

REPORT AND ACCOUNTS

Weir Group (Overseas Holdings)
Limited

DECEMBER 28, 1990

 **ERNST & YOUNG**

DIRECTORS' REPORT

The directors submit their annual report together with the audited accounts of the company for the 52 weeks ended December 28, 1990.

Principal activities

The company is principally engaged in the acquisition and retention of investments, rights, or interests in other companies outwith the United Kingdom.

Results and dividend

The profit for the year after taxation amounted to £1,650,805.

It is recommended that no dividend be paid.

Review and future developments

During the year the company invested £3.4m in a new U.S investment holding company, Weir Group Inc.

The directors intend to seek out and pursue attractive opportunities in new areas of business where sustainable growth can be achieved.

Board of directors

The directors of the company at the date of this report are:

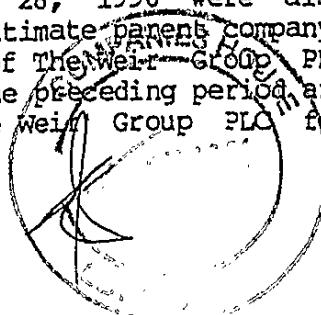
I.M. Boyd
W. Harkness
R. Garrick

Directors' interests

No director had during or at the end of the year any material interest in any contract of significance in relation to the company's business.

According to the register kept by the company pursuant to section 325 of the Companies Act 1985:

- (i) no director had any interest in the share capital of the company;
- (ii) the directors of the company at December 28, 1990 were also directors of The Weir Group PLC, the ultimate parent company, and their interests in the ordinary shares of The Weir Group PLC at December 28, 1990 and at the end of the preceding period are listed in the Report of the Directors of The Weir Group PLC for the 52 weeks ended December 28, 1990.



DIRECTORS' REPORT
(continued)

Close company

So far as is known, the company is not a 'close company' under the terms of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint as auditors Ernst & Young will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

Asst Sec

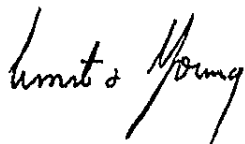
Secretary

8th March 1991

**REPORT OF THE AUDITORS TO THE MEMBERS OF
WEIR GROUP (OVERSEAS HOLDINGS) LIMITED**

We have audited the accounts on pages 4 to 10 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at December 28, 1990 and of its profit and source and application of funds for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Glasgow

March 8, 1991

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

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PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS ENDED DECEMBER 28, 1990

		<u>1990</u>	<u>1989</u>
	<u>Notes</u>	£	£
Exchange gains/(losses)		67,489	687,209
Administration costs		(288)	(287)
Dividends receivable		1,865,400	34,063
Loan write off		<u>(110,204)</u>	<u>-</u>
Profit on ordinary activities before interest and tax		1,822,397	720,985
Interest		<u>497,621</u>	<u>368,719</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		2,320,018	1,089,704
Tax on profit on ordinary activities	3	<u>669,213</u>	<u>128,951</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		1,650,805	960,753
Retained profit brought forward		<u>1,634,784</u>	<u>674,031</u>
Retained profit carried forward		<u>3,285,589</u>	<u>1,634,784</u>

ERNST & YOUNG

The notes on pages 7 to 10 form part of these accounts

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

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BALANCE SHEET AT DECEMBER 28, 1990

	Notes	1990 £	1989 £
FIXED ASSETS			
Investment in subsidiaries	5	5,488,442	2,061,734
Investment in associate		5,973	-
Loans to subsidiaries	6	7,534,718	7,577,433
		<u>13,029,133</u>	<u>9,639,167</u>
CURRENT ASSETS			
Amounts owed by group companies		89,795	34,063
CREDITORS: amounts falling due within one year			
Tax payable		586,291	128,951
Accruals & deferred income		15,647	-
		<u>601,938</u>	<u>128,951</u>
NET CURRENT LIABILITIES		<u>(512,143)</u>	<u>(94,888)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,516,990	9,544,279
CREDITORS: amounts falling due after more than one year			
Loan from subsidiary		52,475	52,475
Loan from parent company	7	9,178,826	7,856,920
		<u>3,285,689</u>	<u>1,634,884</u>
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and Loss Account		3,285,589	1,634,784
		<u>3,285,689</u>	<u>1,634,884</u>

Approved by the Board of directors on 8th March 1991

Alfred V. Smith } Directors
John Boyd }

The notes on pages 7 to 10 form part of these accounts

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE 52 WEEKS ENDED DECEMBER 28, 1990

	Note	1990 £	1989 £
SOURCE OF FUNDS			
Funds generated from operations	8	497,333	368,432
Dividends received		<u>1,865,400</u>	<u>34,063</u>
		<u>2,362,733</u>	<u>402,495</u>
APPLICATION OF FUNDS			
Tax paid		211,873	2,293,069
Investment in subsidiary		3,426,708	286,528
Investment in associate		5,973	-
Increase in working capital	8	<u>40,085</u>	<u>549,591</u>
		<u>3,684,639</u>	<u>3,129,188</u>
NET CASH (OUTFLOW)		<u>(1,321,906)</u>	<u>(2,726,693)</u>
STATEMENT OF BORROWINGS			
Net (borrowings)/funds at December 30, 1989		(331,962)	1,707,522
Net cash (outflow)		(1,321,906)	(2,726,693)
Loan written off		(110,204)	-
Exchange		67,489	687,209
Net (borrowings) at December 28, 1990		<u>(1,696,583)</u>	<u>(331,962)</u>

The notes on pages 7 to 10 form part of these accounts

NOTES TO THE ACCOUNTS AT DECEMBER 28, 1990

1. Accounting Policies

Basis of Preparation

The accounts are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary of another body corporate. Unless otherwise stated, references to 'subsidiaries' and 'associates' are to be taken as references to subsidiary undertakings and associated undertakings respectively.

Foreign currency

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates ruling at the balance sheet date. Differences on exchange are dealt with through the profit and loss account as they arise. Investments in subsidiaries are stated at original cost.

Investment income

Investment income is included at the amount of cash received or receivable plus withholding tax.

Deferred taxation

Deferred taxation is provided on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance Corporation Tax is written off except where recovery is assured beyond reasonable doubt.

2. Directors and Employees

The company had no employees in 1990 and 1989.

No director received any emoluments for either 1990 or 1989 in respect of services to the company.

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

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NOTES TO THE ACCOUNTS AT DECEMBER 28, 1990 (continued)

3. Taxation

	<u>1990</u> £	<u>1989</u> £
Charge based on the results of the year:		
UK Taxation		
Corporation tax at 35% (1989, 35%)	920,330	140,873
Less: Double tax relief	(334,415)	(11,922)
Overseas withholding tax suffered	83,298	-
	<u>669,213</u>	<u>128,951</u>

If full provision had been made for deferred tax in 1990 and 1989, the deferred tax debit would have been £31,562 (1989, debit £218,849).

	<u>1990</u> £	<u>1989</u> £
The potential liability at 35% (1989 35%) is as follows:		
Surplus on transfer of investments to other group companies	<u>2,087,842</u>	<u>2,056,280</u>

No provision for deferred taxation is made as the company has no plans in the foreseeable future which would result in a taxation charge on the above amounts.

NOTES TO THE ACCOUNTS AT DECEMBER 28, 1990 (continued)4. Share capital

	<u>1990 and 1989</u>	
	Authorised	Alotted, called up and fully paid
	<u>£100</u>	<u>£100</u>
Ordinary shares of £1 each		

5. Investment in subsidiaries (at cost)

	<u>Country of incorporation</u>	<u>Class of shares held</u>	<u>% held</u>
Weir Group International S.A	Switzerland	Equity	100
Hopkinsons (S.A) Pty Limited	South Africa	Equity	100
Weir Group Inc	USA	Equity	100
Strachan & Henshaw Australia	Australia	Equity	100
Strachan & Henshaw Pty	South Africa	Equity	100

6. Loans to subsidiaries

	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>
The Weir Group International S.A	7,484,718	7,394,639
Hopkinsons (S.A) Pty Limited	50,000	182,794
	<u>7,534,718</u>	<u>7,577,433</u>

The Weir Group International S.A loans are transferrable loan notes denominated in Swiss Francs. Repayment is not due unless either party gives the other twelve months written notice in advance.

Hopkinsons (S.A) Pty Limited loan is an interest free unsecured loan which is wholly repayable within five years.

7. Loan from parent company

This is an interest free unsecured loan which is wholly repayable within five years.

NOTES TO THE ACCOUNTS AT DECEMBER 28, 1990 (continued)8. Source and application of funds

	<u>1990</u> £	<u>1989</u> £
(a) Funds generated from operations:		
Profit on ordinary activities before tax	2,320,018	1,089,704
Adjustments for items not involving the use of working capital:		
Dividends	(1,865,400)	(34,063)
Exchange	(67,489)	(687,209)
Loan write off	110,204	-
	<u>497,333</u>	<u>368,432</u>
(b) Increase in working capital:		
Debtors	55,732	(40,937)
Creditors	(15,647)	-
Amounts due to group companies	-	590,528
	<u>40,085</u>	<u>549,591</u>

9. Ultimate Parent Company

The directors consider that The Weir Group PLC (registered in Scotland) is the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: The Weir Group PLC, 149 Newlands Road, Cathcart, Glasgow, G44 4EX.

10. Contingent liabilities

As at December 28, 1990 contingent liabilities outstanding were as follows:

Floating charges

There is a floating charge over the whole of the company's property and undertaking in support of a guarantee given jointly and severally with certain other fellow subsidiaries of The Weir Group PLC as security for £345,000 (1989 - £345,000) 6 1/2% debenture stock 1985/90 and £287,000 (1989 - £287,000) 10% debenture stock 1988/94 raised by The Weir Group PLC.