

Weir Group (Overseas Holdings) Limited

Report and Accounts

26 December 2003

Registered No: 54821 (Scotland)



Directors' Report

The directors submit their annual report together with the audited accounts of the company for the 52 weeks ended 26 December 2003.

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 £1,508,010. (2002 - £1,765,726) It is recommended that no dividend is paid leaving £1,508,010 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
M Selway
A W F Mitchelson

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.

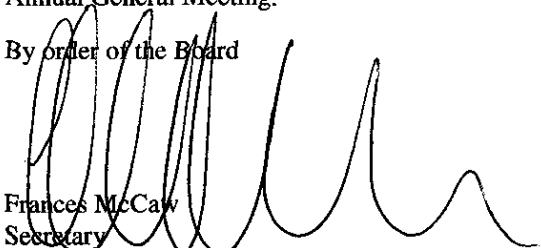
The interests of the directors in the share capital of The Weir Group PLC as at 26 December 2003 and at the end of the preceding financial year are given in the report of the directors of The Weir Group PLC for the 52 weeks ended 26 December 2003.

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 reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming Annual General Meeting.

By order of the Board



Frances McCaw
Secretary

3 March 2004

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.

Independent auditors' Report

to the members of Weir Group (Overseas Holdings) Limited

We have audited the company's accounts for the 52 weeks ended 26 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related notes 1 to 12. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 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 accounts give a true and fair view of the state of affairs of the company as at 26 December 2003 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 black ink, appearing to read 'Ernst & Young' followed by a stylized 'LLP' or similar mark.

Ernst & Young LLP
Registered Auditor
Glasgow

3 March 2004

Profit and Loss Account

For the 52 weeks ended 26 December 2003

	<i>Note</i>	<i>2003</i>	<i>2002</i>
		<i>£</i>	<i>£</i>
Exchange gains		-	1,875
Sundry expenses		(4,023)	(937)
Operating (loss)/profit		(4,023)	938
(Loss) / gain on sale of investment		(189,800)	882,744
Dividends received		2,184,790	1,756,240
Interest payable		(661,049)	(661,049)
Profit on ordinary activities before tax		1,329,918	1,978,873
Tax credit/(charge) on profit on ordinary activities	3	178,092	(213,147)
Profit on ordinary activities after tax		1,508,010	1,765,726
Transfer to reserves		1,508,010	1,765,726
Retained profit brought forward		17,739,482	15,973,756
Retained profit carried forward		19,247,492	17,739,482

Statement of Total Recognised Gains and Losses

For the 52 weeks ended 26 December 2003

There are no recognised gains or losses other than the profit on ordinary activities after tax of £1,508,010 in the 52 weeks ended 26 December 2003 and £1,765,726 in the 52 weeks ended 27 December 2002.

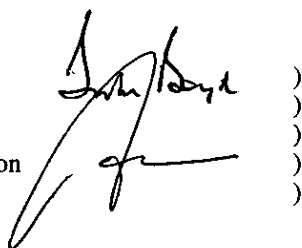
Balance Sheet

at 26 December 2003

	Note	2003 £	2002 £
Fixed assets			
Investments	4	22,895,257	22,895,257
Current assets			
Amounts owed by group companies		6,006,766	4,740,693
Sundry debtors	5	178,551	1,875
Cash at bank and in hand		2,091	2,091
Creditors: amounts falling due within one year	6	6,187,408 35,056	4,744,659 100,317
Net current assets		6,152,352	4,644,342
Total assets less current liabilities		29,047,609	27,539,599
Creditors: amounts falling due after more than one year			
Loan from group companies		9,800,017	9,800,017
		19,247,592	17,739,582
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		19,247,492	17,739,482
	8	19,247,592	17,739,582

I M Boyd

AWF Mitchelson



)
) Directors
)
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3 March 2004

Statement of Cash Flows

For the 52 weeks ended 26 December 2003

	Note	2003 £	2002 £
Net cash outflow from operating activities	9(a)	(1,312,992)	(4,075,862)
Dividends from joint venture		823,521	829,170
Returns on investments and servicing of finance	9(b)	698,403	264,205
Taxation		(19,132)	2,018,743
Capital expenditure and financial investment	9(b)	(189,800)	963,744
Dividends paid		-	-
Cash flow before liquid resources and financing		-	-
Financing - group loan capital advanced		-	-
Increase in cash		-	-
Reconciliation of net cash flow to movement in net debt			
		2003 £	2002 £
Increase in cash		-	-
Cash flow from group loan capital advanced		-	-
Change in net debt resulting from cash flows		-	-
Exchange		-	-
Movement in net debt		-	-
Net debt at 27 December 2002		(9,747,927)	(9,747,927)
Net debt at 26 December 2003		(9,747,927)	(9,747,927)

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

Notes to the Accounts

at 26 December 2003

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 2003 (2002: Nil).

No directors received any emoluments for either 2003 or 2002 in respect of services to the company.

3. Taxation

	2003 £	2002 £
(Credit)/charge based on the results of the year:		
UK taxation		
Corporation tax at 30% (2002: 30%)	662,000	447,471
Double tax relief		
Overseas withholding tax suffered	(759,092)	(397,797)
	(97,092)	49,674
Adjustment to prior years	(81,000)	163,473
	(178,092)	213,147

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year is below the standard rate for the reasons set out in the following reconciliation.

	2003 £	2002 £
Profit on ordinary activities before tax	1,329,918	1,978,873
Tax on profit on ordinary activities at standard rate	398,975	593,662
<i>Factors affecting charge for the period:</i>		
(Loss) / gain on sale of Group Company	56,940	(264,823)
Grossing up of dividends	206,085	118,632
Expenses not deductible for tax purposes	-	-
	662,000	447,471

Notes to the Accounts

at 26 December 2003

4. Fixed asset investments

	<i>Group companies shares</i>	<i>Other group interests capital</i>	<i>Loans</i>	<i>Associates</i>	<i>Total</i>
	£	£	£	£	£
At 27 December 2002	6,076,697	16,712,636	50,000	55,924	22,895,257
Disposals	-	-	-	-	-
At 26 December 2003	6,076,697	16,712,636	50,000	55,924	22,895,257

The company has an interest in the following:

	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>Percentage held</i>
<i>Subsidiaries</i>			
The Weir Group International S.A.	Switzerland	Equity	100
Strachan & Henshaw Australia Pty Limited	Australia	Equity	100
Strachan & Henshaw de Mexico SA	Mexico	Equity	75
Strachan & Henshaw Pty Limited	South Africa	Equity	100
Weir Holdings (Jersey) Limited	Jersey	Equity	100
Weir Envig Holdings (Pty) Limited	South Africa	Equity	100
<i>Associate</i>			
Howden Weir Pty Limited	South Africa	Equity	50
<i>Joint venture</i>			
Wesco Abu Dhabi L.L.C.	UAE	Equity	49
	<i>Country of registration</i>	<i>Investment interest</i>	<i>Percentage interest</i>
<i>Limited partnership *</i>			
Weir Group LP	USA	Partnership capital account	60

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

5. Debtors

	2003	2002
	£	£
Other debtors	-	1,875
Corporation tax recoverable	178,551	-
	178,551	1,875

Notes to the Accounts

at 26 December 2003

6. Creditors: amounts falling due within one year

	2003	2002
	£	£
Other creditors	-	47,570
Accruals	6,000	3,200
Corporation tax	-	18,674
Amounts owed to group companies	29,056	30,873
	<u>35,056</u>	<u>100,317</u>

7. Share capital

	2003	2002
	£	£
Authorised share capital:		
Ordinary shares of £1 each	14,000,000	14,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

8. Reconciliation of movements in shareholders' funds

	2003	2002
	£	£
Total recognised gains and losses	1,508,010	1,765,726
Dividends	-	-
	<u> </u>	<u> </u>
Net addition to shareholders' funds	1,508,010	1,765,726
Opening shareholders' funds	17,739,582	15,973,856
	<u> </u>	<u> </u>
Closing shareholders' funds	19,247,592	17,739,582

Shareholders' funds are entirely attributable to equity interests.

Notes to the Accounts

at 26 December 2003

9. Statement of cash flows

	2003 £	2002 £
(a) Reconciliation of operating loss to net cash outflow from operating activities:		
Operating (loss)/profit	(4,023)	938
Exchange gain	-	(1,875)
Funds absorbed by operations	(4,023)	(937)
Decrease in creditors	(44,770)	(889,570)
Increase in debtors	(1,264,199)	(3,185,355)
Increase in working capital	(1,308,969)	(4,074,925)
Net outflow from operating activities	(1,312,992)	(4,075,862)
(b) Analysis of cash flow for headings netted in the cash flow statement		
	2003 £	2002 £
Returns on investments and servicing of finance:		
Interest received	-	-
Group interest paid	(662,866)	(662,865)
Dividends received from subsidiaries	1,361,269	927,070
	698,403	264,205
Capital expenditure and financial investment :		
Sale of investments	(189,800)	963,744
(c) Analysis of net debt:		
	At 27 December 2002 £	At 26 December 2003 £
Cash at bank and in hand	2,091	2,091
Group loan capital	(9,750,018)	(9,750,018)
	(9,747,927)	(9,747,927)

Notes to the Accounts

at 26 December 2003

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 26 December 2003 amounted to £10,797,000 (2002: net debt £63,914,000).

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.