

Weir Group (Overseas Holdings) Limited

Report and Financial Statements

31 December 2004

Registered No: 54821 (Scotland)



Directors' report

The directors present their report and financial statements for the 53 weeks ended 31 December 2004.

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 £66,196,005 (2003 - £1,508,010). During the year a dividend of £6,061,725 was paid leaving £60,134,280 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 (resigned 31st August 2004)

M Selway

A W F Mitchelson

C J Rickard (appointed 19th August 2004)

G W Adam and M J Kelly were appointed directors on 11th March 2005.

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.

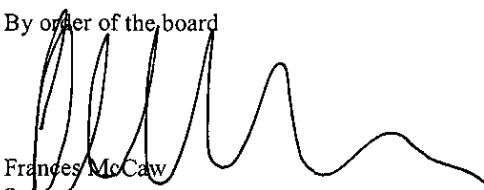
M Selway, A W F Mitchelson, and C J Rickard are also directors of The Weir Group PLC. The interests of these directors in the share capital of The Weir Group PLC as at 31 December 2004 and at the end of the preceding financial year are given in the report of the directors of The Weir Group PLC for the 53 weeks ended 31 December 2004. I M Boyd retired as director of The Weir Group PLC on 31 August 2004.

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 auditors will be put to the members at the Annual General Meeting.

By order of the board



Frances McCaw
Secretary

1 August 2005

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements 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 financial statements, 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 financial statements 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 financial statements 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 financial statements for the 53 weeks ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, and the related notes 1 to 12. These financial statements 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.

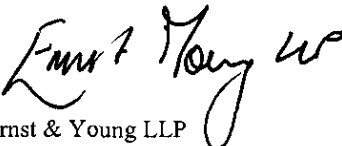
Basis of audit opinion

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 financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the 53 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Glasgow

1 August 2005

Profit and loss account

for the 53 weeks ended 31 December 2004

	<i>Notes</i>	<i>2004</i> £	<i>2003</i> £
Sundry expenses		-	(4,023)
Operating loss		-	(4,023)
Gain / (loss) on sale of investment		65,051,000	(189,800)
Dividends received		1,683,207	2,184,790
Interest receivable		316,087	-
Interest payable		(673,761)	(661,049)
Profit on ordinary activities before tax	3	66,376,533	1,329,918
Tax (charge)/credit on profit on ordinary activities	4	(180,528)	178,092
Profit on ordinary activities after tax		66,196,005	1,508,010
Dividend paid		(6,061,725)	-
Transfer to reserves		60,134,280	1,508,010
Retained profit brought forward		19,247,492	17,739,482
Retained profit carried forward		79,381,772	19,247,492

Statement of total recognised gains and losses

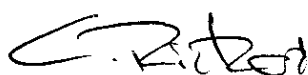
for the 53 weeks ended 31 December 2004

There are no recognised gains or losses other than the profit on ordinary activities after tax of £66,196,005 in the 53 weeks ended 31 December 2004 and £1,508,010 in the 52 weeks ended 26 December 2003.

Balance sheet

at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	5	99,052,821	22,895,257
Current assets			
Amounts owed by group companies		1,147,267	6,006,766
Sundry debtors	6	165,342	178,551
Cash at bank and in hand		2,091	2,091
		1,314,700	6,187,408
Creditors: amounts falling due within one year	7	43,875	35,056
Net current assets		1,270,825	6,152,352
Total assets less current liabilities		100,323,646	29,047,609
Creditors: amounts falling due after more than one year		9,800,017	9,800,017
Loan from group companies		9,800,017	9,800,017
		9,800,017	9,800,017
Capital and reserves			
Called up share capital	8	11,141,857	100
Profit and loss account		79,381,772	19,247,492
	9	90,523,629	19,247,592



C J Rickard

A W F Mitchelson

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) Directors
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1 August 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Group financial statements

Group financial statements 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. Profit on ordinary activities before tax

Auditors' remuneration for audit services for the year ended 31 December 2004 has been borne by the ultimate parent company.

3. Directors and employees

The company had no employees in 2004 (2003 - Nil).

No directors received any emoluments for either 2004 or 2003 in respect of services to the company.

4. Taxation

	2004 £	2003 £
Charge/(credit) based on the results of the year:		
UK taxation		
Corporation tax at 30% (2003 - 30%)	643,896	662,000
Double tax relief		
Overseas withholding tax suffered	(504,962)	(759,092)
	138,934	(97,092)
Adjustment to prior years	41,594	(81,000)
	180,528	(178,092)

Notes to the financial statements

at 31 December 2004

4. Taxation (continued)

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.

	2004 £	2003 £
Profit on ordinary activities before tax	66,376,533	1,329,918
Tax on profit on ordinary activities at standard rate	19,912,960	398,975
Factors affecting charge for the period:		
(Gain) / Loss on sale of Group Company	(19,515,300)	56,940
Grossing up of dividends	246,236	206,085
	<u>643,896</u>	<u>662,000</u>

5. Fixed asset investments

	Group companies shares £	Other group interests capital £	Loans £	Associates £	Total £
At 26 December 2003	6,076,697	16,712,636	50,000	55,924	22,895,257
Additions	27,854,393	-	70,622,000	14,807	98,491,200
Disposals	(5,571,000)	(16,712,636)	(50,000)	-	(22,333,636)
At 31 December 2004	<u>28,360,090</u>	<u>-</u>	<u>70,622,000</u>	<u>70,731</u>	<u>99,052,821</u>

Notes to the financial statements

at 31 December 2004

5. Fixed asset investments (continued)

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>			
Strachan & Henshaw Australia Pty Limited	Australia	Equity	100
Strachan & Henshaw de Mexico SA	Mexico	Equity	75
Strachan & Henshaw Pty Limited	South Africa	Equity	100
The Weir Group International S.A.	Switzerland	Equity	100
Weir Canada Inc *	Canada	Equity	100
Weir Envig Holdings (Pty) Limited	South Africa	Equity	100
Weir Group Inc	USA	Equity	100
Weir Holdings (Jersey) Limited	Jersey	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
Weir-Serba Engineering SDN.BDH	Malaysia	Equity	51

* Shares owned directly by The Weir Group International S.A.

6. Debtors

	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Corporation tax recoverable	165,342	178,551
	<u>165,342</u>	<u>178,551</u>

7. Creditors: amounts falling due within one year

	<i>2004</i>	<i>2003</i>
	<i>£</i>	<i>£</i>
Accruals	5,739	6,000
Amounts owed to group companies	38,136	29,056
	<u>43,875</u>	<u>35,056</u>

Notes to the financial statements

at 31 December 2004

8. Share capital

	2004	2003
	£	£
Authorised share capital:		
Ordinary shares of £1 each	14,000,000	14,000,000
	<u> </u>	<u> </u>
	2004	2003
	£	£
Allotted, called up and fully paid:		
Ordinary shares of £1 each	11,141,857	100
	<u> </u>	<u> </u>

During the year, 11,141,757 ordinary shares of £1 each were issued.

9. Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Total recognised gains and losses	66,196,005	1,508,010
Dividends	(6,061,725)	-
New share capital	11,141,757	-
	<u> </u>	<u> </u>
Net addition to shareholders' funds	71,276,037	1,508,010
Opening shareholders' funds	19,247,592	17,739,582
	<u> </u>	<u> </u>
Closing shareholders' funds	90,523,629	19,247,592
	<u> </u>	<u> </u>

Shareholders' funds are entirely attributable to equity interests.

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 funds on hand of the other companies party to these facilities at 31 December 2004 amounted to £25,877,000 (2003 - net debt £10,979,000).

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 financial statements are drawn up and of which the company is a member. The address from which copies of these group financial statements are available to the public is: The Weir Group PLC, 149 Newlands Road, Cathcart, Glasgow, G44 4EX.