			
Bank overdraft	15	**3,569**	945
Other interest-bearing loans and borrowings	16	**291**	315
Trade and other payables	17	**12,520**	14,459
Tax payable		**842**	635
		17,222	16,354
NON-CURRENT LIABILITIES			
Other interest-bearing loans and borrowings	16	**520**	576
Deferred tax liabilities	12	**1,427**	951
		1,947	1,527
TOTAL LIABILITIES		**19,169**	17,881
NET ASSETS		**16,727**	13,191
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Share capital	18	**720**	720
Translation reserve	18	**24**	(20)
Cash flow hedge reserve	18	**926**	–
Retained earnings	18	**14,623**	12,262
		16,293	12,962
MINORITY INTEREST	18	**434**	229
TOTAL EQUITY		**16,727**	13,191

These financial statements were approved by the Board of directors on 25th August, 2006 and signed on its behalf by:

John W. Goodwin

J. W. GOODWIN
Director

R. S. GOODWIN
Director

GOODWIN PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th April, 2006

	Note		**2006**		2005
			£'000		£'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit for the year			**3,503**		2,519
Adjustments for:					
Depreciation			**1,590**		1,506
Amortisation of intangible assets			**54**		40
Financial expense			**401**		553
Loss on sale of property, plant and equipment			**29**		43
Tax expense			**1,629**		1,016
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS			**7,206**		5,677
Increase in trade and other receivables			**(2,543)**		(156)
Increase in inventories			**(222)**		(2,665)
Increase in trade and other payables (excluding payments on account)			**769**		2,808
(Decrease)/increase in payments on account			**(2,850)**		3,301
CASH GENERATED FROM OPERATIONS			**2,360**		8,965
Interest paid			**(344)**		(505)
Corporation tax paid			**(1,295)**		(753)
Interest element of finance lease obligations			**(57)**		(48)
NET CASH FROM OPERATING ACTIVITIES			**664**		7,659
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**31**		25	
Acquisition of property, plant and equipment		**(1,595)**		(2,177)	
Acquisition of subsidiary interests		**(136)**		(11)	
NET CASH FROM INVESTING ACTIVITIES			**(1,700)**		(2,163)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of capital element of finance lease obligations... ...		**(325)**		(435)	
Dividends paid		**(1,000)**		(850)	
NET CASH FROM FINANCING ACTIVITIES			**(1,325)**		(1,285)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			**(2,361)**		4,211
Opening cash and cash equivalents			**(670)**		(4,871)
Effect of exchange rate fluctuations on cash held			**7**		(10)
CLOSING CASH AND CASH EQUIVALENTS...	15		**(3,024)**		(670)

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 30 to 34.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements and in preparing an opening IFRS balance sheet at 1st May 2004 for the purposes of the transition to Adopted IFRSs. The principal exception is that, as more fully explained below, financial instruments accounting is determined on different bases in 2006 and 2005 due to the transitional provisions of IAS 32 and IAS 39.

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 23.

Transition to Adopted IFRSs

The Group is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 24.

In addition to exempting companies from the requirement to restate comparatives for IAS 32 and IAS 39, IFRS 1 grants certain exemptions from the full requirements of IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1st May 2004 have not been restated.
- Cumulative translation differences – Cumulative translation differences for all foreign operations have been set to zero at 1st May 2004.

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. Non-current assets are stated at the lower of previous carrying amount and fair value less costs to sell. 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 at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement within operating profit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated 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.

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. The gain or loss on remeasurement 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).

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.

Effect of first time adoption of IAS 32 and IAS 39 on 1st May 2005

The Group has taken advantage of the transitional arrangements of IFRS 1 not to restate corresponding amounts in accordance with IAS 32 and IAS 39. Instead the following policies were applied in respect of financial instruments issued by the Group, investments in debt and equity securities, derivative financial instruments and hedging:

In the comparative period all financial assets and financial liabilities were carried at cost (amortised as appropriate) less, in the case of financial assets, provision for any permanent diminution in value. Gains and losses on forward foreign exchange contracts treated as hedging instruments were not recognised in the income statement. On recognition of the hedged transaction the unrecognised gains and losses arising on the instrument were recognised, in the income statement.

The following adjustments necessary to implement the revised policy have been made as at 1st May 2005 with the net adjustment to net assets, after tax, taken through the 2006 statement of recognised income and expense. Corresponding amounts for 2005 are presented and disclosed in accordance with the requirements of the Companies Act 1985, SSAP 20 and FRS 4 (as applicable in 2005). The main differences between the 2005 and 2006 bases of accounting are shown and described below:

Effect on the consolidated balance sheet at 1st May 2005	**£'000**
Derivative financial instruments – current	4,080
Deferred tax liabilities – non-current	(1,224)
	2,856
	£'000
Cash flow hedging reserve	2,856

The nature of the main effects upon the consolidated balance sheet at 1st May 2005 and upon the 2006 consolidated income statement, statement of recognised income and expense and cash flow statement are as follows:

- In 2006 hedging instruments and hedged items are accounted for separately in the balance sheet. Gains and losses in both are included in profit for the year when the hedged transaction occurs having first recorded those on the hedging instrument in equity (cash flow hedges, to the extent effective). In 2005 hedging instruments were not recognised and hedged items were held at cost (amortised as appropriate) without any adjustment in respect of the hedged risk. On 1st May 2005 the hedged items and hedging instruments are brought separately on to the balance sheet in accordance with the 2006 policy. The cash flow statement is unaffected by this change in accounting policy.

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 building	2% or 2.5% on cost
Leasehold property	over period of lease
Plant and machinery	15% or 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

Intangible assets and goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1st May 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 has ceased as required by IFRS 1.

Negative goodwill arising on an acquisition is recognised in profit or loss.

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Capitalised development costs 5 years
- Manufacturing rights 10 years

Trade and other receivables

Trade and other receivables are stated at their nominal amount less impairment losses.

Inventories

Stocks 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.

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 amortised cost.

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.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1st May 2004, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Revenue

Revenue represents the amounts (excluding value added taxes and other sales taxes) derived from the provision of goods and services (including long term contracts) to external customers.

Revenue on long term contracts is stated at the cost appropriate to the stage of completion plus the attributable result, less amounts recognised in previous years. Provision is made for losses as soon as they are foreseen.

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. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

Pension costs

The Group contributes to a number of defined contribution pension schemes for certain senior employees. The assets of these schemes are held in independently administered funds. Group pension costs are charged to Income statement in the year for which contributions are paid.

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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.

IFRS 39 – Amendments to fair value options, forecast intra-group transactions and financial guarantee contracts.

IFRIC 4 – Determining whether an arrangement contains a lease.

IFRIC 5 – Right to interest arising from decommissioning, restoration and environmental rehabilitation funds.

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 on the location of the assets.

	2006			2005		
	Revenue £'000	**Operational assets £'000**	**Capital expenditure £'000**	Revenue £'000	Operational assets £'000	Capital expenditure £'000
UK	**12,352**	**15,544**	**1,371**	10,525	12,299	2,102
Rest of Europe	**8,101**	**73**	**–**	8,920	49	–
USA	**3,396**	**–**	**–**	4,793	–	–
Pacific Basin	**30,055**	**672**	**118**	15,933	529	10
Rest of world	**4,276**	**708**	**323**	4,774	314	8
Total	**58,180**	**16,997**	**1,812**	44,945	13,191	2,120

3. Expenses and auditors' remuneration

Included in profit before taxation are the following:	**2006 £'000**	2005 £'000
Depreciation:		
Owned assets	**1,426**	1,373
Assets held under finance lease	**164**	133
Amortisation of development costs and manufacturing rights	**54**	40
Loss on sale of property, plant and equipment	**29**	47
Operating lease rentals:		
Short term plant hire	**90**	99
Research and development expensed as incurred	**111**	131
Write down of inventories	**96**	267
Impairment of trade receivables	**7**	1
Foreign exchange (gains)/losses	**(101)**	18
Group:		
Audit	**59**	45
Fees receivable by the auditors and their associates in respect of other services (mainly taxation)	**42**	33

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 2006	2005
Works personnel	**615**	534
Administration staff	**39**	38
	654	572

The aggregate payroll costs of these persons were as follows:	2006 £'000	2005 £'000
Wages and salaries	**14,132**	11,981
Social security costs	**1,431**	1,165
Other pension costs	**38**	38
	15,601	13,184

5. Financial expenses

	2006 £'000	2005 £'000
Interest expense on finance leases	**57**	48
Interest expense on bank loans and overdrafts	**344**	505
Financial expenses	**401**	553

6. Taxation

Recognised in the income statement

	2006 £'000	2005 £'000
Current tax expense		
Current year	**1,505**	961
Adjustments for prior years	**57**	44
	1,562	1,005
Deferred tax expense		
Origination and reversal of temporary differences	**67**	11
Total tax in income statement	**1,629**	1,016

Reconciliation of effective tax rate

	£'000	£'000
Profit before tax	**5,132**	3,535
Tax using the UK corporation tax rate of 30% (2005: 30%)	**1,539**	1,061
Non-deductible expenses	**11**	10
Under provided in prior years	**71**	(45)
Research of development additional tax credit	**(2)**	(10)
Deferred tax asset not recognised	**10**	–
Total tax in income statement	**1,629**	1,016

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	**827**	–

7. Earnings per share

The earnings per ordinary share has been calculated on profit for the year attributable to ordinary shareholders of £3,361,000 *(2005: £2,477,000.)* 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

	2006 £'000	2005 £'000
Final dividends paid during the year in respect of prior years 13.889p *(2005: 11.806p)* per qualifying ordinary share	**1,000**	850

After the balance sheet date dividends of 15.278p per qualifying ordinary share *(2005: 13.889p)* were proposed by the directors. The dividends totalling £1,100,000 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 2004	2,564	46	13,707	2,615	1,716	20,648
Additions	173	–	1,860	87	–	2,120
Disposals	–	–	(160)	(1,111)	–	(1,271)
Exchange adjustments	6	–	(13)	(1)	–	(8)
Transfers	–	–	1,716	–	(1,716)	–
At 30th April 2005	2,743	46	17,110	1,590	–	21,489
At 1st May 2005	2,743	46	17,110	1,590	–	21,489
Additions	368	–	1,272	172	–	1,812
Disposals	–	–	(271)	(6)	–	(277)
Effect of movements in foreign exchange	25	1	27	5	–	58
At 30th April 2006	3,136	47	18,138	1,761	–	23,082
Depreciation						
At 1st May 2004	577	22	7,639	2,019	–	10,257
Charged in year	77	4	1,292	133	–	1,506
Disposals	–	–	(129)	(1,069)	–	(1,198)
Exchange adjustment	4	–	–	–	–	4
At 30th April 2005	658	26	8,802	1,083	–	10,569
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	739	29	9,980	1,216	–	11,964
Net book value						
At 1st May 2004	1,987	24	6,068	596	1,716	10,391
At 30th April 2005 and 1st May 2005	2,085	20	8,308	507	–	10,920
At 30th April 2006	**2,397**	**18**	**8,158**	**545**	**–**	**11,118**

Leased plant and machinery

At 30th April 2006 the net carrying amount of leased plant and machinery was £1,092,000 *(2005: £1,379,000)*. The leased equipment secures lease obligations (see note 16).

10. Intangible assets

	Goodwill £'000	Manufacturing rights £'000	Development costs £'000	Total £'000
Cost				
Balance at 1st May 2004	39	–	201	240
Increased holding in subsidiary ...	10	–	–	10
Balance at 30th April 2005	49	–	201	250
Acquisition of subsidiaries	138	140	–	278
Balance at 30th April 2006	187	140	201	528
Amortisation				
Balance at 1st May 2004	–	–	80	80
Amortisation for the year	–	–	40	40
Balance at 30th April 2005	–	–	120	120
Amortisation for the year	–	14	40	54
Balance at 30th April 2006	–	14	160	174
Net book value				
At 1st May 2004	39	–	121	160
At 30th April 2005	49	–	81	130
At 30th April 2006	**187**	**126**	**41**	**354**

Acquisitions during the year represent additional holdings in Hoben India Private Limited and in Easat Antennas Limited.

Amortisation and impairment charge

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

	2006 £'000	2005 £'000
Cost of sales	**54**	40

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:

	2006 £'000	2005 £'000
Easat Antennas Limited	**60**	30
Hoben India Private Limited	**108**	–
Goodwin Alloy Products Limited	**19**	19
	187	49

The recoverable amount of the goodwill allocated to cash generating units is based on value in use calculations. Those calculations use cash flow projections based on actual operating results and budget forecasts, discounted at a rate of 7%.

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**

All of the companies are involved in mechanical and refractory engineering except Internet Central which although an internet service provider is key to supplying mechanical and refractory engineering companies with communication facilities.

12. Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities 2006 £'000	2005 £'000
Property, plant and equipment	**1,030**	951
Derivative financial instruments	**397**	–
	1,427	951

The Group has not recorded a deferred tax asset of £23,000 *(2005: £Nil)* in respect of losses not considered to be recoverable in the foreseeable future.

Movement in deferred tax during the year

	1st May 2005 £'000	Restatement for IAS 32/39 £'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**
	951	1,224	79	(827)	**1,427**

Movement in deferred tax during the prior year

	1st May 2004 £'000	Recognised in income £'000	Recognised in equity £'000	30th April 2005 £'000
Property, plant and equipment	940	11	–	951

13. Inventories

	2006 £'000	2005 £'000
Raw materials and consumables	**3,924**	3,388
Work in progress	**5,619**	5,907
Finished goods	**727**	709
	10,270	10,004

14. Trade and other receivables

	2006 £'000	2005 £'000
Trade receivables	**10,561**	8,977
Other receivables and pre-payments	**1,068**	766
Derivative financial instruments: foreign currency forward contracts	**1,980**	–
	13,609	9,743

15. Cash and cash equivalents

	2006 £'000	2005 £'000
Cash and cash equivalents per balance sheet	**545**	275
Bank overdrafts	**(3,569)**	(945)
Cash and cash equivalents per cash flow statement	**(3,024)**	(670)

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.

	2006 £'000	2005 £'000
Non-current liabilities		
Finance lease liabilities	**520**	576
Current liabilities		
Current portion of finance lease liabilities	**291**	315

Finance lease liabilities

Finance lease liabilities are payable as follows:

	2006			2005		
	Minimum lease payments £'000	**Interest £'000**	**Principal £'000**	Minimum lease payments £'000	Interest £'000	Principal £'000
Less than one year	**4**	**–**	**4**	84	2	82
Between one and five years	**875**	**68**	**807**	893	84	809
	879	**68**	**811**	977	86	891

17. Trade and other payables

	2006 £'000	2005 £'000
Trade payables	**9,771**	9,059
Non-trade payables and accrued expenses	**960**	940
Other taxation and social security costs	**967**	788
Payments received on account	**822**	3,672
	12,520	14,459

18. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital £'000	Translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total £'000	Minority interest £'000	Total equity £'000
Balance at 1st May 2004 ...	720	–	–	10,635	11,355	187	11,542
Total recognised income and expense	–	(20)	–	2,477	2,457	42	2,499
Dividends paid	–	–	–	(850)	(850)	–	(850)
Balance at 30th April 2005	720	(20)		12,262	12,962	229	13,191
Adjustment in respect of adoption of IAS 32 and IAS 39 on 1st May 2005, net of tax	–	–	2,856	–	2,856	–	2,856
Total recognised income and expense	–	44	(1,930)	3,361	1,475	142	1,617
Acquisition of minority ...	–	–	–	–	–	63	63
Dividends paid	–	–		(1,000)	(1,000)	–	(1,000)
Balance at 30th April 2006	**720**	**24**	**926**	**14,623**	**16,293**	**434**	**16,727**

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 £397,000 *(2005: £Nil)*.

Share capital	**2006 £'000**	2005 £'000
Authorised. allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each	**720**	720

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19. Financial 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.

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 2006, the group had the following undrawn facilities in respect of which all conditions precedent had been met. The committed facilities carried an average maturity of 19 months as at the year end but since the year end have been replaced at the request of the Group with facilities carrying a greater maturity.

	Uncommitted £'000	**Committed** £'000	**Total** £'000
Undrawn borrowing facilities	9,068	2,000	11,068

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 insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group. No such instruments were utilised in the year to 30th April 2006.

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. There is no formal internal policy requirement to take out exchange rate hedging on the Group's transactional monetary assets and liabilities although, for the last few years (including the current year), the Group has underpinned all its significant currency exposures by utilising forward exchange contracts.

The Group hedges 20-30% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward 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 forecast 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 2006 was US$35.6 million (2005: US$134.5 million and €1.2 million), fair value of these at 30th April 2006 was £1.32 million *(2005: £4 million)*, with the comparative figure not reported in accordance with the exemptions permitted by IAS 32 and IAS 39.

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 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)	–	–
		(3,835)	(3,028)	(7)	(800)

As permitted by IFRS 1, the Group is exempt from restating its comparatives under IAS 32 and 39. Financial instruments in 2005 were accounted for under FRS 13 as disclosed below:

(a) **Financial assets**

The Group's financial assets, excluding short-term debtors, consist mainly of Sterling, Euro and US Dollar denominated cash at bank which earns interest at a floating rate related to bank base rates.

(b) **Financial liabilities**

The Group's financial liabilities, excluding short-term creditors, are set out below. Floating rate financial liabilities comprise Sterling, Euro and US Dollar denominated bank loans, leases and overdrafts. The floating rate financial liabilities bear interest at rates related to bank base rates. The fixed rate financial liabilities bear a weighted average interest rate of 5.2% (and the weighted average period over which this is fixed is 3.5 years).

19. Financial instruments *(continued)*

(b) **Financial liabilities** *(continued)*

	2005 Floating rate financial liabilities £'000	2005 Fixed rate financial liabilities £'000	Total £'000
Currency			
Sterling	956	808	1,764
Euro	48	–	48
US Dollar	24	–	24
	1,028	808	1,836

(c) **Currency exposure**

	Net foreign currency monetary assets / (liabilities)		
30th April 2005	**Sterling** £'000	**US dollar** £'000	**Total** £'000
Functional currency of group operation			
Korean Won	(219)	–	(219)
Sterling	–	(181)	(181)
Other	(366)	–	(366)
	(585)	(181)	(766)

The amounts shown above take into account the effect of forward contracts the Group had taken out to hedge expected future foreign currency transactions.

20. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings £'000	**Other £'000**	**Total 2006 £'000**	Total 2005 £'000
Less than one year	**50**	**–**	**50**	–
Between one and five years	**71**	**–**	**71**	–
	121	**–**	**121**	–

21. Capital commitments

Capital commitments at 30th April 2006 for which no provision has been made in these financial statements were £Nil *(2005: £Nil)*.

22. Guarantees and contingencies	**Total** £'000	**Number of contracts**
Year ended **30th April 2006**	**4,661**	**118**
30th April 2005	6,729	120

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

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

23. 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 continue to 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) Critical accounting judgements

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.

24. Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Group's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30th April 2006, the comparative information presented in these financial statements for the year ended 30th April 2005 and in the preparation of an opening IFRS balance sheet at 1st May 2004 (the Group's date of transition).

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

24. Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of equity

	Note	At 1st May 2004 UK GAAP £'000	At 1st May 2004 Effect of transition to Adopted IFRSs £'000	At 1st May 2004 Adopted IFRSs £'000	**At 30th April 2005 UK GAAP £'000**	**At 30th April 2005 Effect of transition to Adopted IFRSs £'000**	**At 30th April 2005 Adopted IFRSs £'000**
Non-current assets							
Property, plant and equipment		10,391	–	10,391	**10,920**	**–**	**10,920**
Intangible assets	*(a)*	160	–	160	**127**	**3**	**130**
		10,551	–	10,551	**11,047**	**3**	**11,050**
Current assets							
Inventories		7,339	–	7,339	**10,004**	**–**	**10,004**
Trade and other receivables ...		9,602	–	9,602	**9,743**	**–**	**9,743**
Cash and cash equivalents ...		229	–	229	**275**	**–**	**275**
		17,170	–	17,170	**20,022**	**–**	**20,022**
Total assets		27,721	–	27,721	**31,069**	**3**	**31,072**
Current liabilities							
Bank overdraft		5,100	–	5,100	**945**	**–**	**945**
Other interest-bearing loans and borrowings		414	–	414	**315**	**–**	**315**
Trade and other payables ...	*(b)*	9,587	(850)	8,737	**15,459**	**(1,000)**	**14,459**
Tax payable		385	–	385	**635**	**–**	**635**
		15,486	(850)	14,636	**17,354**	**(1,000)**	**16,354**
Non-current liabilities							
Other interest-bearing loans and borrowings		603	–	603	**576**	**–**	**576**
Deferred tax liabilities		940	–	940	**951**	**–**	**951**
		1,543	–	1,543	**1,527**	**–**	**1,527**
Total liabilities		17,029	(850)	16,179	**18,881**	**(1,000)**	**17,881**
Net assets		10,692	850	11,542	**12,188**	**1,003**	**13,191**
Equity attributable to equity holders of the parent							
Share capital		720	–	720	**720**	**–**	**720**
Translation reserve	*(c)*	–	–	–	**–**	**(20)**	**(20)**
Cash flow hedging reserve ...		–	–	–	**–**	**–**	**–**
Retained earnings		9,785	850	10,635	**11,239**	**1,023**	**12,262**
		10,505	850	11,355	**11,959**	**1,003**	**12,962**
Minority interest		187	–	187	**229**	**–**	**229**
Total equity		10,692	850	11,542	**12,188**	**1,003**	**13,191**

Notes to the reconciliation of equity

(a) Write back of goodwill amortisation in accordance with IFRS 3
(b) Elimination of proposed dividends in accordance with IAS 10
(c) Reclassification of overseas subsidiaries translation reserve

24. Explanation of transition to Adopted IFRSs *(continued)*

Reconciliation of profit for the year ended 30th April 2005

		For the year ended 30th April 2005		
	Note	**UK GAAP** £'000	**Effect of transition to Adopted IFRSs** £'000	**Adopted IFRSs** £'000
Revenue		44,945	–	44,945
Cost of sales		(34,635)	–	(34,635)
Gross profit		10,310	–	10,310
Distribution expenses		(1,506)	–	(1,506)
Administrative expenses	*(a)*	(4,719)	3	(4,716)
Operating profit		4,085	–	4,088
Financial expenses		(553)	–	(553)
Profit before tax		3,532	3	3,535
Tax on profit		(1,016)	–	(1,016)
Profit after tax		2,516	3	2,519
Attributable to:				
Equity holders of the parent		2,474	3	2,477
Minority interest		42	–	42
Profit for the year		2,516	3	2,519

Notes to the reconciliation of profit

(a) Write back of goodwill amortisation in accordance with IFRS 3

GOODWIN PLC

COMPANY BALANCE SHEET

At 30th April, 2006

	Note	2006 £'000	Restated * 2005 £'000
FIXED ASSETS			
Tangible assets	C4	**8,749**	9,649
Investments	C5	**2,057**	1,570
		10,806	11,219
CURRENT ASSETS			
Debtors	C6	**4,116**	4,705
Cash at bank and in hand		**673**	1,372
		4,789	6,077
CREDITORS: amounts falling due within one year	C7	**(3,198)**	(6,690)
NET CURRENT ASSETS/(LIABILITIES)		**1,591**	(613)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,397**	10,606
CREDITORS: amounts falling due after more than one year	C8	**(338)**	(548)
PROVISIONS FOR LIABILITIES AND CHARGES	C9	**(561)**	(487)
NET ASSETS		**11,498**	9,571
CAPITAL AND RESERVES			
Called up share capital	C10	**720**	720
Profit and loss account	C11	**10,778**	8,851
TOTAL SHAREHOLDERS' FUNDS		**11,498**	9,571

* On adoption of FRS21 (see note C1)

These financial statements were approved by the Board of directors on 25th August, 2006 and signed on its behalf by:

J. W. GOODWIN
Director

R. S. GOODWIN
Director

C1 UK GAAP accounting policies

Principal accounting policies

The company has elected to prepare its financial statements under UK GAAP.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these financial statements except as shown below:

Changes in accounting policies

During the year, the company adopted FRS 21 "Events after the balance sheet date" and FRS 28 "Corresponding amounts". The adoption of these standards represents a change in accounting policy and the comparative figures have been restated accordingly.

The effect of the change in accounting policy on adoption of FRS 21 was to recognise the final proposed dividend for the year ended 30th April 2005 of £1,000,000 in the current year and the final proposed dividend for the year ended 30th April 2004 of £850,000 in the prior year. The final proposed dividend for the current year of £1,100,000 will be recognised in the following year as it has yet to be approved.

The adoption of FRS 28 had no impact on net assets in the current or preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules 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 such disclosure requirements.

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.

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...	15% or 25% on reducing balance or 25% on cost
Motor vehicles...	15% or 25% on reducing balance
Fixtures and fittings	15% or 25% on reducing balance

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.

C2 Profit for the financial year

The company's profit for the financial year was £2,935,000 *(2005: £2,940,000)*. The auditors' remuneration in respect of audit services provided to the company was £15,000 *(2005: £11,000)*.

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 2006	2005
Administration	**39**	38

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages and salaries	**1,542**	1,429
Social security costs	**171**	157
Other pension costs	**11**	11
	1,724	1,597

C4 Fixed assets

	Freehold land and buildings £'000	Short leasehold land and buildings £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At beginning of year	3,857	35	6,400	839	11,131
Additions	–	–	41	87	128
Disposals	–	–	(11)	–	(11)
At end of year	3,857	35	6,430	926	11,248
Depreciation					
At beginning of year	365	21	568	528	1,482
Charge for year	137	–	795	89	1,021
Disposals	–	–	(4)	–	(4)
At end of year	502	21	1,359	617	2,499
Net book value					
At 30 April 2006	**3,355**	**14**	**5,071**	**309**	**8,749**
At 30th April 2005	3,492	14	5,832	311	9,649

The above net book value includes £851,000 *(2005: £1,232,000)* of assets held under finance leases. Depreciation on these assets was £121,000 *(2005: £Nil)*.

C5 Fixed asset investments

	Shares in group undertakings £'000
Cost and net book value	
At beginning of year	1,570
Additions	487
At end of year	2,057

A list of principal subsidiaries is given in note 11.

C6 Debtors

	2006 £'000	2005 £'000
Amounts owed by Group undertakings	**3,322**	4,070
Other debtors	**280**	232
Corporation tax	**483**	351
Prepayments and accrued income	**31**	52
	4,116	4,705

C7 Creditors: amounts falling due within one year

	2006 £'000	Restated * 2005 £'000
Bank loans and overdrafts (unsecured) ...	**2,621**	4,988
Obligations under finance leases and hire purchase contracts ...	**216**	298
Amounts owed to Group undertakings ...	**371**	858
Other taxation and social security ...	**107**	106
Other creditors ...		
Accruals and deferred income ...	**(117)**	440
	3,198	6,690

* On adoption of FRS21 (see note C1)

C8 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Obligations under finance leases and hire purchase contracts repayable within 2-5 years ...	**338**	548

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

C9 Provisions for liabilities

Deferred taxation

	£'000
At beginning of year ...	487
Charge to the profit and loss for the year ...	74
At end of year ...	**561**

The elements of deferred taxation are as follows:

	2006 £'000	2005 £'000
Difference between accumulated depreciation and amortisation and capital allowances ...	**561**	487

C10 Called up share capital

	2006 £'000	2005 £'000
Authorised, allotted, called up and fully paid:		
7,200,000 ordinary shares of 10p each ...	**720**	720

C11 Share premium and reserves

	2006 Share capital £'000	2006 Profit and loss account £'000	2006 Total £'000	2005 Total £'000
At beginning of year as previously stated ...	**720**	**7,851**	**8,571**	6,631
Effect of adoption of FRS 21 ...	**-**	**1,000**	**1,000**	850
At beginning of year as restated ...	**720**	**8,851**	**9,571**	7,481
Profit for the year ...	**-**	**2,927**	**2,927**	2,940
Dividends ...	**-**	**(1,000)**	**(1,000)**	(850)
At end of year ...	**720**	**10,778**	**11,498**	9,571

C12 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 £16.73 million *(2005: £13.19 million)*. The contingent liability at 30th April 2006 amounted to £476,000 *(2005: £1,013,000)*.

C13 Commitments

Contracted capital commitments at 30th April 2006 for which no provision has been made in these financial statements, were £Nil *(2005: £Nil)*.

C14 Dividends

	2006	2005
	£'000	£'000
Final dividends paid during the year in respect of prior years 13.889p *(2005: 11.806p)* per qualifying ordinary share	**1,000**	850

After the balance sheet date dividends of 15.278p per qualifying ordinary share *(2005: 13.889p)* were proposed by the directors. The dividends totalling £1,100,000 have not been provided for.