THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately seek personal financial advice from your stockbroker, bank manager, solicitor or other suitable independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial advisor.

If you sell or have sold or otherwise transferred all of your shares in the capital of The Weir Group PLC, you should send this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or to the stockbroker, bank or other agent through which the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred part only of your holding of shares, you should retain this document and the accompanying Form of Proxy.

This document, which comprises a Circular relating to The Weir Group PLC, has been prepared in accordance with the Listing Rules and has been filed with the FSA in accordance with Rule 13.2 of the Listing Rules. This document has been approved as a Circular by the FSA.

The Directors, whose names are set out on page 52 of this Circular accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The whole of this document should be read. In particular, your attention is drawn to the letter from the Chairman of The Weir Group PLC set out in Part I of this document which recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below. For a discussion of certain risks and other factors which should be considered in connection with the Resolution to be proposed at the Extraordinary General Meeting, see the section of this document headed "Risk Factors".

WEIR

The Weir Group PLC

(Incorporated and registered in Scotland with registered number 2934)

Proposed Acquisition of SPM Flow Control, Inc.

Circular to Shareholders

and Notice of Extraordinary General Meeting

UBS Limited is acting exclusively for The Weir Group PLC and no one else in connection with the Proposed Acquisition and will not be responsible to any person other than The Weir Group PLC for providing the protection afforded to clients of UBS Limited nor for providing advice in relation to such transactions nor the contents of this document nor any other matter referred to herein.

Notice of an Extraordinary General Meeting of The Weir Group PLC to be held at 11.00 am on 13 July 2007 at The Vitra Conference Suite, Level Three, The Lighthouse, 11 Mitchell Lane, Glasgow G1 3NU, is set out at the end of this document. The Form of Proxy for use at the Extraordinary General Meeting accompanies this document and, to be valid, must be completed, signed and returned in accordance with the instructions printed thereon and received by the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8FB as soon as possible but, in any event, so as to arrive no later than 11.00 am on 11 July 2007.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Computershare so that it is received by no later than 11.00 am on 11 July 2007. Completion and return of a Form of Proxy or CREST Proxy Instruction will not prevent members from attending and voting in person should they wish to do so.

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EXPECTED TIMETABLE OF EVENTS

Latest time and date for receipt of Forms of Proxy from Shareholders	11.00 a.m. 11 July 2007
Extraordinary General Meeting	11.00 a.m. 13 July 2007

DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

"Act"	the Companies Act 1985, as amended
"Board"	the Board of Directors of the Company
"Chairman"	Sir Robert Smith
"Circular"	this document
"Company"	The Weir Group PLC, a company incorporated in Scotland (with registered number 2934)
"Completion"	completion of the Proposed Acquisition in accordance with the terms of the Sale and Purchase Agreement
"Computershare"	Computershare Investor Services PLC
"CREST"	the computerised settlement system operated by CRESTCo Limited to facilitate the transfer of title to shares in uncertificated form
"CRESTCo"	CRESTCo Limited
"CREST Proxy Instruction"	the form of appointment of proxy to vote through the CREST system
"Directors"	the Executive Directors and the Non-executive Directors
"Enlarged Group"	the Group following Completion including SPM
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of Shareholders convened for 13 July 2007 to consider and, if thought fit, to pass the Resolution
"Form of Proxy"	the form of proxy to vote at the Extraordinary General Meeting enclosed with this Circular
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and each of its subsidiaries
"HSBC"	HSBC Bank plc
"IFRS"	International Financial Reporting Standards
"Listing Rules"	the rules of the UK Listing Authority, relating to companies admitted to the Official List
"Official List"	the Official List of the UK Listing Authority
"Proposed Acquisition"	the proposed acquisition of SPM Flow Control, Inc. by The Weir Group PLC in accordance with the terms set out in the Sale and Purchase Agreement
"RBS"	the Royal Bank of Scotland plc
"Reporting Accountants"	Ernst & Young LLP
"Resolution"	the ordinary resolution to approve the Proposed Acquisition
"Sale and Purchase Agreement" or "SPA"	the agreement to be entered into by the owners of the shares of SPM and the Company setting out the terms of the Proposed Acquisition
"Shareholders"	a holder or holders of the Shares
"Shares"	the ordinary shares of £0.125 each in the Company
"SPM"	SPM Flow Control, Inc.
"SPM Group"	SPM Flow Control, Inc. and each of its subsidiaries
"UBS"	UBS Limited

"UK" or "United Kingdom"	England & Wales, Scotland and Northern Ireland (but not the Channel Islands or the Isle of Man)
"US GAAP"	United States Generally Accepted Accounting Principles
"UK Listing Authority"	the Financial Services Authority, acting in its capacity as competent authority for the purposes of the regulation of companies admitted to the Official List
"Weir"	The Weir Group PLC

PART I

LETTER FROM THE CHAIRMAN

The Weir Group PLC

(Registered in Scotland under registration number 2934)

Directors:	**Registered office:**
Sir Robert Smith (Chairman)	Clydesdale Bank Exchange
Mark Selway (Executive Director	20 Waterloo Street
Alan Mitchelson (Executive Director)	Glasgow
Keith Cochrane (Executive Director)	G2 6DB
Christopher Clarke (Non-executive Director)	
Michael Dearden (Non-executive Director)	
Professor John Percy (Non-executive Director)	
Stephen King (Non-executive Director)	
Lord Robertson of Port Ellen (George) (Non-executive Director)	

To the Shareholders.

26 June 2007

Dear Shareholder

PROPOSED ACQUISITION OF SPM FLOW CONTROL, INC.

Introduction

The Board announced on 21 June 2007 that it had entered into a conditional agreement to acquire the entire issued share capital of SPM Flow Control, Inc. (''SPM'') for US$653 million (£328 million[1]) in cash.

The Proposed Acquisition will be funded from existing cash resources and additional debt facilities negotiated with RBS and HSBC, two of the Group's existing bankers.

The principal terms of the Proposed Acquisition are described in more detail in Part V of this document.

Due to the size of the transaction in relation to the Company, the Proposed Acquisition is conditional on the approval of the Company's Shareholders. This approval will be sought at the Extraordinary General Meeting to be held at 11.00 a.m. on 13 July 2007. The purpose of this document is to provide you with further details of the Proposed Acquisition, to explain why the Directors consider it to be in the best interests of the Group and of the Shareholders as a whole and to seek approval for the Proposed Acquisition at the Extraordinary General Meeting. A notice convening the Extraordinary General Meeting is set out at the end of this document.

Information on SPM[2]

SPM, based in Fort Worth, Texas, is a leading manufacturer of high-pressure well service pumps and related flow control equipment, which operate in abrasive, high-wear applications in oil and gas drilling and extraction.

SPM's pump products and associated spare parts account for 72 per cent. of revenue and are largely employed in the well stimulation technique, used to increase output from oil and gas wells that might otherwise be uneconomic. The number of wells drilled globally has risen by almost 50 per cent. from 2003 to 2006, while pumping horsepower applied to the well stimulation process of hydraulic fracturing in North America has grown by 67 per cent. over the same period. Beyond hydraulic fracturing SPM's pumps have application in pressurised delivery at the wellhead of wellcasing cement and drilling mud.

SPM's other flow control products provide 20 per cent. of revenue and include valves, chokes, manifolds, swivel joints and connectors. SPM is one of the few suppliers of both the pump and a full range of flow control products for deployment between the well service unit and wellhead.

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1 Using a US$/£ exchange rate of 1.99 as at 19 June 2007.

2 All references to percentage contribution to revenue in this section relate to the 9 month period ended 31 March 2007.

The 8 per cent. balance of SPM's revenue derives from the provision of related mobile recertification, refurbishment and equipment rental services.

The materials generally pumped to stimulate well output consist of an aggressive mix of water, chemicals and sand, which imposes high wear on equipment. SPM management estimates that aftermarket activities, including spare parts, replacement equipment and service, today represent approximately 45 per cent. of SPM's total revenues.

Most of SPM's revenues relate to onshore hydrocarbon production with, geographically, USA accounting for approximately 66 per cent. of revenues, Canada 22 per cent., Europe 7 per cent., Asia and Far East 4 per cent., and 1 per cent. from the rest of world.

Customers include manufacturers of well service equipment, well service operators, drilling contractors, oilfield supply houses and integrated oil companies. The top 10 customers, which include leading names in these sectors, represented around 70 per cent. of calendar 2006 revenues.

SPM has a consistent history of repeat business from its customers, with research independently conducted on behalf of the Group confirming that:

- in the pumps market, SPM outperforms competitors in product quality and customer service, two of the most important purchasing criteria;
- customers are generally unwilling to source from unproven manufacturers due to the risk to production from the well; and
- to a large degree, customers return to the original equipment provider for replacement parts.

SPM's head office and principal manufacturing plant, comprising fabrication, machining, assembly, testing and service facilities, are located on a 12-acre site in Fort Worth, Texas. SPM has ten other service centres, three in Canada, two in Texas, and one each in Colorado, Louisiana, West Virginia, Scotland and Dubai. All facilities are leased, with the exception of the administration building in Fort Worth and the Aberdeen service centre. The Fort Worth plants and Texas service centres are leased from an entity which is controlled by certain of the current owners of SPM. The Group will continue to lease the Texas properties for a period of 4 years.

As at the end of December 2006, SPM had 631 employees, of whom 482 were based at Fort Worth.

SPM is owned by its current chief executive, Dan Lowrance, and associated family interests. At Completion, Mr. Lowrance will retire from SPM but will continue in a consultancy role to the Enlarged Group on an ongoing basis. It is intended that he will be succeeded by Steve Noon, a senior executive employed by the Group, who will report directly to the Group's chief executive, Mark Selway. The senior management team will be further supplemented by Weir manufacturing and business systems specialists. Appropriate retention and incentive arrangements have been put in place in relation to the senior management team. Following integration, SPM will be consolidated within the Clear Liquid operations of the Group's Engineering Products division.

Summary financial information

SPM had gross assets at 31 March 2007 of US$155.7 million (£78.2 million) and profits before tax for the nine months ended 31 March 2007 of US$60.4 million (£30.4 million) (as extracted without material adjustment from the historical financial information on SPM in Part III of this document). The net assets being acquired by the Group include net cash balances of US$2.9 million as at 31 March 2007.

A statement illustrating the effect of the Proposed Acquisition on the balance sheet of the Group, on the basis that Completion took place on 29 December 2006, is set out in Part IV of this document.

SPM's revenue, EBITDA, operating profit, profit before tax and net profit after tax, for the three years ended 30 June 2006, together with comparative figures for the nine months ended 31 March 2007, are summarised below.

US$ millions	***Year ended 30 June 2004***	***Year ended 30 June 2005***	***Year ended 30 June 2006***	***9 months ended 31 March 2007***
Revenues	55.8	78.8	140.6	208.6
EBITDA	8.6	12.6	43.0	62.6
Operating profit*	6.8	10.4	40.5	60.5
Profit before tax	6.5	10.0	40.1	60.4
Net profit after tax	4.7	6.2	26.9	39.9

* *Operating profit in 2006 includes exceptional income of US$8.0 million representing the settlement of a claim against a supplier.*

Source: the Accountants' Report set out in Part III of the Circular

Note: This document should be read as a whole and selected or summarised information should not be relied upon alone.

Under US legislation, SPM's financial statements are not required to be audited, and were subject to audit only at SPM's request in 2007. Both the accountant's opinion contained within the Accountants Report and the auditors report on SPM's financial statements are modified as the evidence available to them in respect of inventory, having a carrying amount of US$35.4 million as at 30 June 2006, US$24.2 million as at 30 June 2005 and US$14.8 million as at 30 June 2004, was limited because the counting of the physical inventory was not observed by an auditor, since those dates preceded the appointment of an auditor by SPM. Owing to the nature of SPM's records, the Reporting Accountants were unable to obtain sufficient appropriate evidence regarding inventory quantities by using other procedures. This modification only relates to inventory and is not significant to Shareholders because SPM, observed by Weir and the Reporting Accountants, undertook a full inventory count as at 31 March 2007.

In consequence, the Directors are able to recommend the Proposed Acquisition notwithstanding the modified Accountants Report as the full inventory count was performed and provided adequate assurance over quantity and valuation to give a true and fair opinion of the balance sheet as at 31 March 2007. The financial information for the nine months ended 31 March 2007, as included in the Accountants Report, is qualified therefore only in respect of opening inventory.

The financial information reflects SPM's success in the last three years, with revenue increasing from US$56 million in the year ended 30 June 2004 to US$141 million in the year ended 30 June 2006.

Higher energy prices, particularly for US domestic gas, have driven an increase in oil and gas well development, partially compensating for historical underinvestment in the industry. This, when coupled to the increased use of well stimulation technologies, has resulted in strong demand for SPM's specialised portfolio of well service products.

SPM's growth has continued in the nine months to 31 March 2007, with revenue of US$209 million and operating profits of US$60.5 million. These results have benefited from a US$6 million positive cost impact of delayed infrastructure spending and favourable component pricing which is not expected to be sustained.

Background to and reasons for the Proposed Acquisition

Strategy

In 2002, the Group outlined its strategy to realign the portfolio of Group businesses: to exit lower margin activities, restructure underperforming businesses, and achieve growth in higher-demand, higher-margin sectors. At the same time, the Group implemented the Weir Production System, a structured process geared to maximise operational performance. The benefits of this strategy were evident in the results for 2006, published on 21 March 2007, showing a 40 per cent. year-on-year increase in pre-exceptional profit before tax. 80 per cent. of the Group's £1.1 billion order input in 2006 was generated from its core markets of mining, oil and gas, power generation, marine and defence.

The Group's strong cash generation and balance sheet capacity have provided it with the flexibility to pursue growth through acquisitions aligned with its core businesses. The Company's strategic acquisition criteria require target companies to be centred on engineering products and services. Characteristics sought in any acquisition include a strong position in a high-growth segment, high aftermarket content, a technological edge, an international market presence with scope for expansion, and sound profitability. SPM satisfies all of these criteria.

SPM's positive market outlook

A key driver of demand for SPM's products is the level of hydrocarbon exploration and production activity. The independent research undertaken for the Group indicates that the number of new oil and gas wells is expected to continue to grow and identifies a continuing shift towards 'unconventional' wells, which require more intensive use of the specialised products supplied by SPM.

Strategic fit and benefits of the Proposed Acquisition

The Proposed Acquisition meets the Group's acquisition criteria and provides the Enlarged Group with significant strategic and operational benefits. Specifically, SPM presents:

- increased presence in the higher-growth upstream oil and gas market, with a particularly strong position in the high-demand well stimulation niche;
- a business model that is increasingly aftermarket-driven, as the installed base of SPM's well service pumps grows;
- potential to increase sales of both SPM's and the Group's existing engineering services and products across the broader business platform of the Enlarged Group; and
- opportunity in the medium-term to enhance SPM's productivity through the application of the Group's lean process initiatives and production skills.

The exceptional growth experienced by SPM in recent years means that the Group's plans for SPM include investment in upgraded business systems, improved plant layout and a significant strengthening of related management disciplines. In addition, the extensive access to operations provided during due diligence indicates that it will be necessary to increase staffing to a level more appropriate for a business of SPM's scale. The Group is also anticipating adjustment to component prices, reflecting US dollar weakness. Although these factors will increase SPM's cost base, they are necessary to strengthen the business, improve operational efficiency for profitable growth and prepare the business for the longer term.

The Group is confident that the proven capabilities of its business model will deliver an effective integration without undue disruption to either business.

Principal terms and conditions of the Proposed Acquisition

The Proposed Acquisition is of the entire issued share capital of SPM and is conditional on the approval of Shareholders. If the Company does not obtain approval of the Shareholders for the Proposed Acquisition, the Company is required to pay to the shareholders of SPM a break-fee of US$26,014,906, being 0.99 per cent. of the market capitalisation of the Company based on the closing market price on the London Stock Exchange on 20 June 2007.

The Sale and Purchase Agreement contains warranties of a type customary in the USA for a transaction of this nature. The liability of SPM's shareholders for claims under the warranties is limited to US$130 million (except for certain warranties such as those relating to ownership of shares and capacity to enter into the agreement which are unlimited in liability), and is otherwise subject to customary limitations of liability.

US$65 million will be paid into an escrow account by SPM and will be held for a period of 21 months from Completion in order to be able to pay any costs arising under the representations and warranties given by SPM to the Company. The escrow funds will be reduced by 50 per cent. on the first anniversary of Completion.

Further details of the Sale and Purchase Agreement are set out in Part V of this document.

Funding the Proposed Acquisition

Two of the Group's principal lending banks, RBS and HSBC, have provided new underwritten facilities totalling £550 million to support the Proposed Acquisition, under a facility agreement dated 20 June 2007. The Proposed Acquisition will be funded from a combination of the new and existing facilities together with available cash balances. The new facility is available both to finance the Proposed Acquisition and also to meet the working capital requirements and general corporate purposes of the Enlarged Group. In the event Completion does not take place, the new facility will automatically be cancelled. Further details of the facility agreement are set out in paragraph 7 of Part VI of this document.

Recent Corporate Developments

On 8 May 2007, the Group sold its Glasgow-based pump manufacturing operation, 'Weir Pumps', to Clyde Pumps Ltd for a cash consideration of approximately £45 million. In the year ended 29 December 2006, this business had generated third party revenues of £70.5 million and operating profits of £4.2 million.

On 10 May 2007, the Group announced that it had agreed to sell its 24.5 per cent. interest in Devonport Management Ltd ("DML") to Babcock International Group plc ("Babcock"). The cash consideration is expected to be £85.2 million. The sale was conditional on Babcock shareholder approval and certain consents required by the Ministry of Defence ("MoD"). DML owns and operates Devonport Royal Dockyard, providing a range of design, build and support services principally to the Royal Navy. On 15 June 2007, Babcock announced that shareholder approval had been obtained and that they expected the consents from the MoD to be received shortly. The profits after tax attributable to the interest to be disposed of by the Group for the year 2006 were £8.1 million.

Current trading and prospects for the Enlarged Group

The Group's current trading is in line with the Directors' expectations and is consistent with the comments made in the AGM statement released on 9 May 2007: "the Group has started the year well, even against the strong first quarter of last year and it views the outcome for the year as a whole with confidence".

Based on SPM's current order book, due diligence work on its order prospects and the independent market research undertaken by the Group, it is a reasonable assumption to expect revenues of the order of US$320 million in calendar year 2007, some 15 per cent. ahead of actual revenues for the nine months to 31 March 2007 pro-rata on an annual basis. Future operating margins are expected to reflect the absence of favourable items in the prior period which we anticipate will progressively normalise to 2006 levels (excluding exceptional income) when taking into account current purchase cost factors and the need to increase infrastructure spending to support recent business growth. The Proposed Acquisition is expected to be immediately earnings enhancing for the Group and to generate a return in excess of the Group's cost of capital within three years.

Risk factors and further information

Your attention is drawn to the risk factors set out in Part II and the further information set out in the remainder of this document.

Extraordinary General Meeting

The Extraordinary General Meeting to consider and, if thought fit, approve the Proposed Acquisition has been convened to be held at The Vitra Conference Suite, Level Three, The Lighthouse, 11 Mitchell Lane, Glasgow G1 3NU on 13 July 2007. The notice convening the meeting is attached to this Circular.

Actions to be taken

You will find enclosed with this document, the Form of Proxy for use at the Extraordinary General Meeting. This should be completed in accordance with the instructions thereon and returned as soon as possible and, in any event, so as to be received by Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8FB, not later than 11.00 a.m. on 11 July 2007.

Alternatively, if you hold Shares in CREST, a proxy may be appointed by completing a CREST Proxy Instruction by following the instructions in note 2 of the notice of the Extraordinary General Meeting.

The return of a completed Form of Proxy or CREST Proxy Instruction will not prevent a Shareholder from attending the Extraordinary General Meeting and voting in person, should he or she wish to do so.

Recommendation

Your Board has received financial advice with respect to the Proposed Acquisition from UBS. In providing advice to the Board, UBS has relied upon the Directors' commercial assessment of the Proposed Acquisition.

Your Board considers that the Proposed Acquisition is in the best interests of Shareholders taken as a whole and unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, as the Directors each intend to do in respect of their own beneficial holdings which, as of 25 June 2007, amount in total to 271,380 ordinary shares, representing approximately 0.1 per cent. of the issued share capital of the Company.

Yours faithfully,

Sir Robert Smith

Chairman

PART II

RISK FACTORS

Before making any decision whether to vote in favour of the Resolution at the EGM, prospective investors and Shareholders should carefully consider the factors and risks attaching to an investment in SPM, together with all other information contained in this document including, in particular, the risk factors described below. Shareholders should be aware that an investment in SPM involves a degree of risk (which could materially and adversely affect the Company's business, financial condition or results of operations). The Directors consider the following risks to be all the known material risks to Shareholders. The risks listed are not set out in any particular order of priority.

If any of the following risks actually occur, the Enlarged Group's business, financial condition, capital resources, results and/or future operations could be materially affected. In such a case, the price of the Shares could decline and prospective investors and Shareholders may lose all or part of their investment.

1. Risks relating to the Proposed Acquisition not proceeding

Completion of the Proposed Acquisition

The Proposed Acquisition is conditional upon the passing of the Resolution at the Extraordinary General Meeting and other conditions that are customary for a transaction of the nature of the Proposed Acquisition. There can be no assurance that these conditions will be satisfied or that Completion will occur.

2. Risks specific to SPM

Industry competition

The market for many of SPM's products is competitive. SPM competes against large and well established global firms, as well as local firms, on the basis of price, technical expertise, timeliness of delivery, previous installation history and reputation for quality and reliability.

Market conditions

A key driver of demand for SPM's products is the level of hydrocarbon exploration and production activity in general and, more specifically, the use of hydraulic fracturing well stimulation techniques. The oil and gas market is cyclical and open to technological innovation. A market downturn or new well service technology could adversely impact demand and pricing of SPM's products.

Business infrastructure

The strong growth in demand experienced by SPM in recent years has placed strain on its business systems and physical infrastructure. The Group's integration plan encompasses investment in upgraded business systems and controls and improved plant layout as well as significant strengthening of related management disciplines. In addition, due diligence work indicates it to be appropriate to expect increased component prices as well as increased staffing to a level more appropriate to a business of SPM's scale. These measures carry risk in their execution and are, in any event, expected to have a moderating impact on SPM's future operating margins.

Delivery performance

SPM's ability to meet customer delivery schedules is dependent on a number of factors including sufficient manufacturing capacity, access to raw materials, inventory control, an adequate complement of trained employees, engineering expertise and the appropriate planning and scheduling of the manufacturing process. Failure to deliver in accordance with customer expectation may result in damage to customer relationships.

Key customers

SPM has a strong record of retaining customers for repeat orders and business. Like many in the oil field services sector, it does not have long term contractual arrangements and its revenues are concentrated in relatively few key customers. Following Completion, if it is unable to maintain ongoing levels of orders with its key customers, this may have a materially adverse effect on its business.

Health & safety

SPM operates in an industrial environment. If SPM is unable to maintain a safe place for its employees to work a number of negative outcomes could result, including: fines and penalties, loss of key customers, exclusion from certain market sectors deemed important for future development of the business and damage to reputation.

Product liability

SPM faces an inherent business risk of exposure to product liability and warranty claims in the event that a failure of a product results in, or is alleged to result in, bodily injury, property damage and consequential loss.

Environmental

Site investigations have identified some potential contamination at the Fort Worth location. Current indications are that the cost of remediation should not exceed US$1 million.

Foreign exchange risk

SPM sources components and sells its products internationally and is therefore exposed to transactional currency risks. Translational risk will also arise due to exchange rate fluctuations in the translation of the results of SPM into sterling.

Ability to integrate SPM effectively

The Enlarged Group's success will, to a material degree, be dependent on its ability to integrate SPM effectively, without disruption to its existing business. The Proposed Acquisition will place additional demands on the management of the Enlarged Group and may require the provision of supplemental resource.

3. Contractual risks relating to the Proposed Acquisition

Recourse under the Sale and Purchase Agreement

Under the terms of the Sale and Purchase Agreement, which is governed by Texas law, the shareholders of SPM have given warranties of a type customary in the United States for a transaction of this nature. Those warranties may not provide the Enlarged Group with full protection in relation to all potential risks related to SPM. In particular, the warranties are limited in time and in amount, as further described in Part V of this document. Shareholders should therefore expect that if there is a breach of the warranties, the Enlarged Group may not have any, or may only have partial, recourse against the shareholders of SPM.

Governing law and arbitration

The Sale and Purchase Agreement is governed by the laws of Texas and disputes arising under the Sale and Purchase Agreement are to be submitted to the United States District Court for the Northern District of Texas for resolution. Shareholders familiar with the conduct of transactions of this nature in the UK, and with the conduct of disputes arising in relation thereto, should not therefore expect the Enlarged Group to have the same statutory and other legal rights, protections and methods of recourse, or to be afforded the same level of damages or other legal recourse, as if the Sale and Purchase Agreement was governed by the laws of Scotland or England and subject to the jurisdiction of courts in the UK.

PART III

ACCOUNTANTS' REPORT

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

The Directors
The Weir Group PLC
Clydesdale Bank Exchange
20 Waterloo Street
Glasgow
G2 6DB

26 June 2007

Dear Sirs

SPM Flow Control, Inc.

We report on the financial information set out in pages 16 to 44. This financial information has been prepared for inclusion in the Circular relating to the Proposed Acquisition on the basis of the accounting policies set out in Note 2 to the financial information. This report is required by Listing Rule 13.5.21R and is given for the purpose of complying with that schedule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to the Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

Responsibilities

The Directors are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information and in accordance with IFRS.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Circular, and to report our opinion to you.

Basis of opinion

We have conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom except that the scope of our work was limited as explained below.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned our work 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 financial information is free from material misstatement whether caused by fraud or other irregularity or error. However, with respect to inventory having a carrying amount of US$35.4 million as at 30 June 2006, US$24.2 million as at 30 June 2005 and US$14.8 million as at 30 June 2004 the evidence available to us was limited because the counting of the physical inventory was not observed by an auditor, since those dates preceded the appointment of an auditor by the company. Owing to the nature of SPM's records, we were unable to obtain sufficient appropriate evidence regarding inventory quantities by using other procedures.

Qualified opinion arising from limitation in scope

Except for the financial effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the physical inventory quantities as at 30 June 2006, 30 June 2005 and 30 June 2004, in our opinion the financial information gives, for the purposes of the Circular dated 26 June 2007, a true and fair view of the state of affairs of SPM Flow Control, Inc. as at 30 June 2006, 30 June 2005 and 30 June 2004 and of its profits, cash flows and changes in equity for the periods then ended; and its profits, cashflows and changes in equity for the 9 months ended 31 March 2007 in accordance with the basis of preparation set out in note 2 to the financial information and in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted in The Weir Group PLC's latest annual accounts.

Opinion in respect of balance sheet as at 31 March 2007

In our opinion the financial information gives, for the purposes of the Circular dated 26 June 2007, a true and fair view of the state of affairs of SPM Flow Control, Inc. as at 31 March 2007 in accordance with the basis of preparation set out in note 2 to the financial information and in accordance with IFRS and has been prepared in a form that is consistent with the accounting policies adopted in The Weir Group PLC's latest annual accounts.

Yours faithfully

Ernst & Young LLP

Consolidated income statements
for the nine months ended 31 March 2007 and the three years ended 30 June 2006

	Notes	31 March 2007	30 June 2006	30 June 2005	30 June 2004
		US$m	US$m	US$m	US$m
Continuing operations					
Revenue	3	208.6	140.6	78.8	55.8
Cost of sales		(132.7)	(92.4)	(56.5)	(38.7)
Gross profit		**75.9**	**48.2**	**22.3**	**17.1**
Selling & distribution costs		(6.4)	(6.2)	(4.4)	(6.3)
Administrative expenses		(9.0)	(9.5)	(7.5)	(4.0)
Operating profit before exceptional items		**60.5**	**32.5**	**10.4**	**6.8**
Exceptional income	4(e)	—	8.0	—	—
Operating profit		**60.5**	**40.5**	**10.4**	**6.8**
Finance costs		(0.5)	(0.7)	(0.5)	(0.4)
Finance revenue — interest receivable		0.4	0.3	0.1	0.1
Profit before tax		**60.4**	**40.1**	**10.0**	**6.5**
Tax expense	5	(20.5)	(13.2)	(3.8)	(1.8)
Profit for the period		**39.9**	**26.9**	**6.2**	**4.7**
Attributable to:					
Equity holders of the company		39.9	26.9	6.2	4.7

Consolidated balance sheets
as at:

	Notes	31 March 2007	30 June 2006	30 June 2005	30 June 2004
		US$m	US$m	US$m	US$m
ASSETS					
Non-current assets					
Property, plant and equipment	6	27.1	23.3	20.3	18.1
Intangible assets	7	0.2	0.2	0.3	0.3
Deferred tax assets	14	3.1	—	—	—
Total non-current assets		**30.4**	**23.5**	**20.6**	**18.4**
Current assets					
Inventories	8	55.2	35.4	24.2	14.8
Trade & other receivables	9	62.7	34.9	19.7	14.4
Income tax receivable		—	—	—	0.1
Cash & short term deposits	10	7.4	9.9	2.9	8.4
Total current assets		**125.3**	**80.2**	**46.8**	**37.7**
Total assets		**155.7**	**103.7**	**67.4**	**56.1**
LIABILITIES					
Current liabilities					
Interest-bearing loans & borrowings	11	1.6	1.9	3.5	2.8
Trade & other payables	12	27.7	21.6	8.5	5.2
Income tax payable		2.9	2.2	1.0	0.2
Provisions	13	5.4	1.2	0.8	0.4
Total current liabilities		**37.6**	**26.9**	**13.8**	**8.6**
Non current liabilities					
Interest-bearing loans & borrowings	11	8.3	7.2	7.5	8.2
Deferred tax liabilities	14	—	0.5	1.1	0.7
Total non current liabilities		**8.3**	**7.7**	**8.6**	**8.9**
Total liabilities		**45.9**	**34.6**	**22.4**	**17.5**
NET ASSETS		**109.8**	**69.1**	**45.0**	**38.6**
CAPITAL & RESERVES					
Share capital	15	0.1	0.1	0.1	0.1
Share premium		6.7	6.7	6.7	6.7
Retained earnings		100.6	60.7	37.1	30.9
Foreign currency translation reserve		2.4	1.6	1.1	0.9
TOTAL EQUITY — shareholders' equity		**109.8**	**69.1**	**45.0**	**38.6**

Consolidated statement of changes in equity
for the nine months ended 31 March 2007 and the three years ended 30 June 2006

	Share capital	Share premium	Foreign currency translation reserve	Retained earnings	Total
	US$m	US$m	US$m	US$m	US$m
Balance at 1 July 2003	0.1	6.7	0.5	27.6	34.9
Profit for the year	—	—	—	4.7	4.7
Exchange differences on translation of foreign operations	—	—	0.4	—	0.4
Dividends	—	—	—	(1.4)	(1.4)
Balance at 30 June 2004	0.1	6.7	0.9	30.9	38.6
Profit for the year	—	—	—	6.2	6.2
Exchange differences on translation of foreign operations	—	—	0.2	—	0.2
Balance at 30 June 2005	0.1	6.7	1.1	37.1	45.0
Profit for the year	—	—	—	26.9	26.9
Exchange differences on translation of foreign operations	—	—	0.5	—	0.5
Dividends	—	—	—	(3.3)	(3.3)
Balance at 30 June 2006	0.1	6.7	1.6	60.7	69.1
Profit for the period	—	—	—	39.9	39.9
Exchange differences on translation of foreign operations	—	—	0.8	—	0.8
Balance at 31 March 2007	0.1	6.7	2.4	100.6	109.8

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations.

Consolidated cash flow statement
for the nine months ended 31 March 2007 and the three years ended 30 June 2006

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Net cash generated from (used in) operations (note 16)	**2.1**	**17.9**	**(0.8)**	**6.0**
Cash flows from investing activities				
Interest received	0.4	0.3	0.1	0.1
Purchase of property, plant & equipment & intangible assets	(4.9)	(5.5)	(4.6)	(2.9)
Sale of property, plant & equipment & intangible assets	—	0.2	0.3	0.2
Net cash used in investing activities	(4.5)	(5.0)	(4.2)	(2.6)
Cash flows from financing activities				
Proceeds from borrowings	1.8	1.6	2.1	0.1
Repayment of borrowings	(1.5)	(2.4)	(2.4)	(1.9)
Repayment of capital element of finance leases	(0.2)	(0.3)	(0.3)	(0.2)
Interest paid	(0.5)	(0.7)	(0.5)	(0.4)
Dividends paid to equity holders of the company	—	(3.3)	—	(1.4)
Net cash used in financing activities	(0.4)	(5.1)	(1.1)	(3.8)
Net (decrease) / increase in cash and cash equivalents	**(2.8)**	**7.8**	**(6.1)**	**(0.4)**
Cash and cash equivalents at beginning of period	9.9	2.1	8.2	8.6
Foreign currency translation differences	0.3	—	—	—
Cash and cash equivalents at end of period	7.4	9.9	2.1	8.2

Notes to the financial information
for the nine months ended 31 March 2007 and the three years ended 30 June 2006

1. General information

SPM was incorporated in the state of Texas on 23 July 1962 for the purpose of acquiring and operating plants and facilities for the manufacture and distribution of flow control products for the oil and gas industry.

Manufacturing facilities are located in Fort Worth, Texas. Sales and service centres are located in Aberdeen, Scotland; Alice, Texas; Frederick, Colorado; Dubai, United Arab Emirates; Grand Prairie, Alberta; Lafayette, Louisiana; Medicine Hat, Alberta; Odessa, Texas; Jane Lew, West Virginia; and Red Deer, Alberta. Sales centres are located in Houston, Texas and Singapore.

2. Significant accounting policies

Basis of preparation

The consolidated financial information presented covers the 9 month period ended 31 March 2007 and the years ended 30 June 2004, 2005 and 2006.

The consolidated financial information has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU).

The accounting policies which follow set out those policies which have been applied consistently to all periods presented. The financial information is presented in US Dollars. All values are rounded to the nearest 0.1 million dollars (US$m) except when otherwise indicated.

SPM established its IFRS accounting policies for the year ended 30 June 2006 and applied these standards retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 July 2003, except where exemptions are permitted by IFRS1 "First-time adoption of International Financial Reporting Standards".

First time adoption of IFRS

SPM previously prepared its financial information in accordance with United States generally accepted accounting practice (US GAAP). In preparing this financial information, the SPM Group has started from an opening balance sheet as at 1 July 2003, the SPM Group's date of transition to IFRS and made those changes in accounting policies and other restatements as required by IFRS1 for the first time adoption of IFRS.

Use of estimates and judgements

The preparation of the consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial information relate to the measurement of provisions, specifically with regard to the estimation of warranty exposure which is based on past experience.

Basis of consolidation

The consolidated financial information includes the results, cash flows, assets and liabilities of SPM and the SPM Group. The financial information of subsidiaries is prepared for the same reporting period as SPM using consistent accounting policies.

A subsidiary is an entity controlled, either directly or indirectly, by SPM, where control is the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The results of a subsidiary acquired during the period are included in the SPM Group's results from the date on which control is transferred to the SPM Group. The results of a subsidiary sold during the period are included in the SPM Group's results up to the date on which control is transferred out of the SPM Group. All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency translation

The financial information for each of the SPM Group's subsidiaries is prepared using their functional currency. The functional currency is the currency of the primary economic environment in which an entity operates.

At entity level, transactions denominated in foreign currencies are translated into the entity'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 income statement except when hedge accounting is applied.

On consolidation, the results of foreign operations are translated into US dollars at the average exchange rate for the period and their assets and liabilities are translated into US dollars at the exchange rate ruling on the balance sheet date. Currency translation differences, including those on monetary items that form part of a net investment in a foreign operation, are recognised in the foreign currency translation reserve.

In the event that a foreign operation is sold, the gain or loss on disposal recognised in the income statement is determined after taking into account the cumulative currency translation differences that are attributable to the operation.

In the cash flow statement, the cash flows of foreign operations are translated into US dollars at the average exchange rate for the period.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the SPM Group and the revenue can be reliably measured.

Revenue from goods and services is recognised when they are delivered or when the risks and benefits incidental to ownership are transferred.

Intangible assets — Computer software

Computer software that is not integral to an item of property, plant and equipment is recognised separately as an intangible asset. Amortisation is provided on a straight-line basis so as to charge the cost of the software to the income statement over its expected useful life of five years.

Property, plant & equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment losses. Freehold land and assets under construction are not depreciated.

Depreciation of property, plant and equipment, other than freehold land and assets under construction, is provided on a straight-line basis so as to charge the cost less residual value, based on prices prevailing at the balance sheet date, to the income statement over the expected useful life of the asset concerned, which is in the following ranges:

Freehold buildings, long leasehold land & buildings	40 years
Short leasehold land & buildings	duration of lease
Plant & equipment	3 - 20 years

Borrowing costs attributable to assets under construction are charged to the income statement in the period in which they are incurred.

Leases

Leases which transfer to the SPM Group substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Assets held under finance leases are included within property, plant and equipment, initially measured at their fair value or, if lower, the present value of the minimum lease payments and a corresponding liability is recognised within obligations under finance leases. Subsequently, the assets are depreciated on a basis consistent with similar owned assets or the lease term if shorter. At the inception of the lease, the lease rentals are apportioned between an interest element and a capital element so as to produce a constant periodic rate of interest on the outstanding liability. Subsequently, the interest element is recognised as a charge to the income statement while the capital element is applied to reduce the outstanding liability.

Operating lease rentals and any incentives receivable are recognised in the income statement on a straight-line basis over the term of the lease.

Inventories

Inventories are valued at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. Cost represents the expenditure incurred in bringing inventories to their existing location and condition and comprises the cost of raw materials, direct labour costs, other direct costs and related production overheads. Raw material cost is generally determined on a first in, first out basis. Net realisable value is the estimated selling price less costs to complete and sell.

Trade & other receivables

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

Cash & cash equivalents

Cash and cash equivalents comprise cash in hand, deposits available on demand and other short-term highly liquid investments with a maturity on acquisition of three months or less, and bank overdrafts. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Interest-bearing loans & borrowings

Obligations for loans and borrowings are recognised when the SPM Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

Provisions

A provision is recognised in the balance sheet when the SPM Group 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.

Derecognition of financial assets & liabilities

The SPM Group's principal financial assets and liabilities, other than derivatives, comprise bank overdrafts, short term debt, loans, cash and short term deposits. The SPM Group also has other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations.

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.

Employee benefit costs — 401(k) Plan

SPM has a defined contribution 401(k) plan covering all US employees of SPM who have completed 90 days of service and attained the age of 21. Employees may elect to have up to 20%, subject to annual IRS limits, of their compensation contributed to the Plan on a pre-tax basis.

At the discretion of the SPM board, SPM may match a percentage of the employee contributions equal to 15% of the first 20% of employee contributions. Additionally, SPM may make an additional discretionary contribution to be allocated to participants relative to compensation. The cost of contributions to the scheme is charged to the income statement in the period that they arise.

Taxation

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

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:

(a) 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.

(b) Deferred tax is provided on temporary differences arising on investments in subsidiaries 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.

(c) 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 periods in respect of taxable temporary differences. Deferred tax assets represent tax recoverable in future periods 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.

New standards & interpretations

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRS)		**Effective for periods commencing**
IFRS7	Financial Instruments: Disclosures	1 January 2007
IFRS8	Operating Segments*	1 January 2009
IAS1	Amendment to IAS1: Capital Disclosures	1 January 2007
IAS23	Amendment to IAS23: Borrowing Costs*	1 January 2009
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC10	Interim Financial Reporting and Impairment*	1 November 2006
IFRIC11	IFRS 2 — Group and Treasury Share Transactions	1 March 2007
IFRIC 12	Service Concession Arrangements	1 January 2008

* *not yet adopted for use in the European Union*

The above standards and interpretations will be adopted in accordance with their effective dates and have not been adopted in these financial statements.

It is not anticipated that the adoption of these standards and interpretations will have a material impact on the SPM Group's financial statements in the period of initial application.

Upon adoption of IFRS7, the SPM Group will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically, the SPM Group will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

3. Segment information

The SPM Group's activities are in one business segment, the manufacture and distribution of flow control products for the oil and gas industry. There are no other significant classes of business, either singularly or in aggregate. Accordingly, the SPM Group's primary segment reporting is by business segment with geographical reporting being the secondary format.

Business segments

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Revenues				
Segment revenues	208.6	140.6	78.8	55.8
Result				
Segment result and Operating profit	60.5	40.5	10.4	6.8
Assets and liabilities				
Segment assets	145.2	93.8	64.5	47.6
Unallocated assets	10.5	9.9	2.9	8.5
Total assets	155.7	103.7	67.4	56.1
Segment liabilities	33.1	22.8	9.3	5.6
Unallocated liabilities	12.8	11.8	13.1	11.9
Total liabilities	45.9	34.6	22.4	17.5
Other segment information				
Segment capital expenditure	5.6	5.4	4.7	8.6
Segment depreciation & amortisation	2.1	2.5	2.2	1.8
Provisions	4.7	1.6	1.2	0.7

Unallocated assets comprise cash, deferred tax assets and income tax receivable. Unallocated liabilities comprise interest bearing loans and borrowings, income tax payable and deferred tax liabilities.

Geographical segments

The SPM Group's geographical segments, in respect of revenues, are based on the location of its markets and customers.

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Revenues				
North America	183.7	116.4	62.0	43.2
UK	7.6	7.2	6.1	4.2
Other EU	6.6	5.1	3.3	2.1
South America	0.9	1.1	0.4	0.3
Far East & Asia	9.4	10.4	6.5	5.7
Other	0.4	0.4	0.5	0.3
	208.6	140.6	78.8	55.8

The SPM Group's geographical segments, in respect of assets, are based on the physical location of the assets.

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Segment assets				
North America	125.9	82.9	55.8	39.6
UK	16.6	8.7	8.7	6.3
Middle East	8.6	5.2	3.0	2.6
Unallocated assets	10.5	9.9	2.9	8.5
Eliminations	(5.9)	(3.0)	(3.0)	(1.1)
	155.7	103.7	67.4	56.1
Segment capital expenditure				
North America	3.8	4.3	4.0	7.5
UK	1.8	0.9	0.6	0.9
Middle East	—	0.2	0.1	0.2

4. Revenue and expenses

(a) Revenues

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Sales of goods	191.9	125.1	66.9	47.0
Rendering of services	16.7	15.5	11.9	8.8
Revenue	208.6	140.6	78.8	55.8
Finance income	0.4	0.3	0.1	0.1
Total revenue	209.0	140.9	78.9	55.9

No revenue was derived from exchange of goods or services in any of the reported periods.

(b) Operating profit is stated after charging (crediting):

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Cost of inventories recognised as an expense	132.7	92.4	56.5	38.7
Depreciation	2.0	2.4	2.1	1.7
Amortisation	0.1	0.1	0.1	0.1
Impairment of financial assets	1.1	0.9	0.1	—
Foreign exchange (gains) losses	(0.1)	(0.1)	(0.1)	0.1
Operating lease rentals; buildings — minimum lease payments	0.9	1.1	1.0	1.0

(c) Employee benefit expense

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Wages & salaries	20.4	21.5	17.5	13.3
Social security costs	2.0	2.2	1.9	1.4
Pension costs — defined contribution plan	0.3	0.3	0.3	0.2
	22.7	24.0	19.7	14.9

(d) Employee numbers

The average monthly number of employees, including executive directors, during each of the reported periods was:

	Number	Number	Number	Number
Operations	457	296	229	173
Sales and marketing	21	19	16	15
Administration	50	45	35	32
	528	360	280	220

(e) Exceptional income

The exceptional income of US$8.0m in 2006 represents the settlement of a claim raised by SPM against a supplier.

5. Taxation

(a) Income tax expense

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Current income tax				
US federal taxes	21.3	11.9	2.4	0.9
Foreign tax	2.8	1.9	1.0	0.6
Total current income tax	24.1	13.8	3.4	1.5
Deferred income tax				
Origination and reversal of temporary differences	(3.6)	(0.6)	0.4	0.3
Tax charge for the period	20.5	13.2	3.8	1.8

The total deferred tax included in the income tax expense is as follows:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Accelerated depreciation for tax purposes	0.1	0.5	0.5	0.5
Inventories	(2.2)	(0.1)	—	(0.1)
Provisions	(1.5)	(0.2)	—	(0.1)
Accounts receivable	(0.4)	(0.3)	(0.1)	—
Other	0.4	(0.5)	—	—
Tax (credit) charge for the period	(3.6)	(0.6)	0.4	0.3

(b) Reconciliation of total tax charge

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Factors affecting the tax charge for the period:				
Accounting profit before income tax	60.4	40.1	10.0	6.5
Effective rate of taxation*	34%	34%	33%	34%
Profit before tax multiplied by the effective rate of tax	20.6	13.8	3.3	2.2
Effects of:				
Non deductible expenses	(0.1)	(0.6)	0.5	(0.4)
Tax charge for the period	20.5	13.2	3.8	1.8

* weighted average of standard rates of corporation tax across the SPM Group

6. Property, plant and equipment

	Land & buildings	Plant and machinery	Total
	US$m	US$m	US$m
Cost			
At 1 July 2003	2.3	15.8	18.1
Additions	6.0	2.6	8.6
Disposals	—	(1.2)	(1.2)
Exchange	—	0.3	0.3
At 30 June 2004	8.3	17.5	25.8
Additions	0.4	4.2	4.6
Disposals	(0.3)	(0.3)	(0.6)
At 30 June 2005	8.4	21.4	29.8
Additions	—	5.4	5.4
Disposals	—	(0.4)	(0.4)
Exchange	—	0.1	0.1
At 30 June 2006	8.4	26.5	34.9
Additions	1.2	4.3	5.5
Exchange	0.1	0.3	0.4
At 31 March 2007	9.7	31.1	40.8
Accumulated depreciation			
At 1 July 2003	0.5	6.5	7.0
Charge for the year	0.4	1.3	1.7
Disposals	—	(1.0)	(1.0)
At 30 June 2004	0.9	6.8	7.7
Charge for the year	0.4	1.7	2.1
Disposals	—	(0.3)	(0.3)
At 30 June 2005	1.3	8.2	9.5
Charge for the year	0.4	2.0	2.4
Disposals	—	(0.3)	(0.3)
At 30 June 2006	1.7	9.9	11.6
Charge for the period	0.3	1.7	2.0
Exchange	—	0.1	0.1
At 31 March 2007	2.0	11.7	13.7
Net book value			
31 March 2007	7.7	19.4	27.1
30 June 2006	6.7	16.6	23.3
30 June 2005	7.1	13.2	20.3
30 June 2004	7.4	10.7	18.1

The carrying value of buildings held under finance leases at 31 March 2007 was US$5.4 million (2006: US$4.9 million, 2005: US$5.2 million, 2004: US$5.5 million). The carrying amount of assets under construction included in plant and machinery at 31 March 2007 was US$1.5 million (2006: US$1.8 million, 2005: US$nil, 2004: US$nil).

7. Intangible assets

	Purchased Software
	US$m
Cost	
At 1 July 2003	0.4
Additions	—
At 30 June 2004	0.4
Additions	0.1
At 30 June 2005	0.5
Additions	—
At 30 June 2006	0.5
Additions	0.1
At 31 March 2007	0.6
Accumulated amortisation	
At 1 July 2003	—
Charge for the year	0.1
At 30 June 2004	0.1
Charge for the year	0.1
At 30 June 2005	0.2
Charge for the year	0.1
At 30 June 2006	0.3
Charge for the period	0.1
At 31 March 2007	0.4
Net book value	
31 March 2007	0.2
30 June 2006	0.2
30 June 2005	0.3
30 June 2004	0.3

8. Inventories

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Raw materials	13.1	13.8	12.7	5.1
Work in progress	12.4	8.2	4.0	1.8
Finished goods and goods for resale	29.7	13.4	7.5	7.9
	55.2	35.4	24.2	14.8

Write-downs of inventory occur regularly in the general course of business and the amounts are considered to be insignificant. These amounts are included in cost of sales in the income statement.

9. Trade and other receivables

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	**US$m**	**US$m**	**US$m**
Trade receivables	62.1	33.9	19.0	13.9
Prepayments	0.6	1.0	0.7	0.5
	62.7	34.9	19.7	14.4

10. Cash & short-term deposits

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	**US$m**	**US$m**	**US$m**
Cash at bank & in hand	6.1	8.6	1.6	3.9
Short-term deposits	1.3	1.3	1.3	4.5
	7.4	9.9	2.9	8.4

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprises the following:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	**US$m**	**US$m**	**US$m**
Cash & short-term deposits	7.4	9.9	2.9	8.4
Bank overdrafts	—	—	(0.8)	(0.2)
	7.4	9.9	2.1	8.2

11. Interest-bearing loans & borrowings

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Current				
Bank overdraft	—	—	0.8	0.2
Bank loans	1.3	1.6	2.4	2.3
Obligations under finance leases (note 17)	0.3	0.3	0.3	0.3
	1.6	1.9	3.5	2.8
Non-current				
Bank loans	3.0	2.4	2.4	2.7
Other loans	0.2	0.2	0.2	0.3
Obligations under finance leases (note 17)	5.1	4.6	4.9	5.2
	8.3	7.2	7.5	8.2
Bank loans comprise the following:				
US$3.5m 4.44% fixed rate loan 2006	—	0.2	1.1	2.0
US$1.9m 4.1% fixed rate loan 2007	—	0.4	0.8	1.3
US$2.5m variable rate loan 2007 (prime less 2.5%)	0.3	0.6	1.2	1.7
US$2.0m variable rate loan 2009 (prime less 1.25%)	1.0	1.3	1.7	—
US$3.0m variable rate loan 2012 (prime less 1.25%)	3.0	1.5	—	—
	4.3	4.0	4.8	5.0
Less current instalments	(1.3)	(1.6)	(2.4)	(2.3)
	3.0	2.4	2.4	2.7
Fair values				
Financial assets				
Cash & short-term deposits	7.4	9.9	2.9	8.4
Financial liabilities				
Interest bearing loans & borrowings				
Floating rate borrowings	4.3	3.4	3.7	1.9
Fixed rate borrowings	5.6	5.7	7.3	9.1

The fair value of the items above has been calculated by discounting the expected future cash flows at prevailing interest rates. The carrying amount of the other financial instruments of the SPM Group, i.e. short term trade receivables and payables, which are not interest bearing that are not included in the above table, is a reasonable approximation of fair value. The carrying amount recorded in the balance sheet of each financial asset, including derivative financial instruments, represents the SPM Group's maximum exposure to credit risk.

Interest rate risk

The following tables set out the carrying amount, by maturity, of the SPM Group's financial instruments that are exposed to interest rate risk.

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
31 March 2007							
Fixed rate							
Other loans	—	0.1	—	0.1	—	—	0.2
Obligations under finance leases	0.3	0.3	0.3	0.3	0.4	3.8	5.4
Floating rate							
Cash and short term deposits	7.4	—	—	—	—	—	7.4
Bank loans	1.3	1.0	0.7	0.6	0.6	0.1	4.3
30 June 2006							
Fixed rate							
Bank loans	0.6	—	—	—	—	—	0.6
Other loans	—	0.1	—	0.1	—	—	0.2
Obligations under finance leases	0.3	0.3	0.4	0.4	0.4	3.1	4.9
Floating rate							
Cash and short term deposits	9.9	—	—	—	—	—	9.9
Bank loans	1.0	1.1	1.0	0.3	—	—	3.4
30 June 2005							
Fixed rate							
Bank loans	1.4	0.5	—	—	—	—	1.9
Other loans	—	0.1	—	0.1	—	—	0.2
Obligations under finance leases	0.3	0.3	0.4	0.4	0.4	3.4	5.2
Floating rate							
Cash and short term deposits	2.9	—	—	—	—	—	2.9
Bank overdraft	0.8	—	—	—	—	—	0.8
Bank loans	1.0	0.9	0.6	0.3	0.1	—	2.9
30 June 2004							
Fixed rate							
Bank loans	1.6	1.2	0.5	—	—	—	3.3
Other loans	—	0.1	0.1	0.1	—	—	0.3
Obligations under finance leases	0.3	0.3	0.4	0.4	0.4	3.7	5.5
Floating rate							
Cash and short term deposits	8.4	—	—	—	—	—	8.4
Bank overdraft	0.2	—	—	—	—	—	0.2
Bank loans	0.7	0.4	0.4	0.2	—	—	1.7

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The other financial instruments of the SPM Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

12. Trade and other payables

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Trade payables	15.7	10.2	5.6	3.2
Accruals	3.0	5.4	2.8	2.0
Advance payments from customers	9.0	6.0	0.1	—
	27.7	21.6	8.5	5.2

13. Provisions

	Self Insurance	Warranties	Total
	US$m	US$m	US$m
At 1 July 2003	0.1	0.1	0.2
Additions	0.1	0.6	0.7
Utilised	(0.1)	(0.4)	(0.5)
At 30 June 2004	0.1	0.3	0.4
Additions	0.4	0.8	1.2
Utilised	(0.1)	(0.7)	(0.8)
At 30 June 2005	0.4	0.4	0.8
Additions	0.2	1.4	1.6
Utilised	(0.2)	(1.0)	(1.2)
At 30 June 2006	0.4	0.8	1.2
Additions	0.3	4.4	4.7
Utilised	(0.3)	(0.2)	(0.5)
At 31 March 2007	0.4	5.0	5.4

Self-insurance

SPM initiated a self-insurance program for its employees' health care costs. SPM is liable for losses on claims up to US$75,000 per claim. SPM has third-party insurance coverage for any losses in excess of such amounts and for any losses in excess of aggregate employee claims of US$2,000,000. Self-insurance costs are provided for based on claims reported as of the balance sheet date as well as an estimated liability for claims incurred but not reported. It is expected that all costs related to such claims will have been incurred within one year of the balance sheet date.

Warranties

Provision has been made in respect of actual warranty claims on goods sold and services provided and allowance has been made for potential warranty claims based on past experience for goods and services sold with a warranty guarantee. It is expected that all costs related to such claims will have been incurred within one year of the balance sheet date.

14. Deferred taxation

The deferred tax (asset) liability is made up as follows:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Deferred income tax liabilities				
Accelerated depreciation for tax purposes	2.2	2.1	1.6	1.1
Deferred income tax assets				
Inventories	2.5	0.3	0.2	0.2
Provisions	1.9	0.4	0.2	0.2
Accounts receivable	0.8	0.4	0.1	—
Other	0.1	0.5	—	—
	5.3	1.6	0.5	0.4
Net deferred income tax (asset) liability	(3.1)	0.5	1.1	0.7

Undistributed earnings of SPM's foreign subsidiaries amounted to US$20.5 million at 31 March 2007, (US$14.4 million at 30 June 2006, US$10.3 million at 2005 and US$8.1 million at 2004). Those earnings are considered to be indefinitely reinvested and, accordingly, no U.S. federal and state income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, SPM would be subject to both U.S. income taxes (subject to an adjustment for foreign tax credits) and withholding taxes payable to the various foreign countries. Determination of the amount of unrecognised deferred U.S. income tax liability is not practical because of the complexities associated with its hypothetical calculation; however, unrecognised foreign tax credits would be available to reduce a portion of the U.S. tax liability. There are no income tax consequences attaching to the payment of dividends by the SPM Group to its shareholders.

15. Share capital

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	Number	Number	Number	Number
Issued & fully paid share capital				
Voting common				
At beginning and end of the period	61,799	61,799	61,799	61,799
Non-voting common				
At beginning and end of the period	1,235,980	1,235,980	1,235,980	1,235,980

SPM has two classes of common shares (voting and non-voting) neither of which carry any rights to fixed income.

16. Additional cash flow information

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Net cash generated from (used in) operations				
Operating profit	60.5	40.5	10.4	6.8
Depreciation & amortisation	2.1	2.5	2.2	1.8
Gain on disposal of property, plant & equipment & intangible assets	—	(0.1)	—	—
Increase in trade and other receivables	(27.4)	(15.0)	(5.2)	(2.4)
Increase in inventories	(20.5)	(10.9)	(9.3)	(0.2)
Increase in trade and other payables	5.5	11.9	2.2	0.8
Increase in provisions	4.7	1.6	1.2	0.7
Income tax paid	(22.8)	(12.6)	(2.3)	(1.5)
Net cash flow generated from (used in) operating activities	2.1	17.9	(0.8)	6.0
Reconciliation of net (decrease) increase in cash and cash equivalents to movement in net (debt) funds				
Net (decrease) increase in cash and cash equivalents	(2.8)	7.8	(6.1)	(0.4)
Net increase (decrease) in debt	(0.1)	1.1	0.6	2.0
Change in net funds (debt) resulting from cash flows	(2.9)	8.9	(5.5)	1.6
Lease inception	(0.7)	—	—	(5.7)
Foreign currency translation differences	0.3	—	—	—
Change in net funds (debt) during period	(3.3)	8.9	(5.5)	(4.1)
Net funds (debt) at beginning of period	0.8	(8.1)	(2.6)	1.5
Net funds (debt) at end of period	(2.5)	0.8	(8.1)	(2.6)
Net funds (debt) comprises the following				
Cash & short-term deposits	7.4	9.9	2.9	8.4
Current interest-bearing loans & borrowings	(1.6)	(1.9)	(3.5)	(2.8)
Non-current interest-bearing loans & borrowings	(8.3)	(7.2)	(7.5)	(8.2)
	(2.5)	0.8	(8.1)	(2.6)

17. Commitment & contingencies

Finance lease commitments

The SPM Group has one property lease which is considered to be a finance lease. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

Minimum lease payments:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Within one year	0.6	0.6	0.6	0.6
After one but not more than five years	2.4	2.4	2.4	2.4
More than five years	6.1	5.0	5.6	6.1
Total minimum lease payments	9.1	8.0	8.6	9.1
Less amounts representing finance charges	3.7	3.1	3.4	3.6
	5.4	4.9	5.2	5.5

Present value of minimum lease payments:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
Within one year	0.3	0.3	0.3	0.3
After one but not more than five years	0.9	1.1	1.1	1.0
More than five years	4.2	3.5	3.8	4.2
	5.4	4.9	5.2	5.5

The lease has an original term of 7 years with monthly payments over the term of the lease which may be adjusted annually by the consumer price index and may be automatically extended for three additional periods of three years provided SPM is not in default of any provisions of the lease.

Operating lease commitments

Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Land and buildings:				
Within one year	1.3	0.7	0.7	0.5
After one but not more than five years	4.7	2.2	2.3	1.6
More than five years	1.5	0.1	0.6	0.7

The SPM Group has entered into leases for land and buildings with original terms of one, five and seven years. Certain leases have terms of renewal at the option of the lessee and CPI linked escalation clauses. There are no purchase options.

Litigation and claims

SPM is engaged in legal actions arising from the normal course of business. In management's opinion, SPM has adequate legal defences with respect to these actions, and the resolution of these matters should have no material adverse effects on the results of operations or financial condition of SPM.

18. Related party transactions

Lowrance Properties

SPM is owned by its current chief executive, Dan Lowrance, and associated family interests. Lowrance Properties, a partnership formed in the State of Texas, is under common ownership with that of SPM. SPM leases a number of properties from Lowrance Properties.

Payments made in respect of these properties were:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Property lease rentals	1.1	1.1	1.0	0.6

There were no outstanding balances with Lowrance Properties at any of the period ends.

Future minimum rentals payable under these non-cancellable operating leases are as follows:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Operating leases which expire				
Land and buildings				
Within one year	1.1	0.5	0.5	0.4
After one but not more than five years	4.5	2.1	2.2	1.6
More than five years	1.5	0.1	0.6	0.7

Each lease has an original term of 7 years with monthly payments over the term of the lease which may be adjusted annually by the consumer price index. Each lease will be automatically extended for two additional periods of three years provided SPM is not in default of any provisions of the lease.

In addition, the information disclosed in note 17 relating to finance lease commitments comprises a property leased from Lowrance Properties.

Remuneration of key personnel

The remuneration of the directors, who are the key management personnel of SPM, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures:

	31 March 2007	30 June 2006	30 June 2005	30 June 2004
	US$m	US$m	US$m	US$m
Short term employee benefits	5.4	2.5	2.2	1.7

19 Financial risk management objectives & policies

The SPM Group's principal financial instruments, other than derivatives, comprise bank overdrafts, short term debt, loans, cash and short term deposits. The main purpose of these financial instruments is to manage the SPM Group's funding and liquidity requirements. The SPM Group has other financial instruments such as trade receivables and trade payables which arise directly from its operations. The principal financial risks to which the SPM Group is exposed are those relating to foreign currency, commodity price, credit, liquidity and interest rate. These risks are managed in accordance with board approved policies.

Foreign currency risk

The SPM Group has invested in operations outside the United States of America and also buys and sells goods and services in currencies other than in the functional currency of its subsidiary operations. As a result, the SPM Group's non dollar revenues, profits, assets, liabilities and cash flows can be affected by movements in exchange rates. It is SPM Group policy not to engage in any speculative transaction of any kind.

Commodity price risk

The SPM Group's exposure to raw material price risk is generally diminished by the regular review of costs charged by suppliers and the updating of sale prices as required.

Credit risk

The SPM Group's credit risk is primarily attributable to its trade receivables. SPM grants credit without collateral to its customers, most of whom are worldwide oil and gas companies. Credit worthiness checks are undertaken before entering into contracts with new customers and credit limits are set as appropriate. The amounts presented in the balance sheet are net of allowance for doubtful receivables. An allowance for impairment is made where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The SPM Group has a concentration of risk with regards to BJ Services Company, a company incorporated in the state of Delaware and listed on the New York Stock Exchange that, at 31 March 2007, 30 June 2006, 2005 and 2004, accounted for 25%, 26%, 39% and 24% of trade receivables respectively.

At 31 March 2007, 30 June 2006, 2005 and 2004, the SPM Group had significant concentrations of risk arising from cash deposits in excess of federally insured limits. The exposure related to these deposits is the deposit balance shown by the bank at any point in time. Differences between amounts shown by the bank and amounts recorded in the general ledger arise due to outstanding reconciling items. At 31 March 2007, 30 June 2006, 2005 and 2004 amounts exceeding federally insured limits (as reported by the bank) totalled US$13.0 million, US$6.8 million, US$5.8 million and US$1.7 million respectively.

Liquidity risk

The SPM Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

Interest rate risk

The majority of the SPM Group's borrowings are at variable rates of interest. Interest rate risk is regularly monitored to ensure that the mix of variable and fixed rate borrowing is appropriate for the SPM Group in the short to medium term. Based on current levels of net debt, interest risk is not considered to be material.

20 Transition to International Financial Reporting Standards

SPM previously prepared its financial information in accordance with United States generally accepted accounting practice (US GAAP). In preparing this financial information the SPM Group has started from an opening balance sheet as at 1 July 2003, the SPM Group's date of transition to IFRS and made those changes in accounting policies and other restatements as required by IFRS1 for the first time adoption of IFRS. This note summarises the principal adjustments made by the SPM Group in that restatement. The adjustments are categorised into either ''reclassifications'' or ''remeasurements''. All adjustments are due to GAAP changes except for the adjustment to trade & other receivables noted below.

Exemptions applied

IFRS1 ''First time adoption of IFRS'' allows first time adopters certain exemptions from the general requirement to apply IFRS effective as at 30 June 2006 retrospectively. The SPM Group has taken no exemptions.

Summary of transition adjustments

Basis of consolidation

Under IFRS, an entity is consolidated where a parent has control over another entity. Control is defined in IAS 27 ''Consolidated and Separate Financial Statements'' as ''the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities''. Under US GAAP, whilst an entity is also consolidated where control exists, FIN 46(R) also requires the consolidation of a Variable Interest Entity (VIE) where the entity is the primary beneficiary by means other than voting rights.

SPM leases a substantial portion of its facilities from Lowrance Properties, a partnership formed in the state of Texas. Although Lowrance Properties is not owned by SPM, it is under common ownership and is considered a variable interest entity under FIN 46(R) because the owners of Lowrance Properties are protected from losses by the ability to cause SPM to adjust its rent payments upwards. Therefore, the assets, liabilities and transactions of Lowrance Properties were included in the consolidated financial statements prepared under US GAAP with the noncontrolling ownership interest included as a separate component of stockholders' equity. All intercompany balances and transactions were eliminated upon consolidation.

Under IFRS Lowrance Properties is not considered to be controlled by SPM and has not been consolidated. Net assets at 30 June 2006 have been decreased by US$2.0 million (1 July 2003: US$1.4 million) representing the exclusion of the assets, liabilities and transactions of Lowrance Properties from the consolidated financial statements. This adjustment comprises a reduction of US$3.7 million (2003: US$1.3 million) in Property, plant and equipment, US$0.3 million (2003: US$0.1 million) in Cash & short term deposits, US$1.9 million (2003: US$nil) in Interest-bearing loans & borrowings, an increase in Trade & other receivables of US$0.1 million (2003: US$nil) and a reduction to Minority interest of US$2.0 million (2003: US$1.4 million). The impact on the profit for the year ended 30 June 2006 arise from adjustments to depreciation and lease payments which increase cost of sales by US$0.8 million, selling & distribution costs by US$0.2 million, reduce Finance costs by US$0.1 million and Minority interest by US$0.9 million.

Property, plant & equipment

Under US GAAP, all capitalised computer software was included within tangible fixed assets. Under IAS38 ''Intangible Assets'', capitalised computer software must be presented as an intangible asset unless it is integral to an item of property, plant and equipment. Under IFRS, non-integral computer software with a carrying value of US$0.2 million has been reclassified from property, plant and equipment to intangible assets at 30 June 2006 (US$0.4 million at 1 July 2003).

Following the deconsolidation of Lowrance Properties as detailed above, an assessment of the property leases between Lowrance and SPM has resulted in the recognition of land & buildings of US$4.9 million at 30 June 2006 (US$Nil at 1 July 2003) and a related liability of US$4.9 million at 30 June 2006 (US$Nil at 1 July 2003) in connection with finance leases. As a result of this adjustment, Cost of sales has been reduced by US$0.4 million and Finance costs increased by US$0.4 million.

Cash & cash equivalents

Certain investments with an original maturity of less than three months amounting to US$1.3 million at 30 June 2006 (US$Nil at 1 July 2003) have been reclassified from other investments to cash and cash equivalents in accordance with IFRS.

Trade & other receivables

Trade receivables at 30 June 2006 have been reduced by US$0.9 million to reflect The Weir Group PLC policy with regard to provisions for doubtful debts. An associated adjustment of US$0.3 million has been made to deferred tax. This has resulted in an increase of US$0.9 million in administrative expenses and a reduction of US$0.3 million in Tax expense.

Provisions

Provisions of US$1.2 million at 30 June 2006 (US$0.2 million at 1 July 2003) have been reclassified from trade and other payables to provisions. Provisions are expected to fall due within one year.

Deferred tax

Deferred tax assets and liabilities have been reclassified into a single balance to reflect the offset available in applicable taxable jurisdictions.

As at 30 June 2006, the deferred taxation liability of US$0.6 million (2003: US$0.2 million) relating to the Foreign currency translation reserve has been reversed as it is not probable that the temporary difference will reverse in the foreseeable future. This has no impact on the tax expense in the period.

As at 30 June 2006, the deferred taxation asset of US$0.7 million (2003: US$nil) relating to foreign tax credits has been reversed as it is not probable that the temporary difference will reverse in the foreseeable future. This results in an increased tax charge of US$0.7 million.

Cash flow statement

The transition from US GAAP to IFRS and the non-consolidation of Lowrance Properties is the most significant impact on the cash flows generated by the SPM Group. This has resulted in a reduction of US$0.3 million in cash and cash equivalents at 30 June 2006.

In preparing the cash flow statement under IFRS, cash and cash equivalents include cash in hand, deposits available on demand, other short-term highly liquid investments with a maturity on acquisition of three months or less and bank overdrafts. Under US GAAP, short-term highly liquid investments and bank overdrafts were not classified as cash equivalents. This has resulted in an increase in cash and cash equivalents of US$1.3 million at 30 June 2006.

Reconciliation of equity as at 1 July 2003

	As reported Under US GAAP	Reclassifications	Remeasurements	IFRS
	US$m	US$m	US$m	US$m
ASSETS				
Non-current assets				
Property, plant and equipment	12.8	(0.4)	(1.3)	11.1
Intangible assets	—	0.4	—	0.4
Total non-current assets	**12.8**	**—**	**(1.3)**	**11.5**
Current assets				
Inventories	14.9	—	—	14.9
Trade & other receivables	11.8	—	—	11.8
Income tax receivable	0.2	—	—	0.2
Deferred tax assets	0.3	(0.3)	—	—
Cash & short term deposits	8.7	—	(0.1)	8.6
Total current assets	**35.9**	**(0.3)**	**(0.1)**	**35.5**
Total assets	**48.7**	**(0.3)**	**(1.4)**	**47.0**
LIABILITIES				
Current liabilities				
Trade & other payables	4.6	(0.2)	—	4.4
Deferred tax liabilities	0.1	(0.1)	—	—
Provisions	—	0.2	—	0.2
Total current liabilities	**4.7**	**(0.1)**	**—**	**4.6**
Non current liabilities				
Interest-bearing loans & borrowings	7.1	—	—	7.1
Deferred tax liabilities	0.8	(0.2)	(0.2)	0.4
Total non current liabilities	**7.9**	**(0.2)**	**(0.2)**	**7.5**
Total liabilities	**12.6**	**(0.3)**	**(0.2)**	**12.1**
NET ASSETS	**36.1**	**—**	**(1.2)**	**34.9**
CAPITAL & RESERVES				
Share capital	0.1	—	—	0.1
Share premium	6.7	—	—	6.7
Retained earnings	27.6	—	—	27.6
Foreign currency translation reserve	0.3	—	0.2	0.5
Shareholders' equity	34.7	—	0.2	34.9
Minority interest	1.4	—	(1.4)	—
TOTAL EQUITY — shareholders' equity	**36.1**	**—**	**(1.2)**	**34.9**

Reconciliation of equity as at 30 June 2006

	As reported Under US GAAP	Reclassifications	Remeasurements	IFRS
	US$m	US$m	US$m	US$m
ASSETS				
Non-current assets				
Property, plant and equipment	22.3	(0.2)	1.2	23.3
Intangible assets	—	0.2	—	0.2
Total non-current assets	**22.3**	**—**	**1.2**	**23.5**
Current assets				
Inventories	35.4	—	—	35.4
Trade & other receivables	35.7	—	(0.8)	34.9
Investments	1.3	(1.3)	—	—
Deferred tax assets	0.7	(0.7)	—	—
Cash & short term deposits	8.9	1.3	(0.3)	9.9
Total current assets	82.0	(0.7)	(1.1)	80.2
Total assets	**104.3**	**(0.7)**	**0.1**	**103.7**
LIABILITIES				
Current liabilities				
Interest-bearing loans & borrowings	1.9	—	—	1.9
Trade & other payables	22.8	(1.2)	—	21.6
Income tax payable	2.2	—	—	2.2
Provisions	—	1.2	—	1.2
Total current liabilities	**26.9**	**—**	**—**	**26.9**
Non current liabilities				
Interest-bearing loans & borrowings	4.2	—	3.0	7.2
Deferred tax liabilities	1.4	(0.7)	(0.2)	0.5
Total non current liabilities	**5.6**	**(0.7)**	**2.8**	**7.7**
Total liabilities	**32.5**	**(0.7)**	**2.8**	**34.6**
NET ASSETS	**71.8**	**—**	**(2.7)**	**69.1**
CAPITAL & RESERVES				
Share capital	0.1	—	—	0.1
Share premium	6.7	—	—	6.7
Retained earnings	62.0	—	(1.3)	60.7
Foreign currency translation reserve	1.0	—	0.6	1.6
Shareholders' equity	69.8	—	(0.7)	69.1
Minority interest	2.0	—	(2.0)	—
TOTAL EQUITY — shareholders' equity	**71.8**	**—**	**(2.7)**	**69.1**

Reconciliation of profit for the year ended 30 June 2006

	As reported Under US GAAP	Reclassifications	Remeasurements	IFRS
	US$m	US$m	US$m	US$m
Continuing operations				
Revenue	140.6	—	—	140.6
Cost of sales	(92.0)	—	(0.4)	(92.4)
Gross profit	48.6	—	(0.4)	48.2
Selling & distribution costs	(6.0)	—	(0.2)	(6.2)
Administrative expenses	(8.6)	—	(0.9)	(9.5)
Operating profit pre exceptional items	34.0	—	(1.5)	32.5
Exceptional item	—	8.0	—	8.0
Operating profit	34.0	8.0	(1.5)	40.5
Finance costs	(0.4)	—	(0.3)	(0.7)
Finance revenue — interest receivable	0.3	—	—	0.3
Settlement proceeds	8.0	(8.0)	—	—
Profit before tax	41.9	—	(1.8)	40.1
Tax expense	(12.8)	—	(0.4)	(13.2)
Profit for the year	29.1	—	(2.2)	26.9
Attributable to:				
Equity holders of the company	28.2	—	(1.3)	26.9
Minority interests	0.9	—	(0.9)	—
	29.1	—	(2.2)	26.9

Reconciliation of cash flows for the year ended 30 June 2006

	As reported Under US GAAP	Reclassifications	Remeasurements	IFRS
	US$m	US$m	US$m	US$m
Net income/Operating profit	28.2	12.9	(0.6)	40.5
Minority interest	0.9	—	(0.9)	—
Depreciation & amortisation	2.4	0.3	(0.2)	2.5
Gain on disposal of property, plant & equipment & intangible assets	(0.1)	—	—	(0.1)
Increase in trade and other receivables	(15.8)	—	0.8	(15.0)
Increase in inventories	(10.9)	—	—	(10.9)
Increase in trade and other payables	13.5	(1.6)	—	11.9
Increase in provisions	—	1.6	—	1.6
Income tax paid	0.1	(12.4)	(0.3)	(12.6)
Net cash generated from operations	**18.3**	**0.8**	**(1.2)**	**17.9**
Cash flows from investing activities				
Interest received	—	0.3	—	0.3
Purchase of property, plant & equipment & intangible assets	(5.5)	—	—	(5.5)
Sale of property, plant & equipment & intangible assets	0.2	—	—	0.2
Purchase of investments	(6.6)	6.6	—	—
Prepayments, maturities and calls on investments	6.6	(6.6)	—	—
Net cash used in investing activities	(5.3)	0.3	—	(5.0)
Cash flows from financing activities				
Increase in overdraft	(0.8)	0.8	—	—
Proceeds from borrowings	1.6	—	—	1.6
Repayments of borrowings	(2.7)	—	0.3	(2.4)
Repayment of capital element of finance leases	—	(0.3)	—	(0.3)
Interest paid	—	(0.8)	0.1	(0.7)
Dividends paid to equity holders of the company	(3.3)	—	—	(3.3)
Cash distributions to minorities	(0.8)	—	0.8	—
Net cash used in financing activities	(6.0)	(0.3)	1.2	(5.1)
Net increase in cash and cash equivalents	**7.0**	**0.8**	**—**	**7.8**
Cash and cash equivalents at beginning of period	1.9	0.5	(0.3)	2.1
Cash and cash equivalents at end of period	8.9	1.3	(0.3)	9.9

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

(A) Letter From the Reporting Accountants

Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

The Directors
The Weir Group PLC
Clydesdale Bank Exchange
20 Waterloo Street
Glasgow
G2 6DB

26 June 2007

Dear Sirs

We report on the unaudited pro forma statement of net assets (the "Pro Forma Financial Information") set out in Part IV of the Circular dated 26 June 2007, which has been prepared on the basis described in Part IV, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by The Weir Group PLC in preparing the financial statements for the period ended 29 December 2006. This report is required by Listing Rule 13.5.31 and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to the Shareholders as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Listing Rule 13.4.1R (6), consenting to its inclusion in the Circular.

Responsibilities

It is the responsibility of the Directors of The Weir Group PLC to prepare the Pro Forma Financial Information in accordance with Listing Rule 13.5.31.

It is our responsibility to form an opinion, as required by Listing Rule 13.5.31 as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors of The Weir Group PLC.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of The Weir Group PLC.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of The Weir Group PLC.

Yours faithfully

Ernst & Young LLP

(B) Unaudited Pro Forma Statement of Net Assets of the Enlarged Group as at 29 December 2006

Introduction

The following is an unaudited pro forma statement of net assets, based on the combined net assets of The Weir Group PLC and SPM, prepared for illustrative purposes only to show the effect of the Proposed Acquisition as if it had occurred on 29 December 2006.

Because of its nature, the unaudited pro forma statement of net assets addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results.

	The Weir Group PLC as at 29 December 2006 (Note 1)	Adjustments: SPM as at 31 March 2007 (Note 2)	Adjustments: Proposed Acquisition (Notes 3-6)	Pro forma for Enlarged Group
	£m	£m	£m	£m
ASSETS				
Non-current assets				
Property, plant and equipment	116.6	13.8	—	130.4
Intangible assets	180.1	0.1	280.3	460.5
Investment in joint ventures and associates	33.5	—	—	33.5
Deferred tax assets	19.3	1.6	—	20.9
Retirement benefit plan surpluses	7.8	—	—	7.8
Forward foreign currency contracts	4.9	—	—	4.9
Total non-current assets	**362.2**	**15.5**	**280.3**	**658.0**
Current assets				
Inventories	120.9	28.2	—	149.1
Trade & other receivables	203.8	32.0	—	235.8
Construction contracts	34.9	—	—	34.9
Forward foreign currency contracts	6.5	—	—	6.5
Income tax receivable	0.1	—	—	0.1
Cash & short term deposits	146.3	3.8	—	150.1
Total current assets	**512.5**	**64.0**	**—**	**576.5**
Total assets	**874.7**	**79.5**	**280.3**	**1,234.5**
LIABILITIES				
Current liabilities				
Interest-bearing loans & borrowings	7.5	0.8	—	8.3
Trade & other payables	212.4	14.2	—	226.6
Construction contracts	46.3	—	—	46.3
Forward foreign currency contracts	3.0	—	—	3.0
Income tax payable	19.4	1.5	—	20.9
Provisions	27.3	2.8	—	30.1
Total current liabilities	**315.9**	**19.3**	**—**	**335.2**
Non current liabilities				
Interest-bearing loans & borrowings	145.9	4.2	336.3	486.4
Forward foreign currency contracts	1.8	—	—	1.8
Provisions	13.6	—	—	13.6
Deferred tax liabilities	13.9	—	—	13.9
Retirement benefit plan deficits	11.7	—	—	11.7
Total non current liabilities	**186.9**	**4.2**	**336.3**	**527.4**
Total liabilities	**502.8**	**23.5**	**336.3**	**862.6**
NET ASSETS	**371.9**	**56.0**	**(56.0)**	**371.9**

Notes to the unaudited pro forma statement of net assets

1 The consolidated net assets of The Weir Group PLC have been extracted without material adjustment from the published accounts for the 52 weeks ended 29 December 2006.

2 The consolidated net assets of SPM have been extracted without material adjustment from Part III of this document, translated from US Dollars into Sterling at the exchange rate at 29 December 2006 of US$1.96:£1.

3 The adjustment of £280.3 million to intangible assets represents goodwill arising on consolidation of SPM. The goodwill has been calculated based on total consideration of £333.2 million (US$653 million) and costs of acquisition of £3.1 million less net assets of SPM of £56.0 million (US$109.8 million), with US Dollars amounts translated into Sterling at the exchange rate at 29 December 2006 of US$1.96:£1.

4 The adjustment of £336.3 million to non current interest-bearing loans & borrowings represents £333.2 million of new bank debt to finance the Proposed Acquisition under the facility agreement, as set out in paragraph 7.3 of Part VI of this document, and £3.1 million of acquisition costs.

5 No account has been taken of any fair value adjustments to SPM's net assets at 31 March 2007 as any such fair value adjustments can not be accurately and reliably calculated at this point in time. Accordingly, the entire excess over the net book value of SPM's net assets has been attributed to goodwill, as explained in note 3 above. On completion of a fair value exercise, an amount will be required to be allocated to other intangible assets.

6 No account has been taken of any transactions of The Weir Group PLC since 29 December 2006 or SPM since 31 March 2007.

PART V

SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE SALE AND PURCHASE AGREEMENT

1. Introduction

On 20 June 2007, a subsidiary of the Company (the ''Buyer'') entered into a conditional sale and purchase agreement (''SPA'') to acquire the entire issued share capital of SPM (the ''SPM Shares''). The Company has fully guaranteed the obligations of the Buyer under the SPA. The principal terms of the SPA are set out below.

2. Parties to the Agreement

Pursuant to the SPA, the Buyer will acquire the SPM shares from SPM's current shareholders (collectively, the ''Sellers''). The Sellers are (1) Dan E. Lowrance (''DEL''), who is the founder and current CEO of SPM and the owner of approximately 61 per cent. of the voting rights, (2) members of DEL's family, and (3) four trusts, the beneficiaries of which are also members of DEL's family. As required by the Company, the beneficiaries of the trusts have executed documents satisfactory to the Company pursuant to which the beneficiaries have approved the SPA and the transactions contemplated thereby.

3. Principal Terms and Conditions

The main condition to Completion is the approval of the Resolution by at least 50 per cent. of the Shareholders at the Extraordinary General Meeting.

If the Shareholders do not approve the Resolution, and the other conditions to the obligations of the Sellers are satisfied or waived, then the Sellers will have the right to terminate the SPA. If the Sellers exercise such termination right, the Buyer must pay the Sellers a break-fee of US$26,014,906, being 0.99 per cent. of the market capitalisation of the Company based on the closing market price on the London Stock Exchange on 20 June 2007.

Completion is also conditional on no material adverse change (broadly an event occurring between the date on which the SPA was signed and Completion which has or will have a material adverse effect on the business of SPM) having taken place and all filings having been made under the United States Hart-Scott-Rodino Anti-trust Improvements Act of 1976, as amended, and the regulations and the waiting period thereunder having expired, lapsed or been terminated as appropriate.

4. Consideration and Escrow Agreement

The Buyer will pay a cash purchase price of US$653 million. Save as described below, there will be no post-Completion adjustment to the purchase price. The entire cash purchase price will be payable in immediately available funds at Completion.

However, US$65 million of the cash purchase price will be paid to J.P. Morgan, as escrow agent to be held and disbursed by it pursuant to the terms of an escrow agreement to be entered into at Completion (the ''Escrow Agreement'').

The purpose of the Escrow Agreement is to enable the Buyer to take security for the performance by the Sellers of their post-Completion indemnification and other obligations. To that end, the Sellers are required by the SPA to join with the Buyer in requesting the escrow agent to disburse funds from the escrow to the Company to satisfy indemnification claims.

On the first anniversary of Completion, 50 per cent. of the amount of the escrow, less the amount of any pending claims by the Company, will be distributed to the Sellers along with the earnings on the amount distributed. A further distribution will be made to the Sellers twenty-one months following Completion and a final distribution will be made upon the resolution of any claims pending as of such date.

5. Purchase Price Adjustment

The SPA does not provide for any post-Completion price adjustment linked to SPM's financial condition at Completion. However, the SPA does require a reduction to the base purchase price if and to the extent certain transaction related expenses borne by SPM exceed US$200,000.

6. Representations and Warranties

As is customary for transactions of this nature in the United States, the Sellers have made extensive representations and warranties about their right to sell and ownership of the SPM Shares and the business, financial and legal conditions of SPM. The representations and warranties are subject to numerous exceptions as set out in the Disclosure Schedule attached to the SPA.

7. Warranty claims

The Sellers are required to indemnify the Company and related parties for losses they suffer after Completion as a result of breach of the representations and warranties made by the Sellers. As is customary for transactions of this nature in the United States, the Sellers indemnification obligations are subject to a number of limitations, including (1) generally the representations and warranties survive for only twenty-one months after Completion, (2) a de minimis exception of US$50,000, (3) no claims may be made until the aggregate losses suffered (not counting any de minimis exception) exceed US$4 million and then the Sellers are required to indemnify only to the extent losses (again not counting de minimis exception) exceed US$4 million, and (4) the Sellers' aggregate liability for breach of representations and warranties is limited to US$130 million.

The SPA provides for limited exceptions to the foregoing limitations. There are no limitations for any claim for fraud.

8. Governing Law; Dispute Resolution

The SPA is governed by the laws of the State of Texas. The United States District Court for the Northern District of Texas is given exclusive jurisdiction for the resolution of disputes.

PART VI

ADDITIONAL INFORMATION

1. Responsibility statement

1.1 The Directors, whose names are set out in paragraph 3 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Incorporation and Registration

2.1 The Company was incorporated and registered in Scotland on 14 June 1895 as a private company limited by shares. On 27 January 1982 the Company was re-registered as a public company limited by shares. The registered number of the Company is SC002934 with the name The Weir Group PLC.

2.2 The registered office of the Company is Clydesdale Bank Exchange, 20 Waterloo Street, Glasgow G2 6DB which is also the principal place of business of the Company. Its telephone number is 0141 637 7111.

2.3 The liability of members of the Company is limited.

2.4 The principal legislation under which the Company operates is the Companies Act 1985 (as amended).

3. Directors

3.1 The Directors of the Company are:

Sir Robert Smith (Chairman)
Mark Selway (Executive Director)
Alan Mitchelson (Executive Director)
Keith Cochrane (Executive Director)
Christopher Clarke (Non-executive Director)
Michael Dearden (Non-executive Director)
Professor John Percy (Non-executive Director)
Stephen King (Non-executive Director)
Lord Robertson of Port Ellen (George) (Non-executive Director)

4. Directors' and other relevant interests in the share capital of the Company

4.1 As at 25 June 2007 (the latest practicable business day prior to the date of this document) the interests of the Directors, their immediate families and persons connected to the Directors were,

Director	Number of Ordinary Shares	Approximate percentage of Existing Shares	Conditional share awards
Sir Robert Smith	50,000	0.024	—
Mark Selway	126,426	0.06	393,089
Alan Mitchelson	67,767	0.033	134,153
Keith Cochrane	3,500	0.002	76,695
Christopher Clarke	10,000	0.005	—
Michael Dearden	10,000	0.005	—
Professor John Percy	—	—	—
Stephen King	1,050	0.0005	—
Lord Robertson (George)	2,637	0.001	—

4.2 Save as disclosed in paragraphs 4.1 above, as at 25 June 2007 (being the last practicable date prior to the publication of this Circular), no Director nor any Connected Person had any interest, whether beneficial or non-beneficial, in the share capital of the Company or any of its subsidiary undertakings.

4.3 In addition to the interests of the Directors disclosed in paragraphs 4.1 above, as at 25 June 2007 (being the latest practicable date prior to publication of this Circular), the total voting rights attributable to the issued ordinary share capital of the Company was 208,327,104 and the following persons have notified the

Company in accordance with Rule 5 of the Disclosure and Transparency Rules that they hold 3 per cent. or more of the voting rights attributable to the issued share capital of the Company:

	Number of Ordinary Shares	**Approximate percentage of Existing Shares**
Ameriprise Financial Inc., and its group	*18,745,148*	*9.02%*
Prudential plc group of companies	*12,230,775*	*5.88%*
AXA S.A. and its group of companies	*11,673,950*	*5.60%*
Legal & General Group PLC	*8,382,291*	*4.03%*
FMR Corporation	*6,425,000*	*3.09%*

4.4 Save as disclosed in paragraph 4.3 above, the Company is not aware of any person who as at 25 June 2007 (being the last practicable date prior to the publication of this Circular) was interested (within the meaning of the Act) directly or indirectly in 3 per cent. or more of the issued share capital of the Company. The Company is not aware of any person who, directly or indirectly owns or controls the Company. The Company is not aware of any arrangements, the operations of which may at a subsequent date result in a change of control in the Company.

5. Service Contracts

5.1 The Directors have entered into following service agreements and letters of appointment with the Company:

(a) Sir Robert Smith has entered into a letter of appointment with the Company with an effective date of 6 February 2002 whereby he will act as Chairman of the Company. He is entitled to an annual fee of £175,000. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(b) Mark Selway has entered into a service agreement with the Company with an effective date of 5 June 2001. He is entitled to an annual salary of £546,480. His employment is terminable by the Company on 1 year's written notice and by Mark Selway on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(c) Keith Cochrane has entered into a service agreement with the Company dated 10 March 2006. He is entitled to an annual salary of £357,075. His employment is terminable by the Company on 1 year's written notice and by Keith Cochrane on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(d) Alan Mitchelson has entered into a service agreement with the Company dated 14 December 1999. He is entitled to an annual salary of £276,345. His employment is terminable by the Company on 1 year's written notice and by Alan Mitchelson on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(e) Christopher Clarke has entered into a non-executive letter of appointment with the Company with an effective date of 14 December 1999. He is entitled to an annual fee of £40,000. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(f) Michael Dearden has entered into a non-executive letter of appointment with the Company dated 6 February 2003. He is entitled to an annual fee of £40,000. He is also entitled to an annual fee £7,500 in relation to his duties as chairman of the Remuneration Committee. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(g) Stephen King has entered into a non-executive letter of appointment with the Company dated 3 February 2005. He is entitled to an annual fee of £40,000. He is also entitled to an annual fee £7,500 in relation to his duties as chairman of the Audit Committee. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract;

(h) Professor John Percy has entered into a non-executive letter of appointment with the Company with an effective date of 11 October 1996. He is entitled to an annual fee of £40,000. He is also entitled to an annual fee £10,000 in relation to his duties as deputy chairman and senior non-executive director. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract; and

(i) Lord Robertson of Port Ellen has entered into a non-executive letter of appointment with the Company dated 1 February 2004. He is entitled to an annual fee of £40,000. His employment is terminable by either party on 6 months' written notice. In the event that his appointment is terminated in accordance with the terms of his appointment letter, he will no longer be entitled to any benefit currently enjoyed under the contract.

6. Litigation and arbitration proceedings

6.1 The Group

No member of the Group is engaged in, nor has pending or threatened against it, any governmental, legal or arbitration proceedings, in the period covered by the twelve months prior to the publication of this document which may have or have had in the recent past significant effects on the Group's financial position or profitability.

6.2 SPM Group

No member of the SPM Group is engaged in, nor has pending or threatened against it, any governmental, legal or arbitration proceedings, in the period covered by the twelve months prior to the publication of this document which may have or have had in the recent past significant effects on the Group's financial position or profitability.

7. Material Contracts

7.1 The Group

7.2 The following contracts are all the material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this document by members of the Group and the contracts (not being contracts entered into in the ordinary course of business) entered into at any time by members of the Group which contain provisions under which any member of the Group has an obligation or entitlement which is or may be material to the Group as at the date of this document:

7.3 A credit facility agreement dated 20 June 2007 between the Company, HSBC and RBS as mandated lead arrangers and HSBC as facility agent (the "Facility Agreement") pursuant to which RBS and HSBC have agreed to provide the Company with a 364 day £550,000,000 committed revolving credit facility with a one year extension option. There is a mechanism for subsidiaries of the Company to become borrowers under the facility if this should be required. The facility is available for drawing in either sterling or optional currencies which include Australian dollars, Canadian dollars, US dollars or Euro. Interest is payable at a rate equal to the aggregate of the "Margin", LIBOR and any mandatory costs with the maximum Margin being 0.45 per cent. The Facility Agreement contains representations, undertakings and events of default that are customary for a facility of this nature including the following financial covenants: Consolidated Net Interest Cover Ratio not to be less than 3.5:1 and the ratio of Consolidated Net Debt to Consolidated EBITDA not to be greater than 3.5:1.

7.4 Agreement between PG Holding S.p.A. ("PG") and the Company dated 12 August 2005 pursuant to which the Company acquired the entire issued share capital of Pompe Gabbioneta S.p.A. ("Gabbioneta") for a consideration of €100 million. Usual representations and warranties were given by both parties and the usual limitations were applied to PG's obligation to indemnify the Company. The Company undertook not to initiate any action, suit, claim or litigation against the Directors of Gabbioneta who resigned from office at completion of this agreement. PG undertook not to hire or entice away any of the key employees or persuade any key employee to terminate their employment with Gabbioneta for a period of three years following completion of this agreement.

7.5 A business sale and purchase agreement entered into between (1) Weir Pumps Limited (''WPL''), (2) Alpha Bidco Limited (''Bidco'') and (3) Alpha Holdco Limited dated 8 May 2007 pursuant to which WPL sold its pumps business unit (the ''Unit'') to Bidco. The consideration for the Unit was the payment of approximately £45 million to WPL on 8 May 2007. WPL remains responsible for certain pre-completion liabilities of the Unit (including employee, product, pensions and environmental) and has indemnified Bidco accordingly. WPL undertook not to induce any supplier or employee to cease to provide services to the Unit during the three-year period following the date of completion of the sale and purchase. WPL also undertook not to produce certain types of industrial pumps during the three-year period following the date of completion. WPL retained the right to acquire companies which manufacture above-ground well-service pumps predominately marketed to the oil and gas industry.

7.6 A share sale and purchase agreement entered into between (1) Kellogg Brown & Root Holdings (U.K.) Limited, Balfour Beatty plc and the Company (together, the ''Sellers''), (2) Babcock International Group plc (''Babcock'') and (3) KBR, Inc. dated 10 May 2007 pursuant to which the Sellers would sell the entire issued share capital of Devonport Management Limited (''DML'') to Babcock. The sale and purchase is due to complete within a 60 day period commencing on 10 May 2007. On 15 June 2007, Babcock announced that shareholder approval had been obtained and that they expected the consents from the MoD to be received shortly. At completion, consideration of £350,000,000 (less certain sums due to the management team of one of DML's subsidiaries) will be paid to the Sellers. The Company's share of the consideration will be 24.5 per cent. Each Seller has undertaken not to solicit the employees of DML during the two-year period following the date of completion of the sale and purchase.

7.7 Two share sale and purchase agreements, the first entered into between (1) the Company, Weir Group (Overseas Holdings) Limited and Weir Envirotech France SA (together, the ''Sellers'') and (2) Veolia Water Systems SA (''Veolia''), and the second entered into between (1) Weir Group (Overseas Holdings) Limited and (2) Veolia, each dated 8 July 2005, and pursuant to which the Sellers sold the entire issued share capital of Weir Westgarth Limited, Weir Techna Limited, Weir Techna Australia (Pty) Limited, Weir Techna Africa (Pty) Limited and Weir Entropie SAS (the ''Techna Companies'') to Veolia for an aggregate consideration of £27,700,000 (subject to adjustment based on net funds employed, debt and cash). The Sellers undertook not to engage in the design, build, supply, procurement, project management or installation of plant for desalination, seawater sulphate removal, industrial wastewater treatment and certain related applications for the period of 2 years from 8 July 2005, nor to solicit any employee or customer of the Techna Companies within the same period to assist the Sellers to compete with the Techna Companies.

7.8 SPM Group

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into within the two years prior to the date of this document by members of the SPM Group and there are no contracts (not being contracts entered into in the ordinary course of business) entered into at any time by members of the SPM Group which contain provisions under which any member of the SPM Group has an obligation or entitlement which is or may be material to the SPM Group as at the date of this document.

8. Related Party Transactions

8.1 No Director has or has had any interest in any transaction which is or was either on its own or taken together with other transactions material to the business of the Group or which was effected by the Company during the immediately preceding financial year and up to the date of this document or any such transaction which was effected by the Company in a prior financial period and which remains unperformed or outstanding.

9. Working Capital

9.1 The Group

The Company believes that, having regard to the bank facilities available to the Company, the working capital available to the Enlarged Group is sufficient for its present requirements, that is, for at least the next twelve months from the date of publication of this document.

10. Significant Change

10.1 The Group

On 8 May 2007 the Group completed the disposal by Weir Pumps Limited of its pumps business unit for a cash consideration of approximately £45 million. On 10 May 2007, the Group entered into an agreement to dispose of its 24.5 per cent. interest in Devonport Management Ltd to Babcock International Group plc for an expected cash consideration of £85.2 million. The sale and purchase is due to complete within a 60 day period commencing on 10 May 2007. With the exception of these disposals, there has been no significant change in the financial or trading position of the Group since 29 December 2006, being the date to which the last audited accounts were made up.

10.2 SPM Group

There has been no significant change in the financial or trading position of SPM since 31 March 2007, being the date to which the IFRS financial information in Part III of this document is made up.

11. Consents

11.1 UBS Limited has given and not withdrawn its written consent to the issue of this document and the references to its name in the form and context in which it is included.

11.2 Ernst & Young LLP has given and not withdrawn its written consent to the issue of this document and the references to its name in the form and context in which it is included.

12. Publication of Document

Copies of this document will be available free of charge at the offices of Jones Day at 21 Tudor Street, London EC4Y 0DJ during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the date one month after Completion.

13. Documents available for inspection

Copies of the following documents may be inspected at the Registered Office of the Company and at the office of Jones Day, 21 Tudor St, London EC4Y 0DJ during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until one month following Completion:

(a) the Memorandum and Articles of Association of the Company;

(b) the audited annual accounts of the Company for the 53 weeks ended 31 December 2004, 52 weeks ended 30 December 2005 and 29 December 2006;

(c) the Accountants' Report set out in Part III;

(d) the Director's service contracts referred to in paragraph 5 of Part VI;

(e) written consents referred to in paragraph 11 of Part VI;

(f) the Sale and Purchase Agreement; and

(g) this document.

Dated 26 June 2007

The Weir Group PLC

(the "Company")

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held on 13 July 2007 at The Vitra Conference Suite, Level Three, The Lighthouse, 11 Mitchell Lane, Glasgow G1 3NU at 11.00 a.m. to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

ORDINARY RESOLUTION

THAT the acquisition by the Company of 100 per cent. of the issued share capital of SPM Flow Control, Inc. on the terms and subject to the conditions contained in the sale and purchase agreement described in the circular to shareholders of the Company to which the Notice convening this meeting is attached be and is hereby approved and that the directors of the Company be and they are hereby authorised to do all such things and enter into such documents as may be necessary to give effect thereto including the making of such non-material variations to the terms and conditions of such sale and purchase agreement and other related documents as the directors of the Company (or any duly constituted committee of the board of directors) shall, in their discretion, think appropriate.

Dated 26 June 2007

Registered Office
Clydesdale Bank Exchange
20 Waterloo Street
Glasgow
G2 6DB

By Order of the Board
Alan Mitchelson
Company Secretary

Notes:

1 A member of the Company entitled to attend and vote at the Extraordinary General Meeting may appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote in his place. The instrument appointing a proxy, together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of attorney) should be deposited with the Company's registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS13 8FB, not later than 11.00 a.m. on 11 July 2007. The appointment of a proxy will not preclude a member from attending and voting at the meeting should he/she subsequently decide to do so.

2 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting to be held on 13 July 2007 and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.

3. In order for a proxy appointment or instruction made using the CREST service to be valid, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted and be received by Computershare 48 hours before the time fixed for the meeting (or any adjournment thereof). The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which Computershare is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the proxy another way.

4. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertified Securities Regulations 2001.

6. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the relevant register of members no later than 6.00 p.m. on 11 July 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members no later than 6.00 p.m. two days prior to the adjourned meeting shall be entitled to attend and vote at the meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

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