

GOODWIN PLC

Registered in England and Wales, Number 305907
Established 1883

Directors:

J. W. Goodwin (*Chairman*)
R. S. Goodwin (*Managing Director*)
R. J. Dyer
P. J. Horton

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 SIXTY SIXTH ANNUAL GENERAL MEETING of the company will be held at 10.30 am, on Monday, 5th November, 2001 at the Saxon Cross Hotel, Sandbach, Cheshire, for the purpose of considering and, if thought fit, passing the following resolutions:

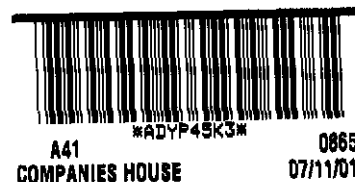
1. To receive the report of the directors and the audited financial statements for the year ended 30th April, 2001 and to approve the payment of a dividend on the ordinary shares.
2. To re-elect Mr. R. J. Dyer as a director.
3. To re-appoint KPMG Audit Plc as auditors and to authorise the directors to determine their remuneration.

By Order of the Board,
P. ASHLEY,
Secretary.

Registered Office:
Ivy House Foundry,
Hanley, Stoke-on-Trent.
24th September, 2001

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 7th November, 2001.



GOODWIN PLC

CHAIRMAN'S STATEMENT

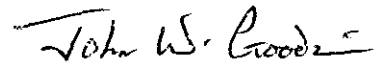
Recovery in the oil and gas sector construction activities helped the Group's turnover increase by 20% and produced a pre-tax profit of £1,561,000. The directors propose that a dividend of 4.17 pence per share be paid.

Our investment programme in capital plant has enhanced our ability to win orders on a competitive basis and we start the new year with a strong order book. This investment, particularly in machine tools, has placed the Group in a good position to supply the power generation and energy industries and, as we forecast, the demand for energy-related equipment has increased. Further penetration of overseas markets for our UK manufactured products has proved difficult due to the strength of sterling and the weakness of the Euro.

A continued drive towards lower costs remains the focus of management's attention with an ever-increasing emphasis on sourcing materials in low labour cost countries.

External risk assessment of corporate control and analysis has led us to invest to improve the resilience of our Internet connections, these being so essential to our worldwide activities.

Our employees have worked as an extremely loyal, dedicated team and it is with thanks to their efforts that this UK company has seen profitable growth in manufacturing in a year when many engineering companies have not.



J. W. GOODWIN,
Chairman.

24th August, 2001

GOODWIN PLC

REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report and audited financial statements for the year ended 30th April, 2001.

Business review

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

	2001 £'000	2000 £'000
Turnover	24,892	20,769
Profit on ordinary activities before taxation	1,561	304
Taxation charge	(510)	(110)
Profit on ordinary activities after taxation	1,051	194

Comments on the results for the year are given in the chairman's statement.

Proposed dividends

The directors recommend that an ordinary dividend of 4.17p per share be paid to shareholders on the register at the close of business on 5th October 2001. (2000: 1.47p 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
P. J. Horton

The director retiring in accordance with the Articles is R. J. Dyer who, being eligible, offers himself for re-election.

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

	10p ordinary shares	
	30th April 2001	30th April 2000
<i>Beneficial</i>		
J. W. Goodwin	301,736	301,736
R. S. Goodwin	164,473	150,868
J. W. Goodwin and R. S. Goodwin	1,739,797	1,716,797
J. W. Goodwin and R. S. Goodwin	1,601,176	1,601,176
R. J. Dyer	17,500	17,500
P. J. Horton	115,840	115,840
<i>Non-beneficial</i>		
J. W. Goodwin, R. S. Goodwin and others ...	303,446	326,446

During the period from 1st May, 2001 to 24th August, 2001 there was no change in the directors' interests.

No director has a service agreement with the company, nor any beneficial interest in the share capital of any subsidiary undertaking.

The company does not have any share option schemes for employees or directors.

Shareholdings

The company has been notified that, as at 24th August, 2001, the following had an interest in 3% or more of the issued share capital of the company: J. W. Goodwin and R. S. Goodwin 1,739,797 shares (24.16%), J. W. Goodwin and R. S. Goodwin 1,601,176 shares (22.24%). 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 303,446 shares (4.21%), J. W. Goodwin 301,736 shares (4.19%), J. H. Ridley 510,167 shares (7.09%).

Donations

Donations by the Group for charitable purposes amounted to £5,000 (2000: £390).

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 holding company has no trade creditors at 30th April, 2001.

Corporate governance

Introduction

The directors have considered the requirements of the Combined Code incorporated into the Listing Rules of the Financial Services Authority. The Code covers four broad areas, namely the composition and procedures of the Board, the service contracts and pay of the directors, relations with shareholders, and the directors' responsibilities with respect to accountability and audit.

The Board feels that it should be recognised that what may be appropriate for the larger company may not necessarily be so appropriate for the smaller company, a point raised previously in the Cadbury Code of Best Practice. The Board continues to be conscious of its non-compliance with certain aspects of the Code, as detailed below, and will continue to review the situation in the light of any future Group developments.

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 improbability of their adding any value to the business. Accordingly, the Group is unable to comply with aspects of the Code's requirements in terms of non-executive directors and the requirement for an Audit Committee, Remuneration Committee and Nominations Committee. All directors, except the Chairman and Managing Director, retire by rotation at least every 3 years.

The Board meets at least once a month and retains full responsibility for the direction and control of the Group. There is no formal schedule of matters reserved for the Board. However, acquisitions and disposals of assets, investments and material capital related projects are as a matter of course specifically reserved for Board decision. All directors have access to the Company Secretary and to independent professional advice at the Company's expense.

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.

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 can provide 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 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 personal involvement of the Company's directors in all areas of the day to day operations of the business represents the most effective on-going control over its financial and business risks. In particular, authority is limited to the 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 holding discussions with the external auditors. However, given the close involvement of the Company's directors in the operations of the business, the Board does not 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 although the Board periodically reviews the need for such a function. The current conclusion is that an internal audit function is not required given the present scale and complexity of the Group's operations.

Directors' remuneration

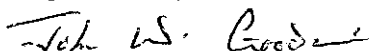
The remuneration of the directors is considered by the Board as a whole so that no director determines his own salary.

The Group's policy is to provide a remuneration package to executive directors to attract, retain and motivate individuals of the calibre required, and to ensure that the Group is managed successfully in a manner appropriate to the company's size. This is currently provided in the form of a basic salary and suitable benefits in kind. In forming its policy, the Board has given full consideration to the Code's best practice provisions on remuneration policy, service contracts and compensation and has considered the remuneration levels of directors of similar companies. In view of the directors' significant personal shareholdings in the company the Board do not at present consider it necessary to have a performance related element within their remuneration.

Details of each element of the directors' remuneration are given in note 5 to the financial statements. Pension contributions are made where applicable into defined contribution schemes. No director has a service contract and there are no share option schemes or other long term incentive schemes.

Auditor

In accordance with Section 384 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 auditor of the company.



Approved by the Board of directors and signed on its behalf by:
J. W. GOODWIN,
Chairman.

Ivy House Foundry,
Hanley, Stoke-on-Trent,
ST1 3NR

24th August, 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and Group and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the 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 Group and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

to the Members of
GOODWIN PLC

We have audited the financial statements on pages 7 to 20.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described above the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

We review whether the statement on pages 4 and 5 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements and 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, including the corporate governance statement, 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.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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. 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 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group as at 30th April, 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

24th August, 2001

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Birmingham

GOODWIN PLC

GROUP PROFIT AND LOSS ACCOUNT

For the year ended 30th APRIL, 2001

	Note	2001 £'000	2000 £'000
TURNOVER 2		24,892	20,769
Cost of sales		(19,099)	(16,929)
GROSS PROFIT		5,793	3,840
Distribution costs		(936)	(730)
Administrative expenses		(2,975)	(2,557)
OPERATING PROFIT		1,882	553
Share of loss of associated undertaking		(30)	(32)
Net interest payable 3		(291)	(217)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION 4		1,561	304
Tax on profit on ordinary activities 7		(510)	(110)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,051	194
Minority interests - equity		5	(8)
PROFIT FOR THE FINANCIAL YEAR 8		1,056	186
Proposed ordinary dividend 9		(300)	(106)
RETAINED PROFIT FOR THE FINANCIAL YEAR		756	80
EARNINGS PER ORDINARY SHARE 10		14.67p	2.58p

A statement of movement on reserves is given in note 21.

All of the Group's activities related to continuing operations.

GOODWIN PLC

BALANCE SHEETS At 30th APRIL, 2001

										Group		Company	
										2001	2000	2001	2000
										£'000	£'000	£'000	£'000
FIXED ASSETS													
Tangible assets	...	...	...	...	...	...	...	11 & 12		6,641	6,121	1,431	748
Investments	...	...	...	...	...	...	...	13		44	66	1,073	1,073
										<u>6,685</u>	<u>6,187</u>	<u>2,504</u>	<u>1,821</u>
CURRENT ASSETS													
Stocks	...	...	...	...	...	...	...	14		3,669	3,409	-	-
Debtors	...	...	...	...	...	...	...	15		6,387	4,912	4,528	3,844
Cash at bank and in hand	...	...	...	...	...	...	...			235	79	148	2
										<u>10,291</u>	<u>8,400</u>	<u>4,676</u>	<u>3,846</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	...	...	...	...	...	...	...	16		<u>(8,260)</u>	<u>(7,313)</u>	<u>(2,543)</u>	<u>(1,897)</u>
NET CURRENT ASSETS	...	...	...	...	...	...	...			<u>2,031</u>	<u>1,087</u>	<u>2,133</u>	<u>1,949</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	...	...	...	...	...	...	...			<u>8,716</u>	<u>7,274</u>	<u>4,637</u>	<u>3,770</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	...	...	...	...	...	...	...	17		<u>(706)</u>	<u>(100)</u>	<u>(487)</u>	<u>-</u>
PROVISIONS FOR LIABILITIES AND CHARGES	...	...	...	...	...	...	...	19		<u>(592)</u>	<u>(505)</u>	<u>(83)</u>	<u>(37)</u>
NET ASSETS	...	...	...	...	...	...	...			<u>7,418</u>	<u>6,669</u>	<u>4,067</u>	<u>3,733</u>
CAPITAL AND RESERVES													
Called up share capital	...	...	...	...	...	...	...	20		720	720	720	720
Profit and loss account	...	...	...	...	...	...	...	21		6,677	5,923	3,347	3,013
SHAREHOLDERS' FUNDS - EQUITY	...	...	...	...	...	...	...			<u>7,397</u>	<u>6,643</u>	<u>4,067</u>	<u>3,733</u>
MINORITY INTERESTS - EQUITY	...	...	...	...	...	...	...			<u>21</u>	<u>26</u>	<u>-</u>	<u>-</u>
										<u>7,418</u>	<u>6,669</u>	<u>4,067</u>	<u>3,733</u>

These financial statements were approved by the Board of directors on 24th August, 2001 and signed on its behalf by:

J. W. GOODWIN }
R. S. GOODWIN } Directors

John W. Goodwin
R. S. Goodwin

GOODWIN PLC

GROUP CASH FLOW STATEMENT For the year ended 30th APRIL, 2001

	Note	2001 £'000	2000 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	2,258	1,242
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE ...	24	(291)	(217)
TAXATION		(144)	(367)
CAPITAL EXPENDITURE	24	(1,124)	(2,005)
EQUITY DIVIDENDS PAID		(106)	(212)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		593	(1,559)
FINANCING	24	(259)	(53)
INCREASE/(DECREASE) IN CASH IN THE YEAR		334	(1,612)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Increase/(decrease) in cash in the year	...	...	...	...	...	...	...	...	334	(1,612)
Cash outflow from lease financing	...	...	...	...	...	...	...	...	259	53
Change in net debt resulting from cash flows	...	...	...	...	...	...	...	25	593	(1,559)
New finance leases	...	...	...	...	...	...	...	...	(1,086)	-
Foreign exchange translation difference	...	...	...	...	...	...	...	25	(4)	4
MOVEMENT IN NET DEBT IN THE PERIOD	...	...	...	...	...	...	...	...	(497)	(1,555)
Net debt at start of year	...	...	...	...	...	...	...	25	(2,068)	(513)
NET DEBT AT END OF YEAR	...	...	...	...	...	...	...	25	(2,565)	(2,068)

GOODWIN PLC

OTHER PRIMARY FINANCIAL STATEMENTS

For the year ended 30th APRIL, 2001

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2001 £'000	2000 £'000
Profit for the financial year	1,056	186
Exchange adjustments on foreign currency net investments	(2)	(3)
Total recognised gains and losses for the financial year '... ..	<u>1,054</u>	<u>183</u>

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Profit for the financial year	1,056	186
Dividends	(300)	(106)
	<u>756</u>	<u>80</u>
Other recognised gains and losses relating to the year (net)	(2)	(3)
NET ADDITION TO SHAREHOLDERS' FUNDS	754	77
Opening shareholders' funds	<u>6,643</u>	<u>6,566</u>
CLOSING SHAREHOLDERS' FUNDS	<u>7,397</u>	<u>6,643</u>

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

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

(a) Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable Accounting Standards.

(b) Consolidation principles

- (i) The Group financial statements include the results of the parent company and all of its subsidiary undertakings made up to 30th April.
- (ii) Goodwill, representing the excess of the fair value of consideration given on the acquisition of subsidiary undertakings over the fair value of the identifiable net assets acquired was written off against reserves for all acquisitions prior to 1st May 1998. This goodwill would be charged or credited in the profit and loss account on disposal of the business to which it relates. Goodwill on any subsequent acquisition will be capitalised and amortised over its useful life.
- (iii) The company is not required to present its profit and loss account in addition to the consolidated profit and loss account.
- (iv) For associated undertakings, the Group includes its share of profits and losses in the consolidated profit and loss account and its share of post acquisition retained profits or accumulated deficits in the consolidated balance sheet.

(c) 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
Plant and machinery	...	...	...	...	15% or 25% on reducing balance or 25% on cost
Motor vehicles	...	...	...	...	15% or 25% on reducing balance
Tooling	...	...	...	...	Over estimated production life

(d) Stock and work in progress

Stock and work in progress is valued at the lower of cost and net realisable value. In determining the cost of raw materials the FIFO method is used. For work in progress and finished goods manufactured by the Group, cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is based on the estimated selling price less further costs of completion and selling expenses.

(e) Foreign exchange

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.

For consolidation purposes the assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. Exchange differences arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

(f) 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. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Deferred taxation is not provided on earnings retained in overseas subsidiary undertakings as it is not expected that an actual liability will arise.

(g) 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.

(h) Pension costs

The Group contributes to a number of defined contribution pension schemes for certain senior employees. The assets of these schemes are held in independently administered funds. Group pension costs are charged to the profit and loss account in the year for which contributions are payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. Turnover

Turnover represents the amounts receivable for goods and services supplied to customers. It excludes inter-company transactions and value added tax.

The analysis of turnover by destination is as follows:										2001 £'000	2000 £'000
United Kingdom	...	...	...	...	...	...	...	...	...	9,750	9,058
Rest of Europe	...	...	...	...	...	...	...	...	...	4,502	3,784
Rest of World	...	...	...	...	...	...	...	...	...	10,640	7,927
										24,892	20,769

In the opinion of the directors the Group only has one principal trading activity and therefore they do not consider there to be any requirement for segmental disclosure under SSAP25 on the basis of materiality.

The geographical source of all turnover is the U.K.

3. Net interest payable

										2001 £'000	2000 £'000
Interest payable on bank loans and overdrafts	...	...	...	...	...	...	...	...	...	256	218
Finance lease interest	...	...	...	...	...	...	...	...	...	35	11
										291	229
Less: Interest receivable on bank deposits	...	...	...	...	...	...	...	...	...	-	(12)
										291	217

4. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging the following:

										2001 £'000	2000 £'000
Depreciation and amortisation of tangible fixed assets											
- owned	...	...	...	...	...	...	...	...	...	936	734
- held under finance lease	...	...	...	...	...	...	...	...	...	87	29
Operating lease rentals:											
Short term plant hire	...	...	...	...	...	...	...	...	...	28	26
Other	...	...	...	...	...	...	...	...	...	5	17
Auditors' remuneration and expenses - Group	...	...	...	...	...	...	...	...	...	43	36

Fees charged by the company's auditors in respect of work carried out in the year for Group non audit services amounted to £14,000 (2000: £10,500). The audit fee for the company itself amounted to £9,600 (2000: £9,600).

5. Directors' Remuneration

The remuneration of the directors of the company was:

				Salary	Salary	Benefits in kind	Total	Total	Pension contrib- utions 2001	Pension contrib- utions 2000
				2000 £'000	2001 £'000	2001 £'000	2001 £'000	2000 £'000	£'000	£'000
Executive directors										
J. W. Goodwin	...	...	...	104	108	13	121	121	11	8
R. S. Goodwin	...	...	...	104	108	13	121	121	11	8
R. J. Dyer	...	...	...	51	59	10	69	63	16	16
P. J. Horton	...	...	...	76	80	7	87	88	-	-
				335	355	43	398	393	38	32

Pension contributions comprise contributions to money purchase pension schemes.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

										2001 Number	2000 Number
Works personnel	...	...	...	...	...	...	...	...	...	324	330
Administrative staff	...	...	...	...	...	...	...	...	...	27	28
										351	358

The aggregate payroll costs of these persons were as follows:

										£'000	£'000
Wages and salaries	...	...	...	...	...	...	...	...	...	6,841	6,356
Social security costs	...	...	...	...	...	...	...	...	...	668	605
Other pension costs	...	...	...	...	...	...	...	...	...	36	32
										7,545	6,993

7. Tax on profit on ordinary activities

Taxation charge based on the profit for the year of the Group:

										2001 £'000	2000 £'000
U.K. corporation tax	...	...	...	...	...	...	...	...	...	429	(18)
Associated undertaking	...	...	...	...	...	...	...	...	...	(6)	(6)
Deferred taxation charge - current year	...	...	...	...	...	...	...	...	...	89	148
- prior year	...	...	...	...	...	...	...	...	...	(2)	(14)
										510	110

8. Profit for the financial year

The consolidated profit for the financial year includes a profit of £634,000 (2000: £113,000) which has been dealt with in the financial statements of the parent company.

9. Proposed dividend

The proposed ordinary dividend of £300,240 (2000: £105,840) represents 4.17p per share (2000: 1.47p per share).

10. Earnings per ordinary share

The earnings per ordinary share has been calculated on profit on ordinary activities after taxation and minority interests of £1,056,000 (2000: £186,000) and by reference to the 7,200,000 ordinary shares in issue throughout both years. The company has no share options or other diluting instruments and accordingly there is no diluted earnings per share.

11. Tangible fixed assets of the Group

	Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Assets in course of construction £'000	Total £'000
Cost						
At beginning of year	1,288	35	7,597	1,976	1,854	12,750
Additions	-	-	1,535	71	-	1,606
Disposals	-	-	(143)	-	-	(143)
Exchange adjustments	(17)	-	(4)	-	-	(21)
Transfers	-	-	1,854	-	(1,854)	-
At end of year	1,271	35	10,839	2,047	-	14,192
Depreciable assets	970	35	10,839	2,047	-	13,891
Depreciation						
At beginning of year	495	17	4,640	1,477	-	6,629
Charged in year	19	1	894	109	-	1,023
Disposals	-	-	(95)	-	-	(95)
Exchange adjustments	(4)	-	(2)	-	-	(6)
At end of year	510	18	5,437	1,586	-	7,551
Net book value						
At 30th April, 2001	761	17	5,402	461	-	6,641
At 30th April, 2000	793	18	2,957	499	1,854	6,121

The net book value of plant and machinery held under finance leases at 30th April, 2001 was £1,114,000 (2000: £166,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Tangible fixed assets of the company

				Land and buildings Freehold £'000	Land and buildings Short leasehold £'000	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost								
At beginning of year	...	...	...	633	35	259	1,385	2,312
Additions	...	...	...	—	—	789	26	815
At end of year	...	...	...	633	35	1,048	1,411	3,127
Depreciable assets	...	...	...	590	35	1,048	1,411	3,084
Depreciation and amortisation								
At beginning of year	...	...	...	295	17	156	1,096	1,564
Charged in year	...	...	...	14	1	41	76	132
At end of year	...	...	...	309	18	197	1,172	1,696
Net book value								
At 30th April, 2001	...	...	...	324	17	851	239	1,431
At 30th April, 2000	...	...	...	338	18	103	289	748

The net book value of plant and machinery held under finance leases at 30th April, 2001 was £761,000 (2000: Nil). Depreciation for the year on these assets was £24,000 (2000: Nil).

13. Investments

(a) **Group**

											Interest in associated undertaking £'000
Cost											
At beginning and end of year	...	...	...	...	...	...	...	...	...	...	50
Share of post acquisition reserves											
At beginning of year	...	...	...	...	...	...	...	...	...	...	16
Share of loss for year	...	...	...	...	...	...	...	...	...	...	(22)
At end of year	...	...	...	...	...	...	...	...	...	...	(6)
Net book value											
At 30th April, 2001	...	...	...	...	...	...	...	...	...	...	44
At 30th April, 2000	...	...	...	...	...	...	...	...	...	...	66

(b) **Company**

						Subsidiary undertakings £'000	Interest in associated undertaking £'000	Total £'000
Cost and net book value								
At beginning and end of year	...	...	...	...	...	1,023	50	1,073

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

13. Investments *(continued)*

(c) Investments of the company in shares in subsidiary undertakings

The company is the beneficial owner of the issued share capital of the following principal subsidiary undertakings, all of which are included in the consolidation:

<i>Subsidiary undertakings</i>	<i>Country of incorporation and operation</i>	<i>Type of shares</i>	<i>% held</i>
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	87½
Internet Central Limited	Great Britain	Ordinary	82½
Goodwin GmbH	Germany	Ordinary	100
Goodwin Korea Co. Limited	South Korea	Ordinary	95

All of the companies are involved in mechanical and refractory engineering.

The overseas subsidiaries act as sales agents for the UK manufacturing subsidiaries.

(d) Interest in associated undertaking

The interest in associated undertaking at 30th April, 2001 comprises the company's investment of 50% in the ordinary share capital of Wiggin Alloy Products Limited. The principal activity of Wiggin Alloy Products Limited is the distribution of metal alloys to the UK market. It is incorporated in Great Britain, is registered in England and Wales and has £100,000 of issued ordinary shares of £1 each.

14. Stocks

	Group	
	2001 £'000	2000 £'000
Raw materials and consumables	1,487	1,902
Work in progress	1,657	922
Finished goods and goods for resale	578	640
	3,722	3,464
Payments on account	(53)	(55)
	3,669	3,409

15. Debtors

	Group	Company	
	2001 £'000	2000 £'000	2001 £'000
Trade debtors	5,657	4,615	32
Amounts owed by associated undertakings	209	129	-
Amounts owed by subsidiary undertakings	-	-	3,777
Other debtors	381	67	15
Prepayments and accrued income	140	101	20
	6,387	4,912	3,844

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Creditors: amounts falling due within one year

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Bank overdrafts	1,823	1,997	1,795	1,483
Obligations under finance leases (note 17) ...	271	50	174	-
Payments received on account	339	239	-	-
Trade creditors	4,172	4,067	-	-
Amounts owed to subsidiary undertakings ...	-	-	2	55
Other creditors including taxation and social security:				
Corporation tax	405	46	-	-
Other taxes	260	237	44	47
Social Security	205	184	23	20
Other creditors	67	60	-	-
	937	527	67	67
Accruals and deferred income	418	327	205	186
Proposed dividends	300	106	300	106
	8,260	7,313	2,543	1,897

17. Creditors: amounts falling due after more than one year

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Obligations under finance leases and hire purchase agreement falling due within five years	706	100	487	-

The obligations under finance leases and hire purchase agreements are secured on the related assets.

18. Financial instruments

(a) Financial assets

The Group's financial assets, excluding short-term debtors, consist mainly of Sterling, Euro and Korean Won denominated cash at bank which earns interest at rates 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 7.1% (for which the rate is fixed for 4 years).

	Floating rate financial liabilities £'000	Fixed rate financial liabilities £'000	2001 Total £'000	Floating rate financial liabilities £'000	2000 Total £'000
Currency					
Sterling	518	662	1,180	1,906	1,906
Euro block currencies	169	-	169	48	48
US Dollar	1,451	-	1,451	193	193
Total	2,138	662	2,800	2,147	2,147

(c) 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, 2001.

(d) Currency exposure

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. This hedging is currently achieved through borrowings in the respective currencies.

The table overleaf shows the Group's transactional currency exposures which give rise to the net currency gains and losses recognised in the profit and loss account. This exposure is managed using forward contracts. There is no internal policy requirement to take out exchange rate hedging on the Group's transactional monetary assets and liabilities although, when it is believed market conditions necessitate such hedging, then appropriate arrangements would be made.

There were no material gains or losses on instruments used for exchange rate hedging either during or at the end of the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. Financial Instruments (continued)

30th April, 2001

Net foreign currency monetary assets/(liabilities) in £'000

	Sterling £'000	Euro block £'000	US Dollar £'000	Other £'000	Total £'000
Functional currency of Group operation					
Sterling	-	(15)	(556)	4	(567)
Korean Won	(259)	-	-	-	(259)
Total	(259)	(15)	(556)	4	(826)

30th April, 2000

Net foreign currency monetary assets/(liabilities) in £'000

	Sterling £'000	Euro block £'000	US Dollar £'000	Other £'000	Total £'000
Functional currency of Group operation					
Sterling	-	(22)	-	25	3
Korean Won	(295)	-	-	-	(295)
Total	(295)	(22)	-	25	(292)

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

(e) Maturity profile

At 30th April, 2001 the maturity profile of the Group's financial liabilities, other than short-term creditors such as trade creditors and accruals, were as follows:

	Overdrafts £'000	Finance leases and hire purchase agreements £'000	2001 Total £'000	2000 Total £'000
Borrowings analysed by maturity date				
Borrowings due within one year	1,823	271	2,094	2,047
Borrowings due after one year	-	-	-	-
Between one and two years	-	271	271	50
Between two and five years	-	435	435	50
Total borrowings due after one year	-	706	706	100
Total	1,823	977	2,800	2,147

At 30th April, 2001 the Group had the following undrawn committed facilities, with an average maturity of 8 months, in respect of which all conditions precedent had been met:

	£'000
Undrawn committed borrowing facilities	
Expiring in one year or less	2,436
Expiring between one or two years	1,952
	4,388

(f) Fair values

At 30th April, 2001 the fair value of the Group's financial instruments was not materially different to the book value of the instruments. The fair value was calculated using market rates where available, otherwise cash flows were discounted at prevailing rates.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Provisions for liabilities and charges

	Deferred taxation	
	Group £'000	Company £'000
Balance at beginning of year	505	37
Charge for the year in the profit and loss account	87	46
Balance at end of year	592	83

The amount provided for deferred taxation, which is the full potential liability calculated on the liability method at 30% (2000: 30%), is set out below:

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Difference between accumulated depreciation and amortisation and capital allowances ...	592	505	83	37

20. Share capital

	2001 £'000	2000 £'000
<i>Authorised, allotted, called up and fully paid:</i>		
7,200,000 ordinary shares of 10p each	720	720

21. Profit and loss account

	Group £'000	Company £'000
At beginning of year	5,923	3,013
Retained profit for the year	756	334
Exchange loss on re-translation of overseas subsidiaries' net assets	(2)	-
At end of year	6,677	3,347

Cumulative goodwill in the Group amounting to £248,000 (2000: £248,000) arising on the acquisition of subsidiary undertakings has been written off against reserves.

22. Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Company		
Profit for the financial year	634	113
Dividends	(300)	(106)
Net additions to shareholders' funds	334	7
Opening shareholders' funds	3,733	3,726
Closing shareholders' funds	4,067	3,733

23. Reconciliation of operating profit to net cash flow from operating activities

	2001 £'000	2000 £'000
Operating profit	1,882	553
Depreciation charges	1,023	734
(Profit)/loss on disposal of fixed assets	(17)	7
(Increase)/decrease in stocks	(268)	113
(Increase)/decrease in debtors	(1,401)	38
Increase/(decrease) in creditors	1,039	(203)
Net cash inflow from operating activities	2,258	1,242

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

24. Analysis of cash flows

	2001	2000
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	-	12
Interest paid	(256)	(218)
Interest element of finance lease rental payments	(35)	(11)
Net cash outflow for returns on investment and servicing of finance ...	(291)	(217)
Capital expenditure		
Purchase of tangible fixed assets	(1,189)	(2,069)
Sale of plant and machinery	65	64
Net cash outflow for capital expenditure	(1,124)	(2,005)
Financing		
Capital element of finance lease repayments	(259)	(53)

25. Analysis of net debt

	At 1st May 2000 £'000	Cash flow £'000	Other non-cash changes £'000	Exchange movement £'000	At 30th April 2001 £'000
Cash at bank	79	160	-	(4)	235
Bank overdrafts	(1,997)	174	-	-	(1,823)
	(1,918)	334	-	(4)	(1,588)
Finance leases	(150)	259	(1,086)	-	(977)
	(2,068)	(593)	(1,086)	(4)	(2,565)

26. Contingencies

On 30th April, 2001, the Group had entered into performance bonds in the normal course of business amounting to £390,000 (2000: £569,000) in respect of 62 (2000: 63) contracts.

27. Commitments

(a) Capital commitments

Capital commitments at 30th April, for which no provision has been made in these financial statements, were as follows:

	Group		Company	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Contracted	-	60	-	-

(b) Operating lease commitments

At 30th April, the Group had annual commitments under non-cancellable operating leases as follows:

	2001		2000	
	Land and	Other	Land and	Other
	buildings	£'000	buildings	£'000
	£'000		£'000	
Operating leases which expire:				
Within one year	-	-	-	9

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

28. Related party transactions

During the year the Group and company undertook the following transactions, and had the following year end balances with Wiggin Alloy Products Limited, an associate undertaking.

	2001	2000
	£'000	£'000
Group transactions		
Sales to	1,309	886
Administration fee	78	67
	<hr/>	<hr/>
Balance at end of year		
Trade debtors	209	129
	<hr/>	<hr/>
Company transactions		
Administration fee	17	17
	<hr/>	<hr/>
Balance at end of year		
Trade debtor	17	-
	<hr/>	<hr/>