

Weir Group (Overseas Holdings) Limited

Report and Financial Statements

1 January 2010

Registered No: SC 054821

WEDNESDAY



S31OBM9Q

SCT

04/08/2010

1286

COMPANIES HOUSE

Directors' report

The directors present their annual report together with the audited financial statements of Weir Group (Overseas Holdings) Limited (Registered Number SC054821) for the 53 weeks ended 1 January 2010 ("2009").

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 dividends

The loss for the year after taxation amounted to £10,607,099 (2008: profit £15,734,250).

No dividend was paid during the year (2008: £nil).

Going Concern

The company is ultimately owned by The Weir Group PLC and it participates in the group's centralised treasury arrangements and so shares banking facilities with its parent companies and fellow subsidiaries. As a consequence, the company depends, in part, on the ability of the group to continue as a going concern. The directors have considered the company's funding relationship with The Weir Group PLC to date and have considered available relevant information relating to The Weir Group PLC's ability to continue as a going concern. In addition, the directors have no reason to believe that The Weir Group PLC will not continue to fund the company, should it become necessary, to enable it to continue in operational existence.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The Company's principal financial instruments comprise inter group loans, amounts due to and from the ultimate parent and other group companies and a bank overdraft. The principal financial risks to which the Company is exposed are those relating to credit, liquidity and interest rate. These risks are managed in accordance with Board approved policies.

Credit risk

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies. There is no credit risk associated with the company's inter group receivables.

Liquidity risk

The Company obtains funding for its operations via the Group's bank facilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Interest rate risk

The Company has inter group loans which have fixed rates of interest for a variety of periods from monthly to annual and a bank overdraft which is subject to variable rates of interest. Interest rate risk is regularly monitored and is not considered to be material at present.

Directors' report

Directors

The directors during the year were:

M Selway (resigned 21/9/09)

A W F Mitchelson

K Cochrane

M J Kelly

K Cochrane resigned on 10 May 2010 and was replaced by Jonathon Stanton on the same date.

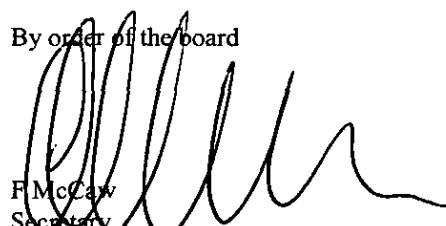
Directors Indemnities

The company's Articles of Association contain a provision that every director or other officer shall be indemnified against all losses and liabilities which they may incur in the course of acting as directors (or officers as the case may be) permitted by the Companies Act 1985 (as amended). These indemnities are uncapped in amount. The company's holding company maintained directors and officers liability insurance throughout 2009 in respect of the company's directors and officers.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the board



F McCaw
Secretary

29 July 2010

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Weir Group (Overseas Holdings) Limited

We have audited the financial statements of Weir Group (Overseas Holdings) Limited for the period ended 1 January 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 1 January 2010 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

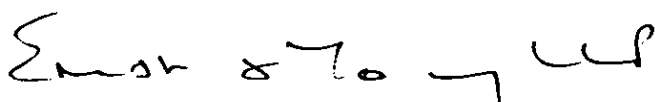
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Hywel Ball (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

29 July 2010

Profit and loss account

for the 53 weeks ended 1 January 2010

	Notes	2009 £	2008 £
Administrative expenses		(2,964,196)	(823,530)
Exchange loss		(182,247)	(540,100)
Operating loss	3	(3,146,443)	(1,363,630)
Gain on sale of investment		-	13,991,857
Provision for amounts due from subsidiary undertakings		(4,301,448)	-
Provision for impairment of investment		(3,480,529)	-
Dividends received		5,936,138	6,272,990
Interest receivable	4	3,209,813	10,076,682
Interest payable	5	(9,838,965)	(14,123,714)
(Loss) profit on ordinary activities before tax		(11,621,434)	14,854,185
Tax on (loss) profit on ordinary activities	6	1,014,335	880,065
(Loss) profit for the financial year	13	(10,607,099)	15,734,250

There are no material differences between the (loss) profit on ordinary activities before tax and the retained (loss) profit for the period stated above and their historical cost equivalents.

Statement of total recognised gains and losses

for the 53 weeks ended 1 January 2010

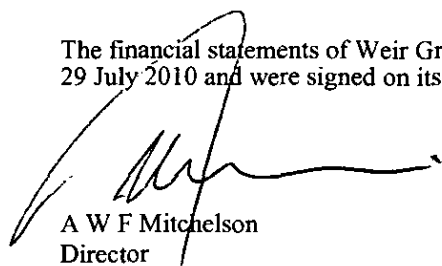
	2009 £	2008 £
(Loss) profit for the financial year	(10,607,099)	15,734,250
Exchange (loss) gain on retranslation of goodwill	(86,778)	320,409
Exchange gain (loss) on retranslation of foreign currency borrowings	10,474,796	(29,958,312)
Exchange loss on settlement of foreign currency derivatives	-	(8,673,836)
Exchange gain on retranslation of foreign currency derivatives	593,125	16,328
Exchange (loss) gain on retranslation of foreign equity investment	(11,067,921)	38,601,857
Total recognised gains and losses	(10,693,877)	16,040,696

Balance sheet

at 1 January 2010

	Notes	2009 £	2008 £
Fixed assets			
Investments	7	215,177,066	228,150,985
Intangible assets	8	54,489,365	57,478,181
		<u>269,666,431</u>	<u>285,629,166</u>
Current assets			
Debtors	9	93,834,820	103,207,116
Creditors: amounts falling due within one year	10	(155,327,858)	(45,046,554)
Net current (liabilities) assets		<u>(61,493,038)</u>	<u>58,160,562</u>
Total assets less current liabilities		<u>208,173,393</u>	<u>343,789,728</u>
Creditors: amounts falling due after more than one year	11	(102,300,662)	(227,930,120)
Net assets		<u>105,872,731</u>	<u>115,859,608</u>
Capital and reserves			
Called up share capital	12	11,848,857	11,141,857
Profit and loss account	13	94,023,874	104,717,751
Shareholders' funds	14	<u>105,872,731</u>	<u>115,859,608</u>

The financial statements of Weir Group (Overseas Holdings) Limited were approved by the directors on 29 July 2010 and were signed on its behalf by:



A W F Mitchelson
Director

Notes to the financial statements

For the 53 weeks ended 1 January 2010

1. Accounting policies

Basis of preparation

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

Group financial statements

In accordance with section 400 of the Companies Act 2006, group financial statements are not prepared as the company is a wholly owned subsidiary of another body corporate which publishes consolidated accounts.

Cash flow statement

The Company has taken advantage of the provisions of FRS1 (revised) which exempts companies which are part of a group which has published a consolidated cash flow statement from preparing a cash flow statement. Accordingly, no cash flow statement for the company has been presented.

Derivative financial instruments

The company uses forward foreign currency contracts to manage its exposure to exchange rate movements. These forward foreign currency contracts are foreign currency transactions on which exchange differences arise and these exchange differences have been recognised in the profit and loss account, except where SSAP 20 has been applied, where the forward currency contracts have been used to reduce the exchange exposure of the foreign currency investments, in which case the exchange differences are recognised in reserves. The discount/premium on the forward foreign currency contracts is amortised over the period of the contracts in the profit and loss account.

Goodwill

Purchased goodwill arising on acquisitions of businesses since 1 January 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 with the following exception.

The company has foreign equity investments which have been financed by foreign currency borrowings. In accordance with SSAP20, exchange on the foreign currency borrowings which were used to finance the acquisition is matched with the exchange movement on the equivalent portion of the foreign currency investment and is recognised in reserves up to the date of settlement of the foreign currency borrowings. After date of settlement of foreign currency borrowings, the foreign equity investments are treated as a non-monetary asset with no retranslation arising until another foreign currency borrowing is taken out to provide a hedge.

Notes to the financial statements

For the 53 weeks ended 1 January 2010

1. Accounting policies (continued)

Investments

Investments are held at historical cost less a provision for impairment where required.

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 2009 (2008 - none).

No directors received any emoluments for either 2009 or 2008 in respect of services to the company.

3. Operating loss

Operating loss is stated after charging:

	2009 £	2008 £
Exchange loss	(182,247)	(540,100)
Amortisation of goodwill	(2,902,038)	(531,126)

4. Interest receivable

	2009 £	2008 £
Interest receivable from ultimate parent company	3,090,641	4,511,918
Interest receivable from group undertakings	119,172	3,007,378
Amortisation of forward points on forward contracts	-	2,557,386
	<u>3,209,813</u>	<u>10,076,682</u>

5. Interest payable

	2009 £	2008 £
Interest payable to ultimate parent company	9,150,207	13,797,496
Interest payable to group undertakings	-	245,322
Bank interest payable	554,621	80,896
Other interest payable	120,513	-
Amortisation of forward points on forward contracts	13,624	-
	<u>9,838,965</u>	<u>14,123,714</u>

Notes to the financial statements

For the 53 weeks ended 1 January 2010

6. Taxation

	2009 £	2008 £
<i>Current tax:</i>		
Corporation tax	(1,637,567)	1,299,405
Double tax relief	(560,497)	(2,291,871)
Overseas tax charge	265,967	120,008
Group relief for nil consideration	901,414	-
Adjustment to prior years	16,348	(7,607)
Total current tax	(1,014,335)	(880,065)
Deferred tax- Current year	(328,898)	-
- Prior year	328,898	-
Tax on profit on ordinary activities	(1,014,335)	(880,065)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008: 28.5%). The actual tax credit for the current period is below (2008: below) the standard rate for the reasons set out in the following reconciliation.

	2009 £	2008 £
(Loss) profit on ordinary activities before tax	(11,621,434)	14,854,185
Tax on (loss) profit on ordinary activities at standard rate 28% (2008: 28.5%)	(3,254,002)	4,233,443
<i>Factors affecting charge for the period:</i>		
Grossing up of dividends	(156,786)	(1,333,935)
Exempt dividends	(933,853)	-
Gain on disposal of investment	-	(3,987,297)
Deferred tax asset not recognised	(93,428)	151,370
Sundry disallowable expenses	(1,880)	63,961
Impairment of investment	2,178,954	-
Group relief for nil consideration	901,414	-
Adjustment to prior year	345,246	(7,607)
Current tax credit	(1,014,335)	(880,065)

Factors that may affect future tax charges

It was announced in the Budget of 22 June 2010 that the UK corporation tax rate will reduce by 1% per year from 1 April 2011 for four years, bringing the corporation tax rate down to 24% from 1 April 2014. This change will affect the amount of future cash tax payments to be made by the company.

Notes to the financial statements

For the 53 weeks ended 1 January 2010

7. Fixed asset investments

	<i>Shares in group companies £</i>	<i>Joint ventures & associates £</i>	<i>Total £</i>
Cost			
At 26 December 2008	222,923,381	5,227,604	228,150,985
Additions	1,574,531	-	1,574,531
Exchange	(11,067,921)	-	(11,067,921)
At 1 January 2010	213,429,991	5,227,604	218,657,595
Impairment			
At 26 December 2008	-	-	-
Charge for the period	(3,480,529)	-	(3,480,529)
At 1 January 2010	(3,480,529)	-	(3,480,529)
Net Book Value			
At 26 December 2008	222,923,381	5,227,604	228,150,985
At 1 January 2010	209,949,462	5,227,604	215,177,066

During the year, the company invested £867,531 in Weir Minerals China Co Ltd and £707,000 in Weir Group Inc in the form of cash consideration.

The impairment charge of £3,480,529 reflects a write down of the company's interest in certain subsidiaries reflecting changing market conditions.

At the year end, the company held an interest in the following companies:

	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>Percentage held</i>
Subsidiaries			
TWG Ingenieria de Mexico S.A. de C.V.	Mexico	Ordinary	75
TWG Engineering South Africa (Pty) Limited	South Africa	Ordinary	100
The Weir Group International S.A.	Switzerland	Ordinary	100
Weir Canada Inc *	Canada	Ordinary	100
Weir Group Inc	USA	Ordinary	100
Weir Holdings (Jersey) Limited	Jersey	Ordinary	100
Weir Group Trading (Shanghai) Co. Ltd	China	Ordinary	100
Weir Minerals China Co. Limited	China	Ordinary	100
Weir Valves & Controls (Suzhou) Co Ltd	China	Ordinary	100
Weir Group African IP Limited	UK	Ordinary	100
Weir Minerals Africa (Pty) Ltd (formerly Warman Africa (Pty) Limited)	South Africa	Ordinary	100
Slurry Holdings Ltd	Malta	Ordinary	100
Joint venture			
Wesco L.L.C.	UAE	Ordinary	49
Weir-Serba Engineering SDN.BDH	Malaysia	Ordinary	51
Weir Arabian Metals Company	Saudi Arabia	Ordinary	49
* Shares owned directly by The Weir Group International S.A.			

Notes to the financial statements

For the 53 weeks ended 1 January 2010

8. Intangible fixed assets

	<i>Purchased Goodwill £</i>
Cost	
At 26 December 2008	58,112,390
Exchange	(102,924)
As at 1 January 2010	58,009,466
Amortisation	
At 26 December 2008	634,209
Exchange	(16,146)
Charge for the period	2,902,038
As at 1 January 2010	3,520,101
Net Book Value	
At 26 December 2008	57,478,181
At 1 January 2010	54,489,365

The purchased goodwill relates to the acquisition of CH Warman for £56,987,849 and the purchase of the business of Loftyman Engineering Limited, a company registered in Hong Kong for an amount of US\$1.4million. At 1 January 2010, \$1,100,000 has been paid with the balance of \$300,000 being payable in annual instalments of \$150,000, the final instalment being payable in 2011.

9. Debtors

	<i>2009 £</i>	<i>2008 £</i>
Amounts due from ultimate parent company	93,321,758	94,961,973
Amounts due from fellow subsidiary undertakings	4,193,403	7,358,972
Provision for amounts due from fellow subsidiary undertakings	(4,087,447)	-
Corporation tax receivable	372,277	804,053
Forward foreign currency contracts	24,281	82,118
Other debtors	10,548	-
	93,834,820	103,207,116

Amounts due from ultimate parent company include a £70,612,169 unsecured loan which is reviewed for repayment on an annual basis. Interest is charged at one year London Interbank Offer Rate (LIBOR) plus 50 basis points.

Notes to the financial statements

For the 53 weeks ended 1 January 2010

10. Creditors: amounts falling due within one year

	2009 £	2008 £
Bank overdraft	25,760,860	38,985,674
Accruals	99,673	99,673
Bank interest payable	160,202	56,185
Deferred consideration	92,897	113,797
Forward foreign currency contract	21,185	211,177
Interest accrual on interest rate swap	455,655	-
Amounts owed to group companies	950,018	950,018
Amounts owed to ultimate parent company	127,787,368	4,630,030
	<u>155,327,858</u>	<u>45,046,554</u>

Amounts owed to ultimate parent company include a £115,019,960 unsecured loan which is repayable on demand with interest being charged at one month London Interbank Offer Rate (LIBOR) plus 50 basis points

11. Creditors: amounts falling due after one year

	2009 £	2008 £
Deferred consideration	92,896	227,593
Amounts owed to ultimate parent company	102,207,766	227,702,527
	<u>102,300,662</u>	<u>227,930,120</u>

Amounts owed to ultimate parent company reflect a \$165,034,888 (£102,207,766) unsecured loan which is repayable in 2013 with interest being charged at a fixed rate of 7.4%.

12. Share capital

	2009 £	2008 £
Authorised share capital:		
Ordinary shares of £1 each	14,000,000	14,000,000
	<u>14,000,000</u>	<u>14,000,000</u>
	2008 £	2007 £
Allotted, called up and fully paid:		
Ordinary shares of £1 each	11,848,857	11,141,857
	<u>11,848,857</u>	<u>11,141,857</u>

During the year, the company issued 707,000 ordinary shares of £1 each for cash which was used to increase investments in group companies (note 7).

Notes to the financial statements

For the 53 weeks ended 1 January 2010

13. Profit and loss account

	2009	2008
	£	£
At 26 December 2008	104,717,751	88,677,055
(Loss) profit for the financial year	(10,607,099)	15,734,250
Exchange (loss) gain on retranslation of goodwill	(86,778)	320,409
Exchange gain (loss) on retranslation of foreign currency borrowings	10,474,796	(29,958,312)
Exchange loss on settlement of foreign currency derivatives	-	(8,673,836)
Exchange gain on retranslation of foreign currency derivatives	593,125	16,328
Exchange (loss) gain on retranslation of foreign equity investment	(11,067,921)	38,601,857
At 1 January 2010	94,023,874	104,717,751

14. Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
(Loss) profit for the financial year	(10,607,099)	15,734,250
Exchange (loss) gain on retranslation of goodwill	(86,778)	320,409
Exchange gain (loss) on retranslation of foreign currency borrowings	10,474,796	(29,958,312)
Exchange loss on settlement of foreign currency derivatives	-	(8,673,836)
Exchange gain on retranslation of foreign currency derivatives	593,125	16,328
Exchange (loss) gain on retranslation of foreign equity investment	(11,067,921)	38,601,857
Issue of shares	707,000	-
Net (reduction in) addition to shareholders' funds	(9,986,877)	16,040,696
Opening shareholders' funds	115,859,608	99,818,912
Closing shareholders' funds	105,872,731	115,859,608

15. 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 of the other companies party to these facilities at 1 January 2010 amounted to £23,653,000 (2008: £41,991,000).

16. Transactions with related parties

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties that are wholly owned by The Weir Group PLC group. There have been no transactions with related parties that are non wholly owned by The Weir Group PLC group in the current or previous financial year.

17. Ultimate parent company

The directors consider that The Weir Group PLC (registered in Scotland) is the company's ultimate parent company and ultimate controlling party. 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, Clydesdale Bank Exchange, 20 Waterloo Street, Glasgow, G2 6DB.