
Weir Group (Overseas Holdings) Limited

Report and Financial Statements

28 December 2012

Registered No: SC054821

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Directors' report

The directors present their annual report together with the audited financial statements of Weir Group (Overseas Holdings) Limited ("the Company") (Registered Number SC054821) for the 52 weeks ended 28 December 2012.

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 profit for the period after taxation amounted to £170,192,000 (2011: loss of £5,785,000).

A dividend of £173,996,000 was paid during the year (2011: £nil).

Financial risk management objectives and policies

The Company's principal financial instruments comprise inter group loans, amounts due to and from the parent and other group companies and cash at bank. 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 cash at bank which is subject to variable rates of interest. Interest rate risk is regularly monitored and is not considered to be material at present.

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.

Directors' report (continued)

Directors

The directors during the year were:

A W F Mitchelson resigned 15 June 2012

M J Kelly

J A Stanton

K A Ruddock appointed 15 June 2012

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 2006. These indemnities are uncapped in amount. The Company's holding company maintained directors and officers liability insurance throughout 2012 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.

Annual General Meeting

There was no annual general meeting held in the year, as permitted by the Companies Act 2006.

Auditors

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006. Ernst & Young LLP have indicated their willingness to continue in office.

By order of the board



C J Stead
Secretary
28 May 2013

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; 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 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 52 weeks ended 28 December 2012 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, 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 auditor

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 and express an opinion on 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 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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 December 2012 and of its profit for the 52 weeks 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

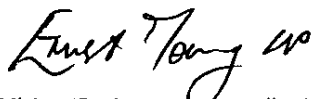
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Weir Group (Overseas Holdings) Limited (continued)

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.



James Nisbet (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow

28/5/13

Weir Group (Overseas Holdings) Limited

Profit and loss account

for the 52 weeks ended 28 December 2012

	<i>Notes</i>	2012 £000	2011 £000
Other operating income		15	-
Administration expenses		(2,906)	(2,904)
Exchange loss		(9)	(220)
Operating loss	3	(2,900)	(3,124)
Provision for amounts due from subsidiary undertakings		145	(106)
Dividends received		179,421	6,312
Interest receivable	4	65	332
Interest payable	5	(9,502)	(9,309)
Profit/(loss) on ordinary activities before tax		167,229	(5,895)
Tax on profit/(loss) on ordinary activities	6	2,963	110
Profit/(loss) for the period	13	170,192	(5,785)

The Company's results for the period and the prior period were earned from continuing operations.

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

Statement of total recognised gains and losses

for the 52 weeks ended 28 December 2012

	2012 £000	2011 £000
Profit/(loss) for the period	170,192	(5,785)
Exchange (loss)/gain on retranslation of goodwill	(24)	39
Exchange gain/(loss) on retranslation of foreign currency borrowings	4,287	(560)
Exchange (loss)/gain on retranslation of foreign currency derivatives	(879)	694
Exchange loss on retranslation of foreign equity investment	(3,408)	(134)
Total recognised gains and (losses)	170,168	(5,746)

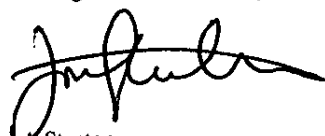
Weir Group (Overseas Holdings) Limited

Balance sheet

at 28 December 2012

	<i>Notes</i>	2012 £000	2011 £000
Fixed assets			
Investments	7	222,143	225,551
Intangible assets	8	45,850	48,781
		<u>267,993</u>	<u>274,332</u>
Current assets			
Debtors	9	3,540	1,300
Cash on hand and at bank		-	12,225
Total current assets		<u>3,540</u>	<u>13,525</u>
Creditors: amounts falling due within one year	10	(176,527)	(82,611)
Net current liabilities		<u>(172,987)</u>	<u>(69,086)</u>
Total assets less current liabilities		95,006	205,246
Creditors: amounts falling due after one year	11	-	(106,412)
Net assets		<u>95,006</u>	<u>98,834</u>
Capital and reserves			
Called up share capital	12	12,804	12,804
Profit and loss account	13	82,202	86,030
Shareholders' funds	14	<u>95,006</u>	<u>98,834</u>

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



J.A. Stanton
Director

28 May 2013

Notes to the financial statements

for the 52 weeks ended 28 December 2012

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 (continued)

for the 52 weeks ended 28 December 2012

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 2012 (2011 : none).

No directors received any emoluments for either 2012 or 2011 in respect of services to the Company.

3. Operating loss

Operating loss is stated after charging:

	2012 £000	2011 £000
Exchange loss	(9)	(220)
Amortisation of goodwill	<u>(2,906)</u>	<u>(2,904)</u>

4. Interest receivable

	2012 £000	2011 £000
Interest receivable from group undertakings	65	79
Amortisation of forward points on forward contracts	<u>-</u>	<u>253</u>
	<u>65</u>	<u>332</u>

5. Interest payable

	2012 £000	2011 £000
Interest payable to ultimate parent company	9,382	9,304
Bank interest payable	81	5
Amortisation of forward points on forward contracts	<u>39</u>	<u>-</u>
	<u>9,502</u>	<u>9,309</u>

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

6. Taxation

	2012 £000	2011 £000
<i>Current taxation</i>		
UK Corporation tax	(2,987)	(3,169)
Overseas tax charge	172	119
Adjustment to prior years	(119)	2,837
Total current tax	(2,934)	(213)
Deferred tax - Current year	(29)	103
Tax on profit/ (loss) on ordinary activities	(2,963)	(110)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 24.5% (2011: 26.5%). The actual tax credit for the current period is above (2011: above) the standard rate for the reasons set out in the following reconciliation:-

	2012 £000	2011 £000
Profit/ (loss) on ordinary activities before tax	167,229	(5,895)
Tax on profit/ (loss) on ordinary activities at standard rate of 24.5% (2011: 26.5%)	40,971	(1,562)
<i>Factors affecting charge for the period</i>		
Grossing up of dividends	172	119
Exempt dividends	(43,958)	(1,673)
Sundry disallowable expenses	-	66
Adjustment to prior year	(119)	2,837
Current tax credit	(2,934)	(213)

Factors that may affect future tax charges:

A number of changes to the UK Corporation tax system were announced in the June 2012 Budget and Autumn statement. The Finance Act 2012 enacted legislation to reduce the UK corporate rate of taxation from 24% to 23% from 1 April 2013. A further reduction in the UK rate has been announced reducing the corporation tax main rate to 21% from April 2014. This further change has not been substantively enacted at the balance sheet date and therefore, is not reflected in the results for the 52 weeks ended 28 December 2012. We expect that these reductions will not have a material effect on the effective tax rate or on the result for the year in future periods.

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

7. Fixed asset investments

	Shares in group Companies £000	Joint ventures & Associates £000	Total £000
<i>Cost</i>			
At 31 December 2011	224,899	5,228	230,127
Exchange	(3,408)	-	(3,408)
At 28 December 2012	221,491	5,228	226,719
<i>Impairment</i>			
At 31 December 2011 and 28 December 2012	(4,576)	-	(4,576)
<i>Net Book Value</i>			
At 31 December 2011	220,323	5,228	225,551
At 28 December 2012	216,915	5,228	222,143

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

7. Fixed asset investments (continued)

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

<i>Subsidiaries</i>	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>Percentage held</i>
<i>TWG Engineering South Africa (Pty) Limited</i>	<i>South Africa</i>	<i>Ordinary</i>	<i>100%</i>
<i>The Weir Group International S.A.</i>	<i>Switzerland</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Group Inc</i>	<i>USA</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Minerals East Africa Limited</i>	<i>Tanzania</i>	<i>Ordinary</i>	<i>50%</i>
<i>Weir Group Trading (Shanghai) Co. Ltd</i>	<i>China</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Minerals China Co. Limited</i>	<i>China</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Valves & Controls (Suzhou) Co Ltd</i>	<i>China</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Group African IP Limited</i>	<i>UK</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir Minerals Africa (Pty) Limited</i>	<i>South Africa</i>	<i>Ordinary</i>	<i>68%</i>
<i>Slurry Holdings Ltd</i>	<i>Malta</i>	<i>Ordinary</i>	<i>100%</i>
<i>Weir SPM Singapore Pte Limited</i>	<i>Singapore</i>	<i>Ordinary</i>	<i>100%</i>

	<i>Country of incorporation</i>	<i>Class of shares held</i>	<i>Percentage held</i>
<i>Joint venture</i>			
<i>Wesco L.L.C.</i>	<i>UAE</i>	<i>Ordinary</i>	<i>49%</i>
<i>Weir Arabian Metals Company Limited</i>	<i>Saudi Arabia</i>	<i>Ordinary</i>	<i>49%</i>

The Company also indirectly owns a number of subsidiary undertakings. The Company has taken advantage of the exemption under Section 410 (2) of the Companies Act 2006 and a complete list of subsidiary and associated undertakings will be attached to the next annual return of the Company to be filed at Companies House.

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

8. Intangible fixed assets

	Purchased Goodwill £000
Cost	
At 31 December 2011	58,140
Exchange	(34)
	<u>58,106</u>
As at 28 December 2012	<u>58,106</u>
Amortisation	
At 31 December 2011	9,359
Exchange	(9)
Charge for the period	2,906
	<u>12,256</u>
As at 28 December 2012	<u>12,256</u>
Net Book Value	
At 31 December 2011	<u>48,781</u>
At 28 December 2012	<u>45,850</u>

The purchased goodwill relates to the acquisition of the CH Warman Pump Group 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.

9. Debtors

	2012 £000	2011 £000
Amounts due from fellow subsidiary undertakings	5,491	5,722
Provisions for amounts due from fellow subsidiary undertakings	(5,471)	(5,616)
Corporation tax receivable	2,986	585
Forward foreign currency contracts	525	597
Other debtors	9	12
	<u>3,540</u>	<u>1,300</u>

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

10. Creditors: amounts falling due within one year

	2012 £000	2011 £000
Bank overdraft	11,111	-
Sundry creditors	99	101
Bank interest payable	75	5
Forward foreign currency contract	15	415
Deferred tax payable	74	103
Amounts owed to ultimate parent company	165,153	81,987
	<u>176,527</u>	<u>82,611</u>

Amounts owed to ultimate parent company include a £50,000,000 unsecured loan which is repayable on demand with interest being charged at one month London Interbank Offer Rate (LIBOR) plus 50 basis points and a \$165,034,888 (£102,125,550) unsecured loan which is repayable in 2013 with interest being charged at a fixed rate of 7.41188%.

11. Creditors: amounts falling after one year

	2012 £000	2011 £000
Amounts owed to ultimate parent undertaking	-	106,412
	<u>-</u>	<u>106,412</u>

12. Share capital

	2012 £000	2011 £000
Allotted, called up and fully paid: 12,804,274 Ordinary shares of £1 each	<u>12,804</u>	<u>12,804</u>

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

13. Profit and loss account

	2012 £000	2011 £000
At the beginning of the period	86,030	91,776
Profit/ (loss) for the period	170,192	(5,785)
Dividend paid	(173,996)	-
Exchange (loss)/ gain on retranslation of goodwill	(24)	39
Exchange gain/ (loss) on retranslation of foreign currency borrowings	4,287	(560)
Exchange (loss)/ gain on retranslation of foreign currency derivatives	(879)	694
Exchange loss on retranslation of foreign equity investment	(3,408)	(134)
At the end of the period	82,202	86,030

14. Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Opening shareholders' funds	98,834	104,580
Profit/ (loss) for the period	170,192	(5,785)
Dividend paid	(173,996)	-
Exchange gain on retranslation of goodwill	(24)	39
Exchange gain/ (loss) on retranslation of foreign currency borrowings	4,287	(560)
Exchange (loss)/ gain on retranslation of foreign currency derivatives	(879)	694
Exchange loss on retranslation of foreign equity investment	(3,408)	(134)
Net reduction in shareholders' funds	(3,828)	(5,746)
Closing shareholders' funds	95,006	98,834

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 28 December 2012 amounted to £18,887,000 (2011: £11,589,000).

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.

Notes to the financial statements (continued)

for the 52 weeks ended 28 December 2012

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.