

# GOODWIN PLC

IVY HOUSE FOUNDRY, HANLEY, STOKE-ON-TRENT

INTERIM REPORT  
31<sup>st</sup> OCTOBER 2017

# **GOODWIN PLC**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017**

### **CHAIRMAN'S STATEMENT**

I am pleased to report that the pre-tax profit for the Group for the first six month period ending 31st October 2017 was £6.10 million (2016: £6.05 million), an increase of 1% from a revenue of £61.89 million.

The current workload as at 31st October 2017 stands at £84 million, unchanged from twelve months ago. The order input for the first six months of this financial year is the same as for the same period last financial year. Due to the persistent low activity in the oil, gas and mining industries which is now into its third year, the Group had no alternative than to further reduce the labour force by 50 since April 2017 and the total number of Group employees now stands at 1,070.

Due to the further improvement on the refractory engineering side of our business, we expect to see the Group profitability for the second half of the year starting to move forward again especially as compared to the Group figures for the six months to 30th April 2017.

The pre-tax profit for the first half of this financial year benefitted from a gain of £1.61 million that was realised when Gold Star Powders India sold its one acre of land and factory facility it purchased in 2003 for £110,000. Gold Star Powders has now moved to the same site as Goodwin Pumps India and currently rents its building from Goodwin Pumps India who purchased three acres of land in 2005 for £325,000.

Considerable effort and focus on cash flow improvement is being made and, whilst the cash flow position at the half year is largely unchanged as compared to 30th April 2017, we expect to see a significant improvement by 30th April 2018.

Although the oil price is now just over US Dollar 60 per barrel and the iron ore price is similarly just over US Dollar 60 per tonne, there is little reason to expect an upturn in the release of orders for new capacity in these capital equipment needy markets until 2020. We are, however, not relying on an immediate upturn in these industries and have been focusing on trying to win business in nuclear recycling and decommissioning and processing of mining industry waste materials where our potential customers are receiving closer scrutiny by environmental agencies.

An example of success here is the receipt in the first half of this financial year of a US Dollar 7.3 million order for large machined and fabricated stainless steel castings for the nuclear fuel decommissioning industry in the USA.

J. W. Goodwin  
Chairman

18th December 2017

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Management report

#### Financial Highlights

	<b>Unaudited Half Year to 31st October 2017 £'m</b>	Unaudited Half Year to 31st October 2016 £'m	Audited Year Ended 30th April 2017 £'m
<b>Consolidated Results</b>			
Revenue	<b>61.9</b>	69.9	131.6
Operating profit	<b>6.4</b>	6.5	9.9
Profit before tax	<b>6.1</b>	6.0	9.2
Profit after tax	<b>4.4</b>	4.2	6.8
Capital Expenditure	<b>4.0</b>	3.2	7.6
Earnings per share (Basic and Diluted)	<b>58.38p</b>	54.53p	87.47p

#### Turnover

Sales revenue of £61,893,000 for the half year represents an 11.4% decrease from the £69,889,000 achieved during the same period last year.

#### Profit Before Tax

Profit before tax for the six months of £6,108,000 is up 1.0% from the £6,047,000 achieved for the same six month period last year.

#### Risks and Uncertainties

The Group, mainly through its centralised management structure, makes best endeavours to have in place internal control procedures to identify and manage the key risks and uncertainties affecting the Group. We would refer you to page 8 of the Group Annual Accounts to 30th April 2017 which describes the principal risks and uncertainties, and to note 20 (page 52) which describes in detail the key financial risks and uncertainties affecting the business such as credit risk and foreign exchange risk.

Judging the future relationship of the major currency pairs of the US Dollar, Sterling and the Euro continues to be a challenge.

#### Report on Expected Developments

This report describes the expected developments of the Group during the year ended 30th April 2018. The report may contain forward-looking statements and information based on current expectations, and assumptions and forecasts made by the Group. These expectations and assumptions are subject to various known and unknown risks, uncertainties and other factors, which could lead to substantial differences between the actual future results, financial performance and the estimates and historical results given in this report.

Many of these factors are outside the Group's control. The Group accepts no liability to publicly revise or update these forward-looking statements or adjust them to future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

#### 2018/19 Outlook

Despite the continued shortage of work within our foundry, where we have been taking the opportunity of enhancing our facility and capacity in this quiet period of activity, we expect the Group overall to start showing improved profitability and cash flow by the financial year end 30th April 2018.

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Management report *(continued)*

This improvement is a feature of a continued expansion of activity and profitability in the refractory engineering part of the Group especially in our eight companies that supply consumables to the jewellery casting industry which, in line with the world economy overall, is in a period of revival. The performance of these refractory companies has also been enhanced by the demise of our major world competitor based in the USA, which was the world leader twenty years ago. In September 2017 they finally closed their doors, which has resulted in a substantial surge in order input for our price-competitive, consistent products that we have developed a global reputation for supplying.

As mentioned in the year end accounts to 30th April 2017, excellent progress is being made in India where there is significant growth in the overall economy and our submersible pump company and jewellery investment powder company are expected to achieve record trading results for the year ending 30th April 2018. The results in our Indian submersible pump company are also benefitting from sales orders arriving from our newly formed pump company in South Africa, which we are pleased to report will make respectable profits and sales in its first full year of trading.

#### **Going concern**

The Group cash flow has deteriorated by a modest £333,000 since the start of the new financial year. As stated in previous half year reports it is not unusual for the Group to see a significant deteriorating cash flow picture in the first half of the financial year due to the impact of dividend payments, working capital movements and our capital expenditure programmes. The modest deterioration in our cash position to the current half year end bodes well for the full year end position and supports the comment already made on projected debt levels within the Chairman's Statement.

The Group's bank facilities are materially unchanged from those reported within the full year accounts. We would refer you in particular to Note 20.b) on page 53 of those accounts where you can see that our unutilised facilities are significant. Given the profitability of the Group, the modest gearing levels and the bank facilities available to it, the Directors have concluded that drawing up the accounts on a going concern basis is appropriate.

#### **Responsibility statement of the Directors in respect of the half-yearly financial report**

The Directors confirm to the best of their knowledge that 1) this condensed set of financial statements has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and that 2) the Interim Management Report and condensed financial statements include a fair review of the information required by Disclosure and Transparency Rules 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year) and 4.2.8R (being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so).

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Condensed Consolidated Income Statement for the half year to 31st October 2017

	<b>Unaudited Half Year to 31st October 2017 £'000</b>	Unaudited Half Year to 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Continuing operations</b>			
Revenue	<b>61,893</b>	69,889	131,587
Cost of sales	<b>(44,758)</b>	(51,442)	(97,836)
<b>Gross profit</b>	<b>17,135</b>	18,447	33,751
Distribution expenses	<b>(1,881)</b>	(1,731)	(3,486)
Administrative expenses	<b>(8,892)</b>	(10,210)	(20,317)
<b>Operating profit</b>	<b>6,362</b>	6,506	9,948
Financial expenses	<b>(419)</b>	(560)	(873)
Share of profit of associate companies	<b>165</b>	101	169
<b>Profit before taxation</b>	<b>6,108</b>	6,047	9,244
Tax on profit	<b>(1,656)</b>	(1,829)	(2,487)
<b>Profit after taxation</b>	<b>4,452</b>	4,218	6,757
<b>Attributable to:</b>			
Equity holders of the parent	<b>4,203</b>	3,927	6,082
Non-controlling interests	<b>249</b>	291	675
<b>Profit for the period</b>	<b>4,452</b>	4,218	6,757
<b>Basic and diluted earnings per ordinary share</b> (Note 7)	<b>58.38p</b>	54.53p	84.47p

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Condensed Consolidated Statement of Comprehensive Income for the half year to 31st October 2017

	<b>Unaudited Half Year to 31st October 2017 £'000</b>	Unaudited Half Year to 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Profit for the period</b>	<b>4,452</b>	4,218	6,757
<b>Other comprehensive income / (expense)</b>			
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Foreign exchange translation differences	<b>258</b>	5,796	3,619
Effective portion of changes in fair value of cash flow hedges	<b>(196)</b>	(15,696)	(6,526)
Change in fair value of cash flow hedges transferred to the income statement	<b>932</b>	(608)	2,142
Tax on items that are or may be reclassified subsequently to the income statement	<b>(125)</b>	2,765	738
<b>Other comprehensive income / (expense) for the period, net of income tax</b>	<b>869</b>	(7,743)	(27)
<b>Total comprehensive income / (expense) for the period</b>	<b>5,321</b>	(3,525)	6,730
<b>Attributable to:</b>			
Equity holders of the parent	<b>5,151</b>	(4,618)	5,654
Non-controlling interests	<b>170</b>	1,093	1,076
	<b>5,321</b>	(3,525)	6,730

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Condensed Consolidated Statement of Changes in Equity for the half year to 31st October 2017

	Share capital £'000	Translation reserve £'000	Share-based payments reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Total attributable to equity holders of the parent £'000	Non-controlling interests £'000	Total equity £'000
<b>Half year to 31st October 2017 (Unaudited)</b>								
Balance at 1st May 2017	720	2,154	601	(4,240)	90,201	89,436	4,225	93,661
Total comprehensive income:								
Profit	-	-	-	-	4,203	4,203	249	4,452
Other comprehensive income:								
Foreign exchange translation difference	-	194	-	-	-	194	64	258
Net movements on cash flow hedges	-	-	-	754	-	754	(143)	611
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>754</b>	<b>4,203</b>	<b>5,151</b>	<b>170</b>	<b>5,321</b>
Equity-settled share-based payment transactions	-	-	515	-	-	515	-	515
Dividends paid	-	-	-	-	(3,137)	(3,137)	-	(3,137)
<b>Balance at 31st October 2017</b>	<b>720</b>	<b>2,348</b>	<b>1,116</b>	<b>(3,486)</b>	<b>91,267</b>	<b>91,965</b>	<b>4,395</b>	<b>96,360</b>
<b>Half year to 31st October 2016 (Unaudited)</b>								
Balance at 1st May 2016	720	(1,041)	-	(594)	87,209	86,294	3,823	90,117
Total comprehensive income:								
Profit	-	-	-	-	3,927	3,927	291	4,218
Other comprehensive income:								
Foreign exchange translation difference	-	4,994	-	-	-	4,994	802	5,796
Net movements on cash flow hedges	-	-	-	(13,539)	-	(13,539)	-	(13,539)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>4,994</b>	<b>-</b>	<b>(13,539)</b>	<b>3,927</b>	<b>(4,618)</b>	<b>1,093</b>	<b>(3,525)</b>
Dividends paid	-	-	-	-	(3,114)	(3,114)	(339)	(3,453)
<b>Balance at 31st October 2016</b>	<b>720</b>	<b>3,953</b>	<b>-</b>	<b>(14,133)</b>	<b>88,022</b>	<b>78,562</b>	<b>4,577</b>	<b>83,139</b>
<b>Year ended 30th April 2017 (Audited)</b>								
Balance at 1st May 2016	720	(1,041)	-	(594)	87,209	86,294	3,823	90,117
Total comprehensive income:								
Profit	-	-	-	-	6,082	6,082	675	6,757
Other comprehensive income:								
Foreign exchange translation difference	-	3,218	-	-	-	3,218	401	3,619
Net movements on cash flow hedges	-	-	-	(3,646)	-	(3,646)	-	(3,646)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>3,218</b>	<b>-</b>	<b>(3,646)</b>	<b>6,082</b>	<b>5,654</b>	<b>1,076</b>	<b>6,730</b>
Transactions with owners of the Company recognised directly in equity:	-	(23)	-	-	21	(2)	1	(1)
Equity-settled share-based payment transactions	-	-	601	-	-	601	-	601
Dividends paid	-	-	-	-	(3,111)	(3,111)	(675)	(3,786)
<b>Balance at 30th April 2017</b>	<b>720</b>	<b>2,154</b>	<b>601</b>	<b>(4,240)</b>	<b>90,201</b>	<b>89,436</b>	<b>4,225</b>	<b>93,661</b>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Condensed Consolidated Balance Sheet as at 31st October 2017

	Unaudited as at 31st October 2017 £'000	Unaudited as at 31st October 2016 £'000	Audited as at 30th April 2017 £'000
<b>Non-current assets</b>			
Property, plant and equipment	66,792	65,207	65,739
Investments in associates	2,229	2,032	2,045
Intangible assets	18,603	18,584	18,240
	<u>87,624</u>	<u>85,823</u>	<u>86,024</u>
<b>Current assets</b>			
Inventories	35,473	43,605	37,657
Trade and other receivables	29,688	32,819	26,338
Derivative financial assets	556	1,235	1,756
Cash and cash equivalents	7,813	5,269	5,172
	<u>73,530</u>	<u>82,928</u>	<u>70,923</u>
<b>Total assets</b>	<u>161,154</u>	<u>168,751</u>	<u>156,947</u>
<b>Current liabilities</b>			
Bank overdrafts	9,737	9,347	6,655
Interest-bearing loans and borrowings	3,918	3,074	2,887
Trade and other payables	21,962	26,647	22,454
Deferred consideration	500	500	500
Derivative financial liabilities	2,228	13,293	2,492
Liabilities for current tax	2,043	2,234	1,592
Warranty provision	88	132	90
	<u>40,476</u>	<u>55,227</u>	<u>36,670</u>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	21,198	29,571	23,675
Warranty provision	337	296	305
Deferred tax liabilities	2,783	518	2,636
	<u>24,318</u>	<u>30,385</u>	<u>26,616</u>
<b>Total liabilities</b>	<u>64,794</u>	<u>85,612</u>	<u>63,286</u>
<b>Net assets</b>	<u>96,360</u>	<u>83,139</u>	<u>93,661</u>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	720	720	720
Translation reserve	2,348	3,953	2,154
Share-based payments reserve	1,116	-	601
Cash flow hedge reserve	(3,486)	(14,133)	(4,240)
Retained earnings	91,267	88,022	90,201
	<u>91,965</u>	<u>78,562</u>	<u>89,436</u>
<b>Total equity attributable to equity holders of the parent</b>	<u>91,965</u>	<u>78,562</u>	<u>89,436</u>
<b>Non-controlling interests</b>	<u>4,395</u>	<u>4,577</u>	<u>4,225</u>
<b>Total equity</b>	<u>96,360</u>	<u>83,139</u>	<u>93,661</u>



# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Condensed Consolidated Cash Flow Statement for the half year ended 31st October 2017

	Unaudited Half Year to 31st October 2017 £'000	Unaudited Half Year to 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Cash flow from operating activities</b>			
Profit from continuing operations after tax	4,452	4,218	6,757
Adjustments for:			
Depreciation	2,644	2,718	5,597
Amortisation of intangible assets	552	393	938
Financial expenses	419	560	873
(Profit) / loss on sale of property, plant and equipment	(1,610)	(2)	52
Share of profit of associate companies	(165)	(101)	(169)
Equity-settled share-based provision	515	-	601
Tax expense	1,656	1,829	2,487
<b>Operating profit before changes in working capital and provisions</b>	<b>8,463</b>	9,615	17,136
(Increase) / decrease in trade and other receivables	(3,194)	(2,972)	8,025
Decrease / (increase) in inventories	2,343	(6,167)	(1,014)
Decrease in trade and other payables (excluding payments on account)	(1,020)	(5,732)	(9,445)
Increase / (decrease) in payments on account	3,094	(1,207)	(5,825)
<b>Cash inflow / (outflow) from operations</b>	<b>9,686</b>	(6,463)	8,877
Interest paid	(383)	(469)	(802)
Corporation tax paid	(1,254)	(1,460)	(2,675)
Interest element of finance lease obligations	(45)	(91)	(115)
<b>Net cash from operating activities</b>	<b>8,004</b>	(8,483)	5,285
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment	1,811	79	237
Acquisition of intangible assets	(354)	(60)	(149)
Acquisition of property, plant and equipment	(4,850)	(3,218)	(7,411)
R&D expenditure capitalised	(355)	(354)	(791)
<b>Net cash outflow from investing activities</b>	<b>(3,748)</b>	(3,553)	(8,114)
<b>Cash flows from financing activities</b>			
Payment of capital element of finance lease obligations	(429)	(466)	(930)
Dividends paid	(3,137)	(3,114)	(3,111)
Dividends paid to non-controlling interests	-	(339)	(675)
Proceeds from loans and committed facilities	-	11,459	5,871
Repayment of loans and committed facilities	(1,023)	(21)	(44)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(4,589)</b>	7,519	1,111
<b>Net decrease in cash and cash equivalents</b>	<b>(333)</b>	(4,517)	(1,718)
Cash and cash equivalents at beginning of year	(1,483)	(413)	(413)
Effect of exchange rate fluctuations on cash held	(108)	852	648
<b>Closing cash and cash equivalents</b>	<b>(1,924)</b>	(4,078)	(1,483)

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Notes

#### *to the Condensed Consolidated Financial Statements*

#### **1. Reporting Entity**

Goodwin PLC (the "Company") is a company incorporated in England and Wales. The unaudited condensed consolidated interim financial statements of the Company as at and for the six months ended 31st October 2017 comprise the Company, its subsidiaries, and the Group's interests in associates (together referred to as the "Group").

The audited consolidated financial statements of the Group as at and for the year ended 30th April 2017 are available upon request from the Company's registered office at Ivy House Foundry, Hanley, Stoke-on-Trent ST1 3NR or via the Company's web site: [www.goodwin.co.uk](http://www.goodwin.co.uk).

#### **2. Statement of Compliance**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted in the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 30th April 2017.

The comparative figures for the financial year ended 30th April 2017 are extracts and not the full Group's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Audit Committee has reviewed these unaudited condensed consolidated interim financial statements and has advised the Board of Directors that, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's half year performance. These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on 18th December 2017.

#### **3. Significant Accounting Policies**

The accounting policies applied by the Group in these unaudited condensed consolidated financial statements are the same as those applied by the Group in its audited consolidated financial statements as at and for the year ended 30th April 2017. The following standards and amendments became effective and therefore were adopted by the Group.

- Annual Improvements to IFRSs – 2014-2016 Cycle – minor amendments to IFRS 12 (effective for annual periods beginning on or after 1st January 2017)
- Amendments to IAS 12 – Recognition of Deferred Tax Assets for unrealised losses (effective for annual periods beginning on or after 1st January 2017)
- Amendments to IAS 7 – Disclosure initiative (effective for annual periods beginning on or after 1st January, 2017)

The Group has considered the impact of these new standards and interpretations in future periods on profit, earnings per share and net assets. None of the above standards or interpretations is expected to have a material impact.

#### **New IFRS standards, amendments and interpretations not adopted**

The IASB and IFRIC have issued additional standards and amendments which are effective for periods starting after the date of these financial statements. The following standards and amendments have not yet been adopted by the Group:

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

### Notes (continued)

- Annual Improvements to IFRSs – 2014-2016 Cycle – minor amendments to IFRS 1 and IAS 28 (effective for annual periods beginning on or after 1st January 2018)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1st January 2018)
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1st January 2018)
- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1st January 2018)
- IFRS 15 – Revenue from Contracts with Customers (effective for annual periods beginning on or after 1st January 2018)
- IFRS 15 – Clarifications (effective for annual periods beginning on or after 1st January 2018)
- Amendments to IFRS 40 – Transfers of Investment Property (effective for annual periods beginning on or after 1st January 2018)
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration (effective for annual periods beginning on or after 1st January 2018)
- IFRS 16 – Leases (Not yet endorsed. IASB effective date 1st January 2019)
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions (not yet endorsed)

#### 4. Estimates

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

In preparing these unaudited consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 30th April 2017.

The tax charge in the period is based on management's estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period, and the impact of any disallowed costs.

#### 5. Business Segments

##### Products and services from which reportable segments derive their revenues

In accordance with the requirements of IFRS8 "Operating Segments" the Group's reportable segments based on information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance are as follows:

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

Information regarding the Group's operating segments is reported below.

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## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### Segment Revenues and Profits

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Revenue</b>									
External sales	39,779	50,262	91,335	22,114	19,627	40,252	61,893	69,889	131,587
Inter-segment sales	10,189	13,910	29,084	4,350	2,988	6,522	14,539	16,898	35,606
Total revenue	<u>49,968</u>	<u>64,172</u>	<u>120,419</u>	<u>26,464</u>	<u>22,615</u>	<u>46,774</u>	<u>76,432</u>	<u>86,787</u>	<u>167,193</u>
Reconciliation to consolidated revenues:									
Inter-segment sales							(14,539)	(16,898)	(35,606)
Consolidated revenue for the period							<u>61,893</u>	<u>69,889</u>	<u>131,587</u>

	Mechanical Engineering			Refractory Engineering			Sub Total		
	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Profits</b>									
Segment result including associates	2,733	4,798	6,982	5,313	2,241	5,933	8,046	7,039	12,915
Group administration costs							(1,004)	(604)	(2,197)
LTIP equity plan provision							(515)	-	(601)
Group finance and treasury costs							(419)	(376)	(873)
Consolidation adjustments							-	(12)	-
Consolidated profit before tax for the period							<u>6,108</u>	<u>6,047</u>	<u>9,244</u>
Tax							(1,656)	(1,829)	(2,487)
Consolidated profit after tax for the period							<u>4,452</u>	<u>4,218</u>	<u>6,757</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### Segmental Assets and Liabilities

	Segmental total assets			Segmental total liabilities			Segmental net assets		
	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000	Unaudited Half Year Ended 31st October 2017 £'000	Unaudited Half Year Ended 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
Mechanical Engineering	85,793	97,284	80,968	66,798	85,210	65,036	18,995	12,074	15,932
Refractory Engineering	45,425	44,635	41,717	24,527	29,285	23,321	20,898	15,350	18,396
Sub total reportable segment	<u>131,218</u>	<u>141,919</u>	<u>122,685</u>	<u>91,325</u>	<u>114,495</u>	<u>88,357</u>	<u>39,893</u>	<u>27,424</u>	<u>34,328</u>
Goodwin PLC (the Company) net assets							68,841	68,467	71,944
Elimination of Goodwin PLC investments							(22,084)	(22,441)	(22,084)
Goodwill							9,710	9,689	9,473
Consolidated total net assets							<u>96,360</u>	<u>83,139</u>	<u>93,661</u>
<b>Segmental property, plant and equipment (PPE) capital expenditure</b>									
Goodwin PLC							3,049	2,095	5,070
Mechanical Engineering							687	737	1,611
Refractory Engineering							267	386	918
							<u>4,003</u>	<u>3,218</u>	<u>7,599</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### Geographical Segments

	Half Year Ended 31st October 2017				Half Year Ended 31st October 2016			
	Unaudited Revenue £'000	Unaudited Operational assets £'000	Unaudited Non- current assets £'000	Unaudited PPE Capital expenditure £'000	Unaudited Revenue £'000	Unaudited Operational assets £'000	Unaudited Non- current assets £'000	Unaudited PPE Capital expenditure £'000
UK	13,698	63,870	71,656	3,610	11,352	52,149	70,611	2,631
Rest of Europe	14,674	10,483	2,276	136	15,031	10,646	2,480	265
USA	2,544	-	-	-	3,919	-	-	-
Pacific Basin	11,709	14,635	7,505	116	20,615	14,564	5,825	63
Rest of World	19,268	7,372	6,187	141	18,972	5,780	6,907	259
Total	<u>61,893</u>	<u>96,360</u>	<u>87,624</u>	<u>4,003</u>	<u>69,889</u>	<u>83,139</u>	<u>85,823</u>	<u>3,218</u>

	Year Ended 30th April 2017			
	Audited Revenue £'000	Audited Operational assets £'000	Audited Non- current assets £'000	Audited PPE Capital expenditure £'000
UK	24,034	63,451	69,693	6,504
Rest of Europe	29,712	10,213	2,271	466
USA	6,574	-	-	-
Pacific Basin	33,095	14,012	7,459	210
Rest of World	38,172	5,985	6,601	419
Total	<u>131,587</u>	<u>93,661</u>	<u>86,024</u>	<u>7,599</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### 6. Dividends

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

	<b>Unaudited Half Year to 31st October 2017 £'000</b>	Unaudited Half Year to 31st October 2016 £'000	Audited Year Ended 30th April 2017 £'000
<b>Equity Dividends Paid:</b>			
Ordinary dividends paid during the period in respect of the year ended 30th April 2017 (42.348p per share)	<b>3,049</b>	–	–
Ordinary dividends paid during the period in respect of the year ended 30th April 2016 (42.348p per share)	–	3,049	3,049
Dividends paid to minority shareholders in Noreva GmbH	<b>88</b>	65	62
Total dividends paid during the period	<b><u>3,137</u></b>	<u>3,114</u>	<u>3,111</u>

### 7. Earnings Per Share

The calculation of the basic earnings per ordinary share is based on the number of ordinary shares in issue during all periods of 7,200,000, and on the profit for the six months attributable to ordinary shareholders of £4,203,000 (six months to 31st October 2016: £3,927,000).

### 8. Capital Management, Issuance and Repayment of Debt

At 31st October 2017 the capital utilised was £119,505,000 as shown below:

	<b>Unaudited as at 31st October 2017 £'000</b>	Unaudited as at 31st October 2016 £'000	Audited as at 30th April 2017 £'000
Cash and cash equivalents	<b>(7,813)</b>	(5,269)	(5,172)
Finance leases	<b>2,984</b>	3,878	3,413
Bank loans and committed facilities	<b>22,132</b>	28,767	23,149
Bank overdrafts	<b>9,737</b>	9,347	6,655
Deferred consideration	<b>500</b>	500	500
Net debt	<b><u>27,540</u></b>	<u>37,223</u>	<u>28,545</u>
Total equity attributable to equity holders of the parent	<b><u>91,965</u></b>	<u>78,562</u>	<u>89,436</u>
Capital	<b><u>119,505</u></b>	<u>115,785</u>	<u>117,981</u>

# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### 9. Property, Plant and Equipment

	<b>Unaudited as at 31st October 2017 £'000</b>	Unaudited as at 31st October 2016 £'000
Net book value at the beginning of the period	<b>65,739</b>	62,530
Additions	<b>4,003</b>	3,218
Disposals (at net book value)	<b>(201)</b>	(77)
Depreciation	<b>(2,644)</b>	(2,718)
Exchange adjustment	<b>(105)</b>	2,254
	<hr/> <b>66,792</b>	<hr/> 65,207

### 10. Intangible Assets

	<b>Unaudited as at 31st October 2017 £'000</b>	Unaudited as at 31st October 2016 £'000
Net book value at the beginning of the period	<b>18,240</b>	17,565
Additions	<b>709</b>	484
Amortisation	<b>(552)</b>	(393)
Exchange adjustment	<b>206</b>	928
	<hr/> <b>18,603</b>	<hr/> 18,584

### 11. Hedge Reserve

The Group is exposed to sales and purchases in foreign currency and, in order to mitigate the foreign exchange risk, the Group at its discretion uses hedges where deemed appropriate by the Board. The majority of the Group's hedging activity is in relation to UK company sales contracts in US Dollars and Euros.

### 12. Total Financial Assets and Financial Liabilities

The table overleaf sets out the Group's accounting classification of its financial assets and financial liabilities, and their carrying values / fair values at 31st October 2017. The fair values of all financial assets and financial liabilities are not materially different to the carrying values.



# GOODWIN PLC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS for the half year ended 31st October 2017

Notes (continued)

### 12. Total financial assets and financial liabilities (continued)

	Carrying value/ Fair value £'000
<b>Financial assets</b>	
Cash and cash equivalents	7,813
<b>Receivables</b>	
Trade receivables	23,847
Other receivables	5,841
<b>At fair value through the income statement</b>	
Derivative financial assets not designated in a cash flow hedge relationship	535
<b>Designated cash flow hedge relationships</b>	
Derivative financial assets designated and effective as cash flow hedging instruments	21
<b>Total financial assets</b>	<u>38,057</u>
<b>Financial liabilities</b>	
<b>Financial liabilities at amortised cost</b>	
Bank overdraft	9,737
Trade payables	9,199
Other payables	12,763
Deferred consideration	500
Finance lease liabilities	2,984
Bank loans	22,132
Corporation tax	2,043
<b>At fair value through the income statement</b>	
Derivative financial liabilities not designated in a cash flow hedge relationship	32
<b>Designated cash flow hedge relationships</b>	
Derivative financial liabilities designated and effective as cash flow hedging instruments	2,196
<b>Total financial liabilities</b>	<u>61,586</u>

Derivative financial assets and financial liabilities fair values in the above table are derived using Level 2 inputs as defined by IFRS 7 as detailed in the paragraph below\*. All other financial assets and financial liabilities fair values are determined using Level 3 inputs.

\* IFRS 7 requires that the classification of financial instruments at fair value be determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:  
Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);  
Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).