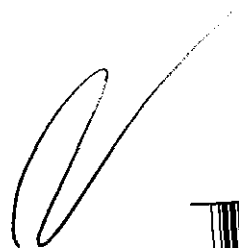


WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

Report and Accounts

29 December 2000



SCT SN5U12CA 0291  
COMPANIES HOUSE 14/07/01

DIRECTORS' REPORT

The directors submit their annual report together with the audited accounts of the company for the 52 weeks ended 29 December 2000.

**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 £2,250,314. It is recommended that no dividend be paid leaving £2,250,314 to be transferred to 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:

I M Boyd  
W Harkness  
DAM Dunbar

W Harkness resigned as a director on 31 October 2000 and AWF Mitchelson was appointed as a director on 5 April 2001.

**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 2000 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 2000.

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 the company's auditors will be put to the forthcoming Annual General Meeting. Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the Board

Frances McCaw  
Secretary

1 May 2001

## Weir Group (Overseas Holdings) Limited

### 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; and 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 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 shareholders of Weir Group (Overseas Holdings) Limited**

We have audited the accounts on pages 4 to 10, which have been prepared under the historical cost convention and 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 accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

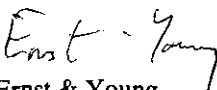
### **Basis of opinion**

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 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young  
Registered Auditor  
Glasgow

1 May 2001

# Weir Group (Overseas Holdings) Limited

## PROFIT AND LOSS ACCOUNT

for the 52 weeks ended 29 December 2000

|                                                              | Notes | 2000<br>£         | 1999<br>£         |
|--------------------------------------------------------------|-------|-------------------|-------------------|
| Exchange gains/(losses)                                      |       | 2,265             | (39,728)          |
| Sundry expenses                                              |       | (13,285)          | (2,163)           |
| Dividends received                                           |       | 511,065           | 372,152           |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX</b> |       | <b>500,045</b>    | <b>330,261</b>    |
| Interest receivable                                          |       | 20,269            | 3,524             |
| Interest payable                                             |       | -                 | (202,298)         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>              |       | <b>520,314</b>    | <b>131,487</b>    |
| Tax credit on profit on ordinary activities                  | 3     | 1,730,000         | 1,461,693         |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAX</b>               |       | <b>2,250,314</b>  | <b>1,593,180</b>  |
| Retained profit brought forward                              |       | 18,043,129        | 16,449,949        |
| Retained profit carried forward                              |       | <u>20,293,443</u> | <u>18,043,129</u> |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the 52 weeks ended 29 December 2000

There are no recognised gains or losses other than the profit on ordinary activities after tax of £2,250,314 in the 52 weeks ended 29 December 2000 and £1,593,180 in the 52 weeks ended 31 December 1999.

# Weir Group (Overseas Holdings) Limited

## BALANCE SHEET at 29 December 2000

|                                                                | Notes | 2000<br>£                | 1999<br>£                |
|----------------------------------------------------------------|-------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>                                            |       |                          |                          |
| Investments                                                    | 4     | 30,212,263               | 30,212,834               |
| <b>CURRENT ASSETS</b>                                          |       |                          |                          |
| Amounts owed by group companies                                |       | 91,388                   | 91,388                   |
| Sundry debtors                                                 | 5     | 2,155,871                | 1,845,031                |
| Cash at bank and in hand                                       |       | 1,959                    | 489                      |
| <b>CREDITORS: amounts falling due within one year</b>          | 6     | 2,249,218<br>(1,519,294) | 1,936,908<br>(1,543,243) |
| <b>NET CURRENT ASSETS</b>                                      |       | 729,924                  | 393,665                  |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | 30,942,187               | 30,606,499               |
| <b>CREDITORS: amounts falling due after more than one year</b> |       |                          |                          |
| Loan from parent company                                       |       | 9,698,627                | 11,610,984               |
| Loan from group companies                                      |       | 950,017                  | 952,286                  |
|                                                                |       | 20,293,543               | 18,043,229               |
| <b>CAPITAL AND RESERVES</b>                                    |       |                          |                          |
| Called up share capital                                        | 7     | 100                      | 100                      |
| Profit and loss account                                        |       | 20,293,443               | 18,043,129               |
|                                                                | 8     | 20,293,543               | 18,043,229               |

I M Boyd

AWF Mitchelson

1 May 2001

 Directors  


# Weir Group (Overseas Holdings) Limited

## STATEMENT OF CASH FLOWS

for the 52 weeks ended 29 December 2000

|                                                          | Notes | 2000<br>£   | 1999<br>£   |
|----------------------------------------------------------|-------|-------------|-------------|
| <b>NET CASH OUTFLOWS FROM OPERATING ACTIVITIES</b>       |       |             |             |
| Funds absorbed by operations                             | 9(a)  | (36,465)    | (2,163)     |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>   | 9(b)  | 531,334     | 395,826     |
| <b>TAXATION</b>                                          |       | 1,418,391   | 1,488,725   |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>      | 9(b)  | 3,093       | (2,241,386) |
| <b>CASH FLOW BEFORE LIQUID RESOURCES AND FINANCING</b>   |       | 1,916,353   | (358,998)   |
| <b>FINANCING - group loan capital (advanced)/ repaid</b> |       | (1,914,883) | 77,620      |
| <b>INCREASE/(DECREASE) IN CASH</b>                       |       | 1,470       | (281,378)   |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

|                                                     | 2000<br>£    | 1999<br>£    |
|-----------------------------------------------------|--------------|--------------|
| Increase/(decrease) increase in cash                | 1,470        | (281,378)    |
| Cash flow from debt repaid/(advanced)               | 1,914,883    | (77,620)     |
| <b>CHANGE IN NET DEBT RESULTING FROM CASH FLOWS</b> | 1,916,353    | (358,998)    |
| Exchange                                            | 2,264        | (39,728)     |
| <b>MOVEMENT IN NET DEBT</b>                         | 1,918,617    | (398,726)    |
| Net debt at 1 January 2000                          | (12,217,652) | (11,818,926) |
| <b>NET DEBT AT 29 DECEMBER 2000</b>                 | (10,299,035) | (12,217,652) |

The analysis of net debt is included in note 9(c).

# Weir Group (Overseas Holdings) Limited

## NOTES TO THE ACCOUNTS

at 29 December 2000

### 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.

### 2. DIRECTORS AND EMPLOYEES

The company had no employees in 2000 (1999 - Nil).

No directors received any emoluments for either 2000 or 1999 in respect of services to the company.

### 3. TAXATION

|                                          | 2000        | 1999        |
|------------------------------------------|-------------|-------------|
|                                          | £           | £           |
| Credit based on the results of the year: |             |             |
| UK taxation                              |             |             |
| Corporation tax at 30% (1999 - 30.25%)   | 157,000     | 51,793      |
| Double tax relief                        |             |             |
| Overseas withholding tax suffered        | (1,887,000) | (1,518,061) |
|                                          | (1,730,000) | (1,466,268) |
| Adjustment to prior years                | -           | 4,575       |
|                                          | (1,730,000) | (1,461,693) |

The variation from the expected tax charge arises from the company's share of tax losses in the limited partnership, Weir Group LP and income from foreign sources fully covered by double tax relief.

# Weir Group (Overseas Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 December 2000

### 4. FIXED ASSET INVESTMENTS

|                     | <i>Group<br/>companies<br/>Shares<br/>£</i> | <i>Other<br/>group<br/>interests<br/>Capital<br/>£</i> | <i>Loans<br/>£</i> | <i>Associates<br/>£</i> | <i>Total</i> |
|---------------------|---------------------------------------------|--------------------------------------------------------|--------------------|-------------------------|--------------|
| At 1 January 2000   | 13,092,651                                  | 16,712,636                                             | 345,128            | 62,419                  | 30,212,834   |
| Exchange            | -                                           | -                                                      | 2,522              | -                       | 2,522        |
| Disposals           | -                                           | -                                                      | -                  | (3,093)                 | (3,093)      |
| At 29 December 2000 | 13,092,651                                  | 16,712,636                                             | 347,650            | 59,326                  | 30,212,263   |

The company has an interest in the following:

|                                          | <i>Country of<br/>Incorporation</i> | <i>Class of<br/>shares held</i>   | <i>Percentage<br/>held</i>     |
|------------------------------------------|-------------------------------------|-----------------------------------|--------------------------------|
| <i>Subsidiaries</i>                      |                                     |                                   |                                |
| The Weir Group International S.A.        | Switzerland                         | Equity                            | 100                            |
| Strachan & Henshaw Australia Pty Limited | Australia                           | Equity                            | 100                            |
| Weir Holdings (Jersey) Limited           | Jersey                              | Equity                            | 100                            |
| Envirotech Weir SRL                      | Italy                               | Equity                            | 100                            |
| Weir Envig Holdings (Pty) Limited        | South Africa                        | Equity                            | 100                            |
| TWG Investments (No. 1) Limited          | Scotland                            | Equity                            | 59                             |
| <i>Associate</i>                         |                                     |                                   |                                |
| Howden Weir Pty Limited                  | South Africa                        | Equity                            | 50                             |
|                                          | <i>Country of<br/>registration</i>  | <i>Investment<br/>interest</i>    | <i>Percentage<br/>interest</i> |
| <i>Limited partnership *</i>             |                                     |                                   |                                |
| Weir Group LP                            | USA                                 | Partnership<br>capital<br>account | 60                             |

\* The interest of Weir Group (Overseas Holdings) Limited in Weir Group LP is that of general partner.

### 5. DEBTORS

|                             | <i>2000<br/>£</i> | <i>1999<br/>£</i> |
|-----------------------------|-------------------|-------------------|
| Other debtors               | 781               | 1,550             |
| Corporation tax recoverable | 2,155,090         | 1,843,481         |
|                             | 2,155,871         | 1,845,031         |

# Weir Group (Overseas Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 December 2000

### 6. CREDITORS: amounts falling due within one year

|                 | 2000<br>£        | 1999<br>£        |
|-----------------|------------------|------------------|
| Other creditors | 1,516,094        | 1,540,043        |
| Accruals        | 3,200            | 3,200            |
|                 | <u>1,519,294</u> | <u>1,543,243</u> |

### 7. SHARE CAPITAL

|                                                                   | 2000<br>£  | 1999<br>£  |
|-------------------------------------------------------------------|------------|------------|
| Authorised share capital:<br>Ordinary shares of £1 each           | 14,000,000 | 14,000,000 |
| Allotted, called up and fully paid:<br>Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

### 8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|                                                                    | 2000<br>£         | 1999<br>£         |
|--------------------------------------------------------------------|-------------------|-------------------|
| Profit for the financial period                                    | 2,250,314         | 1,593,180         |
| Net addition to shareholders' funds                                | <u>2,250,314</u>  | <u>1,593,180</u>  |
| Opening shareholders' funds                                        | 18,043,229        | 16,450,049        |
| Closing shareholders' funds                                        | <u>20,293,543</u> | <u>18,043,229</u> |
| Shareholders' funds are entirely attributable to equity interests. |                   |                   |

### 9. STATEMENT OF CASH FLOWS

|                                                                                                                            | 2000<br>£       | 1999<br>£      |
|----------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
| (a) Reconciliation of profit on ordinary activities before interest and tax to net cash outflow from operating activities: |                 |                |
| Profit on ordinary activities before interest and tax                                                                      | 500,045         | 330,261        |
| Dividends from associates                                                                                                  | (511,065)       | (372,152)      |
| Exchange loss/(gain)                                                                                                       | (2,265)         | 39,728         |
| Funds absorbed by operations                                                                                               | <u>(13,285)</u> | <u>(2,163)</u> |
| Decrease in creditors                                                                                                      | (23,949)        | -              |
| Decrease in debtors                                                                                                        | 769             | -              |
| Decrease in working capital                                                                                                | <u>(23,180)</u> | <u>-</u>       |
| Net cash outflow from operating activities                                                                                 | <u>(36,465)</u> | <u>(2,163)</u> |

# Weir Group (Overseas Holdings) Limited

## NOTES TO THE ACCOUNTS at 29 December 2000

### 9. STATEMENT OF CASH FLOWS (continued)

#### (b) Analysis of cash flow for headings netted in the cash flow statement

|                                                  | 2000<br>£      | 1999<br>£          |
|--------------------------------------------------|----------------|--------------------|
| Returns on investments and servicing of finance: |                |                    |
| Interest received                                | 965            | 2,767              |
| Group interest received                          | 19,304         | 20,907             |
| Dividends received                               | 511,065        | 372,152            |
|                                                  | <u>531,334</u> | <u>395,826</u>     |
| Capital expenditure and financial investment :   |                |                    |
| Purchase of investments                          | -              | (2,241,386)        |
| Sale of investments                              | 3,093          | -                  |
|                                                  | <u>3,093</u>   | <u>(2,241,386)</u> |

#### (c) Analysis of net debt:

|                          | At 1/1/00<br>£      | Cash flow<br>£   | Exchange<br>£ | At 29/12/00<br>£    |
|--------------------------|---------------------|------------------|---------------|---------------------|
| Cash at bank and in hand | 489                 | 1,470            | -             | 1,959               |
| Group loan capital       | (12,218,141)        | 1,914,883        | 2,264         | (10,300,994)        |
|                          | <u>(12,217,652)</u> | <u>1,916,353</u> | <u>2,264</u>  | <u>(10,299,035)</u> |

### 10. CONTINGENT LIABILITIES

The company has given a guarantee in relation to the overdraft and loan facilities extended to the Weir Group PLC and certain subsidiaries. The net debt of the other companies party to these facilities at 29 December 2000 amounted to £99,031,000 (1999 – net debt £59,076,000).

### 11. TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are a part of The Weir Group PLC group.

### 12. 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.