



Date: 12 August 2008

**THE WEIR GROUP PLC INTERIM RESULTS 2008**  
**Results for 26 weeks ended 27 June 2008**

**HIGHLIGHTS**

- **Revenue up 46% to £632m (2007: £434m)**
- **Operating Profit<sup>2</sup> up 97% to £84.7m (2007: £42.9m)**
- **Earnings per share<sup>2</sup> up 80% to 27.5p (2007: 15.3p)**
- **Dividend increase of 12% to 4.65p (2007: 4.15p)**
- **Cash generated from operations £63.0m, up £12.9m (2007: £50.1m)**
- **Strong growth from all of the Group's sector focused divisions**
- **Warman acquired for £113.8m and successfully integrated**
- **£54.2m exceptional profit on disposal of non core businesses**

	<b>2008</b>	<b>2007</b>	<b>Change</b>
<b>Continuing Operations</b>			
Order input <sup>1</sup>	£734.4m	£555.1m	+32%
Revenue	£631.7m	£433.5m	+46%
Operating profit <sup>2</sup>	£84.7m	£42.9m	+97%
Profit before tax <sup>2</sup>	£81.8m	£44.1m	+85%
Earnings per share <sup>2</sup>	27.5p	15.3p	+80%
Dividend per share	4.65p	4.15p	+12%
Net debt	£261.7m	£171.3m	+£90.4m

<sup>1</sup> 2007 restated at 2008 average exchange rates

<sup>2</sup> Adjusted to exclude intangibles amortisation

The Chairman of The Weir Group, Lord Smith of Kelvin, commented: "In the first half of 2008, the Group's continuing operations delivered significant increases in revenue, profit and earnings per share when compared to the same period in 2007.

The Group's performance clearly demonstrates the effective execution of our strategy to focus resources at higher growth, longer cycle markets. The strength of the current order book and contribution from recent acquisitions will deliver further progress in the second half of the year.

The Group's continued strong performance underpins the Board's confidence in achieving current market consensus<sup>3</sup> for profit before tax, intangibles amortisation and exceptional items."

<sup>3</sup>The range of analysts forecasts as at 8 August 2008 for profit before tax, intangibles amortisation and exceptional items, was £163.0 - £171.7m with a consensus of £165.4m.

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## FINANCIAL HIGHLIGHTS

The Chief Executive, Mark Selway, reported: "The first half of 2008 has demonstrated the strength of the Weir Group's strategy, clearly reflecting our world class engineering expertise, long cycle sector focus, new acquisitions and growing markets. We delivered excellent revenue and operating profit, while substantially adding to the future prospects for the Group, and remain on course to realise significant improvements in the second half of 2008.

2008 first half order input at £734m was 32% above the prior year period reflecting like for like growth of 18% and first time contributions from SPM and Warman. Each of our core businesses delivered good growth. Minerals order input grew 16% to £403m (2007: £348m) including a £19m contribution from Warman, Oil & Gas order input grew 125% to £141m (2007: £63m) including £58m contribution from SPM and Power & Industrial input grew 52% to £158m (2007: £104m).

Revenues from continuing operations increased 46% to £632m (2007: £434m) representing, in constant currency terms, like for like growth of 17%. Minerals grew revenues 29% to £340m (2007: £263m) with like for like growth of 22% and a £19m contribution from Warman for the 15 week post acquisition period. Oil & Gas revenues grew 135% to £129m (2007: £55m) with like for like revenue growth of 7% and a first half contribution of £70m from SPM. Power & Industrial revenues grew 10% to £100m (2007: £91m).

First half operating profit before intangibles amortisation at £84.7m (2007: £42.9m) was 97% above the same period in 2007, reflecting good operating leverage across all divisions, a net currency benefit of £4.1m and contributions from Warman and SPM of £21.8m. On a constant currency basis, Minerals operating profit grew 45% to £53.4m (2007: £36.8m) with a £2.9m first contribution from Warman. Oil & Gas operating profit grew to £27.8m, including joint ventures (2007: £7.6m) with a contribution of £18.9m from SPM. Power & Industrial operating profit increased by 41% to £6.2m (2007: £4.4m). The profit contribution from Group companies was £1.6m (2007: £2.5m).

Net finance costs were £4.1m (2007: £0.4m) after recognising a £2.7m interest rate benefit from the Group's US dollar balance sheet hedging programme. Other pension income was £1.2m (2007: £1.6m).

Profit before tax increased 75% to £75.1m (2007: £43.0m) and excluding intangibles amortisation was up 85% to £81.8m (2007: £44.1m). Profit for the period, after tax and including discontinued operations, was £108.5m (2007: £117.9m) and included a gain on the sale of Strachan & Henshaw of £54.2m which is classified as a discontinued operation in these results.

A tax charge of £21.9m (2007: £12.0m) gives an underlying effective rate of 29.2% (2007: 27.9%) on profit before tax from continuing operations. Earnings per share for continuing operations, before intangibles amortisation were 80% higher at 27.5p (2007: 15.3p).

Cash generated from continuing operations increased to £63.0m (2007: £50.1m) with additional working capital reflecting the cash payment profile of a number of major orders. Net proceeds from the sale of Strachan & Henshaw of £61.5m were more than offset by related net costs of £131.6m for the acquisitions of Warman in March 2008 and Mesa Manufacturing in late June. As a consequence, net debt at the period end was £261.7m compared to £171.3m at 28 December 2007. In July/August, £550m of revolving credit facilities, expiring 2011, were signed and these will replace the Group's previous £475m of facilities and will provide significant additional financial headroom to support the future growth of the Group.

The Group's exposure to its pension plans was also reduced, by the purchase in April 2008 of a second insurance policy from Legal & General Assurance Society in respect of those deferred members of the main UK scheme who will retire within 10 years. A further special contribution of £5m was paid to the scheme to facilitate this transaction. Reflecting this transaction and equity/bond market performance, the net group deficit for retirement benefit obligations at the period end was £19.2m (December 2007: £36.9m surplus).

## **DIVIDEND**

An interim dividend of 4.65p (2007: 4.15p) is declared and will be paid on 7 November 2008 to shareholders on the register on 10 October 2008.

## **REVIEW OF RESULTS**

To assist in meaningful comparisons, the review of continuing results in this announcement restates comparative 2007 figures at 2008 average exchange rates and excludes the results of Strachan & Henshaw.

### **Minerals Division**

The Minerals Division now includes all group operations with primary sales to the mining, flue gas desulphurisation and oil sands markets. First half order input grew 16% to £403m (2007: £348m) with good progress across all of the Group's major mining markets and continuing buoyant conditions in power, industrial and oil.

Revenue increased 29% to £340m (2007: £263m) with significant growth in South America, Africa and China combining with the first time contribution from Warman and Multiflo. Operating profit increased 45% to £53.4m (2007: £36.8m) and margins increased to 15.7% compared with 14% in the same period in 2007.

While all businesses within the Minerals Division continue to experience strong market conditions, the Netherlands operation deserves special mention due to its significant and continued success in new project work for major pipelines. In the first half of 2008, the Netherlands business grew its order input to £71m against £64m last year.

In March this year, Warman was added to the portfolio of operations and has substantially increased Minerals position in the high growth African market. In the 15 weeks of ownership, Warman contributed £19.3m of input, £19.4m of revenue and £2.9m of operating profit to Minerals first half results. The new African regional team is now in place and the enlarged business is making excellent progress.

The outlook for Minerals most important end markets remains positive with substantial new project activity expected in the foreseeable future. The spares stream will continue to benefit from the growing installed base and the addition of Warman will provide a further engine for growth.

### **Oil & Gas Division**

The Oil & Gas Division includes the Group's upstream and downstream businesses along with the substantial Oil & Gas service operations across the globe. First half order input grew 125% to £141m (2007: £63m) with good progress across all of the division's most significant markets and a first time contribution of £58m from SPM, which was acquired in July 2007.

Revenue increased 135% to £129m (2007: £55m) with good levels of growth across all operations and a half year contribution of £70m from SPM. Operating profit including joint ventures increased 266% to £27.8m (2007: £7.6m) while margins reflected the significant contribution from SPM's high margin operations and increased to 21.6% compared with 13.9% in the same period in 2007.

In June of this year, we outlined our intention to acquire two smaller bolt-ons to expand the product and geographic diversity of the Oil & Gas Division. Firstly, Mesa, a privately owned pump and flow equipment business in Texas which is aligned to the customers and markets of SPM. The second, the acquisition of a 75% shareholding in Standard Oilfield Services (SOS), an oil services business in Baku with expected 2008 full year revenue of US\$12m.

The prospects for the Oil & Gas Division are excellent. In upstream, North American gas storage levels are below the five year average and prices have increased more than 60% over the same period last year, providing very encouraging market conditions for SPM. In downstream, the global need for increased refining capacity underpins a period of further growth at Gabbioneta.

## **Power & Industrial Division**

The Power & Industrial Division includes the combined activities of the Group's valves operations, a speciality pump business in Utah and the power related service centres in Canada, the UK, India, the Middle East and Africa.

The Division supplies critical safety valves to the power generation markets where enquiry levels and government approvals have never been stronger and the low-cost Chinese business is being used to grow competitiveness and increase margins. The global network of service operations specialise in the maintenance, upgrade and management of power and industrial assets.

First half order input grew 52% to £158m (2007: £104m) with excellent progress in power which more than doubled to £94m against £43m in the first half of 2007.

Revenue increased 10% to £100m (2007: £91m) with significant growth in the power markets in China, North America and the UK increasing power-related sales to £45m against £32m in the first half of last year. Operating profit increased 41% to £6.2m (2007: £4.4m) while margins increased to 6.2% against 4.9% in the same period in 2007.

On the back of the Group's ongoing commitment to the power generation market, the division won new build, upgrade and maintenance work in all of its core markets during the first half of the year. The French business secured new nuclear programmes in China while the Services business was awarded an £11m contract to upgrade a power generation operation in Libya. The US operations both secured new project work in China and considerably increased new orders domestically.

The outlook for Power & Industrial remains encouraging with improved margins expected from the core business and significant enquiries underpinning confidence in the market. Our current under-utilised installed capacity provides a significant platform for top-line growth and margin expansion.

## **Group Companies**

Group companies at the half year included three businesses – LGE, the Canadian distribution business and Materials & Foundries where the profit drivers are different to the remainder of the new sector-focused divisions.

These businesses had first half 2008 input of £31.9m, 20% below that achieved in the same period last year. Naval orders accounted for all of the reduction, as a result of the exceptional order taking reported in the first half of 2007. Revenue for Group companies increased 20% to £64m (2007: £53m) reflecting the completion of a number of gas storage projects by LGE in Korea while operating profit decreased 36% to £1.6m (2007: £2.5m) due to actions taken to reposition the businesses for the future.

While the remaining Group companies, LGE, Materials & Foundries and the Canadian distribution business, are solid performers in their respective activities their core competencies, markets and profit drivers are not aligned to the majority of the Group and the Group will evaluate the future prospects for these operations.

## STRATEGY

With effect from 1 May, the Group reorganised its operating units into three sector focused divisions in the higher growth markets of mining, oil & gas and power & industrials. This reorganisation was undertaken with an objective to extend offerings to customers and leverage further the extensive geographic footprint of the Group.

In the year to date, we have announced a number of acquisitions and disposals which have further helped to align our portfolio with our chosen strategic sectors.

In March, we successfully concluded the acquisition of Warman for a consideration of £113.8m. The business significantly enhances the Group's presence in the African mining market and contributed £19.4m of revenue and £2.9m of operating profits during the 15 weeks of ownership in the first half of 2008.

In April, we announced the disposal of Strachan & Henshaw, the defence and nuclear business, to Babcock International for a total consideration of £63.7m. An exceptional gain on disposal of £54.2m was booked in the first half result.

In June, we announced the acquisition of Mesa, a privately-owned Texas based supplier of pumps and flow equipment to the upstream Oil & Gas industry for a consideration of US\$40m. The company has annual sales of over \$20m and operates at mid teens margins and will complement SPM's position in the North American market.

In July, we acquired 75% of Standard Oilfield Services in Baku for a consideration of cUS\$16m. The business is involved in the supply of oil field service equipment to customers in Azerbaijan and the Caspian region. The company has expected 2008 full year revenue of US\$12m and operates at mid teens margins.

The Group continues to invest in organic development and to extend its presence in higher growth markets. Continued investments in new and upgraded facilities and ongoing search for high quality acquisitions underpin plans for top line growth.

The Group's strong balance sheet and good level of cash generation support our ambitions to pursue the full range of options for future growth.

## OUTLOOK

In the second half of 2008 the Group is expected to deliver growth in revenue and profit when compared to the same period in 2007.

The Minerals Division will benefit from continued strong market conditions and the addition of Warman. The Oil & Gas Division is positioned to deliver stronger revenue and profit due to continued good demand and first time contributions from Mesa and SOS. Power & Industrial is expected to deliver growth in revenue and margins in the second half of the year due to the strengthening power market and the benefits of earlier restructuring.

The Group's performance in the first half of 2008 clearly demonstrates the effective execution of our strategy to focus resources at higher growth, longer cycle markets.

The Group's continued strong performance underpins the Board's confidence in achieving current market consensus<sup>3</sup> for profit before tax, intangibles amortisation and exceptional items."

<sup>3</sup> The range of analysts forecasts as at 8 August 2008 for profit before tax, intangibles amortisation and exceptional items, was £163.0 - £171.7m with a consensus of £165.4m.

## Consolidated Income Statement

52 weeks ended 28 Dec 2007 Total £m	Notes	26 weeks ended 27 June 2008			26 weeks ended 29 June 2007		
		Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 3) £m	Total £m	Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 3) £m	Total £m
1,008.8		<b>Continuing operations</b>					
	2	631.7	-	631.7	433.5	-	433.5
		<b>Continuing operations</b>					
107.5		82.8	(6.7)	76.1	41.3	(1.1)	40.2
3.4		1.9	-	1.9	1.6	-	1.6
110.9	2	84.7	(6.7)	78.0	42.9	(1.1)	41.8
(12.7)		(7.8)	-	(7.8)	(4.6)	-	(4.6)
7.6		3.7	-	3.7	4.2	-	4.2
3.2		1.2	-	1.2	1.6	-	1.6
		<b>Profit before tax from continuing operations</b>					
109.0		81.8	(6.7)	75.1	44.1	(1.1)	43.0
(30.1)	4	(24.2)	2.3	(21.9)	(12.3)	0.3	(12.0)
		<b>Profit for the period from continuing operations</b>					
78.9		57.6	(4.4)	53.2	31.8	(0.8)	31.0
96.1	5	1.2	54.1	55.3	8.3	78.6	86.9
175.0		58.8	49.7	108.5	40.1	77.8	117.9
		<b>Profit for the period</b>					
		Attributable to					
174.9		58.8	49.7	108.5	40.1	77.8	117.9
0.1		-	-	-	-	-	-
175.0		58.8	49.7	108.5	40.1	77.8	117.9
		<b>Earnings per share</b>					
	6						
83.8p				51.8p			56.7p
37.8p		27.5p		25.4p	15.3p		14.9p
82.9p				51.2p			56.0p
37.4p		27.2p		25.1p	15.1p		14.7p

## Consolidated Balance Sheet

28 Dec 2007			27 June 2008	29 June 2007
£m		Notes	£m	£m
<b>ASSETS</b>				
<b>Non-current assets</b>				
136.3	Property, plant & equipment	8	150.2	104.4
4.8	Investment property	8	4.6	4.9
503.2	Intangible assets	8	623.4	182.6
7.2	Investments in joint ventures		8.8	7.7
3.1	Deferred tax assets		11.0	16.2
45.5	Retirement benefit plan surpluses	11	1.5	19.0
1.2	Derivative financial instruments		0.6	2.5
701.3	<b>Total non-current assets</b>		<b>800.1</b>	<b>337.3</b>
<b>Current assets</b>				
173.5	Inventories		215.9	128.4
255.2	Trade & other receivables		271.9	212.8
32.8	Construction contracts		23.0	21.0
10.6	Derivative financial instruments		11.8	4.8
1.8	Income tax receivable		0.3	1.2
54.2	Cash & short-term deposits		49.2	278.0
528.1	<b>Total current assets</b>		<b>572.1</b>	<b>646.2</b>
1,229.4	<b>Total assets</b>		<b>1,372.2</b>	<b>983.5</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
8.5	Interest-bearing loans & borrowings	10	18.1	3.3
257.8	Trade & other payables		264.5	215.9
55.9	Construction contracts		39.7	50.8
11.8	Derivative financial instruments		5.6	4.2
20.8	Income tax payable		27.6	24.1
22.8	Provisions		24.1	15.5
377.6	<b>Total current liabilities</b>		<b>379.6</b>	<b>313.8</b>
<b>Non-current liabilities</b>				
217.0	Interest-bearing loans & borrowings	10	292.8	150.7
5.1	Derivative financial instruments		4.5	1.7
22.6	Provisions		31.4	20.7
53.3	Deferred tax liabilities		46.9	14.1
8.6	Retirement benefit plan deficits	11	20.7	10.0
306.6	<b>Total non-current liabilities</b>		<b>396.3</b>	<b>197.2</b>
684.2	<b>Total liabilities</b>		<b>775.9</b>	<b>511.0</b>
545.2	<b>NET ASSETS</b>		<b>596.3</b>	<b>472.5</b>
<b>CAPITAL &amp; RESERVES</b>				
26.5	Share capital		26.6	26.5
37.7	Share premium		37.7	37.0
(9.3)	Treasury shares		(7.9)	(9.5)
0.5	Capital redemption reserve		0.5	0.5
0.2	Foreign currency translation reserve		11.2	(5.4)
3.5	Hedge accounting reserve		4.9	1.5
485.6	Retained earnings		523.1	421.5
544.7	<b>Shareholders equity</b>		<b>596.1</b>	<b>472.1</b>
0.5	Minority interest		0.2	0.4
545.2	<b>TOTAL EQUITY</b>	12	<b>596.3</b>	<b>472.5</b>

## Consolidated Cash Flow Statement

52 weeks ended 28 Dec 2007 £m	Notes	26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
<b>Continuing operations</b>			
<b>Cash flows from operating activities</b>			
144.2		<b>63.0</b>	50.1
(6.5)	13	<b>(5.0)</b>	-
(0.4)		-	-
(32.3)		<b>(18.4)</b>	(11.8)
105.0		<b>39.6</b>	38.3
<b>Continuing operations</b>			
<b>Cash flows from investing activities</b>			
(317.8)	13	<b>(132.2)</b>	-
127.3	13	<b>61.4</b>	128.6
(42.2)	8	<b>(20.2)</b>	(11.1)
3.2	8	<b>0.8</b>	0.4
-		<b>0.2</b>	-
7.5		<b>3.2</b>	4.0
2.5		-	2.5
3.7		<b>0.5</b>	1.3
(215.8)		<b>(86.3)</b>	125.7
<b>Continuing operations</b>			
<b>Cash flows from financing activities</b>			
2.4		<b>0.1</b>	1.7
124.3	10	<b>158.1</b>	-
(73.7)	10	<b>(89.8)</b>	(4.2)
(12.6)		<b>(7.3)</b>	(4.8)
(31.1)	7	<b>(25.9)</b>	(22.4)
9.3		<b>35.2</b>	(29.7)
<b>Net (decrease) increase in cash &amp; cash equivalents</b>			
(101.5)		<b>(11.5)</b>	134.3
8.2		<b>(2.2)</b>	2.1
(1.8)		<b>(0.3)</b>	(0.9)
139.1		<b>46.1</b>	139.1
2.1		<b>0.6</b>	0.4
46.1	13	<b>32.7</b>	275.0

## Consolidated Statement of Recognised Income & Expense

52 weeks ended 28 Dec 2007 £m	Note	26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
<b>Income &amp; expense recognised directly in equity</b>			
6.2		4.6	1.4
3.1		11.4	(2.5)
29.5	11	(62.3)	10.3
<b>Transfers to the income statement</b>			
(1.9)		(2.7)	(0.1)
(4.3)		-	(4.3)
-		(0.4)	-
(7.0)		16.9	(2.1)
<b>Tax on items taken directly to or transferred from equity</b>			
25.6		(32.5)	2.7
175.0		108.5	117.9
200.6		76.0	120.6
<b>Total recognised income &amp; expense for the period</b>			
Attributable to			
200.5		76.0	120.6
0.1		-	-
200.6		76.0	120.6

## Notes to the Financial Statements

### 1. Basis of preparation

These interim condensed financial statements have been prepared on the basis of the accounting policies set out in the Group's 2007 Annual Report. In preparing these interim condensed financial statements the Group has complied with IAS34 "Interim Financial Reporting".

The interim condensed financial statements are unaudited but have been formally reviewed by the auditors and their report to the Company is set out on page 18. The information shown for the 52 weeks ended 28 December 2007 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 and has been extracted from the Group's 2007 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2007 Annual Report was unqualified and did not contain a statement under either Section 237(2) or Section 237(3) of the Companies Act 1985.

The format of the consolidated income statement presented in these interim condensed financial statements differs from that used in the Group's 2007 Interim Report. The format of the consolidated income statement included within these interim condensed financial statements, which now presents intangibles amortisation in a separate column with exceptional items, has been adopted as it presents information in a format that is more relevant to users of the financial statements by improving the visibility of the impact that increased acquisition activity has had on intangible assets. In addition, the analysis of expenses has been removed from the face of the income statement in order to present the key performance indicators more clearly to users of the financial statements. The comparative information has been reclassified accordingly, resulting in the separate disclosure of intangibles amortisation of £1.1m.

These interim condensed financial statements were approved by the Board of Directors on 12 August 2008.

## 2. Segment information – Continuing Operations

With effect from 1 May 2008, the Group changed its organisation and reporting structure to reflect its increasing focus on the mining, oil and gas and power and industrial markets. For management purposes, the Group has been reorganised into three divisions: Oil & Gas, Minerals and Power & Industrial. These divisions replace the Group's former divisions of Engineering Products, Engineering Services and Defence, Nuclear & Gas and are the basis on which the Group reports its segment information. The following tables present revenue and profit information on the Group's continuing operations for the 26 weeks ended 27 June 2008 and the 26 weeks ended 29 June 2007. For comparative purposes, sales to external customers and segment result before exceptional items and intangibles amortisation for the 26 weeks ended 29 June 2007 have been restated to 2008 average exchange rates.

	Oil & Gas		Minerals		Power & Industrial		Total Continuing Operations	
	June 2008 £m	June 2007 £m	June 2008 £m	June 2007 £m	June 2008 £m	June 2007 £m	June 2008 £m	June 2007 £m
<b>Revenue</b>								
Sales to external customers								
- existing operations	58.4	50.5	320.2	244.2	99.8	87.3	478.4	382.0
- acquisitions	70.4	-	19.4	-	-	-	89.8	-
Sales to external customers	128.8	50.5	339.6	244.2	99.8	87.3	568.2	382.0
Inter-segment sales	-	0.1	3.0	0.9	2.5	3.7	5.5	4.7
Segment revenue	128.8	50.6	342.6	245.1	102.3	91.0	573.7	386.7
Group companies sales to external customers							63.5	51.5
Group companies inter-segment sales							1.8	2.6
Eliminations							(7.3)	(7.3)
							631.7	433.5
Sales to external customers - existing operations								
- at 2008 average exchange rates	58.4	54.8	320.2	263.4	99.8	90.7	478.4	408.9
<b>Result</b>								
Segment result before exceptional items & intangibles amortisation								
- existing operations	7.0	5.4	50.5	33.6	6.2	4.1	63.7	43.1
- acquisitions	18.9	-	2.9	-	-	-	21.8	-
Intangibles amortisation								
- existing operations	(0.5)	(0.5)	(0.5)	(0.2)	(0.4)	(0.4)	(1.4)	(1.1)
- acquisitions	(4.6)	-	(0.7)	-	-	-	(5.3)	-
	20.8	4.9	52.2	33.4	5.8	3.7	78.8	42.0
Share of results of joint ventures	1.9	1.6	-	-	-	-	1.9	1.6
	22.7	6.5	52.2	33.4	5.8	3.7	80.7	43.6
Group companies *							1.6	2.5
Unallocated expenses *							(4.3)	(4.3)
Operating profit							78.0	41.8
Segment result before exceptional items & intangibles amortisation - existing operations								
- at 2008 average exchange rates	7.0	6.0	50.5	36.8	6.2	4.4	63.7	47.2

\* Group companies include intangibles amortisation of £nil (2007: £nil). Unallocated expenses include intangibles amortisation of £nil (2007: £nil).

The following table presents revenue and profit information on the Group's continuing operations for the 52 weeks ended 28 December 2007. For comparative purposes, sales to external customers and segment result before exceptional items and intangibles amortisation have been restated to 2008 average exchange rates.

	Oil & Gas Dec 2007 £m	Minerals Dec 2007 £m	Power & Industrial Dec 2007 £m	Total Continuing Operations Dec 2007 £m
<b>Revenue</b>				
Sales to external customers				
- existing operations	103.0	522.8	190.7	816.5
- acquisitions	78.7	-	-	78.7
Sales to external customers	181.7	522.8	190.7	895.2
Inter-segment sales	0.2	1.5	8.2	9.9
Segment revenue	181.9	524.3	198.9	905.1
Group companies sales to external customers				113.6
Group companies inter-segment sales				3.6
Eliminations				(13.5)
				1,008.8
<b>Sales to external customers - existing operations - at 2008 average exchange rates</b>	<b>110.8</b>	<b>560.8</b>	<b>196.7</b>	<b>868.3</b>
<b>Result</b>				
Segment result before exceptional items & intangibles amortisation				
- existing operations	11.3	74.3	12.5	98.1
- acquisitions	19.1	-	-	19.1
Intangibles amortisation				
- existing operations	(0.8)	(0.6)	(0.8)	(2.2)
- acquisitions	(3.7)	-	-	(3.7)
Share of results of joint ventures	25.9	73.7	11.7	111.3
	3.4	-	-	3.4
	29.3	73.7	11.7	114.7
Group companies *				5.2
Unallocated expenses *				(9.0)
Operating profit				110.9
Segment result before exceptional items & intangibles amortisation - existing operations - at 2008 average exchange rates	12.7	80.6	13.0	106.3

\* Group companies include intangibles amortisation of £nil. Unallocated expenses include intangibles amortisation of £0.1m.

### 3. Exceptional items & intangibles amortisation

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
	Recognised in arriving at operating profit from continuing operations		
-	Exceptional items	-	-
(6.0)	Intangibles amortisation	(6.7)	(1.1)
(6.0)	Exceptional items & intangibles amortisation	(6.7)	(1.1)
	Recognised in arriving at profit for the period from discontinued operations		
80.9	Exceptional items (note 5)	54.2	78.7
(0.1)	Intangibles amortisation	(0.1)	(0.1)
80.8	Exceptional items & intangibles amortisation	54.1	78.6

#### 4. Income tax expense

52 weeks ended 28 Dec 2007		26 weeks ended 27 June 2008	26 weeks ended 29 June 2007
£m		£m	£m
(6.8)	Group - United Kingdom	(4.8)	(4.6)
(25.5)	Group - overseas	(20.7)	(10.9)
(32.3)	Total income tax expense in the consolidated income statement	(25.5)	(15.5)
The total income tax expense is disclosed in the consolidated income statement as follows.			
(32.1)	Tax (expense) credit - continuing operations before exceptional items & intangibles amortisation	(24.2)	(12.3)
-	- exceptional items	-	(1.5)
2.0	- intangibles amortisation	2.3	0.3
(2.2)	- within profit from discontinued operations	(3.6)	(2.0)
The total income tax expense included in the Group's share of results of joint ventures & associates is as follows.			
(0.6)	Joint ventures	(0.4)	(0.2)
(1.3)	Associate (within profit from discontinued operations)	-	(1.3)

#### 5. Discontinued operations

On 21 April 2008, the Group disposed of Weir Strachan & Henshaw for a net cash consideration of £63.7m resulting in a gain on disposal of £54.2m after a tax charge of £3.2m. The net liabilities disposed of amounted to £1.9m and direct disposal costs and provisions amounted to £8.6m. Foreign exchange gains suspended in equity on the retranslation of the overseas operations disposed of, amounting to £0.4m, have been recycled to the income statement as part of the gain on sale in accordance with IAS21.

On 8 May 2007, the Group disposed of its Glasgow-based pump manufacturing operation Weir Pumps for a total cash consideration of £45.5m resulting in a gain on disposal of £26.0m after a tax charge of £nil. On 28 June 2007, the Group completed the sale of its 24.5% interest in its associate, Devonport Management Limited, for a total cash consideration of £85.7m resulting in a gain on disposal of £54.9m after a tax charge of £nil. Profits recognised in respect of prior periods disposals relate to the negotiated settlement of claims connected to prior period disposals.

The results of Weir Strachan & Henshaw, previously included in the former Defence, Nuclear & Gas division, Weir Pumps and the Group's share of the results of Devonport Management Limited have been included in the consolidated income statement as discontinued operations for all periods presented. The net gains made on these disposals have been recorded as an exceptional item in the consolidated income statement. The revenue, results and cash flows relating to discontinued operations are as follows.

52 weeks ended 28 Dec 2007		26 weeks ended 27 June 2008	26 weeks ended 29 June 2007
£m		£m	£m
14.0	Sale of goods	1.4	11.8
26.0	Rendering of services	9.7	11.5
33.8	Revenue from construction contracts	5.7	23.9
73.8	Revenue	16.8	47.2
(51.3)	Cost of sales	(12.9)	(32.4)
1.2	Other operating income	-	0.2
(5.0)	Selling & distribution costs	(0.6)	(3.9)
(8.5)	Administrative expenses	(1.8)	(4.8)
3.3	Share of results of associate (after tax)	-	3.3
13.5	Operating profit	1.5	9.6
(1.6)	Tax expense	(0.4)	(1.4)
11.9	Profit after tax	1.1	8.2
3.3	Profits recognised in respect of prior periods disposals (after tax)	-	-
15.2	Profit for the period from discontinued operations *	1.1	8.2
80.9	Net gain on current period disposals - exceptional items (after tax)	54.2	78.7
96.1	Profit for the period from discontinued operations	55.3	86.9

\* Including intangibles amortisation net of tax of £0.1m (June 2007: £0.1m; December 2007: £0.1m).

The net cash inflow from current year disposals was as follows.			
129.5	Consideration	63.7	129.5
(4.3)	Costs associated with the disposals	(2.2)	(0.9)
125.2	Net cash inflow	61.5	128.6

Earnings per share from discontinued operations			
pence		pence	pence
46.0p	Basic	26.4p	41.8p
45.5p	Diluted	26.1p	41.3p

## 6. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options and L-TIP awards). The following reflects the profit and share data used in the calculation of earnings per share.

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
	Basic earnings per share		
	Profit attributable to equity holders of the Company		
174.9	- Total operations *	108.5	117.9
78.8	- Continuing *	53.2	31.0
82.8	- Continuing (before exceptional items & intangibles amortisation) *	57.6	31.8
208.6	Weighted average share capital (number of shares, million)	209.6	208.0
	Diluted earnings per share		
	Profit attributable to equity holders of the Company		
174.9	- Total operations *	108.5	117.9
78.8	- Continuing *	53.2	31.0
82.8	- Continuing (before exceptional items & intangibles amortisation) *	57.6	31.8
210.9	Weighted average share capital (number of shares, million)	212.0	210.6

The difference between the weighted average share capital for the purposes of the basic and the diluted earnings per share calculations is analysed as follows.

52 weeks ended 28 Dec 2007 Shares Million		26 weeks ended 27 June 2008 Shares Million	26 weeks ended 29 June 2007 Shares Million
208.6	Weighted average number of ordinary shares for basic earnings per share	209.6	208.0
0.4	Effect of dilution: share options	0.1	0.6
1.9	L-TIP awards	2.3	2.0
210.9	Adjusted weighted average number of ordinary shares for diluted earnings per share	212.0	210.6

The profit attributable to equity holders of the Company used in the calculation of both basic and diluted earnings per share on continuing operations before exceptional items and intangibles amortisation is calculated as follows.

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
78.8	Net profit attributable to ordinary shareholders from continuing operations *	53.2	31.0
4.0	Exceptional items & intangibles amortisation net of tax	4.4	0.8
82.8	Net profit attributable to ordinary shareholders from continuing operations before exceptional items & intangibles amortisation *	57.6	31.8

\* Adjusted for £nil (June 2007: £nil; December 2007: £0.1m) attributable to minority interests.

## 7. Dividends paid & proposed

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
	Declared & paid during the period		
	Equity dividends on ordinary shares		
22.4	Final dividend for 2007: 12.35p (2006: 10.75p)	25.9	22.4
8.7	Interim dividend: see below (2007: 4.15p)	-	-
31.1		25.9	22.4
25.8	Final dividend for 2007 proposed for approval by shareholders at the AGM: 12.35p	-	-
-	Interim dividend for 2008 declared by the Board: 4.65p (2007: 4.15p)	9.8	8.7

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

## 8. Property, plant & equipment & intangible assets

In the 26 weeks ended 27 June 2008, the Group acquired assets with a cost of £20.2m (2007: £11.1m) not including property, plant and equipment and intangible assets acquired through a business combination. Assets with a book value of £0.6m were disposed of by the Group in the 26 weeks ended 27 June 2008 (2007: £0.5m) resulting in a net gain on disposal of £0.2m (2007: a net loss of £0.1m).

## 9. Business combinations

On 18 March 2008, following receipt of regulatory clearance from the South African competition authorities, the Group acquired 100% of the CH Warman Pump Group "Warman", a specialist pump business primarily focused on serving the mining and minerals processing industry throughout Africa. The total cash consideration was £113.8m. On 24 June 2008, the Group acquired 100% of Mesa Manufacturing Inc. "Mesa", a family owned business based in Texas specialising in the manufacture of cementing pumps and other products for the oil and gas drilling and well service industries. The total cash consideration was £22.2m. Both acquisitions have been accounted for on a provisional basis as a limited number of fair values have still to be finalised in respect of Warman and, due to the timing of the acquisition of Mesa, the fair values have not been finalised. The provisional fair values of the identifiable assets and liabilities at the relevant dates of acquisition are as follows.

	Carrying values Mesa £m	Recognised on acquisition Mesa £m	Carrying values Warman £m	Recognised on acquisition Warman £m	Recognised on acquisition Total £m
Property, plant & equipment	3.4	3.4	2.0	5.9	9.3
Intangible assets	-	-	-	54.7	54.7
Inventories	2.6	2.6	13.2	14.3	16.9
Trade & other receivables	1.5	1.5	9.4	9.4	10.9
Cash & cash equivalents	1.9	1.9	2.3	2.3	4.2
Interest-bearing loans & borrowings	-	-	(3.0)	(3.0)	(3.0)
Trade & other payables	(0.6)	(0.6)	(4.1)	(4.7)	(5.3)
Provisions	-	-	(2.3)	(3.3)	(3.3)
Income tax	(0.3)	(0.3)	(0.1)	(0.1)	(0.4)
Deferred tax	-	-	0.5	(4.1)	(4.1)
Fair value of net assets	8.5	8.5	17.9	71.4	79.9
Goodwill arising on acquisition		13.7		42.4	56.1
Total consideration		22.2		113.8	136.0
Consideration		22.0		113.4	135.4
Costs associated with the acquisitions		0.2		0.4	0.6
Total consideration		22.2		113.8	136.0
The cash outflow on acquisition was as follows.					
Cash & cash equivalents acquired		1.9		2.3	4.2
Cash paid		(22.0)		(113.8)	(135.8)
Net cash outflow		(20.1)		(111.5)	(131.6)

From the date of the acquisition Warman contributed £1.9m to the 2008 profit for the period from continuing operations of the Group.

The combined revenue and profit of the Group, assuming that Warman and Mesa had been acquired at the start of 2008, would have been £647.0m and £56.2m respectively.

Included in the £56.1m of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured from the acquiree due to their nature. These items include the expected value of synergies and an assembled workforce.

## 10. Interest-bearing loans & borrowings

The Group has borrowings denominated in Australian dollars (A\$) and United States dollars (US\$) under its £300m five year syndicated multi-currency revolving credit facility which was entered into in July 2004. During the 26 weeks ended 27 June 2008, the Group borrowed additional funds under this facility amounting to US\$315.5m (£158.1m) and made repayments amounting to US\$167.5m (£84.5m). The Group also has borrowings denominated in Canadian dollars (C\$) which are borrowings under four separate credit facilities. During the 26 weeks ended 27 June 2008, the Group made repayments under these facilities amounting to C\$7.0m (£3.5m). Other repayments of borrowings were made in the 26 weeks ended 27 June 2008 amounting to £1.8m.

## 11. Pensions & other post-employment benefit plans

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
45.5	Plans in surplus	1.5	19.0
(8.6)	Plans in deficit	(20.7)	(10.0)
36.9		(19.2)	9.0

The movement from surplus to deficit in the 26 weeks ended 27 June 2008 is largely as a result of adverse actuarial movements of £62.3m recognised in the statement of recognised income and expense. These movements are primarily driven by (i) the purchase of an insurance policy for the main UK scheme's deferred members which will substantially reduce future investment and mortality risk borne by the group and (ii) a decline in global stock market values.

## 12. Reconciliation of movements in equity

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
200.6	Total recognised income & expense for the period	76.0	120.6
1.4	Cost of share-based payments	1.4	0.7
(31.1)	Dividends	(25.9)	(22.4)
2.4	Exercise of options & L-TIP awards	0.1	1.7
-	Acquisition of minority interest	(0.5)	-
173.3	Net movement in equity	51.1	100.6
371.9	Opening equity	545.2	371.9
545.2	Closing equity	596.3	472.5

### 13. Additional cash flow information

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
<b>Continuing operations</b>			
<b>Net cash generated from operations</b>			
110.9	Operating profit	78.0	41.8
(3.4)	Share of results of joint ventures	(1.9)	(1.6)
22.9	Depreciation & amortisation	18.7	8.4
(0.6)	(Gains) losses on disposal of property, plant & equipment & investments	(0.4)	0.1
(1.2)	Funding of pension & post-retirement costs	(0.1)	(0.7)
(1.9)	Gains that have been transferred to the income statement on cash flow hedges	(2.7)	(0.1)
1.4	Employee share schemes	1.4	0.7
6.7	Increase (decrease) in provisions	2.4	(0.5)
(16.1)	Increase in inventories	(22.6)	(14.5)
(13.8)	Increase in trade & other receivables, construction contracts and derivative financial instruments	(0.2)	(6.1)
39.3	(Decrease) increase in trade & other payables, construction contracts and derivative financial instruments	(9.6)	22.6
144.2	Cash generated from operations	63.0	50.1
<b>Acquisitions of subsidiaries</b>			
(317.7)	Current year acquisitions (note 9)	(131.6)	-
-	Acquisition of minority interest	(0.5)	-
(0.1)	Prior year acquisition deferred consideration paid	(0.1)	-
(317.8)		(132.2)	-
<b>Disposals of subsidiaries and associate</b>			
125.2	Current year disposals (note 5)	61.5	128.6
2.1	Prior years disposals	(0.1)	-
127.3		61.4	128.6
<b>Cash &amp; cash equivalents comprises the following.</b>			
54.2	Cash & short-term deposits	49.2	278.0
(8.1)	Bank overdrafts & short-term borrowings	(16.5)	(3.0)
46.1		32.7	275.0
<b>Reconciliation of net (decrease) increase in cash &amp; cash equivalents to movement in net debt</b>			
(101.5)	Net (decrease) increase in cash & cash equivalents from continuing operations	(11.5)	134.3
6.4	Net (decrease) increase in cash & cash equivalents from discontinued operations	(2.5)	1.2
(50.6)	Net (increase) decrease in debt	(68.3)	4.2
(145.7)	Change in net debt resulting from cash flows	(82.3)	139.7
(0.2)	Leases acquired	(0.6)	-
-	Loans acquired	(2.4)	-
(18.3)	Foreign currency translation differences	(5.1)	(8.6)
(164.2)	Change in net debt during the period	(90.4)	131.1
(7.1)	Net debt at beginning of period	(171.3)	(7.1)
(171.3)	Net (debt) funds at end of period	(261.7)	124.0

### 14. Related party disclosures

The following table provides the total amount of significant transactions which have been entered into with related parties for the relevant financial period and outstanding balances at the period end.

52 weeks ended 28 Dec 2007 £m		26 weeks ended 27 June 2008 £m	26 weeks ended 29 June 2007 £m
0.4	Management charge to related parties - associate	-	0.4
0.1	Sales of goods to related parties - associate	-	-
0.1	Sales of services to related parties - joint ventures	0.2	-
0.7	Sales of services to related parties - associate	-	0.3
0.4	Amounts owed to related parties - group pension schemes	0.3	0.4

## 15. Exchange rates

The principal exchange rates applied in the preparation of these interim condensed financial statements were as follows.

52 weeks ended 28 Dec 2007		26 weeks ended 27 June 2008	26 weeks ended 29 June 2007
	<b>Average rate</b>		
2.01	United States dollar (per £)	1.99	1.98
2.39	Australian dollar (per £)	2.13	2.44
1.46	Euro (per £)	1.29	1.48
2.14	Canadian dollar (per £)	1.99	2.22
	<b>Closing rate</b>		
2.00	United States dollar (per £)	1.99	2.00
2.27	Australian dollar (per £)	2.08	2.37
1.37	Euro (per £)	1.26	1.49
1.96	Canadian dollar (per £)	2.01	2.12

## 16. Events after the balance sheet date

On 4 July 2008, the Group completed the acquisition of a 75% shareholding in Standard Oilfield Services Limited for a cash consideration of c£8m. Standard Oilfield Services Limited, which has its principal operations in Baku, Azerbaijan is an oil equipment services business.

## Risks & Uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on pages 25 and 26 of the 2007 Annual Report, a copy of which is available on the Company's website at [www.weir.co.uk](http://www.weir.co.uk).

In the view of the Board, these properly reflect the uncertainties in respect of the remaining six months of the year.

## Directors Responsibility Statement in respect of the Condensed Interim Financial Statements

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS34 "Interim Financial Reporting" as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure Rules and Transparency Rules of the Financial Services Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The directors of The Weir Group PLC are listed in the Group's Annual Report for the 52 weeks ended 28 December 2007, with the exception of John Mogford who was appointed a non-executive director on 1 June 2008.

On behalf of the Board

**Keith Cochrane**, Finance Director

12 August, 2008

## **Independent Review Report to The Weir Group PLC**

### **Introduction**

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 27 June 2008 which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Recognised Income & Expenditure and the related notes 1 to 16. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

### **Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

### **Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 weeks ended 27 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP  
Glasgow  
12 August 2008

## Interim Results

Copies of the interim results will be available from

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

### **Interim Dividend Payable 7 November 2008**

The interim dividend will be paid to  
shareholders on the register at close of business  
on 10 October 2008.

Details contained in the interim report can be  
downloaded from The Weir Group website at:

[www.weir.co.uk](http://www.weir.co.uk)