

Date: 2 August 2011



STRONG EXECUTION IN POSITIVE END MARKETS

The Weir Group PLC, a global engineering solutions provider to the mining, oil & gas and power markets, today reports its 2011 interim results

Results for 26 weeks ended 1 July 2011

	2011	2010	Change
Continuing Operations			
Order input ¹	£1,225m	£859m	+43%
Revenue	£1,031m	£775m	+33%
Operating profit ²	£186m	£151m	+23%
Operating margin ²	18.1%	19.5%	-1.4pts
Profit before tax ²	£178m	£144m	+24%
Cash from operations	£129m	£121m	+7%
Earnings per share ²	60.2p	48.5p	+24%
Dividend per share	7.2p	6.0p	+20%
Return on capital employed ³	33.2%	29.6%	+3.6pts
Net debt	£289m	£284m ⁴	

HIGHLIGHTS

- Original equipment input up 67%, aftermarket input up 25%
- Strong growth across the minerals and upstream oil and gas markets
- Record upstream Oil & Gas input of US\$531m and revenues of US\$422m
- Pre-tax profits up 24% to £178m after one-off costs of £7m
- 20% increase in dividend to 7.2p
- US\$75m investment plan to further expand upstream oil and gas capacity
- Sale of Cathcart, Glasgow site with net proceeds of £25m in the second half

Keith Cochrane, Chief Executive, commented:

“The Weir Group has delivered another positive set of results, with revenue and profit growth and record orders. Strong order trends in our Minerals division, as well as an excellent performance from our upstream oil and gas operations demonstrate our ability to serve market needs by executing effectively on our strategic growth agenda.

The Group will continue to invest to grow ahead of our end markets and we now expect profits for the full year to be somewhat ahead of our previous expectations.”

Enquiries:

The Weir Group PLC

Vicky Ferrier, Head of Investor Relations and Communications
Jonathan Milne, Communications Manager

Mobile: +44 (0) 7787105515

Mobile: +44 (0) 7713789536

Maitland: Suzanne Bartch or Rowan Brown

+44 (0) 207379 5151

A live audiocast of the management presentation to the investment community will begin at 9:15am (BST) on 2nd August 2011. Access details for the audiocast, copies of this release and the slide presentation are available at www.weir.co.uk

Notes:

1. 2010 restated at 2011 average exchange rates
2. Adjusted to exclude intangibles amortisation. Reported operating profit, profit before tax and earnings per share were £175.4m (2010: £142.6m); £167.6m (2010: £135.6m) and 56.6p (2010: 45.7p) respectively.
3. Calculated as EBIT for the last twelve months divided by average net assets excluding pension deficit
4. 31 December 2010 net debt

GENERAL OVERVIEW

The Group has continued to perform strongly. Positive market conditions across the minerals and upstream oil and gas markets, together with delivery of our strategic growth plans, translated into record orders, revenues and profits, ahead of our expectations. A significant increase in original equipment orders strengthens confidence in the full year outlook and further expands the installed base of products that drives future aftermarket opportunities.

The strength of our business model and exposure to markets with rising global demand, underpinned by emerging market needs, was again evident in the period. The Oil & Gas division benefited from further growth in North American horizontal rig count, greater operating intensities and an acceleration of our capacity expansion plans. In Minerals, we saw strong project activity in a number of key markets and positive aftermarket trends as we extend our market presence. Power & Industrial was impacted by the cessation of project work in Libya and some delays in new project awards.

Weir has made good progress against its key strategic priorities, positioning the Group to continue to grow ahead of our end markets. Capability in all markets has been extended through the introduction of new products, greater service coverage and success in building out the full product portfolio. The establishment of a cross-divisional Oil & Gas Forum will enable us to better leverage our global product portfolio in the oil and gas markets and the Weir Advanced Research Centre, a partnership with Strathclyde University, increases our focus on engineering capabilities, product development and innovation. Group-wide capability has been reinforced with key senior management appointments focused on operational support and talent development. Our emerging market presence was extended with the acquisition of a South Korean valves business announced in June.

FINANCIAL HIGHLIGHTS

Order input in constant currency was 43% higher at £1,225m (2010: £859m) and, on a like for like basis, was 32% higher after excluding the 2010 acquisitions. Original equipment orders were up 67% (57% on a like for like basis), driven by increasing capital expenditure across our key end markets. Aftermarket orders were up 25% (15% on a like for like basis) with positive production trends continuing across our mining and upstream oil and gas markets. As expected, this drove a shift in mix towards original equipment, which represented 49% of total orders (2010: 42%) in the period. Orders from emerging markets were 30% higher at £438m and orders at Group Companies were £6m (2010: £17m).

Revenue grew by 33% from £775m in 2010 to £1,031m with a negative net currency impact of £4m as the strengthening of sterling relative to the US dollar was largely offset by weakness against the Australian dollar. In constant currency terms, this represents a 34% increase in revenue, reflecting growth in order input during the period, a stronger opening order book and positive contributions from acquisitions. Like for like revenues in constant currency were up 23%, excluding the contribution of the 2010 acquisitions. Aftermarket sales, including acquisitions represented 54% (2010: 59%) of total revenues. Emerging markets revenues grew by 20% and at 36% contributed proportionately less to total revenues (2010: 40%) due to the increase in revenues from North American upstream operations. Revenues at other Group Companies were £15m (2010: £14m).

Operating profit before intangibles amortisation increased by 23% to £186m (2010: £151m) after a net negative foreign exchange impact of £2m. On a constant currency basis, operating profit increased by 25% and on a like for like basis increased by 19%, principally driven by organic revenue growth in the Oil & Gas and Minerals divisions. Operating profit before intangibles

amortisation includes one-off charges of £5m in respect of restructuring and acquisition costs and £2m in respect of Libyan working capital provisions. The profit contribution from Group Companies was £0.6m (2010: £1.7m). EBITDA increased by 23% to £204m (2010: £166m).

Operating margin decreased from 19.5% (19.3% on a constant currency basis) to 18.1%, reflecting the impact of the 2010 acquisitions, a shift in revenue mix towards original equipment and ancillary products and services, lower activity levels in downstream oil and gas and one-off charges of £7m taken in the period (2010: £nil). Excluding one-off charges, operating margins were 18.7%.

Net finance costs were £7.8m (2010: £7.0m) due to higher average net debt than the comparable period driven by the timing of acquisitions in the second half of 2010.

Profit before tax from continuing operations before intangibles amortisation increased by 24% to £178.4m (2010: £144.0m). Reported profit before tax from continuing operations increased by 24% to £167.6m (2010: £135.6m) reflecting intangibles amortisation of £10.8m (2010: £8.4m).

Tax charge for the period was £51.2m (2010: £41.6m) on profit before tax from continuing operations before intangibles amortisation and represents an underlying effective tax rate of 28.7% (2010: 28.9%).

Earnings per share from continuing operations before intangibles amortisation increased by 24% to 60.2p (2010: 48.5p). Reported earnings per share including intangibles amortisation was 56.6p (2010: 45.7p).

Cash generated from operations was 7% higher at £129m (2010: £121m). Higher operating profits were largely offset by working capital outflows of £76m (2010: £45m) driven by receivables increases in line with revenue growth, the impact on inventory of the shift in orders towards longer cycle original equipment projects and the impact of 2010 acquisitions. Overall working capital on a constant currency basis was 14.8% of revenues (2010: 11.6%). Net capital expenditure was significantly higher at £33m (2010: £18m) as investment plans were implemented at Weir SPM and across the Minerals division. Net free cash inflow after all financing costs, tax and dividends was £2m (2010: £31m). Cash outflows of £12m (2010: £4m) in respect of acquisitions and disposals were principally incurred on the acquisition of HIM Tech in South Korea. After non cash movements of £5m, net debt increased by £5m to £289m when compared to December 2010 (£284m).

Dividend – an interim dividend of 7.2p (2010: 6.0p) is declared, a 20% increase. The dividend will be paid on 4 November 2011 to shareholders on the register on 7 October 2011.

DIVISIONAL HIGHLIGHTS

MINERALS

Weir Minerals is the global leader in slurry handling equipment and the associated aftermarket for abrasive high wear applications used in mining, oil sands and flue gas desulphurisation markets.

	H1 2011	H1 2010	Change	H2 2010
Order input ¹	£662m	£493m	+34%	£506m
Revenue ¹	£551m	£431m	+28%	£483m
Operating profit ^{1,2}	£101m	£85m	+19%	£91m
Operating margin ^{1,2}	18.4%	19.7%	-1.3pts	18.9%

(1) 2010 restated at 2011 average exchange rates

(2) Adjusted to exclude intangibles amortisation

Project enquiries and activity levels across the mining and oil sands markets continue to be strong with commodity prices supportive of further investment and increased production. Increased industry capital expenditure has translated into growing original equipment orders, while higher commodity production volumes supported aftermarket growth.

Buoyant market conditions in South America resulted in a number of significant orders placed for major greenfield projects and created a good pipeline of future opportunities across the entire product portfolio with the early cycle GEHO business enjoying strong input. We are also seeing increased brownfield and plant optimisation opportunities across the region. Activity levels in Africa and across Asia Pacific remained strong, while in North America, oil sands projects continue to progress with continuing interest in barges and related products and solid activity across the mining markets. Encouraging trends were evident in Europe, supported by our extended service network.

Good progress was made against the division's strategic priorities. The integration of Linatex is complete, with positive input trends benefiting from an enhanced global footprint and route to market. A substantial pick up in ancillary products and services was seen as we prioritised the sale of our full portfolio across a number of key markets. The new Warman WBH centrifugal slurry pump, with more than 20 design enhancements compared to existing technology, was launched across our global network.

Order input increased by 34% to £662m (2010: £493m) with strengthening growth evident across the second quarter. On a like for like basis, excluding the impact of the Linatex acquisition which contributed £57m, order input increased 23%. Original equipment orders grew 38% (34% on a like for like basis) while aftermarket orders grew 32% and 14% on a like for like basis, despite strong prior year comparatives. Aftermarket activity benefited from an increased focus on the sale of ancillary products and services with organic growth of 31% and spare part orders up 11%. Original equipment orders represented 44% of total order input (2010: 43%) and 47% of input adjusting for the Linatex acquisition.

All regions showed good growth across the full product portfolio. Notable original equipment contract wins included a number of pipeline transportation pump projects in emerging markets, major pump contracts for Chilean and Peruvian copper projects, additional barge and spools contracts in Canada and South America and a significant molten salt pump order for a North American solar project. Against the prior year, emerging markets input increased to 51% (2010: 49%) of total order input.

Revenue increased by 28% to £551m (2010: £431m) including £52m from Linatex. Like for like revenues were up 16%, reflecting the strong opening order book, positive original equipment input trends and continuing momentum in shorter cycle aftermarket orders. Underlying revenue increased across all regions as activity in oil sands, copper and other mining projects ramped up.

Operating profit increased by 19% to £101m (2010: £85m), including a £7m contribution from Linatex. Underlying revenue growth across all regions contributed to the increase.

Operating margins were 18.4% compared to 19.7% in the prior period, reflecting our strategic focus on growing market presence in ancillary products and services organically and through acquisition, lower margin original equipment deliveries and investment to support growth. Compared to the second half of 2010, operating margins were down 0.5%.

Capital expenditure totalled £20.9m (2010: £9.0m) and included investment in additional foundry capacity in Australia and South Africa and machining capacity in the Netherlands, Chile and Brazil.

OIL & GAS

Weir Oil & Gas designs and manufactures high pressure well service pumps and flow control equipment focused on unconventional oil and gas markets and highly engineered centrifugal pumps for use in the refining industry. Weir Oil & Gas Services provide comprehensive engineering services, focused on the upstream oil and gas sector.

	H1 2011	H1 2010	Change	H2 2010
Order input ¹	£394m	£217m	+82%	£388m
Revenue ¹	£324m	£218m	+49%	£231m
Operating profit ^{1,2}	£82m	£58m	+41%	£55m
Operating margin ^{1,2}	25.4%	26.7%	-1.3pts	23.8%

(1) 2010 restated at 2011 average exchange rates

(2) Adjusted to exclude intangibles amortisation

Oil prices continued to provide a strong incentive for growth in onshore unconventional drilling targeting oil and liquids rich shale formations. As a result, market conditions for our North American focused upstream businesses (Weir SPM and Mesa) remained buoyant. With a 13% increase in US horizontal rig count since 1 January 2011, more than half the active North American rig count is now focused on oil, a level unseen since the mid-1990s. This trend, coupled with more aggressive hydraulic fracturing techniques, continues to drive increased aftermarket requirements and a need for additional original equipment. Capitalising on this positive environment, we introduced new products and extended our service centre footprint, enabling our upstream businesses to achieve a record performance in the period with total input of over US\$1billion in the 12 months to 1 July 2011. As a result, our previously announced US\$40m capacity expansion plan has been accelerated and will be completed in the second half, with upstream operations already achieving an annualised revenue capacity run rate of around US\$850m. We have now developed plans to further increase North American manufacturing and support capacity with an additional investment of US\$75m over 18 months, alongside greater use of the Group's North American infrastructure.

Improving upstream market conditions in the Middle East, particularly in Iraq, supported a strong performance from our services operations. Downstream market conditions continue to be very challenging and our restructuring actions are progressing to plan.

Good progress has been made delivering the division's strategic growth plan, with the successful launch of the Destiny™ TWS 2500 pump, further new product initiatives and the expansion of our service centre footprint enabling Weir SPM to increase market share. Our Shengli Highland joint venture, to extend SPM's product offering into the Chinese market, was launched in the period.

Order input increased by 82% to £394m (2010: £217m). Upstream businesses order input grew by 128% to £329m (US\$531m) benefiting from continuing strong demand for original equipment, market share gains and new product introductions. Input across downstream and service operations fell by 10%, reflecting a strong aftermarket performance offset by lower original equipment orders in a highly competitive downstream market. Original equipment input grew 180% to £218m as our upstream customers significantly increased frack fleet expansion and their replacement capex programmes and our Shengli Highland joint venture received its first orders in the period. This resulted in strong levels of forward ordering of pumps with some orders already placed for 2012 production. Aftermarket input was up 27%, reflecting continuing strength in upstream demand and improvement in the UK and Middle East service operations, including a successful entry into the Iraq market.

Revenue increased by 49% to £324m (2010: £218m). Upstream revenues increased to £261m (US\$422m), up 103% on 2010, benefiting from the strong opening original equipment order book, positive original equipment, aftermarket trends and market share increases in the period. This was achieved by acceleration of our capacity expansion plans, additional third party outsourcing and greater use of the Group's North American existing capacity. Growth in our service operations increased revenues by 14% while a strong prior year period comparison and weaker opening order book pushed downstream revenues lower by 51%.

Operating profit including joint ventures increased by 41%, driven by the substantial increase in upstream activity levels offset by a reduced contribution from the downstream operations where profits were broadly in line with the second half of 2010. In addition, one-off restructuring and transaction costs of £3.6m have been recognised in the period.

Operating margins were 25.4% (2010: 26.7%) with a positive margin impact from the upstream business from greater operating leverage as capacity expanded, offset by reduced downstream margins reflecting lower activity, a more competitive pricing environment and restructuring charges. Excluding one-off charges operating margins were 26.5%.

Capital expenditure was £12.0m (2010: £6.2m). Substantial investment is ongoing to expand capacity in upstream operations at Fort Worth and Odessa with the initial phase of \$40m to be invested by the year end and an additional \$75m investment in the upstream businesses by the end of 2012.

POWER & INDUSTRIAL

Weir Power & Industrial designs, manufactures and provides aftermarket support for specialist and critical-service rotating and flow control equipment, focused on the global power markets.

	H1 2011	H1 2010	Change	H2 2010
Order input ¹	£163m	£133m	+23%	£131m
Revenue ¹	£141m	£109m	+29%	£134m
Operating profit ^{1,2}	£9m	£10m	-13%	£16m
Operating margin ^{1,2}	6.1%	9.1%	-3.0pts	11.9%

(1) 2010 restated at 2011 average exchange rates

(2) Adjusted to exclude intangibles amortisation

The global nuclear market continued to be active in the early part of the year, but following the tragic earthquake in Japan and the incident at Fukushima in March, has been impacted by a number of new project delays and cancellations, although this has not affected our existing nuclear workload.

The division won its first contract in South Korea with an order for control valves for a new nuclear plant. This landmark order, together with the acquisition of a majority stake in HIM Tech positions the division well for future opportunities in this important market.

Across the rest of the power market, conditions in the North American hydro market were positive with a number of significant new project awards at American Hydro. However, demand for original equipment products for coal fired plant has been weak, particularly in China and North America with few new build opportunities underway. European power and industrial markets remained challenging while unrest in Libya led to the cessation of all project activity, impacting our UK Services business. Towards the end of the period the first signs of a pickup in North American general industrial activity were evident.

Investment in new product development and geographic expansion to drive organic growth across the power and industrial and oil and gas markets continued and is reflected in significantly increased quotation levels, although conversion into firm orders is slower than anticipated. A positive contribution was also made by the 2010 acquisitions of American Hydro, BDK and YES, with integration activities progressing.

Order input increased by 23% to £163m (2010: £133m) as a result of a £31m contribution from the 2010 acquisitions and was flat on a like for like basis. Nuclear input at £44m (2010: £37m) reflected the South Korean contract success and positive input trends in the early part of the period ahead of the slowdown in new project opportunities and outage delays due to safety reassessments following the Fukushima incident. Good progress was made in driving control and safety valve product growth following strategic investments made in 2010. In addition, input at both American Hydro and BDK was ahead of expectations, benefiting from generally buoyant markets. A focus on the renewable power generation market and leverage from American Hydro has also benefited service operations in Canada. Overall, the proportion of orders from the power sector was 54% (2010: 57%).

Revenue was up 29% to £141m (2010: £109m) with a good contribution from the 2010 acquisitions. On a like for like basis, excluding the acquisition effects, revenues were flat. While a strong opening order book led to increased nuclear original equipment deliveries, this was offset by reduced revenues following the cessation of work in Libya in February.

Operating profit fell by £1m. A £3m contribution from acquisitions and a positive impact from the Canadian restructuring completed last year was more than offset by one-off charges of £3.4m comprising a provision for Libya working capital of £2.0m and acquisition related costs of £1.4m.

Operating margins fell to 6.1%. While margins benefited from a positive contribution from the 2010 acquisitions they were impacted by one-off costs, the Libya trading impact and further investment in our growth plans. Excluding acquisitions and one-off costs, margins were 8.0% (2010: 9.1%).

Capital expenditure was £3.6m (2010: £2.9m). Work has begun on a new French facility to provide support for the nuclear businesses.

RISKS & UNCERTAINTIES

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on pages 34 to 36 of the Annual Report 2010, a copy of which is available on the Group website at www.weir.co.uk. The Board considers that these remain a current reflection of the risks and uncertainties facing the business for the remaining 26 weeks of the financial year.

POST BALANCE SHEET EVENTS

Agreement has been reached for the sale of the former Weir Pumps facility at Cathcart in Glasgow to Clyde Union, prior to 31 December 2011. Net proceeds from the sale are £25m, giving rise to a gain on sale of approximately £20m which will be treated as an exceptional item. Clyde Union acquired the Weir Pumps, Glasgow business in 2007 and since then has leased the Cathcart site from the Group.

In July 2011, the Trustees of The Weir Group Pension and Retirement Saving Scheme announced to scheme members that, following the recent change in legislation, it has been decided to increase certain elements of pension in line with the Consumer Prices Index, which will affect their pension entitlements under the scheme. This change is expected to give rise to a reduction in the pension deficit of approximately £10m in the second half of the year with the resulting gain being treated as an exceptional item in the Consolidated Income Statement.

OUTLOOK

MINERALS

Market conditions across the mining and oil sands markets are expected to remain positive. Our pipeline of new project opportunities remains strong, although the timing of new project awards means that we expect original equipment input growth to moderate over the balance of the year. Aftermarket orders in the second half will continue to benefit from a positive market environment and our strategic growth initiatives and we expect broadly similar absolute input levels to the first half.

Recognising these positive market conditions and the strong opening order book, we expect that second half original equipment and aftermarket revenues will be higher compared to the first half with a larger proportion of original equipment orders as a number of major projects are delivered. As a result, operating margins will be lower than those achieved in the first half although we expect full year operating profits for this division to be in line with our previous expectations.

OIL & GAS

The immediate outlook for our upstream business remains positive. US horizontal rig count is currently forecast to grow by around 5% over the balance of the year with a further shift to oil and liquids rich shale formations expected. Encouraging early discussions on 2012 original equipment requirements are now underway, and we would expect these to convert into firm orders over the second half. However it is too early to say whether the exceptional input achieved in the second half of 2010 will be realised. Aftermarket input trends are expected to remain positive, given our growing installed product base. Downstream market conditions are expected to remain challenging, whilst the positive trends seen in the services market are expected to continue.

Recognising the encouraging upstream market outlook and the timing of additional capacity benefits, we expect second half upstream revenues to be modestly higher compared to the first half. As a result, we expect full year revenues, operating profits and margins for this division will be ahead of our previous expectations.

POWER & INDUSTRIAL

Overall market conditions remain mixed with uncertainty on the timing of new power projects offset by good opportunities to drive growth through our strategic initiatives and new acquisitions.

Despite the division's withdrawal from Libya we continue to expect a stronger second half trading performance relative to the first half reflecting the traditional phasing of work and the one-off costs incurred in the first half. As a result, we expect full year profits for this division to be higher than 2010.

GROUP

The Group will continue to invest to grow ahead of our end markets and we now expect profit before tax and intangibles amortisation for the full year to be somewhat ahead of our previous expectations.

This information includes 'forward-looking statements'. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding the Weir Group's financial position, business strategy, plans (including development plans and objectives relating to the Company's products and services) and objectives of management for future operations, are forward-looking statements. These statements contain the words "anticipate", "believe", "intend", "estimate", "expect" and words of similar meaning. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this document. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Past business and financial performance cannot be relied on as an indication of future performance.

**Consolidated Income Statement
for the 26 weeks ended 1 July 2011**

52 weeks ended 31 Dec 2010 Total £m	Notes	26 weeks ended 1 July 2011			26 weeks ended 2 July 2010			Total £m
		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	
1,635.0		Continuing operations						
	2	1,030.6	-	1,030.6	775.1	-	775.1	
		Continuing operations						
286.9		184.3	(10.8)	173.5	148.8	(8.4)	140.4	
4.6		1.9	-	1.9	2.2	-	2.2	
291.5	2	186.2	(10.8)	175.4	151.0	(8.4)	142.6	
(14.9)		(7.5)	-	(7.5)	(6.9)	-	(6.9)	
1.5		0.5	-	0.5	0.7	-	0.7	
(1.6)		(0.8)	-	(0.8)	(0.8)	-	(0.8)	
276.5		178.4	(10.8)	167.6	144.0	(8.4)	135.6	
(77.4)	4	(51.2)	3.1	(48.1)	(41.6)	2.4	(39.2)	
199.1		127.2	(7.7)	119.5	102.4	(6.0)	96.4	
(13.6)		-	-	-	-	-	-	
185.5		127.2	(7.7)	119.5	102.4	(6.0)	96.4	
		Attributable to						
185.1		127.1	(7.7)	119.4	102.1	(6.0)	96.1	
0.4		0.1	-	0.1	0.3	-	0.3	
185.5		127.2	(7.7)	119.5	102.4	(6.0)	96.4	
	5	Earnings per share						
87.9p				56.6p			45.7p	
94.3p		60.2p		56.6p	48.5p		45.7p	
86.9p				56.1p			45.2p	
93.2p		59.7p		56.1p	48.0p		45.2p	

**Consolidated Statement of Comprehensive Income
for the 26 weeks ended 1 July 2011**

52 weeks ended 31 Dec 2010 £m	Note	26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
185.5		119.5	96.4
(0.2)		1.8	(2.0)
56.9		(16.3)	35.4
(17.3)		15.5	(26.9)
(3.4)	8	0.5	(9.1)
(0.1)		(1.2)	(0.2)
1.5		(0.3)	3.1
37.4		-	0.3
222.9		119.5	96.7
222.5		119.4	96.4
0.4		0.1	0.3
222.9		119.5	96.7

**Consolidated Balance Sheet
at 1 July 2011**

31 Dec 2010		Notes	1 July 2011	2 July 2010
£m			£m	£m
ASSETS				
Non-current assets				
259.7	Property, plant & equipment		272.0	205.9
3.9	Investment property		3.8	4.0
957.8	Intangible assets		960.2	762.2
10.3	Investments in joint ventures		11.6	11.3
27.1	Deferred tax assets		24.6	35.2
0.6	Derivative financial instruments	9	0.4	0.8
1,259.4	Total non-current assets		1,272.6	1,019.4
Current assets				
310.2	Inventories		391.7	240.1
353.3	Trade & other receivables		409.7	277.1
16.2	Construction contracts		28.3	23.8
9.2	Derivative financial instruments	9	11.1	6.9
0.4	Income tax receivable		0.6	2.0
84.0	Cash & short-term deposits		61.0	67.0
773.3	Total current assets		902.4	616.9
2,032.7	Total assets		2,175.0	1,636.3
LIABILITIES				
Current liabilities				
6.3	Interest-bearing loans & borrowings		9.1	3.2
409.9	Trade & other payables		483.5	331.3
21.8	Construction contracts		16.7	23.3
20.9	Derivative financial instruments	9	22.2	20.1
30.1	Income tax payable		30.9	29.2
41.5	Provisions		44.3	34.7
530.5	Total current liabilities		606.7	441.8
Non-current liabilities				
361.3	Interest-bearing loans & borrowings		340.9	161.5
12.0	Other payables		26.6	-
27.5	Derivative financial instruments	9	22.9	47.8
38.5	Provisions		36.4	37.1
76.2	Deferred tax liabilities		77.6	61.0
65.0	Retirement benefit plan deficits	8	64.4	80.8
580.5	Total non-current liabilities		568.8	388.2
1,111.0	Total liabilities		1,175.5	830.0
921.7	NET ASSETS		999.5	806.3
CAPITAL & RESERVES				
26.6	Share capital		26.6	26.6
38.0	Share premium		38.0	38.0
(6.8)	Treasury shares		(5.6)	(6.8)
0.5	Capital redemption reserve		0.5	0.5
103.8	Foreign currency translation reserve		103.0	72.5
0.4	Hedge accounting reserve		0.8	(1.0)
758.8	Retained earnings		835.3	676.2
921.3	Shareholders equity		998.6	806.0
0.4	Non-controlling interests		0.9	0.3
921.7	TOTAL EQUITY		999.5	806.3

**Consolidated Cash Flow Statement
for the 26 weeks ended 1 July 2011**

52 weeks ended 31 Dec 2010 £m	Notes	26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
Continuing operations			
Cash flows from operating activities			
274.9	10	128.6	120.6
(9.3)		-	-
(72.4)		(42.6)	(37.0)
193.2		86.0	83.6
Continuing operations			
Cash flows from investing activities			
(203.4)	10	(12.2)	(3.6)
(0.7)	10	-	(0.6)
(50.9)	7	(36.6)	(18.3)
2.9		3.3	0.2
1.6		1.1	0.6
4.2		0.4	1.3
(246.3)		(44.0)	(20.4)
Continuing operations			
Cash flows from financing activities			
-		(0.4)	-
356.3		36.1	158.0
(190.8)		(51.9)	(177.0)
(13.4)		-	0.9
(10.8)		(8.3)	(3.0)
-		0.4	-
(0.2)		-	(0.2)
(46.7)	6	(44.3)	(34.1)
94.4		(68.4)	(55.4)
41.3		(26.4)	7.8
(18.6)		-	-
55.7		79.5	55.7
1.1		0.6	0.8
79.5	10	53.7	64.3

**Consolidated Statement of Changes in Equity
for the 26 weeks ended 1 July 2011**

	Share capital £m	Share premium £m	Treasury shares £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Hedge accounting reserve £m	Retained earnings £m	Attributable to equity holders of the Company £m	Non-controlling interests £m	Total equity £m
At 1 January 2010	26.6	38.0	(7.9)	0.5	64.0	0.6	620.4	742.2	0.2	742.4
Profit for the period	-	-	-	-	-	-	96.1	96.1	0.3	96.4
Losses taken to equity on cash flow hedges	-	-	-	-	-	(2.0)	-	(2.0)	-	(2.0)
Exchange gains on translation of foreign operations	-	-	-	-	35.4	-	-	35.4	-	35.4
Exchange losses on net investment hedges	-	-	-	-	(26.9)	-	-	(26.9)	-	(26.9)
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(9.1)	(9.1)	-	(9.1)
Reclassification adjustments taken to the income statement on cash flow hedges	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Tax relating to other comprehensive income	-	-	-	-	-	0.6	2.5	3.1	-	3.1
Total net comprehensive income for the period	-	-	-	-	8.5	(1.6)	89.5	96.4	0.3	96.7
Cost of share-based payments net of tax	-	-	-	-	-	-	1.5	1.5	-	1.5
Dividends	-	-	-	-	-	-	(34.1)	(34.1)	(0.2)	(34.3)
Exercise of LTIP awards	-	-	1.1	-	-	-	(1.1)	-	-	-
At 2 July 2010	26.6	38.0	(6.8)	0.5	72.5	(1.0)	676.2	806.0	0.3	806.3
At 31 December 2010	26.6	38.0	(6.8)	0.5	103.8	0.4	758.8	921.3	0.4	921.7
Profit for the period	-	-	-	-	-	-	119.4	119.4	0.1	119.5
Gains taken to equity on cash flow hedges	-	-	-	-	-	1.8	-	1.8	-	1.8
Exchange losses on translation of foreign operations	-	-	-	-	(16.3)	-	-	(16.3)	-	(16.3)
Exchange gains on net investment hedges	-	-	-	-	15.5	-	-	15.5	-	15.5
Actuarial gains on defined benefit plans	-	-	-	-	-	-	0.5	0.5	-	0.5
Reclassification adjustments taken to the income statement on cash flow hedges	-	-	-	-	-	(1.2)	-	(1.2)	-	(1.2)
Tax relating to other comprehensive income	-	-	-	-	-	(0.2)	(0.1)	(0.3)	-	(0.3)
Total net comprehensive income for the period	-	-	-	-	(0.8)	0.4	119.8	119.4	0.1	119.5
Proceeds from increase in non-controlling interests	-	-	-	-	-	-	-	-	0.4	0.4
Cost of share-based payments net of tax	-	-	-	-	-	-	2.2	2.2	-	2.2
Dividends	-	-	-	-	-	-	(44.3)	(44.3)	-	(44.3)
Exercise of LTIP awards	-	-	1.2	-	-	-	(1.2)	-	-	-
At 1 July 2011	26.6	38.0	(5.6)	0.5	103.0	0.8	835.3	998.6	0.9	999.5
At 1 January 2010	26.6	38.0	(7.9)	0.5	64.0	0.6	620.4	742.2	0.2	742.4
Profit for the period	-	-	-	-	-	-	185.1	185.1	0.4	185.5
Losses taken to equity on cash flow hedges	-	-	-	-	-	(0.2)	-	(0.2)	-	(0.2)
Exchange gains on translation of foreign operations	-	-	-	-	56.9	-	-	56.9	-	56.9
Exchange losses on net investment hedges	-	-	-	-	(17.3)	-	-	(17.3)	-	(17.3)
Actuarial losses on defined benefit plans	-	-	-	-	-	-	(3.4)	(3.4)	-	(3.4)
Reclassification adjustments taken to the income statement on cash flow hedges	-	-	-	-	-	(0.1)	-	(0.1)	-	(0.1)
Tax relating to other comprehensive income	-	-	-	-	0.2	0.1	1.2	1.5	-	1.5
Total net comprehensive income for the period	-	-	-	-	39.8	(0.2)	182.9	222.5	0.4	222.9
Cost of share-based payments net of tax	-	-	-	-	-	-	3.3	3.3	-	3.3
Dividends	-	-	-	-	-	-	(46.7)	(46.7)	(0.2)	(46.9)
Exercise of LTIP awards	-	-	1.1	-	-	-	(1.1)	-	-	-
At 31 December 2010	26.6	38.0	(6.8)	0.5	103.8	0.4	758.8	921.3	0.4	921.7

Notes to the Financial Statements

1. Basis of preparation

These interim condensed financial statements are for the 26 week period ended 1 July 2011 and have been prepared on the basis of the accounting policies set out in the Group's 2010 Annual Report and in accordance with IAS34 "Interim Financial Reporting" as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Services Authority. These interim condensed financial statements have been prepared on the going concern basis as the directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

These 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 22. The information shown for the 52 weeks ended 31 December 2010 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2010 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 2010 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006.

These interim condensed financial statements were approved by the Board of Directors on 2 August 2011.

2. Segment information

For management purposes the Group is organised into three operating divisions: Minerals, Oil & Gas and Power & Industrial. These three divisions are organised and managed separately based on the key markets served and each is treated as an operating segment and a reportable segment in accordance with IFRS8. The operating and reportable segments were determined based on the reports reviewed by the Group Executive which are used to make operational decisions.

The Minerals segment designs and manufactures pumps, hydrocyclones, valves and other complementary equipment for the mining, flue gas desulphurisation and oil sands markets. The Oil & Gas segment manufactures pumps and ancillary equipment and provides aftermarket support for the global upstream and downstream oil and gas markets. The Power & Industrial segment designs, manufactures and provides aftermarket support for rotating and flow control equipment to the global power generation and industrial sectors. All other segments, which are disclosed as Group companies, include the results of Liquid Gas Equipment which supplies equipment to the liquefied petroleum gas marine and onshore markets.

The Group Executive assesses the performance of the operating segments based on operating profit from continuing operations before exceptional items and intangibles amortisation, including impairment ("segment result"). Finance income and expenditure and associated interest-bearing liabilities and derivative financial instruments are not allocated to segments as all treasury activity is managed centrally by the Group treasury function. The amounts provided to the Group Executive with respect to total assets are measured in a manner consistent with that of the financial statements. The assets are allocated based on the operations of the segment and the physical location of the asset.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties.

In 2010, in conjunction with the acquisition of American Hydro, the decision was taken to restructure our Canadian operations in order to better align the business activities of existing operations with the new acquisition as well as to meet developments in the Canadian marketplace. Accordingly, the segment information in respect of the 26 weeks ended 2 July 2010 has been restated. The impact of this restatement was to reduce Power & Industrial sales to external customers by £4.6m and to increase Oil & Gas and Minerals sales to external customers by £2.5m and £2.1m respectively. Segment result increased in Power & Industrial by £0.3m and reduced in Oil & Gas and Minerals by £0.2m and £0.1m respectively. Working capital assets in Minerals and Oil and Gas increased by £1.1m and £1.7m respectively and reduced by £2.8m in Power and Industrial.

The segment information provided to the Group Executive for the reportable segments for the 26 weeks ended 1 July 2011, the 26 weeks ended 2 July 2010 and the 52 weeks ended 31 December 2010 is disclosed below.

	Minerals		Oil & Gas		Power & Industrial		Total continuing operations	
	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011	June 2010
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue								
Sales to external customers	550.8	423.9	324.1	226.3	140.9	111.2	1,015.8	761.4
Inter-segment sales	2.4	0.7	6.0	3.2	3.2	1.6	11.6	5.5
Segment revenue	553.2	424.6	330.1	229.5	144.1	112.8	1,027.4	766.9
Group companies sales to external customers							14.8	13.7
Eliminations							(11.6)	(5.5)
							1,030.6	775.1
Sales to external customers - at 2011 average exchange rates								
Sales to external customers	550.8	430.6	324.1	217.9	140.9	109.3	1,015.8	757.8
Group companies sales to external customers							14.8	13.7
							1,030.6	771.5
Result								
Segment result before share of results of joint ventures	101.3	84.2	80.3	58.5	8.6	10.1	190.2	152.8
Share of results of joint ventures	-	-	1.9	2.2	-	-	1.9	2.2
Segment result	101.3	84.2	82.2	60.7	8.6	10.1	192.1	155.0
Group companies							0.6	1.7
Unallocated expenses							(6.5)	(5.7)
Operating profit before exceptional items & intangibles amortisation							186.2	151.0
Amortisation of intangibles							(10.8)	(8.4)
Net finance costs							(7.0)	(6.2)
Other finance costs - retirement benefits							(0.8)	(0.8)
Profit before tax from continuing operations							167.6	135.6
Segment result - at 2011 average exchange rates								
Segment result before share of results of joint ventures	101.3	84.9	80.3	56.1	8.6	9.9	190.2	150.9
Share of results of joint ventures	-	-	1.9	2.1	-	-	1.9	2.1
Segment result	101.3	84.9	82.2	58.2	8.6	9.9	192.1	153.0
Group companies							0.6	1.7
Unallocated expenses							(6.5)	(5.7)
Operating profit before exceptional items & intangibles amortisation							186.2	149.0
Total assets								
Property, plant & equipment	183.2	130.6	50.7	38.3	37.9	36.8	271.8	205.7
Working capital assets	451.9	278.2	253.7	164.9	128.2	77.5	833.8	520.6
	635.1	408.8	304.4	203.2	166.1	114.3	1,105.6	726.3
Investments in joint ventures	-	-	11.6	11.3	-	-	11.6	11.3
Segment assets	635.1	408.8	316.0	214.5	166.1	114.3	1,117.2	737.6
Group companies assets							3.5	3.5
Unallocated assets							1,054.3	895.2
Total assets							2,175.0	1,636.3

2. Segment information (continued)

	Minerals Dec 2010 £m	Oil & Gas Dec 2010 £m	Power & Industrial Dec 2010 £m	Total continuing operations Dec 2010 £m
Revenue				
Sales to external customers	901.4	461.7	246.0	1,609.1
Inter-segment sales	1.8	7.5	3.5	12.8
Segment revenue	903.2	469.2	249.5	1,621.9
Group companies sales to external customers				25.9
Eliminations				(12.8)
				1,635.0
Sales to external customers - at 2011 average exchange rates				
Sales to external customers	914.1	448.6	243.3	1,606.0
Group companies sales to external customers				25.9
				1,631.9
Result				
Segment result before share of results of joint ventures	174.5	112.8	26.3	313.6
Share of results of joint ventures	-	4.6	-	4.6
Segment result	174.5	117.4	26.3	318.2
Group companies				3.5
Unallocated expenses				(12.0)
Operating profit before exceptional items & intangibles amortisation				309.7
Amortisation of intangibles				(18.2)
Net finance costs				(13.4)
Other finance costs - retirement benefits				(1.6)
Profit before tax from continuing operations				276.5
Segment result - at 2011 average exchange rates				
Segment result before share of results of joint ventures	176.1	109.0	25.9	311.0
Share of results of joint ventures	-	4.1	-	4.1
Segment result	176.1	113.1	25.9	315.1
Group companies				3.5
Unallocated expenses				(12.0)
Operating profit before exceptional items & intangibles amortisation				306.6
Total assets				
Property, plant & equipment	163.8	43.1	40.0	246.9
Working capital assets	353.9	188.0	122.3	664.2
	517.7	231.1	162.3	911.1
Investments in joint ventures	-	10.3	-	10.3
Segment assets	517.7	241.4	162.3	921.4
Group companies assets				1.2
Unallocated assets				1,110.1
Total assets				2,032.7

3. Exceptional items & intangibles amortisation

52 weeks ended 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
(18.2)	Recognised in arriving at operating profit from continuing operations Intangibles amortisation	(10.8)	(8.4)
(13.6)	Recognised in arriving at loss for the period from discontinued operations Exceptional items	-	-

4. Income tax expense

52 weeks ended 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
(9.4)	Group - UK	(0.5)	(4.9)
(68.0)	Group - overseas	(47.6)	(34.3)
(77.4)	Total income tax expense in the Consolidated Income Statement	(48.1)	(39.2)
The total income tax expense is disclosed in the Consolidated Income Statement as follows:			
(82.8)	- continuing operations before exceptional items & intangibles amortisation	(51.2)	(41.6)
5.4	- intangibles amortisation	3.1	2.4
(77.4)	Total income tax expense in the Consolidated Income Statement	(48.1)	(39.2)
(0.8)	Total income tax expense included in the Group's share of results of joint ventures	(0.3)	(0.4)

5. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to 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 equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive share awards).

The following reflects the profit and share data used in the calculation of earnings per share.

52 weeks ended 31 Dec 2010		26 weeks ended 1 July 2011	26 weeks ended 2 July 2010
	Basic earnings per share		
	Profit attributable to equity holders of the Company		
185.1	Total operations * (£m)	119.4	96.1
198.7	Continuing operations * (£m)	119.4	96.1
211.5	Continuing operations before exceptional items & intangibles amortisation * (£m)	127.1	102.1
210.6	Weighted average share capital (number of shares, million)	211.0	210.4
	Diluted earnings per share		
	Profit attributable to equity holders of the Company		
185.1	Total operations * (£m)	119.4	96.1
198.7	Continuing operations * (£m)	119.4	96.1
211.5	Continuing operations before exceptional items & intangibles amortisation * (£m)	127.1	102.1
213.1	Weighted average share capital (number of shares, million)	213.0	212.7

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 31 Dec 2010 Shares Million		26 weeks ended 1 July 2011 Shares Million	26 weeks ended 2 July 2010 Shares Million
210.6	Weighted average number of ordinary shares for basic earnings per share	211.0	210.4
2.5	Effect of dilution: LTIP awards	2.0	2.3
213.1	Adjusted weighted average number of ordinary shares for diluted earnings per share	213.0	212.7

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 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
198.7	Net profit attributable to equity holders from continuing operations *	119.4	96.1
12.8	Exceptional items & intangibles amortisation net of tax	7.7	6.0
211.5	Net profit attributable to equity holders from continuing operations before exceptional items & intangibles amortisation *	127.1	102.1

* Adjusted for £0.1m (June 2010: £0.3m; December 2010: £0.4m) attributable to non-controlling interests.

6. Dividends paid & proposed

52 weeks ended 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
	Declared & paid during the period		
	Equity dividends on ordinary shares		
34.1	Final dividend for 2010: 21.0p (2009: 16.2p)	44.3	34.1
12.6	Interim dividend: see below (2010: 6.0p)	-	-
46.7		44.3	34.1
44.3	Final dividend for 2010 proposed for approval by shareholders at the AGM: 21.0p	-	-
-	Interim dividend for 2011 declared by the Board: 7.2p (2010: 6.0p)	15.2	12.6

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.

7. Property, plant & equipment & intangible assets

52 weeks ended 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
	Purchases of property, plant & equipment & intangible assets		
3.4	Land & buildings	6.5	1.2
42.8	Plant & equipment	27.5	16.0
4.7	Intangible assets	2.6	1.1
50.9		36.6	18.3
0.2	Impairment of plant & equipment	-	-

8. Pensions & other post-employment benefit plans

31 Dec 2010 £m		1 July 2011 £m	2 July 2010 £m
(65.0)	Plans in deficit	(64.4)	(80.8)

The reduction in deficit of £0.6m in the 26 weeks ended 1 July 2011 was primarily due to actuarial gains of £0.5m, mainly as a result of achieving better than expected asset returns, being recognised in the Consolidated Statement of Comprehensive Income.

9. Derivative financial instruments

31 Dec 2010 £m		1 July 2011 £m	2 July 2010 £m
	Included in non-current assets		
0.4	Forward foreign currency contracts designated as cash flow hedges	0.4	0.3
0.2	Other forward foreign currency contracts	-	0.5
0.6		0.4	0.8
	Included in current assets		
0.9	Forward foreign currency contracts designated as cash flow hedges	1.7	1.0
0.2	Forward foreign currency contracts designated as net investment hedges	1.3	0.7
8.1	Other forward foreign currency contracts	8.1	5.2
9.2		11.1	6.9
	Included in current liabilities		
0.5	Forward foreign currency contracts designated as cash flow hedges	0.4	1.2
-	Forward foreign currency contracts designated as net investment hedges	-	2.0
-	Interest rate swaps designated as cash flow hedges	-	0.2
12.2	Cross currency swaps designated as net investment hedges	10.7	13.8
8.2	Other forward foreign currency contracts	11.1	2.9
20.9		22.2	20.1
	Included in non-current liabilities		
0.6	Forward foreign currency contracts designated as cash flow hedges	0.5	1.2
26.8	Cross currency swaps designated as net investment hedges	22.2	45.7
0.1	Other forward foreign currency contracts	0.2	0.9
27.5		22.9	47.8
38.6	Net derivative financial liabilities	33.6	60.2

10. Additional cash flow information

52 weeks ended 31 Dec 2010 £m		26 weeks ended 1 July 2011 £m	26 weeks ended 2 July 2010 £m
Continuing operations			
Cash generated from operations			
291.5	Operating profit	175.4	142.6
(4.6)	Share of results of joint ventures	(1.9)	(2.2)
52.3	Depreciation & amortisation of property, plant & equipment & intangible assets	29.0	23.5
0.2	Impairment of plant & equipment & intangible assets	-	-
0.1	(Gains) losses on disposal of property, plant & equipment	(1.0)	(0.2)
(1.8)	Funding of pension & post-retirement costs	(0.6)	(0.8)
3.0	Employee share schemes	2.2	1.5
(0.5)	Net foreign exchange including derivative financial instruments	0.6	0.8
2.1	Increase in provisions	1.0	0.8
(39.9)	Increase in inventories	(83.3)	(1.4)
(61.8)	Increase in trade & other receivables & construction contracts	(57.2)	(32.8)
34.3	Decrease (increase) in trade & other payables & construction contracts	64.4	(11.2)
274.9	Cash generated from operations	128.6	120.6
Acquisitions of subsidiaries			
(203.3)	Current period acquisitions	(9.8)	(3.5)
(0.1)	Previous periods acquisitions contingent consideration paid	(2.4)	(0.1)
(203.4)		(12.2)	(3.6)
Disposals of subsidiaries			
(0.7)	Previous periods disposals	-	(0.6)
(0.7)		-	(0.6)
Cash & cash equivalents comprise the following			
84.0	Cash & short-term deposits	61.0	67.0
(4.5)	Bank overdrafts & short-term borrowings	(7.3)	(2.7)
79.5		53.7	64.3
Reconciliation of net increase (decrease) in cash & cash equivalents to movement in net debt			
41.3	Net (decrease) increase in cash & cash equivalents from continuing operations	(26.4)	7.8
(18.6)	Net decrease in cash & cash equivalents from discontinued operations - operating activities	-	-
(165.5)	Net decrease (increase) in debt	15.8	19.0
(142.8)	Change in net debt resulting from cash flows	(10.6)	26.8
(0.2)	Lease inception	(0.1)	-
(0.3)	Leases acquired	-	-
(15.5)	Loans acquired	-	-
(5.6)	Foreign currency translation differences	5.3	(5.3)
(164.4)	Change in net debt during the period	(5.4)	21.5
(119.2)	Net debt at the beginning of the period	(283.6)	(119.2)
(283.6)	Net debt at the end of the period	(289.0)	(97.7)
Net debt comprises the following			
84.0	Cash & short-term deposits	61.0	67.0
(6.3)	Current interest-bearing loans & borrowings	(9.1)	(3.2)
(361.3)	Non-current interest-bearing loans & borrowings	(340.9)	(161.5)
(283.6)		(289.0)	(97.7)

11. 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 31 Dec 2010		26 weeks ended 1 July 2011	26 weeks ended 2 July 2010
£m		£m	£m
0.6	Sales of goods to related parties - joint ventures	0.1	0.3
0.2	Sales of services to related parties - joint ventures	0.1	0.2
0.1	Purchases of goods from related parties - joint ventures	0.1	0.2
-	Purchases of services from related parties - joint ventures	0.1	0.1
0.2	Amounts owed to related parties - group pension plans	1.1	0.3

12. Legal claims

The Company and certain subsidiaries are, from time to time, parties to legal proceedings and claims which arise in the normal course of business.

The Company is subject to a claim relating to a civil action for damages arising from the UN Oil for Food Programme which has been raised in the United States against just under 100 companies. The action will be robustly defended.

To the extent not already provided for, the directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

13. Business combinations

On 1 July 2011, the Group acquired a majority interest in the South Korean valves business formerly operated by HIM Tech Co Ltd. The Group acquired 60% of the voting shares of a new Korean company, Weir International, into which the HIM Tech valves business has been transferred. Located in Ansan, near Seoul, the business designs and manufactures control and choke valves for severe service power generation and oil & gas applications. The acquisition was structured as an initial 60% purchase including an earn out with the remaining 40% being subject to a put and call option exercisable between 2014 and 2019 and based upon an EBITDA multiple of profits in the two years preceding the exercise of the option. Due to the timing of the acquisition, the fair values attributed on acquisition, including the estimate in respect of the contingent consideration, are provisional. The cash consideration paid was £9.8m and the estimated fair value of the contingent consideration is £14.0m.

The provisional fair values attributed to the 2010 acquisitions will be finalised before the anniversary of each acquisition and reflected in the 2011 annual report.

14. Events after the balance sheet date

Agreement has been reached for the sale of the former Weir Pumps facility at Cathcart in Glasgow to Clyde Union, prior to 31 December 2011. Net proceeds from the sale are £25m, giving rise to a gain on sale of approximately £20m which will be treated as an exceptional item. Clyde Union acquired the Weir Pumps, Glasgow business in 2007 and since then has leased the Cathcart site from the Group.

In July 2011, the Trustees of The Weir Group Pension and Retirement Saving Scheme announced to scheme members that, following the recent change in legislation, it has been decided to increase certain elements of pension in line with the Consumer Prices Index, which will affect their pension entitlements under the scheme. This change is expected to give rise to a reduction in the pension deficit of approximately £10m in the second half of the year with the resulting gain being treated as an exceptional item in the Consolidated Income Statement.

15. Exchange rates

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

52 weeks ended 31 Dec 2010		26 weeks ended 1 July 2011	26 weeks ended 2 July 2010
Average rate (per £)			
1.55	US dollar	1.62	1.53
1.68	Australian dollar	1.57	1.71
1.17	Euro	1.15	1.15
1.59	Canadian dollar	1.58	1.58
2.72	Brazilian real	2.64	2.74
788.31	Chilean peso	768.49	800.63
11.32	South African rand	11.15	11.50
Closing rate (per £)			
1.56	US dollar	1.61	1.51
1.52	Australian dollar	1.50	1.80
1.17	Euro	1.11	1.21
1.55	Canadian dollar	1.55	1.60
2.59	Brazilian real	2.51	2.72
729.68	Chilean peso	752.16	817.75
10.27	South African rand	10.86	11.68

Directors Statement of Responsibilities

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 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 2010 Annual Report with the exception of Melanie Gee who joined the Board on 4 May 2011. A list of current directors is maintained on The Weir Group PLC website which can be found at www.weir.co.uk.

On behalf of the Board

Jon Stanton

Finance Director

2 August 2011

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 report for the 26 weeks ended 1 July 2011 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity and the related notes 1 to 15. We have read the other information contained in the interim 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 International Standard on Review Engagements 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 report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim 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 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 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 report for the 26 weeks ended 1 July 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Glasgow
2 August 2011