

Independent Auditors Report

Independent auditors report to the members of The Weir Group PLC

We have audited the Company financial statements of The Weir Group PLC for the 52 weeks ended 26 December 2008 which comprise the Company Balance Sheet and the related notes 1 to 16. These Company financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration Committee Report that is described as having been audited.

We have reported separately on the Group financial statements of The Weir Group PLC for the 52 weeks ended 26 December 2008.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors & auditors

The directors responsibilities for preparing the annual report, the Remuneration Committee Report and the Company financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Directors Statement of Responsibilities.

Our responsibility is to audit the Company financial statements and the part of the Remuneration Committee Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Company financial statements give a true and fair view and whether the Company financial statements and the part of the Remuneration Committee Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors Report is consistent with the Company financial statements. The information given in the Directors Report includes that information that is contained in the Chairman's Statement, Chief Executive's Review, Operational Reviews, Financial Review and Corporate Social Responsibility Report that is cross referred from the Directors Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited Company financial statements. The other information comprises only

Financial Highlights 2008, 2008 Highlights, the Chairman's Statement, Our Geographic Footprint, Chief Executive's Review, Operational Reviews, Financial Review, Board of Directors & Group Operations Executive, Directors Report, Corporate Governance Statement, Audit Committee Report, Nomination Committee Report, unaudited part of Remuneration Committee Report and Corporate Social Responsibility Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Company financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Company financial statements and the part of the Remuneration Committee Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Company financial statements and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company financial statements and the part of the Remuneration Committee Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Company financial statements and the part of the Remuneration Committee Report to be audited.

Opinion

In our opinion

- the Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 26 December 2008;
- the Company financial statements and the part of the Remuneration Committee Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors Report is consistent with the Company financial statements.

Ernst & Young LLP

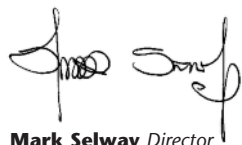
*Registered Auditor
Glasgow
10 March 2009*

Company Balance Sheet

at 26 December 2008

	Notes	26 December 2008 £m	28 December 2007 £m
Fixed assets			
Tangible assets	3	0.4	0.5
Investments	4	899.0	731.2
Total fixed assets		899.4	731.7
Current assets			
Debtors	5	27.8	17.2
Derivative financial instruments	10	39.1	4.9
Cash at bank & in hand		1.9	1.5
Total current assets		68.8	23.6
Creditors falling due within one year			
Bank overdrafts & short-term borrowings		38.7	50.5
Creditors	6	39.7	19.4
Derivative financial instruments	10	52.0	6.2
Total current liabilities		130.4	76.1
Net current liabilities		61.6	52.5
Total assets less current liabilities		837.8	679.2
Creditors falling due after more than one year			
Loans	7	384.4	273.6
Derivative financial instruments	10	64.7	3.9
Provisions	8	6.1	8.3
Net assets excluding retirement benefits		382.6	393.4
Retirement benefits	9	0.8	0.8
Net assets including retirement benefits		381.8	392.6
Capital & reserves			
Share capital	11	26.6	26.5
Share premium	12	38.0	37.7
Treasury shares	12	(7.9)	(9.3)
Capital redemption reserve	12	0.5	0.5
Hedge accounting reserve	12	(1.4)	-
Special reserve	12	1.8	1.8
Profit & loss account	12	324.2	335.4
Total equity		381.8	392.6

Approved by the Board of Directors on 10 March 2009



Mark Selway Director



Keith Cochrane Director

Notes to the Company Financial Statements

1. Accounting policies

The accounting policies which follow have been applied consistently to all periods presented in these financial statements.

Basis of preparation

The Company financial statements have been prepared in accordance with UK GAAP and applicable accounting standards.

Foreign currency translation

The presentation and functional currency of the Company is sterling. 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 retranslated at the exchange rate ruling on the balance sheet date. Currency translation differences are recognised in the profit and loss account, except when hedge accounting is applied.

Tangible assets

Tangible assets are stated at cost and the cost is depreciated over the estimated useful life by equal annual instalments at rates of 7.5% for office equipment and 25% for computer equipment.

Investments

Investments in subsidiaries and associate are held at historical cost less a provision for impairment.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Post-employment benefits

The Company and other major UK subsidiaries of the Group participate in multi-employer defined benefit pension plans which are set up under separate trusts. These plans are operated on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities and in accordance with FRS17 the Company accounts for its contributions to the plans as if they are defined contribution plans.

In addition, the Company has unfunded unapproved pension promises. Contributions are made to the plan on the advice of an independent qualified actuary. Pension plan liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities of the Company's unfunded unapproved pension promises expected to arise from employee service in the period is charged against operating profit. The increase in the period in the present value of the plan's liabilities, arising from the passage of time, is included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Contributions to defined contribution pension plans are charged to the profit and loss account when they become payable.

Leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Notes to the Company Financial Statements (Continued)

1. Accounting policies (continued)

Share-based payments

Equity settled share-based incentives are provided to employees under the Company's share option schemes and the Long Term Incentive Plan ("LTIP"). The Company recognises a compensation cost in respect of these schemes that is based on the fair value of the awards. For equity-settled schemes, the fair value is determined at the date of grant and is not subsequently re-measured unless the conditions on which the award was granted are modified. The fair value at the date of the grant is calculated using appropriate option pricing models and the cost is recognised on a straight-line basis over the vesting period. Adjustments are made to reflect expected and actual forfeitures during the vesting period due to failure to satisfy service conditions or performance conditions.

As permitted by FRS20, the Company has applied FRS20 "Share-based Payment" retrospectively only to equity-settled awards that had not vested as at 1 January 2005 and were granted on or after 7 November 2002.

Financial assets and liabilities

The Company's principal financial assets and liabilities, other than derivatives, comprise bank overdrafts, short term borrowings, loans, cash and short term deposits.

A financial asset or liability 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.

Derivative financial instruments

The Company uses derivative financial instruments, principally forward foreign currency contracts, to reduce its exposure to exchange rate movements. 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 by reference to current market rates for contracts with similar maturity profiles. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. Changes in their fair values have been recognised in the profit and loss account, except where hedge accounting is used, provided the conditions specified by FRS26 are met. Hedge accounting is applied in respect of hedge relationships where it is both permissible under FRS26 and practical to do so. When hedge accounting is used, the relevant hedging relationships are classified as a cash flow hedge.

To the extent the hedge is effective, changes in the fair value of the hedging instrument will be recognised directly in equity rather than in the profit and loss account. When the hedged item is recognised in the financial statements, the accumulated gains and losses recognised in equity will be either recycled to the profit and loss account 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 equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

The Company has taken advantage of the exemption in FRS29 and has not disclosed information required by that standard in relation to derivative financial instruments as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS7.

Treasury shares

The Weir Group PLC shares held by the Company are classified in shareholders equity as treasury shares and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken directly to revenue reserves. No gain or loss is recognised in the performance statements on the purchase, sale, issue or cancellation of equity shares.

2. Profit attributable to the Company

The profit dealt with in the accounts of the Company was £24.4m (2007: £109.1m). In accordance with the concession granted under section 230 of the Companies Act 1985, the profit and loss account and the statement of total recognised gains and losses of the Company have not been separately presented in these financial statements.

Dividends paid & proposed

	2008 £m	2007 £m
Declared & paid during the period		
Equity dividends on ordinary shares		
Final dividend for 2007: 12.35p (2006: 10.75p)	25.9	22.4
Interim dividend for 2008: 4.65p (2007: 4.15p)	9.8	8.7
	35.7	31.1
Proposed for approval by shareholders at the annual general meeting		
Final dividend for 2008: 13.85p (2007: 12.35p)	29.1	25.8

The proposed dividend is based on the number of shares in issue, excluding treasury shares, at the date the financial statements were approved and authorised for issue. The final dividend may differ due to increases or decreases in the number of shares in issue between the date of approval of the report and financial statements and the record date for the final dividend.

Directors

Details of directors remuneration, benefits and LTIP awards are included in the Remuneration Committee Report on pages 33 to 39.

Auditors remuneration

The total fees payable by the Company to Ernst & Young LLP for work performed in respect of the audit of the Company were £13,000 (2007: £12,000). Fees paid to Ernst & Young LLP for non-audit services to the Company itself are not disclosed in these accounts as the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

3. Tangible assets

	Office & computer equipment £m
Cost	
At 28 December 2007	1.0
Additions	0.1
At 26 December 2008	1.1
Aggregate depreciation	
At 28 December 2007	0.5
Charge for year	0.2
At 26 December 2008	0.7
Net book value at 26 December 2008	0.4
Net book value at 28 December 2007	0.5

4. Fixed asset investments

	Subsidiaries Shares £m	Loans £m	Total £m
Cost			
At 28 December 2007	459.0	392.7	851.7
Additions	9.4	170.4	179.8
Disposals / repayments	-	(12.0)	(12.0)
At 26 December 2008	468.4	551.1	1,019.5
Impairment			
At 28 December 2007 and 26 December 2008	99.4	21.1	120.5
Net book value at 26 December 2008	369.0	530.0	899.0
Net book value at 28 December 2007	359.6	371.6	731.2

The principal subsidiaries and joint ventures of the Company are listed on page 112.

Notes to the Company Financial Statements (Continued)

5. Debtors

	2008 £m	2007 £m
Amounts recoverable within one year		
Amounts owed by subsidiaries	21.9	9.7
Tax recoverable	0.2	0.3
Deferred tax recoverable	1.6	2.1
Other debtors	2.8	3.8
Prepayments & accrued income	1.3	1.3
	27.8	17.2

6. Creditors

	2008 £m	2007 £m
Amounts owed to subsidiaries	23.2	9.6
Other taxes & social security costs	1.0	1.4
Tax payable	4.1	-
Other creditors	5.2	1.2
Accruals & deferred income	6.2	7.2
	39.7	19.4

7. Loans

	2008 £m	2007 £m
Amounts due are repayable as follows		
in less than one year		
- loans from subsidiaries	52.0	-
in more than one year but not more than two years		
- bank loan	144.0	50.1
- loans from subsidiaries	13.1	-
in more than two years but not more than five years		
- loans from subsidiaries	175.3	223.5
	384.4	273.6

8. Provisions

	Subsidiaries £m	Discontinued operations warranty & indemnity £m	Total £m
At 28 December 2007	2.0	6.3	8.3
Unutilised	-	(1.6)	(1.6)
Utilised	-	(0.6)	(0.6)
At 26 December 2008	2.0	4.1	6.1

Subsidiaries

As at 26 December 2008, a provision of £2.0m (2007: £2.0m) has been made against the deficiency of underlying net assets in certain subsidiaries. It is anticipated that this amount will be settled within one year of the balance sheet date.

Discontinued operations warranty & indemnity

Provisions in respect of discontinued operations include provision for warranty and indemnity exposures under asset and share agreements. Provisions amounting to £0.6m were utilised during 2008 and, following the expiry of certain warranty periods, an amount of £1.6m has been released to the income statement as it is no longer required.

The provision as at 26 December 2008 is based on management's current best estimate of the remaining liabilities. The actual outcome may differ and in some cases, this will be dependent on the outcome of legal proceedings. It is expected that all or the majority of these costs will be incurred within two years of the balance sheet date with the remaining costs expected to be incurred within five years of the balance sheet date.

9. Retirement benefits

The net pension liability in respect of the Company unapproved plan is reflected on the Company's balance sheet. Further details of this plan are set out on pages 107 and 108.

In addition, the Company also participates in the defined benefit plan arrangements within The Weir Group Pension & Retirement Savings Scheme and The Weir Group 1972 Pensions and Life Assurance Plan for Senior Executives. These defined benefits plans are funded multi-employer plans which are operated by The Weir Group PLC and which are run on a basis that does not enable individual companies to identify their share of the underlying assets and liabilities. In accordance with FRS17, the Company accounts for its contributions to these plans as if they were defined contribution plans. While plan assets and liabilities in respect of these schemes are not reflected on the Company's balance sheet, details of these plans are set out below.

Pension contributions are determined with the advice of independent qualified actuaries on the basis of annual valuations using the projected unit method. The total contributions to the defined benefit plans in 2009 are expected to be £2.9m.

Plan assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers forecasts to each category of plan assets and allowing for plan expenses. The actual return on scheme assets in the year was a loss of £89.7m (2007: gain of £12.2m).

The assets and liabilities of the plans and the long-term expected rates of return are as follows

	2008 %	2008 £m	2007 %	2007 £m
Equities	7.2	118.6	7.7	209.1
Insurance Policy	6.2	272.9	5.9	218.5
Bonds	4.2	91.8	4.3	159.2
Fair value of plan assets		483.3		586.8
Present value of plan liabilities		(480.6)		(542.2)
Net surplus in the plans		2.7		44.6

The equity investments and bonds which are held in plan assets are quoted and are valued at the current bid price following the adoption of the amendment to FRS17. Previously these were valued at mid price. The effect of this change in the value of assets at 31 December 2007 is a reduction of £0.6m. The prior year figures have not been restated as the effect is immaterial.

	2008 £m	2007 £m
Recognised in the profit & loss account		
Current service cost	1.6	2.9
Expected return on plan assets	(34.6)	(33.2)
Interest cost on plan liabilities	31.3	29.7
Other finance (income) cost	(3.3)	(3.5)
Taken to the statement of total recognised gains & losses		
Actual return on plan assets	(89.7)	12.2
Less: expected return on plan assets	(34.6)	(33.2)
	(124.3)	(21.0)
Other actuarial gains	72.2	50.1
Actuarial (losses) gains recognised in the statement of total recognised gains & losses	(52.1)	29.1

Notes to the Company Financial Statements (Continued)

9. Retirement benefits (continued)

The major assumptions used by the actuary are as follows

	2008	2007
	%	%
Rate of increase in salaries	2.7	3.3
Rate of increase in pensions in payment		
Pre 6 April 2006 service	2.7	3.3
Post 6 April 2006 service	2.4	2.5
Discount rate	6.2	5.9
Inflation assumption	2.7	3.3

The mortality assumptions used are as follows

	2008	2007
	Years	Years
Post-retirement mortality		
Current pensioners at 65 - male	18.1	18.1
Current pensioners at 65 - female	20.9	20.9
Future pensioners at 65 - male	19.6	19.6
Future pensioners at 65 - female	22.3	22.3

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2038 (in 30 years time).

Changes in the present value of the defined benefit obligations are analysed as follows

	£m
As at 29 December 2006	581.1
Current service cost	2.9
Interest cost	29.7
Benefits paid	(23.2)
Contributions by employees	1.8
Actuarial gains & losses	(50.1)
As at 28 December 2007	542.2
Current service cost	1.6
Interest cost	31.3
Benefits paid	(23.5)
Contributions by employees	1.2
Actuarial gains & losses	(72.2)
As at 26 December 2008	480.6

9. Retirement benefits (continued)

Changes in the fair value of plan assets are analysed as follows

	£m
As at 29 December 2006	586.4
Expected return on plan assets	33.2
Employer contributions	9.6
Contributions by employees	1.8
Benefits paid	(23.2)
Actuarial gains & losses	(21.0)
As at 28 December 2007	586.8
Expected return on plan assets	34.6
Employer contributions	8.5
Contributions by employees	1.2
Benefits paid	(23.5)
Actuarial gains & losses	(124.3)
As at 26 December 2008	483.3

History of experience gains & losses

	2008 £m	2007 £m	2006 £m	2005 £m	2004 £m
Fair value of plan assets	483.3	586.8	586.4	549.3	464.7
Present value of defined benefit obligation	(480.6)	(542.2)	(581.1)	(595.4)	(547.2)
Surplus (deficit) in the plans	2.7	44.6	5.3	(46.1)	(82.5)
Experience adjustments arising on plan liabilities	4.5	1.8	(0.4)	(0.8)	(0.3)
Changes in financial assumptions underlying plan liabilities	67.7	48.3	17.3	(35.0)	(19.1)
Experience adjustments arising on plan assets	(124.3)	(21.0)	12.5	60.2	14.8

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £136.7m (2007: £84.6m).

Company unapproved plan

The liabilities of the Company unapproved plan are as follows

	2008 £m	2007 £m
Present value of plan liabilities	(1.1)	(1.1)
Related deferred tax asset	0.3	0.3
Net pension liability	(0.8)	(0.8)

	2008 £m	2007 £m
Recognised in the profit and loss account		
Interest cost on plan liabilities	0.1	0.1
Other finance cost	0.1	0.1

The major assumptions used by the actuary for the Company unapproved plan were as follows

	2008 %	2007 %
Rate of increase in pensions in payment	2.7	3.3
Discount rate	6.2	5.9
Inflation assumption	2.7	3.3

Notes to the Company Financial Statements (Continued)

9. Retirement benefits (continued)

The mortality assumptions used are as follows

	2008	2007
	Years	Years
Post-retirement mortality		
Current pensioners at 65 - male	18.1	18.1
Current pensioners at 65 - female	20.9	20.9
Future pensioners at 65 - male	19.6	19.6
Future pensioners at 65 - female	22.3	22.3

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2038 (in 30 years time).

Changes in the present value of the defined benefit obligations are analysed as follows

	£m
As at 29 December 2006	1.1
Interest cost	0.1
Benefits paid	(0.1)
As at 28 December 2007	1.1
Interest cost	0.1
Benefits paid	(0.1)
As at 26 December 2008	1.1

Changes in the fair value of plan assets are analysed as follows

	£m
As at 29 December 2006	-
Employer contributions	0.1
Benefits paid	(0.1)
As at 28 December 2007	-
Employer contributions	0.1
Benefits paid	(0.1)
As at 26 December 2008	-

History of experience gains & losses

	2008	2007	2006	2005	2004
	£m	£m	£m	£m	£m
Present value of defined benefit obligation	(1.1)	(1.1)	(1.1)	(1.1)	(1.0)
Deficit in the plans	(1.1)	(1.1)	(1.1)	(1.1)	(1.0)
Experience adjustments arising on plan liabilities	-	(0.1)	-	-	-
Changes in financial assumptions underlying plan liabilities	(0.1)	0.1	-	(0.1)	(0.1)

10. Derivative financial instruments

	2008 £m	2007 £m
Derivative financial instruments due within one year		
Forward foreign currency contracts	33.4	4.9
	33.4	4.9
Derivative financial instruments due after more than one year		
Forward foreign currency contracts	5.7	-
	39.1	4.9
Creditors falling due within one year		
Interest rate swaps	1.0	-
Cross currency swaps	15.5	1.0
Forward foreign currency contracts	35.5	5.2
	52.0	6.2
Creditors falling due after more than one year		
Interest rate swaps	1.1	-
Cross currency swaps	61.3	3.9
Forward foreign currency contracts	2.3	-
	64.7	3.9

11. Share capital

	2008 £m	2007 £m
Authorised share capital		
Ordinary shares of 12.5p each	36.0	36.0
Allotted, called up & fully paid		
Ordinary shares of 12.5p each	26.6	26.5

Shares allotted

	2008 Number Million	2007 Number Million
Issued during the year for cash on exercise of share options	0.2	0.9
Issued during the year in respect of LTIP awards	0.3	0.2
	0.5	1.1

	2008 £m	2007 £m
Aggregate nominal value of share options exercised	0.1	0.1
Share premium	0.3	2.3
Consideration received on exercise of share options	0.4	2.4

Notes to the Company Financial Statements (Continued)

11. Share capital (continued)

Treasury shares

	2008 Number Million	2007 Number Million
At beginning of period	2.9	3.3
Issued during the year in respect of LTIP awards	(0.4)	(0.4)
At end of period	2.5	2.9

Equity settled share-based payments

	2008 Number Million	2007 Number Million
Conditional share award outstanding at the end of the period	0.4	-
Share options outstanding at the end of the period	-	0.2
LTIP awards outstanding at the end of the period	1.9	1.9

Further details of the equity settled share-based payments and the associated cost for the year can be found in note 28 to the Group financial statements.

12. Reserves

	Share premium £m	Treasury shares £m	Capital redemption reserve £m	Hedge accounting reserve £m	Special reserve £m	Profit & loss account £m	Total £m
At 29 December 2006	35.4	(10.7)	0.5	-	1.8	257.2	284.2
Profit for year	-	-	-	-	-	109.1	109.1
Dividends	-	-	-	-	-	(31.1)	(31.1)
Cost of share based payment net of deferred tax	-	-	-	-	-	1.6	1.6
Exercise of options & LTIP awards	2.3	1.4	-	-	-	(1.4)	2.3
At 28 December 2007	37.7	(9.3)	0.5	-	1.8	335.4	366.1
Profit for year	-	-	-	(1.4)	-	24.4	23.0
Dividends	-	-	-	-	-	(35.7)	(35.7)
Cost of share based payment net of deferred tax	-	-	-	-	-	1.5	1.5
Exercise of options & LTIP awards	0.3	1.4	-	-	-	(1.4)	0.3
At 26 December 2008	38.0	(7.9)	0.5	(1.4)	1.8	324.2	355.2

The profit and loss account above is stated after deducting an accumulated loss in respect of retirement benefits of £0.8m (2007: £0.8m).

13. Balance sheet - deferred tax

	Deferred tax asset £m
At 28 December 2007	2.4
Included in profit for the year	0.2
Credit for the year included in equity	(0.7)
At 26 December 2008	1.9

	2008 £m	2007 £m
Included in debtors (note 5)	1.6	2.1
Included in retirement benefits (note 9)	0.3	0.3
	1.9	2.4
Other timing differences	1.6	2.1
Retirement benefits	0.3	0.3
	1.9	2.4

14. Operating lease commitments

	2008 £000	2007 £000
As at 26 December 2008, annual commitments under non-cancellable operating leases amounted to		
- office equipment	14	10
of which payable in respect of operating leases ending in the second to fifth years inclusive	14	10

15. Contingent liabilities & guarantees

Guarantees

The Company has given guarantees in relation to the bank and other borrowings of certain subsidiary companies. The net debt of the companies party to these facilities as at 26 December 2008 amounted to £108.4m (2007: £30.2m).

Legal claims

The Company is, from time to time, party to legal proceedings and claims which arise in the normal course of business. The directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the Company's financial position.

16. Financial risk management objectives & policies

A description of the Group's financial risk management objectives and policies is provided in note 30 to the Group financial statements. These financial risk management objectives and policies also apply to the Company.

Principal companies of the Group

The principal subsidiaries and joint ventures of the Group are as follows

Name	Country of registration or incorporation	% equity interest 2008
Subsidiaries		
EnviroTech Pumpsystems Inc	USA	100
Liquid Gas Equipment Ltd*	Scotland	100
Mesa Manufacturing Inc	USA	100
Multiflo Pumps Pty Limited	Australia	100
PT Weir Minerals Multiflo	Indonesia	100
Specialised Petroleum Manufacturing Ltd	Scotland	100
SPM Flow Control Inc	USA	100
Vulco Peru SA	Peru	100
Vulco SA	Chile	100
Warman Africa (Pty) Limited	South Africa	100
Weir Canada Inc	Canada	100
Weir do Brasil Ltda	Brazil	100
Weir Engineering Services (India) Ltd	India	100
Weir Engineering Services Ltd	Scotland	100
Weir Floway Inc	USA	100
Weir Gabbioneta Srl	Italy	100
Weir Group Trading (Shanghai) Co Ltd	China	100
Weir Hazleton Inc	USA	100
Weir Minerals Africa (Pty) Ltd	South Africa	100
Weir Minerals Australia Ltd	Australia	100
Weir Minerals China Co Ltd	China	100
Weir Minerals Europe Ltd	England	100
Weir Minerals France SAS	France	100
Weir Minerals (India) Private Ltd	India	97
Weir Minerals Netherlands BV	Netherlands	100
Weir Minerals RFW	Russia	100
Weir Minerals Services (Africa) (Pty) Ltd	South Africa	100
Weir Power & Industrial France SAS (formerly Weir Valves & Controls France SAS)	France	100
Weir Services Australia Pty Ltd	Australia	100
Weir Services USA Inc	USA	100
Weir Slurry Group Inc	USA	100
Weir SOS Limited	The Bahamas	75
Weir Valves & Controls (Suzhou) Co, Ltd	China	100
Weir Valves & Controls UK Ltd*	England	100
Weir Valves & Controls USA Inc	USA	100
Weir Vulco Venezuela SA	Venezuela	100
Joint ventures		
Weir Arabian Metals Company	Saudi Arabia	49
Wesco Abu Dhabi LLC	UAE	49

* Companies whose shares are owned directly by The Weir Group PLC.

Shareholder Information

Takeovers Directive

Following the implementation of the EU Takeovers Directive into UK law, the following description provides the required information for shareholders where not already provided elsewhere in this report.

Share capital

As at 26 December 2008, the Company's issued share capital comprised a single class of shares referred to as ordinary shares. Details of the ordinary share capital can be found in note 25 to the Group financial statements.

Voting rights

The Company's articles of association provide that on a show of hands at a general meeting of the Company, every holder of ordinary shares present in person and entitled to vote shall have one vote and on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The notice of the annual general meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the annual general meeting. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the annual general meeting and published on the Company's website after the meeting.

Transfer of shares

There are no restrictions on the transfer of ordinary shares in the Company, other than as contained in the articles of association:

- The Board may, in its absolute discretion and without giving any reason for it, refuse to register any transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place) and on which the Company has a lien as a result of such share not being fully paid up. The Board may also refuse to register any instrument of transfer of a certificated share unless it is lodged at the registered office, or such other place as the Board may decide, for registration, accompanied by a certificate for the shares to be transferred and such other evidence as the Board may reasonably require to prove title of the intending transferor;
- Certain restrictions may from time to time be imposed by laws and regulations (for example, insider trading laws);
- Pursuant to the Listing Rules of the Financial Services Authority whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

Appointment and replacement of directors

The articles of association require that at the annual general meeting one third of the directors shall retire from office but shall be eligible for re-appointment. Any director who has been appointed by the Board since the previous annual general meeting or has held office for three years or more since he was appointed or last re-appointed by the Company in general meeting shall retire at the next following annual general meeting and be eligible for re-appointment.

The articles of association authorise the Board to appoint directors and remove a director from office.

Shares held by the Employee Benefit Trust

Kleinwort Benson (Guernsey) Trustees Limited, as trustee of The Weir Group Employee Trust, holds through their designated ESOP account nominee, K.B (CI) Nominees Limited 0.047% of the issued share capital of the Company, as at 26 December 2008, in trust for the benefit of certain executive directors and senior executives of the Group. The voting rights in relation to these shares are exercised by the trustee. The trustee may vote or abstain from voting the shares or accept or reject any offer relating to shares, in any way it sees fit, without incurring any liability and without being required to give reasons for its decision.

Amendment of the Company's articles of association

The articles of association may only be amended by a Special Resolution passed at a general meeting of shareholders.

Repurchase of shares

The Company obtained shareholder authority at the last annual general meeting held on 7 May 2008 to buy back up to 20.9m ordinary shares which remains outstanding until the conclusion of the next annual general meeting on 13 May 2009. The directors will only use this power after careful consideration, taking into account market considerations prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. The directors will only purchase such shares after taking into account the effects on earnings per share and the benefits for shareholders.

Significant agreements

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid. The Company's banking arrangements are terminable upon a change of control of the Company. Certain other indebtedness becomes repayable if a change of control leads to an adverse change to the Company's credit standing.

Shareholder Information (Continued)

Powers of the directors

The business of the Company will be managed by the Board who may exercise all the powers of the Company, subject to the provisions of the Company's memorandum of association, the articles of association and any ordinary resolution of the Company.

Registrars

The Company's registrars are Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ.

Shareholder enquiries relating to shareholding, dividend payments, change of address, loss of share certificate, etc. should be addressed to Computershare Investor Services PLC at the above address.

The registrars provide an on-line service that enables shareholders to access details of their Weir Group shareholdings. A shareholder wishing to view the information, together with additional information such as indicative share prices and details of recent dividends, should visit www-uk.computershare.com.

Dividends – payment direct to banks

Dividends can be paid direct to your bank or building society account using the Bankers Automated Clearing Service (BACS). This means that your dividend will be in your account on the same day the Company makes the payment. Your tax voucher will be posted directly to your own address. Shareholders who have not yet arranged to use this method of payment can telephone the registrars on 0870 702 0010. The Company encourages you to have your dividends paid direct to a bank or building society.

Annual general meeting

The annual general meeting will be held in the Lecture Room, The Burrell Collection, Pollok Park, Glasgow on 13 May 2009 at 11am. Details of the resolutions to be proposed at the annual general meeting are contained in the shareholders circular.

Taxation

For the purpose of capital gains tax, the market value of an ordinary share of The Weir Group PLC as at 31 March 1982 was 29.75p. This market value has been adjusted to take account of the sub-division of the share capital whereby each ordinary share of 25p was sub-divided into two ordinary shares of 12.5p each on 28 June 1993.

Rights issues of ordinary shares took place in April 1987 at 157p per share on the basis of one new ordinary share for every seven ordinary shares held, in July 1990 at 250p per share on the basis of one new ordinary share for every five ordinary shares held and in September 1994 at 252p per share on the basis of one new ordinary share for every four ordinary shares held.

Shareholder communications

You can now register to receive shareholder communications (annual reports, interim reports and other company communications) electronically (and also appoint a proxy and vote electronically) provided you have internet access and a valid e-mail address. To register, you will need your Shareholder Reference Number (SRN), which is given on your share certificate or tax dividend voucher. This service is provided in conjunction with our registrars, Computershare Investor Services PLC. To obtain more information and register for this service, please visit www-uk.computershare.com.

Website

The Company's website, www.weir.co.uk, provides information including:

- news, updates, press releases and regulatory announcements;
- investor information, including the full annual report, investor presentations and share price information;
- biographies of the members of the Board and the divisional executive team;
- details of the Company's governance framework; and
- corporate responsibility reporting.

Share dealing services

Share dealing services have been established with the Company's registrars, Computershare Investor Services PLC, which provide shareholders with an easy way to buy or sell Weir Group shares on the London Stock Exchange.

Internet share dealing commission is just 0.5%, subject to a minimum charge of £15. In addition, stamp duty, currently 0.5%, is payable on purchases. There is no need to open an account in order to deal. Real time dealing is available during market hours. In addition, there is a convenient facility to place your order outside of market hours. Up to 90 day limit orders are available for sales. To access the service, log on to www.computershare.com/dealing/uk. Shareholders should have their SRN available. The SRN appears on share certificates and tax dividend vouchers. A bank debit card will be required for purchases. Please note that, at present, this service is only available to shareholders in certain European jurisdictions. Please refer to the website for an up-to-date list of these countries.

Telephone share dealing commission is 1%, subject to a minimum charge of £15. In addition, stamp duty, currently 0.5%, is payable on purchases. The service is available from 8am to 4.30pm Monday to Friday, excluding bank holidays, on telephone number 0870 703 0084. Shareholders should have their SRN ready when making the call. The SRN appears on share certificates and tax dividend vouchers. A bank debit card will be required for purchases. Detailed terms and conditions are available on request by telephoning 0870 703 0119. Please note this service is, at present, only available to shareholders resident in the UK and Ireland.

These services are offered on an execution only basis and subject to the applicable terms and conditions. This is not a recommendation to buy, sell or hold Weir Group shares. Shareholders who are unsure of what action to take should obtain independent financial advice. Share values may go down as well as up which may result in a shareholder receiving less than he/she originally invested.

To the extent that this statement is a financial promotion for the share dealing service provided by Computershare Investor Services PLC, it has been approved by Computershare Investor Services PLC for the purpose of Section 21 (2) (b) of the Financial Services and Markets Act 2000 only. Computershare Investor Services PLC is authorised and regulated by the Financial Services Authority. Where this has been received in a country where the provision of such a service would be contrary to local laws or regulations, this should be treated as information only.

Voting

Information on how you can vote electronically can be obtained through our registrars by visiting www.eproxyappointment.com

Online share management

As part of our commitment to improve shareholder communications our registrars now offer you a free, secure share management website. Managing your shares online means you can access information quickly, securely and minimise postal communications.

This service will allow you to:

- view your share portfolio and see the latest market price of your shares;
- elect to receive your shareholder communications online;
- calculate the total market price of each shareholding;
- view price histories and trading graphs;
- update bank mandates and change address details; and
- use online dealing services.

To take advantage of this service, please log in at www-uk.computershare.com/investor and enter your Shareholder Reference Number and Company Code (this information can be found on the last tax dividend voucher or your share certificate).

Financial Calendar

Ex-dividend date for final dividend

29 April 2009

Record date for final dividend

1 May 2009

Shareholders on the register at this date will receive the dividend

Annual General Meeting

13 May 2009

Final dividend paid

1 June 2009

Registered office & company number

Clydesdale Bank Exchange
20 Waterloo Street
Glasgow G2 6DB
Scotland
Registered in Scotland
Company Number 2934