The Weir Group PLC

Excellent
Engineering
Solutions

Interim Report 2004

Financial Highlights

Results for 26 weeks ended 25 June 2004 (unaudited)

- Significant increase in order input – over 25% at constant exchange rates
- Increased order input driven by new products and markets
- Improving outlook on new orders in Clear Liquid and Techna
- Strong turnover and profit growth in Engineering Services
- New product introduction programme on track
- Earnings per share up 2%; Dividend up 3%

	Group results		
	2004	2003	Change
Order Input [1]	£451.6m	£360.0m	+25.4%
Turnover	£392.4m	£393.7m	-0.3%
Operating Profit [2]	£25.5m	£26.7m	-4.5%
Pre-tax Profit [2]	£24.6m	£23.6m	+4.2%
Earnings per share [2]	9.1p	8.9p	+2.2%
Dividend	3.45p	3.35p	+3.0%

1 Excluding joint ventures and associates; calculated at constant 2004 exchange rates

2 Excluding goodwill amortisation

Chairman's Statement

Building the foundations for sustainable growth

"The stronger performance from the Services, Techna and Minerals Divisions, when combined with reduced pension charges, delivered results in line with expectations during the first half of 2004.

The year to date performance has been shaped by the successful delivery of our sales and marketing initiatives across the entire portfolio of our businesses, growing first half input by 25%, at constant exchange rates, when compared to the same period in 2003.

The benefits of the strong order book in Clear Liquid and Techna, coupled to the continuing strong performances from Services and Minerals and the improved pensions position of the Group, should deliver second half improvement when compared to the same period in 2003.

Our strong balance sheet, when combined with our successful programmes for new product and market developments and ongoing operational improvements, provides a solid platform for future growth."

Sir Robert Smith, Chairman
25 August, 2004

General Overview

In the first six months to June 2004, turnover from continuing businesses was £392m; marginally below the same period in the previous year due to adverse foreign exchange translation of over £8m.

Operating profit before interest, taxation and goodwill, was £25.5m compared with £26.7m, a decrease of £1m, due to adverse foreign exchange translation effects of £0.6m and a new charge for share based payments of £0.4m. Pre-tax profit at £24.6m was 4.2% above 2003 (£23.6m) due to the beneficial effects of reduced pension finance charges.

In Minerals, we continued to build on our strengthening market position, growing our turnover and profits while further progressing our efficiency and productivity goals. Commodity markets continued to be buoyant and the award of large contract work in China reflects our targeting of new, high growth markets.

As indicated in March, the Clear Liquid Division's lower first half input in 2003 was expected to deliver a comparatively softer first half sales performance in 2004 against the same period in 2003. Notwithstanding this expectation, the continuing operational improvements and ongoing product investment has resulted in a significantly increased level of orders booked in the first half of 2004.

The Valves & Controls Division performed below expectations with the UK failing to deliver the anticipated productivity improvements and supply chain concerns in the United States. However, the product development strategy continues to progress well, delivering further new power orders in Asia.

The Services Division significantly increased both turnover and operating profits when compared to the same period in 2003. Input at £103m was particularly encouraging given the strength of the first half of last year.

In Techna, the new project work secured in the first half of 2003 and improved performance from the defence business delivered a 12% increase in turnover and a growth in profits when compared to 2003. These projects are progressing and our preparation to deliver the second half profit-taking milestones is on track with new orders for marine gas storage and sulphate removal packages supporting our confidence for the future.

Weir's share of turnover from our Joint Ventures and Associates was £54.0m, 6.3% above 2003. Operating profit at £4.4m translated to an 8.1% margin against 10.4% in 2003. The first half of 2003 benefited from favourable profit-taking milestones on major projects at DML. In 2004, the profit contribution is expected to be more second-half biased.

Order input for Group subsidiaries in the first half of 2004 was £451.6m, 25.4% above the same period in 2003. Strong performances were achieved across Clear, Minerals, Valves and Techna with Services maintaining the high level of input achieved in the first half of 2003. The current level of enquiries supports an equally strong second-half to the year.

Financial Highlights

Group turnover fell marginally to £392.4m (2003: £393.7m), with stronger performances in Engineering Services, Techna and Joint Ventures and Associates being offset by a decline in Engineering Products and adverse foreign exchange translation effects.

Operating profit, excluding goodwill amortisation, at £25.5m (2003: £26.7m) was 4.5% below 2003 with Group subsidiaries at £21.1m (2003: £21.4m) due to adverse foreign exchange translation effects of £0.6m and a first time charge for share based payments of £0.4m. Our Joint Venture and Associate companies contributed £4.4m against £5.3m in 2003.

Group pretax profit, excluding goodwill amortisation, was up 4.2% on the previous year at £24.6m (2003: £23.6m) and included the benefits of our improving pension finance position.

A tax charge of £5.9m (2003: £5.4m) gives an effective tax rate of 24.0%. The resulting earnings per share, excluding goodwill amortisation, were 9.1p, 2.2% above the first half of 2003.

The Group's net debt at the half year was £23.2m rising from £0.5m net funds position at the year end. The first half outflow of £23.7m includes £18.6m for the final dividend payment and an additional £10.0m contribution to the UK pension funds.

Dividend

An interim dividend of 3.45p (2003: 3.35p) is declared. The interim dividend will be paid on 12 November 2004 to shareholders on the register at close of business on 15 October 2004.

Review of Results

Engineering Products

Our Engineering Products' sector includes the operations of our Minerals, Clear Liquid and Valves & Controls Divisions. Turnover was 3.1% below 2003 at £204.5m (2003: £211.0m) and operating profit decreased 17.4% to £13.6m (2003: £16.4m).

The Minerals Division had an excellent first half, growing its order input 15.6% to £125.8m (2003: £108.9m). The business continues to make good progress in accelerating its organic growth and increasing market share, particularly in the Far East, through the development of excellent new products, penetration of new markets and global offering of the existing portfolio. In particular, Minerals' Netherlands operation saw large contract wins for the alumina industry in China. In North America, a renewed investment climate in mining and a positive reception to our sales and distribution initiatives have resulted in increased orders.

The Clear Liquid Division delivered a 25.8% increase in order input to £82.8m (2003: £65.9m) due to a combination of improving markets in European oil, Chinese power and North American water treatment and a positive reception to our new API and industrial products including the Uniglide and Rotojet VSR pumps. The effects of the soft first half 2003 input resulted in a £13.9m decline in the first half 2004 turnover when compared to 2003. While first half profits were influenced by the reduced turnover we remain well positioned to deliver a comparatively stronger second half performance.

The first half results for the Valves & Controls Division were mixed with input growing 16.2% to £32.7m (2003: £28.2m). Turnover was broadly in line with 2003 but execution issues on projects in the UK and supply chain issues in the United States produced an approximate £3.0m profit decline when compared to 2003. Additional Group support has been provided to ensure that the scheduled output is achieved and we expect to deliver a significantly improved second half. The Division's product development strategy continued to plan and new power orders in Asia are a direct result of investment in new products and re-engineering of the existing portfolio.

Engineering Services

Turnover from the Services Division was £93.5m (2003: £87.5m) and produced a 28% increase in operating profit to £9.5m against £7.4m in the first half of 2003. At the operating profit level, the margin was 10.2% against 8.5% in 2003.

The Services Division delivered a 1.5% increase in input to £103.2m (2003: £101.6m). The Australian services operation performed particularly well, growing input by 34%. UK power orders were down on 2003 which was not unexpected considering the high value of hydro refurbishment work booked last year.

Despite difficult market conditions, our Canadian service and distribution businesses delivered robust margin and profit growth offsetting the total costs of start up of our new United States service centres. The Canadian business also acted as a shop window for distribution of the Group's products in Canada. Minerals' first order for the developing Canadian Oil Sands was a direct result of this inter-divisional collaboration.

During the balance of 2004, we will continue our strategy of expansion in North America, the Middle East and Asia while pressing ahead with new products and facility investments. The costs of establishing these new growth initiatives will impact on margin performance for the balance of 2004.

Techna Division

Our Techna Division includes those businesses involved in the design and project management of large-scale projects.

Turnover from our Techna Division increased 12.2% to £40.4m (2003: £36.0m) and produced a first half profit of £0.4m against a loss of £1.3m in 2003.

The desalination and water treatment business delivered a significant increase in input, when compared to the same period in 2003, to £84.0m (2003: £32.4m). Turnover at £21.2m was 15.8% above the first half of 2003. Our new sulphate removal technology and ongoing success with Weir LGE, our gas storage business, provide a strong platform for the future. Significant orders in the oil sector were a result of our investment in water injection technologies and the division is also moving into new markets with their first desalination programme in China. The increased level of overhead in the first half to assist in achievement of key project milestones in the second half of this year resulted in only marginal profit improvement when compared to the same period as 2003.

The defence and nuclear operations order input for the first half of 2004 was £23.0m (2003: £23.1m). Turnover at £19.2m was 8.3% above 2003 producing a first half profit improvement when compared to 2003.

Joint Ventures and Associates

Weir's share of turnover from Joint Ventures and Associates at £54.0m was 6.3% above 2003 (2003: £50.8m). Operating profit of £4.4m (2003: £5.3m) produced an operating margin of 8.1% (2003: 10.4%). The decline was due in part to the favourable profit taking profile of DML in 2003 and to the reduction in North Sea drilling activity which affected Weir Houston.

In the second half, we expect the performance of the trading activities to be at a similar level to that achieved in 2003, but with a modest additional expense for the development activities of the renewables Joint Venture.

Strategy

Our actions to unlock our organic potential delivered a good level of input growth across all divisions through the continuing development of new products along with increased market penetration helped by an improving economic climate.

During the first half of 2004, our successes across a large number of key operational, financial and health and safety activities reinforced our core belief that operational improvements provide the best short-term potential to deliver earnings and competitive improvements for the Group.

Our expansion into strategically important markets made progress in the Services Division, completing its phase one entry into the United States and a Joint Venture formed in Malaysia.

We continue to monitor closely acquisition opportunities and explore avenues for accelerated growth but remain firm in our requirement for value enhancing benefits. Our recently implemented £300m committed bank facility further strengthens our position but, as previously stated, we will only acquire businesses which are compatible technically, geographically, structurally and financially and where there is a clear opportunity to create value for our shareholders.

The Board

Ian Boyd retires from the Board on 31 August 2004 after more than 35 years with the Group, 23 years as Finance Director. His personal dedication, professional experience and insight during his long association with the Group have been invaluable. Chris Rickard, who joined the Group in January 2004, succeeds him as Group Finance Director.

Outlook

The solid first half trading performance and significant increase in order input leaves the Group in a strong position at the half year.

Within the Engineering Products sector, the Minerals Division continues to have strong momentum behind its productivity programme and the combination of new product launches and buoyant commodity markets should deliver further improvement in the balance of 2004.

The Clear Liquid Division is expected to deliver a stronger second half performance in 2004 based on work secured in the second half of 2003. The strengthening order book should underpin further progress into 2005.

The Valves & Controls Division performed below expectations in the first half of 2004, when compared with 2003. We have responded with a number of personnel changes and additional support from the Group and expect the second half of the year to show progress against the same period last year.

In the Services Division, market conditions remain strong across all our business areas, but the combination of the favourable 2003 profit profile, cost of our United States green fields and development of new higher growth markets, will hold back margin growth and deliver profits broadly the same as 2003 in the second half of the year.

In the Techna Division, we expect turnover and profit to improve when compared to 2003 as a number of our recent project awards achieve forecast profit-taking milestones. While there always remains some risk of unforeseen project delays, a good level of progress has been made on our project work in the first half of the year.

In the second half, we expect performance from our Joint Ventures and Associates' businesses to return to a broadly similar level as experienced in the second half of 2003.

The second half results will reflect reduced pension costs of approximately £1.5m against the same period in 2003.

The improvement in our order input and anticipated growth in second half sales are expected to deliver a stronger second half to 2004 when compared to the same period in 2003.

Sir Robert Smith, Chairman
25 August, 2004

Consolidated Profit & Loss Account

52 weeks to 26 Dec 2003 £'000		26 weeks to 25 June 2004 Before amortisation of goodwill & exceptional items £'000	26 weeks to 25 June 2004 Amortisation of goodwill & exceptional items £'000	26 weeks to 25 June 2004 Total £'000	26 weeks to 27 June 2003 Before amortisation of goodwill & exceptional items £'000	26 weeks to 27 June 2003 Amortisation of goodwill & exceptional items £'000	26 weeks to 27 June 2003 Total £'000
	Turnover						
690,718	Group	**338,392**	**–**	**338,392**	342,857	–	342,857
	Share of						
9,211	– joint ventures	**4,543**	**–**	**4,543**	4,459	–	4,459
93,488	– associates	**49,463**	**–**	**49,463**	46,365	–	46,365
793,417		**392,398**	**–**	**392,398**	393,681	–	393,681
	Operating profit						
	Group						
53,234	– before goodwill amortisation	**21,086**	**–**	**21,086**	21,406	–	21,406
(6,927)	– goodwill amortisation	**–**	**(3,522)**	**(3,522)**	–	(3,393)	(3,393)
46,307		**21,086**	**(3,522)**	**17,564**	21,406	(3,393)	18,013
	Share of						
1,662	– joint ventures	**480**	**–**	**480**	826	–	826
8,628	– associates	**3,920**	**–**	**3,920**	4,462	–	4,462
(183)	– associate's goodwill amortisation	**–**	**(134)**	**(134)**	–	(92)	(92)
56,414		**25,486**	**(3,656)**	**21,830**	26,694	(3,485)	23,209
1,663	**Exceptional items**	**–**	**–**	**–**	–	–	–
	Interest & other income						
	Group						
(3,534)	– net interest & other income	**(1,258)**	**–**	**(1,258)**	(1,431)	–	(1,431)
(2,969)	– other finance income	**506**	**–**	**506**	(1,488)	–	(1,488)
43	Joint ventures	**19**	**–**	**19**	25	–	25
(364)	Associates	**(134)**	**–**	**(134)**	(184)	–	(184)
(6,824)		**(867)**	**–**	**(867)**	(3,078)	–	(3,078)
	Profit on ordinary activities						
51,253	**before tax**	**24,619**	**(3,656)**	**20,963**	23,616	(3,485)	20,131
	Estimated tax on profit						
8,355	on ordinary activities	**5,910**	**(38)**	**5,872**	5,431	–	5,431
	Profit on ordinary activities						
42,898	**after tax**	**18,709**	**(3,618)**	**15,091**	18,185	(3,485)	14,700
14	Minority interest	**3**	**–**	**3**	31	–	31
	Profit attributable to						
42,884	**The Weir Group PLC**	**18,706**	**(3,618)**	**15,088**	18,154	(3,485)	14,669
21.0p	**Earnings per share**			**7.4p**			7.2p
	Earnings per share excluding						
21.4p	**goodwill amortisation & exceptional items**			**9.1p**			8.9p
21.0p	**Diluted earnings per share**			**7.3p**			7.2p

Segmental Analysis

Turnover and profit on ordinary activities before tax were contributed as follows:

	26 weeks to 25 June '04 Turnover £'000	26 weeks to 27 June '03 Turnover £'000	52 weeks to 26 Dec '03 Turnover £'000	**26 weeks to 25 June '04 Profit £'000**	26 weeks to 27 June '03 Profit £'000	52 weeks to 26 Dec '03 Profit £'000
Engineering Products						
Group	**204,542**	211,037	415,210	**13,575**	16,425	33,449
Share of associate	**1**	7	8	**–**	(1)	2
	204,543	211,044	415,218	**13,575**	16,424	33,451
Techna						
Group	**40,386**	35,982	72,694	**382**	(1,319)	776
Share of joint venture	**130**	228	361	**15**	9	5
	40,516	36,210	73,055	**397**	(1,310)	781
Engineering Services						
Group	**93,464**	87,458	182,309	**9,528**	7,445	19,864
Share of joint ventures	**4,413**	4,231	8,850	**465**	817	1,657
Share of associate	**49,462**	46,358	93,480	**3,920**	4,463	8,626
	147,339	138,047	284,639	**13,913**	12,725	30,147
Segmental totals						
Group	**338,392**	334,477	670,213	**23,485**	22,551	54,089
Joint ventures & associates	**54,006**	50,824	102,699	**4,400**	5,288	10,290
Goodwill amortisation						
– Engineering Products	**–**	–	–	**(3,329)**	(3,330)	(6,659)
– Engineering Services	**–**	–	–	**(193)**	(95)	(214)
– Associates	**–**	–	–	**(134)**	(92)	(183)
Unallocated costs	**–**	–	–	**(2,399)**	(1,710)	(2,751)
Exchange adjustment - Group *	**–**	8,380	20,505	**–**	597	1,842
	392,398	393,681	793,417	**21,830**	23,209	56,414
Exceptional items						
– Engineering Products	**–**	–	–	**–**	–	1,663
Interest & other income	**–**	–	–	**(867)**	(3,078)	(6,824)
	392,398	393,681	793,417	**20,963**	20,131	51,253

* For comparative purposes 2003 figures have been restated at the 25 June 2004 average exchange rates.

Dividends

52 weeks to 26 Dec 2003		26 weeks to 25 June 2004	26 weeks to 27 June 2003
	On ordinary shares		
12.4p	**pence per share**	**3.45p**	3.35p
25,378	**costing – £'000**	**7,111**	6,842

An interim dividend of 3.45p (net) per ordinary share (2003: 3.35p per ordinary share) will be paid on 12 November 2004 to shareholders on the register at close of business on 15 October 2004.

Exceptional Items

52 weeks to 26 Dec 2003 £'000		26 weeks to 25 June 2004 £'000	26 weeks to 27 June 2003 £'000
1,663	Profit on disposal of land	–	–
1,663	Non operating exceptional items	–	–

The comparative figure for the 52 weeks to 26 December 2003 relates to the disposal of surplus land at the Manchester site of Weir Pumps Limited which was completed on 4 December 2003.

Tax

52 weeks to 26 Dec 2003 £'000		26 weeks to 25 June 2004 £'000	26 weeks to 27 June 2003 £'000
(437)	Group - United Kingdom	**557**	26
10,709	Group - overseas	**4,091**	4,214
114	Joint ventures	**169**	122
2,603	Associates	**1,055**	1,069
(4,634)	UK tax - exceptional	–	–
8,355	**Tax on profit on ordinary activities**	**5,872**	5,431

Overseas tax includes a £38,000 tax credit relating to amortisation of goodwill as disclosed on the face of the profit and loss account.

Basis of Preparation

The interim financial statements are unaudited and do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. These statements have been prepared on the basis of the accounting policies set out in the Group's 2003 Annual Report and Accounts and were approved by the Board of Directors on 25 August 2004. Financial statements for the 52 weeks to 26 December 2003 are abridged statements; full accounts with an unqualified audit report have been lodged with the Registrar.

Consolidated Balance Sheet

26 Dec 2003 £'000		**25 June 2004 £'000**	27 June 2003 £'000
	Fixed assets		
113,933	Intangible assets - goodwill	**103,598**	111,905
102,557	Tangible assets	**101,539**	99,391
	Investments		
	Joint ventures		
9,029	– share of gross assets	**8,503**	9,767
2,724	– share of gross liabilities	**3,000**	3,181
6,305		**5,503**	6,586
16,337	Associates	**18,943**	16,407
445	Other	**468**	600
23,087		**24,914**	23,593
239,577	Total fixed assets	**230,051**	234,889
	Current assets		
99,671	Stocks	**93,046**	101,586
179,888	Debtors	**196,423**	197,091
117,898	Cash at bank & in hand	**60,602**	121,362
397,457		**350,071**	420,039
	Creditors falling due within one year		
173	Bank overdrafts & short term debt	**2,310**	1,911
115,065	Other borrowings	**79,693**	9,999
178,198	Other creditors	**164,469**	163,583
293,436		**246,472**	175,493
104,021	**Net current assets**	**103,599**	244,546
343,598	**Total assets less current liabilities**	**333,650**	479,435
	Less:		
	Creditors falling due after more than one year		
428	Loans	**365**	143,319
1,211	Obligations under finance leases	**951**	1,389
34,490	**Provisions for liabilities & charges**	**32,725**	35,902
	Deferred income		
26	Grants not yet credited to profit	**23**	86
567	**Minority interest**	**530**	568
306,876	**Net assets excluding retirement benefits**	**299,056**	298,171
72,691	**Retirement benefits - liability**	**63,523**	100,404
234,185	**Net assets including retirement benefits**	**235,533**	197,767
	Capital & reserves		
25,587	Called up share capital	**25,691**	25,527
208,598	Reserves	**209,842**	172,240
234,185		**235,533**	197,767

Consolidated Cash Flow Statement

52 weeks to 26 Dec 2003 £'000		**26 weeks to 25 June 2004 £'000**	26 weeks to 27 June 2003 £'000
	Cash inflow / (outflow) from operating activities		
56,796	Funds generated by operations	**17,506**	20,755
569	(Increase) / decrease in working capital	**(12,548)**	(22,147)
(1,480)	Cash spent on exceptional items	**(304)**	(828)
55,885		**4,654**	(2,220)
1,248	Dividends received from joint ventures	**1,250**	325
2,626	Dividends received from associates	**45**	–
(4,172)	Returns on investments & servicing of finance	**(1,913)**	(1,811)
(7,584)	Taxation	**(4,461)**	(3,363)
(12,922)	Net capital expenditure	**(9,942)**	(7,779)
213	(Purchase) / sale of investments	**(50)**	(62)
(4,563)	Acquisitions	**(182)**	(333)
61	Disposals	**40**	2,740
(24,718)	Equity dividends paid	**(18,564)**	(17,865)
6,074	Cash (outflow) / inflow before liquid resources & financing	**(29,123)**	(30,368)
62,694	Management of liquid resources	**40,934**	45,581
	Financing		
1,104	– issue of shares	**2,025**	88
–	– new loans	**–**	17
(51,169)	– debt repaid	**(28,592)**	(5,621)
2,113	– foreign exchange hedging	**181**	(297)
(47,952)		**(26,386)**	(5,813)
20,816	(Decrease) / increase in cash	**(14,575)**	9,400

Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

52 weeks to 26 Dec 2003 £'000		**26 weeks to 25 June 2004 £'000**	26 weeks to 27 June 2003 £'000
20,816	(Decrease)/increase in cash	**(14,575)**	9,400
51,169	Cash flow from debt repaid	**28,592**	5,621
–	Cash flow from new loans	**–**	(17)
(62,694)	Cash flow from management of liquid resources	**(40,934)**	(45,581)
9,291	**Change in net (debt)/funds resulting from cash flows**	**(26,917)**	(30,577)
(91)	Leases – inceptions	**(6)**	–
(10,620)	Exchange	**3,249**	(7,122)
(1,420)	**Movement in net (debt)/funds during the period**	**(23,674)**	(37,699)
1,924	Net funds at 27 December 2003	**504**	1,924
504	**Net (debt)/funds at 25 June 2004**	**(23,170)**	(35,775)

Reconciliation of Operating Profit to Net Cash Inflow/(Outflow) from Operating Activities

52 weeks to 26 Dec 2003 £'000		**26 weeks to 25 June 2004 £'000**	26 weeks to 27 June 2003 £'000
46,307	Operating profit	**17,564**	18,013
22,174	Depreciation, goodwill amortisation & grant credits	**10,973**	11,259
49	Loss/(gain) on disposal of tangible assets & investments	**19**	(235)
(11,497)	Funding of pension & post retirement costs	**(12,249)**	(10,614)
(237)	Increase/(decrease) in provisions	**773**	2,332
–	Share based payments	**426**	–
56,796	Funds generated by operations	**17,506**	20,755
(2,104)	Decrease/(increase) in stocks	**3,764**	(3,603)
9,551	(Increase)/decrease in debtors	**(19,894)**	(5,233)
(6,878)	Increase/(decrease) in creditors	**3,582**	(13,311)
569	(Increase)/decrease in working capital	**(12,548)**	(22,147)
(1,480)	Cash spent on exceptional items	**(304)**	(828)
55,885	**Net cash inflow/(outflow) from operating activities**	**4,654**	(2,220)

Statement of Total Recognised Gains & Losses

52 weeks to 26 Dec 2003 £'000		**26 weeks to 25 June 2004 £'000**	26 weeks to 27 June 2003 £'000
35,815	Profit excluding share of profit for joint ventures & associates	**12,161**	10,823
1,591	Share of joint ventures' profit	**330**	729
5,478	Share of associates' profit	**2,597**	3,117
42,884	Profit attributable to The Weir Group PLC	**15,088**	14,669
39,045	Actuarial gain	**–**	–
(11,569)	Tax thereon	**–**	–
8,370	Exchange differences on foreign currency net investments	**(9,076)**	9,818
(364)	Tax thereon	**(4)**	(59)
78,366	**Total recognised gains relating to the period**	**6,008**	24,428

Reconciliation of Movements in Shareholders' Funds

52 weeks to 26 Dec 2003 £'000		**26 weeks to 25 June 2004 £'000**	26 weeks to 27 June 2003 £'000
78,366	Total recognised gains	**6,008**	24,428
(25,378)	Dividends	**(7,111)**	(6,842)
	Other movements		
1,104	New share capital subscribed	**2,025**	88
–	Share based payments	**426**	–
54,092	Net addition to shareholders' funds	**1,348**	17,674
180,093	Opening shareholders' funds	**234,185**	180,093
234,185	**Closing shareholders' funds**	**235,533**	197,767

Shareholders' funds are entirely attributable to equity interests.

Independent Review Report to The Weir Group PLC

Introduction

We have been instructed by the company to review the financial information for the 26 weeks ended 25 June 2004 which comprises the Consolidated Profit & Loss Account, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds, Statement of Total Recognised Gains & Losses, Reconciliation of Movements in Shareholders' Funds and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review Work Performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review Conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 25 June 2004.

Ernst & Young LLP
Glasgow
25 August 2004

Interim Results

Interim dividend payable: 12 November 2004
Interim dividend will be paid to shareholders on the register at close of business on 15 October 2004.

The interim report can be downloaded from The Weir Group website at: **www.weir.co.uk**

The Weir Group PLC

149 Newlands Road
Cathcart
Glasgow G44 4EX
Scotland

Tel: +44 (0)141 637 7111
Fax: +44 (0)141 637 2221
investor-relations@weir.co.uk
www.weir.co.uk

Excellent
Engineering
Solutions

WEIR