

WEIR GROUP (OVERSEAS HOLDINGS) LIMITED

Report and Financial Statements

31 December 2017

Registered No: SC054821



Company information

Registered No: SC054821

Directors

Christopher Palmer
John Heasley
Graham Vanhegan

Company Secretary

Gillian Kyle

Independent Auditors

PricewaterhouseCoopers LLP
141 Bothwell Street
Glasgow
G2 7EQ

Bankers

HSBC Bank plc
2 Buchanan Street
Glasgow
G1 3LB

Registered Office

10th floor
1 West Regent Street
Glasgow
G2 1RW

Country of Incorporation

Scotland

Strategic report

The directors present their Strategic report on Weir Group (Overseas Holdings) Limited ('the Company') for the year ended 31 December 2017.

Principal activities

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

Business review

The profit for the year after taxation amounted to £034,000 (2016: £6,000). The activities of the Company are not expected to change in the near future.

The net assets of the company were £142,172,000 (2016: £141,238,000).

Financial risk management objectives & policies

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are listed below. These risks are managed in accordance with Board approved policies.

Foreign exchange risk

As a result of the Company's business activities it is exposed to transactional currency risk. Transactional currency exposure arises when the Company enters into transactions denominated in currencies other than its functional currency which is Sterling. Foreign currency exposures are identified and managed directly by the Company within the policies and guidelines established by the Company's ultimate parent, The Weir Group PLC. The parent company enters into foreign exchange hedging transactions on behalf of the Company in accordance with those policies and procedures. The Company makes limited use of derivative financial instruments to hedge balance sheet translation exposures. Transaction exposures are hedged with the use of forward exchange rate contracts where deemed appropriate and where they can be reliably forecast. It is policy not to engage in any speculative transaction of any kind.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and inter-company trading accounts.

Interest rate risk

The Company's borrowings consist of inter group loans and these are at variable rates of interest. Based on current levels of net debt and the nature of the inter group funding arrangements available, interest rate risk is not considered to be material.

On behalf of the Board of Directors



Christopher Palmer
Director

1 June 2018

Directors' report

The directors present their report and the audited financial statements of Weir Group (Overseas Holdings) Limited (Registered Number SC054821) ('the Company') for the year ended 31 December 2017.

Dividends

There were £nil dividends declared in the year (2016: £nil).

Financial instruments

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are outlined in the Strategic report.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review contained in the Strategic report, as is the financial position of the Company. In addition, the Strategic report includes the Company's objectives, policies and processes for managing its capital, financial instruments and its financial risk management objectives and policies.

The financial statements have been prepared on the going concern basis, notwithstanding the Company had net current liabilities at 31 December 2017. 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 received a formal letter of support from The Weir Group PLC indicating it will continue to fund the Company, should it become necessary, to enable it to continue in operational existence, for a period of at least 12 months from the date of approval of these financial statements. Thus they continue to adopt the going concern basis in preparing the financial statements.

Future developments

Future developments affecting the business are discussed in the Business review section of the Strategic report.

Directors

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

Christopher Palmer (appointed 10 July 2017)

John Heasley

Graham Vanhegan (appointed 1 May 2018)

Christopher Morgan (resigned 1 May 2018)

Andrew Neilson (resigned 10 July 2017)

Directors' liabilities

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 (as amended). These indemnities are uncapped in amount. The Company's ultimate parent company maintained directors and officers liability insurance throughout 2017 and up to the date of approval of the financial statements in respect of the Company's directors and officers and up to the date of approval of the financial statements.

Disclosure of information to auditors

The directors who hold 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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP were appointed under section 485 of the Companies Act 2006 as the Company's auditor at the Annual General Meeting on 27 April 2017 and have indicated their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable UK law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), comprising Financial Reporting Standard 102 *The financial reporting standard applicable in the UK and Republic of Ireland*. 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 year.

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, comprising FRS 102, 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.

On behalf of the Board of Directors



Christopher Palmer
Director
1 June 2018

Independent auditors' report to the members of Weir Group (Overseas Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Weir Group (Overseas Holdings) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

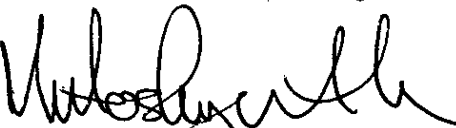
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Glasgow

1 June 2018

Income statement
for the year ended 31 December 2017

	Notes	Year ended 31 December 2017			Period ended 31 December 2016		
		Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000	Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000
Operating profit (loss)		20	(2,906)	(2,886)	(1,409)	(2,906)	(4,315)
Income from shares in group undertakings		4,689	-	4,689	7,127	-	7,127
Finance costs	6	(1,585)	-	(1,585)	(1,402)	-	(1,402)
Finance income	7	100	-	100	258	-	258
Profit (loss) on ordinary activities before tax		3,224	(2,906)	318	4,574	(2,906)	1,668
Tax on profit (loss) on ordinary activities	8	107	509	616	(2,106)	444	(1,662)
Profit (loss) for the year		3,331	(2,397)	934	2,468	(2,462)	6

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

The result reported above includes all income and expenses for the year, therefore no separate Statement of Comprehensive Income has been presented.

Balance sheet
at 31 December 2017

	Notes	2017 £000	2016 £000
ASSETS			
Non-current assets			
Intangible assets	9	31,336	34,242
Investments	10	272,918	234,327
Deferred tax asset	8	460	393
Total non-current assets		304,714	268,962
Current assets			
Trade & other receivables	11	705	29
Derivative financial instruments	14	528	-
Total current assets		1,233	29
Total assets		305,947	268,991
LIABILITIES			
Current liabilities			
Financial liabilities	12	(161,919)	(123,735)
Trade and other payables	13	(665)	(931)
Derivative financial instruments	14	-	(1,874)
Total current liabilities		(162,584)	(126,540)
Non-current liabilities			
Deferred tax liabilities	8	(1,191)	(1,213)
Total non-current liabilities		(1,191)	(1,213)
Total liabilities		(163,775)	(127,753)
NET ASSETS		142,172	141,238
Capital & reserves			
Share capital	15	12,804	12,804
Retained earnings		129,368	128,434
TOTAL EQUITY		142,172	141,238

The notes numbered 1 to 18 are an integral part of these financial statements.

The financial statements on pages 7 to 24 were authorised for issue by the Board of Directors on 1 June 2018 and signed on its behalf by



Christopher Palmer
Director
1 June 2018

**Statement of changes in equity
for the year ended 31 December 2017**

	Share capital £000	Retained earnings £000	Total equity £000
At 1 January 2016	12,804	128,428	141,232
Profit for the period	-	6	6
At 31 December 2016	12,804	128,434	141,238
Profit for the year	-	934	934
At 31 December 2017	12,804	129,368	142,172

Notes to the financial statements

for the year ended 31 December 2017

1. Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of Weir Group (Overseas Holdings) Limited for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 1 June 2018 and the balance sheet was signed on the Board's behalf by Christopher Palmer.

Weir Group (Overseas Holdings) Limited is a limited company registered in Scotland.

The financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 102 *The financial reporting standard applicable in the UK and Republic of Ireland* (FRS 102).

The directors have received a formal letter of support from The Weir Group PLC, the parent company, indicating it will continue to fund the Company, should it become necessary, to enable it to continue in operational existence, for a period of at least 12 months from the date of approval of the financial statements. The directors therefore 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.

The Company's financial statements are presented in Sterling and all values have been presented in thousands (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of The Weir Group PLC. The results of the Company are included in the consolidated financial statements of The Weir Group PLC which are publicly available.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out the policies which apply in preparing the financial statements for the year ended 31 December 2017 ('2017'), the comparative information is provided for the period ended 31 December 2016 ('2016'). The accounting policies are consistent with those of the previous period. The Company has adopted SI2015/980 for presentational purposes in order to align with the financial statements of its ultimate parent company. The financial statements have been prepared on the going concern basis and the historic cost convention, as modified by the revaluation of land and buildings and derivative financial assets and liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The following exemptions from the requirements of FRS 102 have been applied in the preparation of these financial statements as equivalent disclosures are included in the consolidated statements of The Weir Group PLC:

- Section 4 *Statement of financial position* paragraph 4.12(a)(iv);
- Section 7 *Statement of cash flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d);
- Section 11 *Basic financial instruments* paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c), and Section 12 *Other financial instruments issues* paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- IAS 7 *Statement of Cash Flows*;
- Section 26 *Share-based payment* paragraphs 26.18(b), 26.19 to 26.21 and 26.23, because the share based payment arrangement concerns the instruments of The Weir Group PLC; and
- Section 33 *Related party disclosures* paragraph 33.7.

There are no new standards or interpretations which are considered to have a material impact on the financial statements.

Use of estimates & judgements

There are no areas in the preparation of these financial statements that require management to make significant judgements, estimates or assumptions.

Significant accounting policies

Exceptional items & intangibles amortisation

In order to provide the users of the financial statements with a more relevant presentation of the company's underlying performance, on a like for like basis, profit for each period has been analysed between:

- i) Profit before exceptional items & intangibles amortisation; and
- ii) the effect of exceptional items & intangibles amortisation.

Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of the Company's financial performance for the year and are presented on the face of the income statement to facilitate comparisons with prior periods and assessment of trends in financial performance.

Exceptional items may include but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition related items such as contingent consideration and inventory; other items deemed exceptional due to their significance, size or nature; and the related exceptional taxation.

Intangibles amortisation has been shown separately to provide visibility over the ongoing impact on the company's income statement of prior and current period investment activities.

Foreign currency translation

Transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date. Currency translation differences are recognised in the income statement.

Investments

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

Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Impairment of non-current assets

All non-current assets are tested for impairment whenever events or circumstances indicate that their carrying values might be impaired. An impairment loss is recognised to the extent that an asset's carrying value exceeds its recoverable amount, which represents the higher of the asset's fair value less costs to sell and its value in use. An asset's value in use represents the present value of the future cash flows expected to be derived from the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is conducted for the cash generating unit to which it belongs. Similarly, the recoverable amount of goodwill is determined by reference to the discounted future cash flows of the cash generating units to which it is allocated. Impairment losses are recognised in the income statement. Impairment losses recognised in previous periods for an asset other than goodwill are reversed if there has been a change in the estimates used to determine the asset's recoverable amount. The carrying amount of an asset shall not be increased above the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Impairment losses recognised in respect of goodwill are not reversed.

Financial assets & liabilities

The Company's principal financial assets and liabilities, other than derivatives, comprise the following:

- bank overdrafts
- short-term borrowings
- loans and fixed rate notes
- cash and short-term deposits
- trade receivables
- trade payables
- contingent consideration.

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Trade receivables

Trade receivables, which are generally of a short term nature, are recognised and carried at original invoice amount less an allowance for estimated irrecoverable amounts. Provision is made where there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, the obligation can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Derivative financial instruments & hedge accounting

The Company uses derivative financial instruments, principally forward foreign currency contracts and cross currency swaps, to reduce its exposure to exchange rate movements. The Company also uses foreign currency borrowings as a hedge of its exposure to foreign exchange risk on its investments in foreign subsidiaries. Additionally, the Company uses interest rate swaps to manage its exposure to interest rate risk. The Company does not hold or issue derivatives for speculative or trading purposes.

Derivative financial instruments are recognised as assets and liabilities measured at their fair values at the balance sheet date. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates and counterparty and the Company's own credit risk. The fair value of interest rate swaps and cross currency swaps is calculated as the present value of the estimated future cash flows based on interest rate curves, spot foreign exchange rates and counterparty and own credit risk. Changes in their fair values have been recognised in the income statement, except where hedge accounting is used, provided the conditions specified by IAS 39 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under IAS 39 and practical to do so. When hedge accounting is used, the relevant hedging relationships will be classified as fair value hedges, cash flow hedges or net investment hedges.

Where the hedging relationship is classified as a fair value hedge, the carrying amount of the hedged asset or liability will be adjusted by the increase or decrease in its fair value attributable to the hedged risk and the resulting gain or loss will be recognised in the income statement where, to the extent that the hedge is effective, it will be offset by the change in the fair value of the hedging instrument.

Where the hedging relationship is classified as a cash flow hedge, to the extent that the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in other comprehensive income rather than in the income statement. When the hedged item is recognised in the financial statements, the accumulated gains and losses recognised in other comprehensive income will be either recycled to the income statement or, if the hedged item results in a non-financial asset, will be recognised as adjustments to its initial carrying amount.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in other comprehensive income is kept in other comprehensive income until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to net profit or loss for the year.

Derivatives embedded in non-derivative host contracts are recognised separately as derivative financial instruments when their risks and characteristics are not closely related to those of the host contract and the host contract is not stated at its fair value with changes in its fair value recognised in the income statement.

Taxation

Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the year.

Deferred tax is recognised on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base with the following exceptions:

- Deferred tax arising from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination, that, at the time of the transaction, affects neither accounting nor taxable profit or loss, is not recognised;
- Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future; and
- A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax liabilities represent tax payable in future years in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future years in respect of deductible temporary differences, the carry forward of unutilised tax losses and the carry forward of unused tax credits. Deferred tax is measured on an undiscounted basis using the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Current and deferred tax is recognised in the income statement except if it relates to an item recognised directly in equity, in which case it is recognised directly in equity.

3. Revenues & expenses

The following disclosures are given in relation to total continuing operations and include exceptional items & intangibles amortisation.

	2017 £000	2016 £000
A reconciliation of revenue to operating profit (loss) is as follows		
Administrative expenses	(2,886)	(4,315)
Operating profit (loss)	(2,886)	(4,315)

	2017 £000	2016 £000
Operating profit (loss) is stated after charging (crediting)		
Amortisation of intangible assets (note 9)	2,906	2,906
Exchange on provision for impairment of amounts receivable from group undertakings	(645)	1,373
Exchange (gains) losses	562	36
Acquisition related costs	63	-

Audit fees for the Company of £1,037 (2016: £1,000) are borne by the ultimate parent company.

4. Exceptional items and intangibles amortisation

	2017 £000	2016 £000
Recognised in arriving at operating profit (loss) from continuing operations		
Intangibles amortisation	(2,906)	(2,906)
	(2,906)	(2,906)

5. Staff costs & directors' remuneration

No management charges were paid to The Weir Group PLC during the year (2016: £nil) in connection with the services of the directors. No remuneration was paid to any director during the year (2016: £nil) in respect of their services to this Company. There were no employees during the year (2016: none).

6. Finance costs

	2017 £000	2016 £000
Interest payable on bank loans, fixed rate notes & overdrafts	-	171
Interest payable to group undertakings	1,585	1,231
	1,585	1,402

7. Finance income

	2017 £000	2016 £000
Interest receivable from group undertakings	100	258
	100	258

8. Taxation**Tax charged in the income statement**

	2017 £000	2016 £000
The tax charge (credit) is made up as follows		
Current income tax		
UK corporation tax	(709)	(673)
Foreign tax	178	337
Adjustments in respect of previous years	4	1,189
Total current income tax	(527)	853
Adjustments in respect of previous years	-	1,226
Impact of change in tax rate	-	(157)
Origination & reversal of temporary differences	(89)	(260)
Total deferred tax	(89)	809
Total income tax charge (credit) in the income statement	(616)	1,662

Factors affecting the tax charge for the year

The standard rate of tax for the year based on the UK standard rate of corporation tax is 19.25% (2016: 20.00%). The actual tax charge for the current year is set out in the following reconciliation.

	2017 £000	2016 £000
Result from continuing operations before income tax	318	1,668
Tax calculated at UK standard rate of corporation tax of 19.25% (2016: 20.00%)	61	334
Expenses not deductible for tax purposes	11	286
Non-taxable dividend income	(903)	(1,425)
Grossing up of dividends	178	337
Effect of rate change	33	(134)
Non-taxable exchange	-	6
Adjustments in respect of previous years	4	2,258
Tax expense (income) in the income statement	(616)	1,662

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted rates and reflected in these financial statements.

The deferred tax included in the balance sheet is as follows

	2017 £000	2016 £000
Tax losses carried forward	460	393
Deferred income tax assets	460	393
Intangible assets	(1,191)	(1,213)
Deferred income tax liabilities	(1,191)	(1,213)

9. Intangible assets

	Goodwill £000	Total £000
Cost		
At 31 December 2016	58,121	58,121
At 31 December 2017	58,121	58,121
Accumulated amortisation		
At 31 December 2016	23,879	23,879
Charge for the year	2,906	2,906
At 31 December 2017	26,785	26,785
Net book value at 31 December 2016	34,242	34,242
Net book value at 31 December 2017	31,336	31,336

10. Investments

	Shares in Group companies £000	Joint ventures & Associates £000	Total £000
Cost			
At 31 December 2016	233,675	5,228	238,903
Additions	43,394	-	43,394
Exchange	(4,803)	-	(4,803)
At 31 December 2017	272,266	5,228	277,494
Impairment			
At beginning and end of the year	(4,576)	-	(4,576)
Net book value at 31 December 2016	229,099	5,228	234,327
Net book value at 31 December 2017	267,690	5,228	272,918

During the year, the company acquired 100% of the share capital of KOP Surface Products Sdn. Bhd, KOP Surface Products (Services) Pte. Ltd. and PT KOP Surface Products as part of the KOP Surface Products acquisition on 27th July 2017, a provider of advanced surface pressure control technologies, systems and services for the oil and gas industry.

11. Trade and other receivables

	2017 £000	2016 £000
Amounts receivable from group undertakings	-	20
Tax receivable	705	-
Other receivables	-	9
	705	29

Loans due from fellow subsidiary undertakings include eight 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%. As it is unlikely any of these loans will be repaid, principal amounts and accrued interest balances have been provided for. The amount disclosed in the prior period is the balance on a current account with a group company which is unsecured, interest-free and repayable on demand.

12. Financial liabilities

	2017 £000	2016 £000
Amounts due are repayable as follows		
Current		
- loans from group undertakings	161,919	123,735
	161,919	123,735

£118,525,000 bearing interest at a rate of 3 month GBP LIBOR plus 0.65%.

£43,394,000 bearing interest at a rate of 1.95%.

All group amounts are unsecured and repayable on demand.

13. Trade and other payables

	2017 £000	2016 £000
Amounts owed to group undertaking	665	312
Tax payable	-	516
Accruals	-	103
	665	931

Amounts owed to group companies are unsecured, interest free and repayable on demand.

14. Derivatives

	2017 £000	2016 £000
Current assets		
Forward foreign currency contracts	528	-
	528	-
Current liabilities		
Forward foreign currency contracts	-	(1,874)
	-	(1,874)

The figures in the above table are inclusive of derivative financial instruments where the counterparty is a subsidiary of The Weir Group PLC. The forward foreign currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs.

15. Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
12,804,274 ordinary shares of £1.00 each	12,804	12,804
	12,804	12,804

16. Contingent liabilities

The Company is a member of a group UK cash pool arrangement and has jointly and severally given guarantee of the net overdraft amount of the pool up to a maximum of £5.0million (2016: £5.0million). At the year end, the net amount drawn under the facility was £nil (2016: £nil).

17. Related party disclosures

The Company has taken advantage of the exemption under paragraph 33.7 of FRS 102 not to disclose transactions with fellow wholly owned subsidiaries.

18. Ultimate group undertaking

The immediate parent undertaking is TWG Investments (No.7) Limited.

The ultimate parent undertaking is The Weir Group PLC. The Company is included within these group accounts which are available to the public and may be obtained from The Weir Group PLC, 1 West Regent Street, Glasgow, G2 1RW.

Appendix

Subsidiary undertakings

The subsidiary undertakings of the Company as at 31 December 2017 are noted below.

Legal name	Country of Incorporation	Registered address	Class of shares	Percentage of shares held	Ownership
CH Warman Asia Limited	Malta	93 Mill Street Qormi QRM3102 Malta	Ordinary	71%	Direct
Comercializadora TEP Limitada*	Chile	San Jose 0815 San Bernardo Santiago Chile	Ordinary	49%	Indirect
Duhn Oil Tool, Inc.	United States	3912 Gilmore Avenue Bakersfield California 93308 USA	Common	100%	Indirect
EnviroTech Pumpsystems LLC	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Units	100%	Indirect
Hurricane Investments Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
KOP Surface Products (Services) Pte. Ltd.	Singapore	77 Science Park Drive #04-01/08 Cintech III Building 118256 Singapore	Ordinary	100%	Direct
KOP Surface Products (Services) UK Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
KOP Surface Products Sdn. Bhd	Malaysia	Level 16, Integra Tower The Intermark 348 Jalan Tun Razak Kuala Lumpur Malaysia	Ordinary	100%	Direct
PT KOP Surface Products	Indonesia	Suite 701B, 7th Floor, Setiabudi Atrium Jl. H.R. Rasuna Said Kav 62 Jakarta 12920 Indonesia	Ordinary - A, B	100%	Direct
S.P.M. Flow Control, Inc.	United States	1999 Bryan Street Dallas Texas 75201 USA	Common	100%	Indirect

Weir Group (Overseas Holdings) Limited

Seaboard Canada Ltd.	Canada	5233-49 Avenue Red Deer Alberta T4N 6G5 Canada	Common	100%	Indirect
Seaboard Holdings, Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
Seaboard International Holding Company (Hong Kong) Limited	Hong Kong	Level 54 Hopewell Centre 183 Queen's Road East Hong Kong	Ordinary	100%	Indirect
Seaboard International Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
Seaboard Real Estate, LLC	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Units	100%	Indirect
Slurry Holdings Limited	Malta	93 Mill Street Qormi QRM3102 Malta	Ordinary	100%	Direct
Specialised Petroleum Manufacturing Limited	United Kingdom	SPM House Badentoy Crescent Badentoy Industrial Park Portlethen Aberdeen AB12 4YD	Ordinary	100%	Indirect
SPM Flow Control de Mexico, S. de R.L. de C.V.	Mexico	Bosque De Ciruelos 180 Bosques De Las Lomas Bosque Hayas Y Bosque De La Reforma Miguel Hidalgo Distrito Federal CP 11700 Mexico	Serie A	100%	Indirect
SPM Flow Control Ltd.	Canada	5233-49 Avenue Red Deer Alberta T4N 6G5 Canada	Common	100%	Indirect
SPM UK Limited	Cayman Islands	C/o Maples Corporate Services Limited PO Box 309 Ugland House Grand Cayman KY1-1104 Cayman Islands	Ordinary	100%	Indirect

Weir Group (Overseas Holdings) Limited

The Weir Group International S.A.	Switzerland	c/o Daniel Schneuwly, Rue de Romont 35 Avocat 1700 Fribourg Switzerland	Ordinary	100%	Direct
Trio Engineered Products, Inc.	United States	CT Corporation System 818 West Seventh Street Suite 930 Los Angeles, CA 90017 USA	Common	100%	Indirect
TWG Canada Holdings Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
TWG Cayman Limited	Cayman Islands	M&C Corporate Services Limited PO Box 309GT Ugland House, South Church Street George Town Grand Cayman Cayman Islands	Ordinary	100%	Indirect
TWG Finance, Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
TWG Investments (No. 6) Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
TWG Investments (No. 8) Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
TWG UK Holdings Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
TWG US Forex Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Indirect
TWG US Holdings LLC	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Units	100%	Indirect
Weir Canada, Inc.	Canada	2360 Millrace Court Mississauga ON L5N 1W2 Canada	Preferred Common	100%	Indirect

Weir Group (Overseas Holdings) Limited

Weir Canadian Investments, Inc.	Canada	2360 Millrace Court Mississauga ON L5N 1W2 Canada	Common	100%	Indirect
Weir Floway, Inc.	United States	1105 North Market Street Suite 1300 Wilmington Delaware 19899 USA	Common	100%	Indirect
Weir Group African IP Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Direct
Weir Group Energy Equipment (Suzhou) Co., Ltd.	China	No. 22 Chunwang Road Huangdai Town Xiangcheng District Suzhou, Jiangsu Province China	N/A	100%	Direct
Weir Group Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common , Preferred	100%	Direct
Weir Group Trading (Shanghai) Co., Ltd.	China	Room 02,03 Longlife Level 14 No. 1566 West Yan'an Road Shanghai China	N/A	100%	Direct
Weir HBF (Pty) Ltd	South Africa	Trollope Charles Private Bag X14 Northlands Gauteng 2116 South Africa	Ordinary	100%	Indirect
Weir Investments Three Limited	United Kingdom	10th Floor 1 West Regent Street Glasgow Scotland G2 1RW	Ordinary	100%	Direct
Weir Minerals Africa (Proprietary) Limited	South Africa	5 Clarke Road Alrode 1541 PO Box 17872 Randhart 1457 South Africa	Ordinary	67%	Direct
Weir Minerals Botswana (Proprietary) Limited	Botswana	Plot 5039/5040 Somerset East Industrial Francistown Botswana	Ordinary	1%	Direct
Weir Minerals Botswana (Proprietary) Limited	Botswana	Plot 5039/5040 Somerset East Industrial Francistown Botswana	Ordinary	99%	Indirect

Weir Group (Overseas Holdings) Limited

Weir Minerals Central Africa Limited	Zambia	Plot 3655 Chimbuluma Road Kitwe Zambia	Ordinary	100%	Indirect
Weir Minerals China Co., Limited	China	Factory #27 158 Hua Shan Road Suzhou New District Suzhou 215011 China	N/A	100%	Direct
Weir Minerals East Africa Limited	Tanzania, United Republic of	Plot No. 137 Capri Point Mwanza Tanzania	Ordinary	50%	Direct
Weir Minerals East Africa Limited	Tanzania, United Republic of	Plot No. 137 Capri Point Mwanza Tanzania	Ordinary	50%	Indirect
Weir Minerals Mozambique Ltd	Mozambique	Mozambique Maputo Cidade Distrito urban1 Bairro Central AV. Zedequias Manganhela	Ordinary	95%	Indirect
Weir Minerals North Africa SARL	Morocco	Boulevard Sidi Mohamed Ben Abdellad IM B 1ER Etage N 29.10160 Casablanca Morocco	Ordinary	100%	Indirect
Weir Minerals Pump & Mining Solutions Namibia (Proprietary) Limited	Namibia	54 Hidipo Hamutenya Ave Swakopmund 9000 Namibia	Ordinary	100%	Indirect
Weir Minerals West Africa Limited	Ghana	No. 4 3rd Close Airport Residential Area PO Box CT 3170 Accra Ghana	Ordinary	100%	Indirect
Weir Power & Industrial Singapore Private Limited	Singapore	77 Science Park Drive #04-01/08 Cintech III Building 118256 Singapore	Ordinary	100%	Indirect
Weir Pump and Valve Solutions, Inc	United States	The Corporation Company 40600 Ann Arbor Rd E Ste 201 Plymouth MI 48170-4675 USA	Common	100%	Indirect
Weir Services Tanzania (Pty) Limited.	Tanzania, United Republic of	Plot No. 137 Capri Point Mwanza Tanzania	Ordinary	95%	Indirect

Weir Group (Overseas Holdings) Limited

Weir Slurry Group, Inc.	United States	CT Corporation System 8020 Excelsior Drive Suite 200 Madison Wisconsin 53717 USA	Common Preferred	100%	Indirect
Weir Solutions FZE	United Arab Emirates	Office no. W 312 West Side 1 Dubai Airport Free Zone Dubai United Arab Emirates	Ordinary	100%	Indirect
Weir Solutions LLC	Oman	PO Box 168 Postal Code 1202 Muscat Sultanate of Oman	Ordinary	100%	Indirect
Weir SPM Singapore Pte. Ltd.	Singapore	15 Tukang Innovation Drive Singapore 618299	Ordinary	100%	Direct
Weir US Holdings Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
Weir Valves & Controls USA Inc.	United States	155 Federal Street Suite 700 Boston Massachusetts 02110 USA	Common Preferred	100%	Indirect
Weir YES Africa (Pty) Ltd	South Africa	5 Clarke Road Alrode 1541 PO Box 17872 Randhart 1457 South Africa	Ordinary	100%	Indirect
WHW Group Inc.	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Common	100%	Indirect
EPIX Power Systems, LLC	United States	Corporation Trust Center 1209 Orange St Wilmington New Castle Delaware 19801 USA	Units	50%	Indirect
Weir Arabian Metals Company	Saudi Arabia	PO Box 2724 Makkah Street Dammam Second Industrial City Al Khobar 31952 Saudi Arabia	Common	49%	Direct

Weir Group (Overseas Holdings) Limited

Wesco LLC

United Arab
Emirates

Bin Hamoodah Towers
Floor 13
Khalifa Street
Abu Dhabi
United Arab Emirates

Ordinary

49%

Direct