

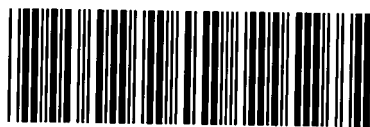
Weir Group (Overseas Holdings) Limited

Report and Financial Statements

2 January 2015

Registered No: SC054821

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Strategic 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 2 January 2015.

Principal activities

The Company is principally engaged in the acquisition and retention of investments, rights or interests in other companies.

Business review

The company's key financial and other performance indicators during the period were as follows:

	2014	2013
	£000	£000
Operating loss	(2,474)	(3,010)
Loss for the period	(4,593)	(2,925)
Shareholders' funds	87,481	92,026

The loss for the period after taxation amounted to £4,593,000 (2013: loss of £2,925,000). Movement in the loss for the period is mainly due to higher interest payable on intercompany loans and lower dividends received from investments. The activities of the Company are not expected to change in future.

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 bank overdraft. The principal financial risks to which the Company is exposed are those relating to credit, liquidity, foreign exchange 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.

Foreign currency risk

The Company forms part of the Group's net investment hedge structure. As a result, the Company enters into forward foreign currency contracts which seek to minimise the Group's exposure to exchange rate fluctuations. The Company also has inter group loans and related transactions receivable and payable in a currency other than its functional currency. As a result, the Company's non-Sterling income, expenses, assets, liabilities and cashflows can be affected by movements in exchange rates.

Strategic report (continued)

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.

By order of the Board

A handwritten signature in black ink, appearing to read 'J Stanton', written over a horizontal line.

J Stanton
Director
4 June 2015

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 2 January 2015.

Dividends

No dividend was paid during the year (2013: £nil).

Going Concern

The financial statements have been prepared on the going concern basis, notwithstanding the Company had net current liabilities of £176,739,000 as at 2 January 2015. The directors believe this to be appropriate as the Company's ultimate parent company has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company to meet its liabilities as they fall due for payment.

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. 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

The directors during the year and to the date of this report were:

J A Stanton

K A Ruddock

M J Kelly (resigned 2 July 2014)

C Morgan (appointed 2 July 2014)

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 ultimate holding company maintained directors and officers liability insurance throughout 2014 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.

Directors' report (continued)

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



G Kyle
Secretary
4 June 2015

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic and 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 2 January 2015 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16. 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 Statement of Directors' Responsibilities set out on page 4, 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 Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2 January 2015 and of its loss 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

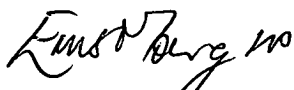
In our opinion the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
8 June 2015

Profit and loss account

for the 52 weeks ended 2 January 2015

	<i>Notes</i>	2014 £000	2013 £000
Other operating income		52	-
Administration expenses		(2,909)	(2,906)
Exchange gain/(loss)		383	(104)
Operating loss	3	(2,474)	(3,010)
Provision for amounts due from subsidiary undertakings		(453)	14
Dividends received		5,895	6,652
Interest receivable	4	110	69
Interest payable	5	(10,109)	(9,226)
Loss on ordinary activities before tax		(7,031)	(5,501)
Tax on loss on ordinary activities	6	2,438	2,576
Loss for the period	13	(4,593)	(2,925)

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

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

Statement of total recognised gains and losses

for the 52 weeks ended 2 January 2015

	2014 £000	2013 £000
Loss for the period	(4,593)	(2,925)
Exchange gain on retranslation of goodwill	48	15
Exchange (loss)/gain on retranslation of foreign currency borrowings	(6,986)	1,659
Exchange gain/(loss) on retranslation of foreign currency derivatives	4,396	(1,114)
Exchange gain/(loss) on retranslation of foreign equity investment	2,590	(615)
Total recognised losses for the period	(4,545)	(2,980)

Balance sheet

at 2 January 2015

	Notes	2014 £000	2013 £000
Fixed assets			
Investments	7	224,118	221,528
Intangible assets	8	40,102	42,960
		<u>264,220</u>	<u>264,488</u>
Current assets			
Debtors	9	<u>4,063</u>	<u>2,855</u>
Total current assets		<u>4,063</u>	<u>2,855</u>
Creditors: amounts falling due within one year	10	(180,802)	(175,317)
Net current liabilities		<u>(176,739)</u>	<u>(172,462)</u>
Total assets less current liabilities		<u>87,481</u>	<u>92,026</u>
Net assets		<u><u>87,481</u></u>	<u><u>92,026</u></u>
Capital and reserves			
Called up share capital	11	12,804	12,804
Profit and loss account	12	74,677	79,222
Shareholders' funds	13	<u><u>87,481</u></u>	<u><u>92,026</u></u>

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



J A Stanton
Director

4 June 2015

Notes to the financial statements

for the 52 weeks ended 2 January 2015

1. Accounting policies

Basis of preparation

The financial statements of Weir Group (Overseas Holdings) Limited (the 'Company') have been prepared for the 52 weeks ended 2 January 2015 ('2014'), the comparative information is provided for the 53 weeks ended 3 January 2014 ('2013'). The financial statements have been presented in Sterling and all values have been presented in thousands (£'000) except where otherwise indicated. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Change of GAAP

For the period ending 1 January 2016, the Company intends to adopt FRS 101 'Reduced Disclosure Framework'.

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 2 January 2015

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

No management charges were paid to The Weir Group PLC or subsidiary companies during the period (2013: Nil) in connection with the services of the Directors. No remuneration was paid to any Director during the period (2013: Nil) in respect of their services to this Company. There were no employees during the period (2013: Nil).

3. Operating loss

Operating loss is stated after charging:

	2014 £000	2013 £000
Amortisation of goodwill	2,906	2,906
	<u>2,906</u>	<u>2,906</u>

4. Interest receivable

	2014 £000	2013 £000
Interest receivable from group undertakings	110	68
Amortisation of forward points on forward contracts	-	1
	<u>110</u>	<u>69</u>

5. Interest payable

	2014 £000	2013 £000
Interest payable to ultimate parent company	9,473	8,975
Bank interest payable	415	251
Amortisation of forward points on forward contracts	221	-
	<u>10,109</u>	<u>9,226</u>

Notes to the financial statements (continued)

for the 52 weeks ended 2 January 2015

6. Taxation

	2014 £000	2013 £000
<i>Current taxation</i>		
UK Corporation tax	(2,650)	(2,795)
Overseas tax charge	217	259
Total current tax credit	(2,433)	(2,536)
Deferred tax - current year	(5)	(40)
Total tax credit on ordinary activities	(2,438)	(2,576)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013: 23.25%). The actual tax credit for the current period is above (2013: above) the standard rate for the reasons set out in the following reconciliation:-

	2014 £000	2013 £000
Loss on ordinary activities before tax	(7,031)	(5,501)
Tax on loss on ordinary activities at standard rate of 21.5% (2013: 23.25%)	(1,512)	(1,279)
<i>Factors affecting charge for the period</i>		
Grossing up of dividends	217	259
Exempt dividends	(1,267)	(1,546)
Expenses not deductible for tax purposes	97	-
Other timing differences	32	-
Change in tax rate	-	30
Current tax credit	(2,433)	(2,536)

Factors that may affect future tax charges:

A number of changes which reduce future UK corporation tax rates were announced in the UK Budget Statement of 20 March 2013. Following on from this, legislation was enacted on 2 July 2013 such that the main rate of UK corporation tax will be 20% from 1 April 2015.

Notes to the financial statements (continued)

for the 52 weeks ended 2 January 2015

7. Investments

	Shares in group Companies £000	Joint ventures & Associates £000	Total £000
Cost			
At 3 January 2014	220,876	5,228	226,104
Exchange	2,590	-	2,590
At 2 January 2015	223,466	5,228	228,694
Impairment			
At 3 January 2014 and 2 January 2015	(4,576)	-	(4,576)
Net Book Value			
At 3 January 2014	216,300	5,228	221,528
At 2 January 2015	218,890	5,228	224,118

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

	Country of incorporation	Class of shares held	Percentage held
Subsidiaries			
<i>The Weir Group International S.A.</i>	<i>Switzerland</i>	Ordinary	100%
<i>Weir Group Inc</i>	<i>USA</i>	Ordinary	100%
<i>Weir Minerals East Africa Limited</i>	<i>Tanzania</i>	Ordinary	50%
<i>Weir Group Trading (Shanghai) Co. Ltd</i>	<i>China</i>	Ordinary	100%
<i>Weir Minerals China Co. Limited</i>	<i>China</i>	Ordinary	100%
<i>Weir Valves & Controls (Suzhou) Co Ltd</i>	<i>China</i>	Ordinary	100%
<i>Weir Group African IP Limited</i>	<i>UK</i>	Ordinary	100%
<i>Weir Minerals Africa (Pty) Limited</i>	<i>South Africa</i>	Ordinary	73%
<i>Slurry Holdings Ltd</i>	<i>Malta</i>	Ordinary	100%
<i>Weir SPM Singapore Pte Limited</i>	<i>Singapore</i>	Ordinary	100%
<i>Weir Minerals Central Africa SPRL</i>	<i>Democratic Republic of Congo</i>	Ordinary	50%
Joint venture			
<i>Wesco L.L.C.</i>	<i>UAE</i>	Ordinary	49%
<i>Weir Arabian Metals Company Limited</i>	<i>Saudi Arabia</i>	Ordinary	49%

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 2 January 2015

8. Intangible fixed assets

	Purchased Goodwill £000
Cost	
At 3 January 2014	58,121
Exchange	48
As at 2 January 2015	<u>58,169</u>
Amortisation	
At 3 January 2014	15,161
Exchange	-
Charge for the period	2,906
As at 2 January 2015	<u>18,067</u>
Net Book Value	
At 3 January 2014	<u>42,960</u>
At 2 January 2015	<u>40,102</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

	2014 £000	2013 £000
Amounts due from fellow subsidiary undertakings	5,930	5,477
Provision for amounts due from fellow subsidiary undertakings	(5,910)	(5,457)
Corporation tax receivable	2,650	2,795
Forward foreign currency contracts	1,384	31
Other debtors	9	9
	<u>4,063</u>	<u>2,855</u>

Loans due from fellow subsidiary undertakings include 8 interest bearing loans held with Weir Minerals China, totalling \$8,100,000, at the annualised 12 month London Interbank Offered Rate ("LIBOR") plus a margin of 0.7%.

Notes to the financial statements (continued)

for the 52 weeks ended 2 January 2015

10. Creditors: amounts falling due within one year

	2014 £000	2013 £000
Bank overdraft	17,386	7,894
Bank interest payable	140	64
Forward foreign currency contract	112	220
Deferred tax payable	28	34
Amounts owed to ultimate parent company	163,005	167,003
Other creditors	102	102
Accruals	29	-
	<u>180,802</u>	<u>175,317</u>

Amounts owed to ultimate parent company include a £50,000,000 unsecured loan which is repayable on 15 April 2015 with interest being charged at 3 month London Interbank Offer Rate (LIBOR) plus a margin of 1.625%, a £1,540,000 unsecured loan which is repayable on 15 April 2015 with interest being charged at 3 month London Interbank Offer Rate (LIBOR) plus a margin of 1.625%, and a \$165,034,888 (£107,451,584) unsecured loan with interest being charged at a fixed rate of 7.41188%.

11. Share capital

	2014 £000	2013 £000
Allotted, called up and fully paid:		
12,804,274 Ordinary shares of £1 each	<u>12,804</u>	<u>12,804</u>

12. Profit and loss account

	2014 £000	2013 £000
At the beginning of the period	79,222	82,202
Loss for the period	(4,593)	(2,925)
Exchange gain on retranslation of goodwill	48	15
Exchange (loss)/gain on retranslation of foreign currency borrowings	(6,986)	1,659
Exchange gain/(loss) on retranslation of foreign currency derivatives	4,396	(1,114)
Exchange gain/(loss) on retranslation of foreign equity investment	2,590	(615)
At the end of the period	<u>74,677</u>	<u>79,222</u>

Notes to the financial statements (continued)

for the 52 weeks ended 2 January 2015

13. Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Opening shareholders' funds	92,026	95,006
Loss for the period	(4,593)	(2,925)
Exchange gain on retranslation of goodwill	48	15
Exchange (loss)/gain on retranslation of foreign currency borrowings	(6,986)	1,659
Exchange gain/(loss) on retranslation of foreign currency derivatives	4,396	(1,114)
Exchange gain/(loss) on retranslation of foreign equity investment	2,590	(615)
Net reduction in shareholders' funds	<u>(4,545)</u>	<u>(2,980)</u>
Closing shareholders' funds	<u>87,481</u>	<u>92,026</u>

14. 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 2 January 2015 amounted to £15,490,000 (2013: £6,159,000).

15. 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.

16. 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, 20 Waterloo Street, Glasgow, G2 6DB.