

Weir Group (Overseas Holdings) Limited

DIRECTORS' REPORT

The directors submit their annual report together with the audited accounts of the company for the 52 weeks ended 29 December 1995.

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 £4,944,376. During the year a dividend of £5,650,000 was paid. It is recommended that no final dividend be paid leaving £705,624 to be transferred from reserves.

REVIEW AND FUTURE DEVELOPMENTS

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

DIRECTORS

The directors during the year were:

Sir R Garrick
I M Boyd
W Harkness
DAM Dunbar

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.

No director had an interest in the share capital of the company during the year.

The interests of the directors in the share capital of The Weir Group PLC as at 29 December 1995 and at the end of the preceding financial year are given in the report of the directors of The Weir Group PLC for the 52 weeks ended 29 December 1995.

No director had an interest in the loan notes of The Weir Group PLC or in the shares or loan stock of any subsidiary of The Weir Group PLC.

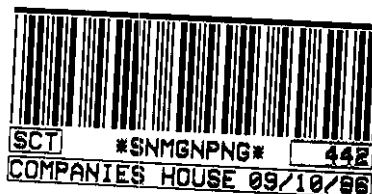
AUDITORS

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

By order of the Board


M J Kelly
Secretary

28 August 1996



STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the period. In preparing those accounts, 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 and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS
to the members of Weir Group (Overseas Holdings) Limited

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

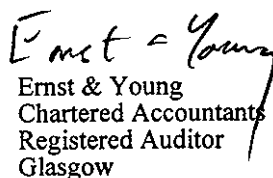
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 29 December 1995 and of its profit for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script that reads 'Ernst & Young'.
Ernst & Young
Chartered Accountants
Registered Auditor
Glasgow

28 August 1996

Weir Group (Overseas Holdings) Limited

PROFIT AND LOSS ACCOUNT for the 52 weeks ended 29 December 1995

	Notes	1995 £	1994 £
Exchange gains/(losses)		739,761	(30,254)
Sundry income		7,478	1,539
Dividends receivable		1,596,283	1,016,557
Gains on disposal		695,636	-
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		3,039,158	987,842
Interest receivable		4,229,118	1,233,435
Interest payable		(572,000)	(346,947)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		6,696,276	1,874,330
Tax on profit on ordinary activities	3	1,751,900	545,624
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		4,944,376	1,328,706
Ordinary dividend		5,650,000	300,000
		(705,624)	1,028,706
Retained profit brought forward		6,847,201	5,818,495
Retained profit carried forward		6,141,577	6,847,201

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the 52 weeks ended 29 December 1995

There are no recognised gains or losses other than the profit for the period.

Weir Group (Overseas Holdings) Limited

BALANCE SHEET at 29 December 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Investments	4	157,146,129	100,138,625
CURRENT ASSETS			
Amounts owed by group companies		2,792,856	1,543,844
Sundry debtors		888,011	17,619
Cash at bank and in hand		1,036,521	-
		<u>4,717,388</u>	<u>1,561,463</u>
CREDITORS: amounts falling due within one year			
Tax payable		1,729,594	73,213
		<u>2,987,794</u>	<u>1,488,250</u>
NET CURRENT ASSETS			
		<u>160,133,923</u>	<u>101,626,875</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year			
Loan from parent company	5	135,596,985	87,833,099
Loan from group company		17,349,000	6,500,000
PROVISION FOR LIABILITIES AND CHARGES			
Deferred tax	6	1,046,261	446,475
		<u>6,141,677</u>	<u>6,847,301</u>
CAPITAL AND RESERVES			
Called up share capital	7	100	100
Profit and loss account		6,141,577	6,847,201
	8	<u>6,141,677</u>	<u>6,847,301</u>

W Harkness

I M Boyd

)
) Directors

28 August 1996

Weir Group (Overseas Holdings) Limited

STATEMENT OF CASH FLOWS for the year ended 29 December 1995

	Notes	1995 £	1994 £
OPERATING ACTIVITIES			
Funds generated by operations	9(a)	7,271	1,539
Decrease(increase) in working capital		17,625	(14,456)
		<u>24,896</u>	<u>(12,917)</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		3,461,335	321,761
Interest paid		(572,000)	(574,180)
Dividends received		815,191	1,165,097
Dividends paid		(5,650,000)	(300,000)
		<u>(1,945,474)</u>	<u>612,678</u>
TAXATION - corporation tax		(94,016)	(411,503)
INVESTING ACTIVITIES			
Acquisition of subsidiaries		(11,030,000)	(43,583,000)
Disposal of subsidiaries		988,735	-
		<u>(10,041,265)</u>	<u>(43,583,000)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(12,055,859)</u>	<u>(43,394,742)</u>
FINANCING			
Loans	9(b)	13,037,109	43,394,742
NET CASH INFLOW		<u>981,250</u>	<u>-</u>

STATEMENT OF NET CASH

Net cash at 31 December 1994	-	-
Net cash inflow	981,250	-
Exchange	55,271	-
Net cash at 29 December 1995	<u>1,036,521</u>	<u>-</u>

Weir Group (Overseas Holdings) Limited

NOTES TO THE ACCOUNTS

at 29 December 1995

1. ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared under the historical cost convention and 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 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 tax

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 1995 (1994 - Nil).

No directors received any emoluments for either 1995 or 1994 in respect of services to the company.

3. TAX

	1995 £	1994 £
Charge based on the results of the year:		
UK Taxation		
Corporation tax at 33% (1994 - 33%)	1,217,749	178,266
Deferred tax	599,786	367,935
Less: double tax relief	(86,438)	(37,312)
Overseas withholding tax suffered	38,823	36,735
	1,769,920	545,624
Adjustment to prior years	(18,020)	-
	1,751,900	545,624

Weir Group (Overseas Holdings) Limited

NOTES TO THE ACCOUNTS at 29 December 1995

4. FIXED ASSET INVESTMENTS

	<i>Subsidiaries</i> <i>Shares</i> £	<i>Loans</i> £	<i>Associates</i> £	<i>Total</i> £
At 31 December 1994	50,599,714	49,402,044	136,867	100,138,625
Acquisitions/advances	10,736,901	46,270,603	-	57,007,504
At 29 December 1995	61,336,615	95,672,647	136,867	157,146,129

The principal subsidiaries and associates of the company are:

	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>% held</i>
<i>Subsidiaries</i>			
The Weir Group International S.A.	Switzerland	Equity	100
Weir Group Inc.	USA	Equity	100
Strachan & Henshaw Australia Pty Limited	Australia	Equity	100
Weir Holdings (Jersey) Limited	Jersey	Equity	100
Weir Holdings BV	Netherlands	Equity	100
Envirotech Weir SRL	Italy	Equity	100
<i>Associate</i>			
Weir Houston Engineers Limited	Scotland	Equity	50

5. LOAN FROM PARENT COMPANY

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

6. DEFERRED TAX

	1995 £	1994 £
Short term timing differences	1,046,261	446,475

7. SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted, called up and fully paid: Ordinary shares of £1 each	100	100

NOTES TO THE ACCOUNTS
at 29 December 1995

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial period	4,944,376	1,328,706
Dividend	5,650,000	300,000
Net (reduction)/addition to shareholders' funds	(705,624)	1,028,706
Opening shareholders' funds	6,847,301	5,818,595
Closing shareholders' funds	6,141,677	6,847,301
Shareholders' funds are entirely attributable to equity interests.		

9. STATEMENT OF CASH FLOWS

	1995 £	1994 £
(a) Reconciliation of profit on ordinary activities before interest and tax to net cash inflow from operating activities:		
Profit on ordinary activities before interest and tax	3,039,158	987,842
Dividends	(1,596,283)	(1,016,557)
Exchange	(739,968)	30,254
Gain on disposal of subsidiary	(695,636)	-
Funds generated by operations	7,271	1,539
Decrease/(increase) in debtors	17,625	(14,456)
Decrease/(increase) in working capital	17,625	(14,456)
Net cash inflow/(outflow) from operating activities	24,896	(12,917)
(b) Analysis of changes in financing:		
At 31 December 1994	44,931,055	1,513,470
Cash inflow from financing	13,037,109	43,394,742
Exchange	(694,826)	22,843
At 29 December 1995	57,273,338	44,931,055

10. 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.