The Weir Group PLC today reports its results for the 26 week period ended 3 July 2015.

## Strategic progress in very challenging markets

- First half results in-line with June trading update expectations
- Strong cash generation in challenging markets; 124% EBITDA cash conversion ratio
- Oil & Gas: North American rig count down 55%; order input down 39%
- Minerals: a resilient performance with aftermarket revenues increasing
- Power & Industrial: operational efficiencies improving margins
- R&D spend prioritised – up 38%; new products delivering growth:
    - New continuous duty frack pump and high-yield hydro-cyclone launched
- Acquisition of Delta expands valves product range and extends presence in mining and oil sands markets
- Aggressive focus on cost competitiveness:
    - 32% reduction in North American Oil & Gas workforce since November 2014
    - Further measures taken across all divisions and Group functions in June/July
    - Exceptional restructuring costs of £47m recognised, including £33m of asset impairments
    - In total actions taken expected to deliver annualised savings of £85m by the end of 2015
- Board and management changes announced

| **Continuing Operations** | **H1 2015** | **H1 2014** | **Reported Growth** | **Constant Currency[1]** |
|---|---|---|---|---|
| Order input[1] | £1,039m | £1,267m | n/a | -18% |
| Revenue | £1,000m | £1,144m | -13% | -14% |
| Operating profit[2] | £129m | £201m | -36% | -38% |
| Operating margin[2] | 12.9% | 17.6% | -470bps | -500bps |
| Profit before tax[2] | £108m | £182m | -40% | -43% |
| Cash from operations | £202m | £150m | 35% | n/a |
| Earnings per share[2] | 38.7p | 61.4p | -37% | n/a |
| Dividend per share | 15.0p | 15.0p | 0% | n/a |
| Return on Capital Employed[3] | 14.4% | 17.3% | n/a | -290bps |
| Net debt | £817m | £861m[4] | £44m | n/a |

**Keith Cochrane, Chief Executive, commented:**
"This is the most severe downturn in oil and gas markets for nearly thirty years, and as a result North American upstream activity has reduced substantially. As we indicated through the first half, this has had a significant impact on the Group's interim financial performance. During this period, we have remained focused on responding to these conditions, executing effectively and generating cash. Reflecting our ongoing confidence in the long term structural growth prospects of our markets, we continue to invest in our strategy and extend our global leadership positions.

Looking ahead, oil and gas will continue to be tough, with industry expectations of a modest improvement at best in North American activity levels towards the end of the year. However, with the normal seasonal bias of the Minerals and Power & Industrial divisions, increased restructuring benefits, further cost savings and a good contribution from recent acquisitions, we expect a meaningful sequential improvement in our financial performance in the second half of 2015, alongside continued strong cash generation."

**A live webcast of the management presentation to the investment community will begin at 8:30am (BST) on 30 July 2015 at weir.co.uk.**

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**Notes:**
1. 2014 restated at 2015 average exchange rates.
2. Adjusted to exclude exceptional items and intangibles amortisation. Reported operating profit and profit before tax were £61m (2014: £178m) and £39m (2014: £158m) respectively. Reported earnings per share were 17.5p (2014: 53.8p).
3. Continuing operations EBIT before exceptional items on a constant currency basis (excluding Trio EBIT) divided by average net assets (excluding Trio net assets) excluding net debt and pension deficit (net of deferred tax asset).
4. Net Debt at 2 January 2015.

## Strategic overview

Our strategy is to strengthen and extend our position in the structural growth markets of minerals, oil and gas and power, and achieve sustainable growth ahead of these markets while responding to short term market conditions. We execute our strategy by focusing on the four strategic pillars which define our distinctive approach and build on our existing competitive advantage: innovation; collaboration; value chain excellence; and global capability.

**Improving competitiveness**

The Group is responding to market conditions and enhancing its cost competitiveness by leveraging its best-cost manufacturing facilities and consolidating smaller manufacturing sites into larger, more efficient centres. Three facilities have been closed in the first half of 2015 with an additional three expected to close in the second half. Six Oil & Gas service centres have also been closed with additional cost reduction measures including furloughs (suspensions of activity) at the division's Fort Worth, Texas, manufacturing facility for one week in May and another in July. In addition, the division has also reduced manufacturing to one shift in its North American operations, reflecting lower activity levels and a focus on inventory reduction. Since the start of the industry downturn, the division has reduced its North American workforce by nearly 900 people, or 32%, while also insourcing production and reducing operating costs. Restructuring actions taken at the start of the period supported margin improvement in Power & Industrial with Minerals also benefiting from cost reduction measures. Plans are also in place to reduce underlying central Group costs. In total, across the Group, actions have been taken to deliver annualised savings of £85m by the year-end.

**Innovation**

In Oil & Gas, the division launched the new SPM® QEM 3000 frack pump which is the upstream industry's first high-horsepower pump designed for continuous-duty pressure pumping operation. The Minerals division introduced the Cavex® 700 CVX Hydrocyclone which provides 50% more throughput than its direct competitors, helping significantly increase productivity for mining customers. Power & Industrial has made good progress in extending its range of safety valves for Liquefied Natural Gas applications.

Research and Development (R&D) expenditure of £14m in the first half of 2015 compares to £10m in the same period of 2014 with a particular focus on new technologies. A pilot of the Synertrex monitoring and control system has commenced and trials of new alloys and additive manufacturing techniques have progressed over the period. The Group has also expanded its series of partnerships with leading technology institutions with a new R&D agreement with Imperial College London, focusing on minerals processing technologies. The appointment of Dean Jenkins as Chief Operating Officer, as announced today, will ensure continued emphasis on the Group's innovation agenda.

**Collaboration**

The early benefits of Minerals' Global Framework Agreements with Anglo American and Kinross Gold Corporation continue with the division's engineers working with these key customers to increase the efficiency of their operations. These Global Framework Agreements make Weir a preferred supplier to their global operations and discussions with other potential partners are ongoing. Oil & Gas has signed an agreement to form a joint venture with Rolls-Royce subsidiary MTU America to develop a new frack power system which will integrate the pump, transmission and engine into one unit, helping customers reduce downtime and improve productivity. The joint venture will also provide comprehensive aftermarket support of the equipment through Weir's leading service centre network.

**Value Chain Excellence**

The Value Chain Excellence (VCE) management system is building on the Group's long-term track record in lean manufacturing and making it more responsive to customer needs. There are a significant number of projects under way across the Group's global operations to improve performance, reduce working capital and shorten lead times. Progress is also continuing in establishing a common Enterprise Resource Planning (ERP) tool across the Minerals division which will eventually consolidate fifteen current ERP systems into one. The Group achieved £16m (4%) of direct procurement cost savings in the period, despite reduced purchasing volumes as a result of lower activity levels and a focus on inventory reduction.

**Global Capability**

Minerals acquired Delta Industrial Valves earlier this month, strengthening its presence in mining and Canadian oil sands markets. Delta has established a strong market leadership position in severe service knife gate valves and complements Weir Minerals' valves product portfolio. The division also opened a new service centre in Chile to support increased ore production. The integration of Trio Engineered Products is largely complete with good progress on globalising its product range. A new manufacturing facility in Milan is under construction for the Oil & Gas division which will result in the consolidation of three facilities into one. Capacity has also been expanded with the acquisition of a large service facility in southern Iraq helping to support the division's operations in this country. Power & Industrial has made significant progress in taking advantage of the Group's best-cost manufacturing facilities, enhancing its competitiveness in valve markets.

## Financial performance overview

Order input and revenue on a constant currency basis decreased by 18% and 14% respectively, with Oil & Gas declining sequentially through the period. Aftermarket input declined 13% while original equipment orders fell by 29%. Aftermarket represented 71% of total orders, from 67% last year. On a like-for-like basis, input was down 21% and revenue was down 17%. On a reported basis, revenues were 13% lower, supported by a £24m foreign exchange tailwind. In constant currency terms, operating margins declined 500bps and profit before tax of £108m was down 43%, primarily impacted by the declines in North America oil and gas.

In the **Minerals** division, as expected, orders were in line with the prior year period. Continuing declines in customer capital expenditure and lower order levels from oil, power and industrial sectors were offset by a good initial contribution from the 2014 acquisition of Trio Engineered Products and good global mining aftermarket growth, as ore production continued to increase supported by the ramp-up in activity of recently commissioned mines. The division's order book increased in the period with a book-to-bill ratio of 1.06. As anticipated operating margins declined slightly, primarily as a result of one-off integration costs and increased investment in product development and ERP systems.

In **Oil & Gas**, all businesses were affected as oil prices remained around 50% lower than the prior year period. This led to significant reductions in activity, with Upstream operations in particular impacted as North American unconventional markets declined significantly. Operating margins also fell significantly, reflecting lower volumes, the resulting overhead under-recoveries and pricing pressure in North American Upstream operations, albeit partially offset by cost reduction measures.

**Power & Industrial**'s overall orders were down 11% on the prior year. Original equipment orders were down 26% against the prior year period which included large hydro and steam turbine orders. Valve and hydro orders were affected by project order and delivery delays across oil and gas and power markets. Despite reduced revenues, operating margins were up 50bps reflecting benefits from cost reduction and operational improvement measures.

## Segmental analysis

| Continuing Operations £m | Minerals | Oil & Gas | Power & Industrial | Unallocated Expenses | Total | Total OE | Total AM |
|---|---|---|---|---|---|---|---|
| **Input (constant currency)** | | | | | | | |
| 2015 | 554 | 328 | 157 | n/a | **1,039** | 302 | 737 |
| 2014 | 556 | 534 | 177 | n/a | **1,267** | 424 | 843 |
| Variance: | | | | | | | |
| - Constant currency | 0% | -39% | -11% | | **-18%** | -29% | -13% |
| - Like-for-like[1] | -7% | -39% | -11% | | **-21%** | -35% | -14% |
| **Revenue** | | | | | | | |
| 2015 | 522 | 328 | 150 | n/a | **1,000** | 282 | 718 |
| 2014 (as reported) | 548 | 435 | 161 | n/a | **1,144** | 394 | 750 |
| Variance: | | | | | | | |
| - As reported | -5% | -25% | -7% | | **-13%** | -28% | -4% |
| - Constant currency | -3% | -30% | -8% | | **-14%** | -29% | -7% |
| - Like-for-like[1] | -8% | -30% | -8% | | **-17%** | -33% | -8% |
| **Operating profit[2]** | | | | | | | |
| 2015 | 93 | 37 | 10 | (11) | **129** | | |
| 2014 (as reported) | 104 | 98 | 9 | (10) | **201** | | |
| Variance: | | | | | | | |
| - As reported | -11% | -62% | +6% | -13% | **-36%** | | |
| - Constant currency | -9% | -65% | -1% | -13% | **-38%** | | |
| - Like-for-like[1] | -11% | -65% | -1% | -13% | **-39%** | | |
| **Operating margin** | | | | | | | |
| 2015 | 17.8% | 11.3% | 6.5% | n/a | **12.9%** | | |
| 2014 (as reported) | 19.0% | 22.5% | 5.7% | n/a | **17.6%** | | |
| Variance: | | | | | | | |
| - As reported | -120bps | -1120bps | +80bps | | **-470bps** | | |
| - Constant currency | -130bps | -1150bps | +50bps | | **-500bps** | | |
| - Like-for-like[1] | -80bps | -1150bps | +50bps | | **-490bps** | | |

[1]Like-for-like excludes the impact of acquisitions and related transaction and integration costs. Trio Engineered Products was acquired on 22 October 2014.
[2]Adjusted to exclude exceptional items and intangibles amortisation.

## Minerals

Weir Minerals is a global leader in the provision of mill circuit technology and services, as well as the market leader in slurry handling equipment and associated aftermarket support for abrasive high wear applications. Its differentiated technology is used in mining, oil & gas and general industrial markets around the world.

| Constant currency £m | H1 2015 | H1 2014[1] | Growth | LFL[3] Growth | H2 2014[1] |
|---|---|---|---|---|---|
| Input OE | 158 | 167 | -6% | -22% | 173 |
| Input aftermarket | 396 | 389 | 2% | -1% | 380 |
| **Input Total** | **554** | **556** | **0%** | **-7%** | **553** |
| Revenue OE | 139 | 177 | -22% | -30% | 186 |
| Revenue aftermarket | 383 | 361 | 6% | 3% | 386 |
| **Revenue Total** | **522** | **538** | **-3%** | **-8%** | **572** |
| **Operating profit[2]** | **93** | **102** | **-9%** | **-11%** | **121** |
| Operating margin[2] | 17.8% | 19.1% | -130bps | -80bps | 21.1% |
| Book-to-bill | 1.06 | 1.03 | | | 0.97 |

[1]2014 restated at 2015 average exchange rates.
[2]Adjusted to exclude exceptional items and intangibles amortisation.
[3]Like-for-like excludes the impact of acquisitions and related transaction and integration costs. Trio Engineered Products was acquired on 22 October 2014.

### Key points

- Like-for-like orders from mining sector broadly stable year-on-year
- Input from oil and gas markets down 30%
- Outlook: Challenging original equipment markets but good aftermarket growth

**Market review**

Mining markets were challenging with price declines across a number of key commodities in the first half of 2015. Iron ore prices fell 23% and copper prices by 9%. Gold prices also declined over the period, staying below the levels required to drive higher capital investment. As expected, mining sector capital expenditure continued to fall with project decisions being deferred as a result.

Miners are maintaining their focus on improving efficiency, and reducing costs and increasing ore production from existing mines. Increased ore production was supported by the start-up of several new mines in South America and the positive effect of full production from mines which began last year, partially offset by production declines from higher cost mines in certain regions. African markets continue to recover following the impact of last year's long-running platinum sector industrial action, although production levels in the region have been affected by lower gold, coal and copper prices. In Asia-Pacific, markets were relatively stable although declines in iron ore prices negatively affected markets in Australia and some coal producers cut production levels in an attempt to stabilise the market. In Europe, political and economic instability continued to subdue markets with customers remaining cautious and delaying projects. In North America, mining markets were impacted by the steep reduction in iron ore and copper prices, with some mine closures in the US and Canada, and a reduction in demand for coal as a result of the continued trend towards gas-powered electricity generation and steel output reductions.

In the division's non-mining end markets, lower oil prices led to project delays in oil sands although production levels remained stable, supporting ongoing aftermarket demand. More generally, oil markets have been very challenging with pricing pressure from customers as the industry seeks to reduce costs. Power and general industrial markets were also subdued as a result of global economic uncertainty.

**Order input** was broadly stable at £554m (2014: £556m), with the contribution from the prior year acquisition of Trio offsetting the underlying decline in orders. On a like-for-like basis, excluding Trio, order input was down 7%.

Original equipment orders were 6% lower year-on-year (22% down like-for-like), slightly below original expectations, as mining and oil and gas companies responded to further falls in commodity prices by delaying project activity. Order input included a £6m vertical pump contract in North America and a £4m contract for a range of pumps to be installed on a mine in the Middle East, while good progress was made in growing the valves product line. The Trio integration is progressing well and is nearly complete with early success in bidding for new projects.

Aftermarket orders grew by 2%, in-line with expectations, and represented 72% of total input (2014: 70%). On a like-for-like basis aftermarket input was broadly flat, reflecting declines in oil and gas and power markets and the strong Q2-14 comparator. This was supported by the benefits of a growing active installed base and underlying ore production trends. The commissioning of greenfield sites supported a strong performance in South America, although aftermarket growth in other regions was affected by the closure and mothballing of a limited number of mines. A strong increase in slurry pump spares orders was offset by a reduction in spares orders for larger products such as High Pressure Grinding Rolls (HPGR) and mill liners, alongside a sharp reduction in orders for swellable packers, used in North American oil and gas completions.

Emerging markets accounted for 52% of input (2014: 45%) with higher activity levels in South America and South Africa and growth in China supported by the Trio acquisition. Mining end markets accounted for 77% of total input (2014: 77%) with like-for-like orders broadly flat year-on-year. Input from non-mining markets was unchanged year-on-year at 23% with a significant reduction in oil and gas and power orders being offset by expansion in sand and aggregates as a result of the Trio acquisition. The order book increased in the period with a book to bill ratio of 1.06.

**Revenue** was 3% lower at £522m on a constant currency basis (2014: £538m) and 8% down on a like-for-like basis. There was a good initial contribution from Trio although revenues were impacted by delivery slippages. Original equipment sales were 22% lower (30% lower on a like-for-like basis) and accounted for 27% (2014: 33%) of divisional revenue. Production-driven aftermarket revenues increased by 6% (3% on a like-for-like basis) over the prior year period. Strong aftermarket growth in South America and a limited recovery from prior year strike action in South Africa was partially offset by declines in Europe and North America.

Reported revenues declined by 5%, reflecting a 2% foreign exchange headwind (2014: £548m).

**Operating profit** decreased 9% on a constant currency basis to £93m (2014: £102m), reflecting increased product development and ERP systems investment and £2m of one-off integration costs in relation to Trio, partly offsetting its operating contribution in the period. Excluding Trio, operating profit decreased by 11%. Reported operating profit fell by 11% after a 2% foreign exchange headwind (2014: £104m).

**Operating margin** declined by 130bps to 17.8% (2014: 19.1%) and by 80bps on a like-for-like basis. Gross margins increased, reflecting the higher proportion of aftermarket revenues and benefits from procurement and restructuring initiatives more than offsetting pricing pressure in oil sands markets. Operating margins declined primarily as a result of one-off integration costs and increased investment in product development and ERP systems.

**2015 divisional outlook**

The continued reduction in capital expenditure by mining and oil and gas customers will result in reduced original equipment demand across the division's end markets. Conversely, aftermarket demand is expected to grow, supported by increased ore production.

The division expects original equipment orders to increase sequentially in the second half of 2015, reflecting a strong contribution from Trio and the recently acquired Delta Industrial Valves Inc., combined with a pick-up in orders from the Geho product line. Geho entered the period with a high probability project pipeline of over €50m, although the majority of these potential contracts are for delivery after 2015. Overall, the division expects good full year like-for-like aftermarket revenue growth with the contribution from acquisitions largely offsetting the reduction in underlying original equipment revenues. In line with previous guidance, it is anticipated full year margins will be slightly below the prior year, reflecting the first half performance and with the division's restructuring initiatives and volume growth supporting sequential margin improvement in the second half.

## Oil & Gas

Weir Oil & Gas provides superior products and service solutions to upstream, production, transportation, refining and related industries. Upstream products include pressure pumping equipment and services and pressure control products and rental services. Equipment repairs, upgrades, certification and asset management & field services are delivered globally by Weir Oil & Gas Services. Gabbioneta products include API 610 pumps and spare parts.

| Constant currency £m | H1 2015 | H1 2014[1] | Growth | H2 2014[1] |
|---|---|---|---|---|
| Input OE | 78 | 167 | -53% | 155 |
| Input aftermarket | 250 | 367 | -32% | 405 |
| **Input Total** | **328** | **534** | **-39%** | **560** |
| Revenue OE | 66 | 129 | -49% | 165 |
| Revenue aftermarket | 262 | 337 | -23% | 423 |
| **Revenue Total** | **328** | **466** | **-30%** | **588** |
| **Operating profit[2]** | **37** | **107** | **-65%** | **134** |
| Operating margin[2] | 11.3% | 22.8% | -1150bps | 22.8% |
| Book-to-bill | 1.00 | 1.14 | | 0.95 |

[1]2014 restated at 2015 average exchange rates.
[2]Adjusted to exclude exceptional items and intangibles amortisation. Includes contribution from joint ventures.

**Key points**

- 55% decline in North American rig count: 39% reduction in orders
- Aftermarket decline exacerbated by ongoing destocking and asset cannibalisation
- Outlook: Signs of stability in North American markets

**Market review**

Global oil and gas markets were impacted by substantial reductions in activity levels in response to the 50% decline in oil prices over the past 12 months. The US rig count fell by more than 1,000 rigs or 55% from its high in October 2014. Oil-directed rigs fell 60%; a larger reduction than anticipated by the market at the beginning of 2015 and one that was exacerbated by an earlier and longer than usual spring break in Canada. Natural gas prices remained below $3/mmbtu with gas-directed rig count falling by 33% over the period; greater than initial market expectations and down to its lowest level in 30 years.

In response to the new oil price environment, oil and gas companies have implemented significant reductions in capital expenditure with a subsequent impact on demand for original equipment and aftermarket products and services. Both pressure control and pressure pumping markets were affected by a trend towards downgrading equipment specification and certification as customers sought to reduce costs, with destocking of consumables also prevalent. In addition, demand for completion equipment and services was impacted by some Exploration & Production companies electing to drill, but not complete, wells. North American frack fleet utilisation almost halved to around 45%, compared to more than 80% in 2014, with service companies cannibalising existing assets, further reducing pressure pumping aftermarket demand. As a result of these factors and the resulting large decline in demand, pricing pressure was seen across upstream oil and gas markets in North America. Following broad based price discount requests received from customers in the first quarter, market conditions remained very competitive through the second quarter.

The Middle East has continued to be more resilient than North America, reflecting the lower unit production costs in the region, with positive activity trends in Iraq and Saudi Arabia in particular. These were offset by more challenging markets in Azerbaijan and the North Sea. Mid and downstream markets continue to be impacted by project delays and deferrals as customers remain cautious.

**Order input** at £328m (2014: £534m) was 39% lower as a result of the reduction in activity following oil price falls. Aftermarket input was down 32% year-on-year. This was primarily as a result of declines in upstream North American markets with growth from Services and a slight decline at Gabbioneta. Aftermarket orders increased to 76% (2014: 69%) of divisional orders. Original equipment input was 53% lower, primarily driven by lack of demand for new pressure pumping equipment, as frack fleet utilisation halved, and a fall in the number of wells drilled reduced wellhead demand in Pressure Control. Upstream operations saw a sequential decline in demand during the period, reflecting falling end market activity levels compounded by destocking, cannibalisation of existing equipment and the downgrading of equipment specifications.

Pressure Pumping input fell by 51%, with order rates declining month to month through the period and original equipment demand falling below levels seen in the 2013 downturn. Very few original equipment pump orders were received in the period. As expected, cannibalisation of idle frack fleets, combined with destocking, also significantly impacted aftermarket input levels. Flow control and fluid end demand reduced substantially as a result, although service and maintenance input was more resilient. Customers continue to show interest in taking advantage of the broad offering of Pressure Pumping equipment and the efficiency benefits offered by the businesses' differentiated products.

Pressure Control input also fell significantly although the first signs of stabilisation were seen in May and June. Market share is being maintained across both Seaboard and Mathena businesses in a substantially more competitive market. Pressure Control, with a high exposure to Canada, was also impacted in the second quarter by the extended spring break up. Seaboard saw good interest in its zipper manifold product line, which offers time and cost efficiencies to customers and it launched a new product line in Canada at the end of the period. Demand at Mathena was impacted by customers downgrading the range and specification of equipment utilised during drilling.

Input from the Services operations increased year-on-year with a good performance in Saudi Arabia and Iraq partially offset by declines in the North Sea and the Caspian. Orders at Gabbioneta were down on the prior year, reflecting subdued mid and downstream markets and customers delaying project tendering activity.

**Revenue** decreased by 30% to £328m on a constant currency basis (2014: £466m), reflecting the weak order input trends. Original equipment and aftermarket revenues decreased by 49% and 23% respectively, with aftermarket accounting for 80% of total revenues (2014: 72%). In line with previous guidance, revenue run rates decreased month-to-month, as activity declined through the period. Reported revenues fell by 25%, after a 7% foreign exchange benefit (2014: £435m).

In the first quarter, Pressure Pumping revenues benefited from the opening order book while Pressure Control revenues fell significantly as North American activity declined sharply. Services revenues increased year-on-year, supported by growth in Iraq, while revenues at Gabbioneta fell as customers delayed receipt of orders into the second half of 2015.

**Operating profit** including joint ventures was 65% lower on a constant currency basis at £37m (2014: £107m). The profit decline was wholly attributable to Upstream operations, with good profit progression in Services alongside flat profits in Gabbioneta. Reported operating profit decreased by 62% after a 9% foreign exchange benefit (2014: £98m). Income of £4m (2014: £5m) from joint ventures was recognised in the period.

**Operating margin** was down 1150bps at 11.3% (2014: 22.8%) reflecting a lower contribution from higher-margin activities, negative operating leverage and pricing pressure. Divisional gross margins were slightly down year-on-year as cost and efficiency measures largely offset the impacts of pricing pressure in Upstream operations. Operating margins were heavily impacted by negative operating leverage as a result of lower volumes, including a £13m adverse manufacturing overhead under-recovery in Pressure Pumping. Upstream operations reduced shift patterns in the period with Pressure Pumping suspending operations for one week in May as it focused on reducing inventory. Reflecting declining activity levels, operating margins fell during the period with second quarter margins at single-digit levels.

**2015 divisional outlook**
Oil prices continue to be relatively volatile but are expected to remain substantially below their 2014 peak. Upstream markets have shown signs of stabilising in recent weeks, in-line with US rig count trends. Consistent with industry expectations, the division is aware of some customers planning to increase activity later in the year, although this remains uncertain given oil price volatility and the division anticipates only a modest improvement at best in activity in the fourth quarter. Pressure Pumping is also expected to benefit from an easing of destocking and cannibalisation towards the end of the year, while Pressure Control is anticipated to benefit from the post spring break up recovery in Canada.

Second half margins are expected to be slightly below first half levels, reflecting the full impact of pricing pressure, partially offset by improved overhead recoveries towards the year end, lower procurement costs and the benefits of prior cost reduction and efficiency measures.

## Power & Industrial

Weir Power & Industrial designs and manufactures valves, pumps and turbines as well as providing specialist support services to the global power generation, industrial and oil and gas sectors.

| Constant currency £m | H1 2015 | H1 2014[1] | Growth | H2 2014[1] |
|---|---|---|---|---|
| Input OE | 66 | 90 | -26% | 76 |
| Input aftermarket | 91 | 87 | 4% | 64 |
| **Input Total** | **157** | **177** | **-11%** | **140** |
| Revenue OE | 77 | 93 | -17% | 84 |
| Revenue aftermarket | 73 | 71 | 3% | 74 |
| **Revenue Total** | **150** | **164** | **-8%** | **158** |
| **Operating profit[2]** | **9.8** | **9.9** | **-1%** | **9.3** |
| Operating margin[2] | 6.5% | 6.0% | +50bps | 5.9% |
| Book-to-bill | 1.04 | 1.07 | | 0.89 |

[1]2014 restated at 2015 average exchange rates.
[2]Adjusted to exclude exceptional items and intangibles amortisation.

**Key points**

- Divisional input impacted by 29% decline in oil and gas orders and delays to hydro contracts
- Benefits of restructuring measures supporting margin improvement
- Outlook: Sequential revenue and margin progression expected, supported by order book

**Market review**

Ongoing economic uncertainty led to customer caution and project delays in power and industrial markets, while the sharp reduction in oil prices has impacted downstream oil and gas activity. In conventional power markets across the US and Europe demand was relatively subdued, while there was a significant reduction in Korean project activity. New build nuclear opportunities continue to be largely limited to China with persistent delays to the progress of UK plans. North American hydro markets remained active but have yet to return to peak levels.

The slowdown in projects had a positive effect on aftermarket orders, with strong demand across all geographies reflecting more intense use of assets. Aftermarket conditions were also supported by maintenance cycles in Chinese nuclear power plants.

**Order input** decreased by 11% to £157m (2014: £177m) primarily due to large hydro and steam turbine orders in 2014 which were not repeated and delays across power and mid and downstream oil and gas markets. Excluding these large one-off orders, input was down 4%.

Original equipment orders fell 26%, mainly driven by the timing of hydro orders, lack of Korean power projects and delays to oil and gas projects for control valves. Aftermarket input increased by 4%, with strong double-digit Valves growth offset by lower Services input. Oil and gas orders were 29% lower as a result of the downturn in those markets. Overall, Valve orders reduced 13% on the prior year.

Power markets represented 55% of orders (2014: 57%) and the proportion of orders from oil and gas markets decreased to 13% (2014: 16%). Emerging markets accounted for 25% of input (2014: 35%). Orders from Asia-Pacific and Middle East fell, reflecting lower project activity and a subdued domestic market in Korea.

**Revenue** decreased by 8% on a constant currency basis to £150m (2014: £164m), with aftermarket growth of 3% offset by original equipment revenues down 17% on the prior year. Valves revenues were 11% lower year-on-year and impacted by project inspection and delivery delays. Divisional book-to-bill was positive at 1.04 (2014: 1.07). Reported revenues fell by 7% after a 2% foreign exchange benefit (2014: £161m).

**Operating profit** was broadly flat at £9.8m on a constant currency basis (2014: £9.9m), with the impact of lower volumes offset by the first benefits from the cost reduction and operational improvement measures taken at the end of 2014. Restructuring has supported a net £4m reduction in indirect costs in the period. Reported operating profits increased 6% after an 8% foreign exchange benefit (2014: £9.2m).

**Operating margin** was up 50bps to 6.5% (2014: 6.0%) on a constant currency basis, as restructuring benefits more than offset negative operational leverage as a result of the revenue decline. Gross margins showed some improvement, reflecting the operational performance of the division and supply chain benefits, including the sourcing of castings from the Group's Malaysian foundry.

**2015 divisional outlook**
The division's power and oil and gas end markets are expected to remain subdued through the remainder of 2015. Expenditure in Europe will continue to be impacted by low projected economic growth rates while oil price declines are impacting project activity in emerging markets.

Supported by the higher opening order book, seasonal trends and continuing good aftermarket opportunities, the division continues to expect sequential constant currency revenue growth in the second half of 2015. Similarly, margins are expected to see further benefit from measures taken at the end of 2014 to improve profitability, alongside the positive effects of operational leverage.

## Group financial overview

**Order input** at £1,039m (2014: £1,267m) decreased 18% in constant currency terms and 21% on a like-for-like basis. Original equipment orders were down 29% as a result of challenging market conditions across each division. Aftermarket orders were down 13% and represented 71% of total input (2014: 67%), with Oil & Gas declines more than offsetting the year-on-year growth in Minerals and Power & Industrial.

**Revenue** decreased by 14% to £1,000m on a constant currency basis, down 13% as reported and reflecting order input trends. Aftermarket revenues accounted for 72% of the total (2014: 66%) driven by the decrease of original equipment revenues. The proportion of total Group revenues from emerging markets increased to 38% (2014: 31%), supported by good absolute growth in the Middle East across each of the divisions. The Group's order book increased in the period with a positive book to bill ratio of 1.04.

**Operating profit** from continuing operations (before exceptional items and intangibles amortisation), on a constant currency basis, was down 38% on last year to £129m. This performance was primarily driven by the significant decline in North American oil and gas markets. Operating profit in the Minerals division was down 9% on a constant currency basis, while Power & Industrial was flat against the prior period. On a reported basis, operating profit from continuing operations before exceptional items and intangibles amortisation was down 36% (2014: £201m). One-off costs incurred in the period, excluding exceptional items, were £2m and related entirely to the integration of Trio, now substantially complete. Unallocated costs were £11m (2014: £10m) with underlying reductions in discretionary spend and the benefit of other cost reduction initiatives offset by increased investment in new technologies. EBITDA was £163m (2014: £231m).

**Operating margin** was 12.9%, a reduction of 470bps on the prior year period and 500bps lower on a constant currency basis (2014: 17.6% and 17.9% on a constant currency basis). Current market conditions had a significant negative impact on the Oil & Gas division with margins in Minerals also down marginally year-on-year. Power & Industrial reported increased margins in the first half reflecting benefits from cost reduction and operational improvement measures taken at the end of 2014.

A net **exceptional charge** of £45m (2014: £2m) was recorded in the period, primarily in relation to restructuring costs. The Group-wide efficiency review, which commenced in the last quarter of 2014, continued in the first half with further headcount reductions and other actions implemented. The total charge made in relation to this review was £8m. In response to the sharp downturn in oil and gas markets, the Group has taken a number of actions to mitigate current conditions. It has also taken the decision to rationalise product lines and discontinue support for certain older product lines which have been superseded in the market by new technologies. Related exceptional costs totalling £39m have been charged in the period, comprising £8m in cash restructuring costs and £31m of asset impairments.

Other exceptional items in the period resulted in a net credit of £2m. These items included the unwind of contingent consideration liabilities (recorded in finance costs) and inventory fair value adjustments offset by the release of a contingent consideration liability and a warranty indemnity provision, both of which lapsed in the period.

**Net finance costs** before exceptional items were £21m in total (2014: £19m) with the increase due to higher levels of average net debt in the period combined with the movement in the US dollar to Sterling exchange rate.

**Profit before tax** from continuing operations (before exceptional items and intangibles amortisation), on a constant currency basis, decreased by 43% to £108m. The foreign exchange impact year-on-year is a net gain of £6m. On a reported basis, profit before tax (before exceptional items and intangibles amortisation) decreased by £74m on the equivalent prior year period (2014: £182m). Reported profit before tax from continuing operations decreased by £119m to £39m (2014: £158m).

The **tax charge** for the period of £25m (2014: £49m) on profit before tax from continuing operations (before exceptional items and intangibles amortisation) of £108m (2014: £182m) represents an underlying effective tax rate of 23.6% (2014: 27.0%).

**Earnings per share** from continuing operations (before exceptional items and intangibles amortisation) decreased by 22.7p to 38.7p (2014: 61.4p). Reported earnings per share including exceptional items, intangibles amortisation and the impact of discontinued operations was 17.5p (2014: 53.8p).

**Cash generated from operations** increased by 35% from £150m to £202m representing an EBITDA to cash conversion ratio of 124% (2014: 65%). Working capital cash inflows of £39m (2014: outflow of £79m) were driven by excellent cash collection of receivables, particularly in Oil & Gas.

Net capital expenditure was marginally lower than the prior year period at £41m (2014: £42m) with spend largely limited to safety initiatives and other key strategic projects. Free cash flow from continuing operations was an inflow of £59m (2014: outflow of £20m) with net debt of £817m at the half year (December 2014: £861m). On a reported and covenant basis, the ratio of net debt to EBITDA was 1.8 times.

**Return on Capital Employed (ROCE)** of 14.4% for the 12 months ended 3 July 2015 (on a constant currency and like-for-like basis, excluding Trio) was down on the prior year period reflecting current market conditions (2014: 17.3%).

**Dividend** The Board has decided to hold the interim dividend flat at 15.0p (2014: 15.0p). The interim dividend will be paid on 6 November 2015 to shareholders on the register on 9 October 2015.

## Post balance sheet events

On 8 July 2015 the Group acquired Delta Industrial Valves Inc., a leading US-based manufacturer of knife gate valves for the mining, oil sands and other industrial markets, for an enterprise value of up to US$47 million. Based in Niles, Michigan, Delta employs approximately 70 people and generated EBITDA of approximately US$6.2 million over the twelve months to 30 April 2015.

Initial consideration of US$37 million was paid on completion of the acquisition, US$21m in cash (funded from existing bank facilities) and US$16m in new equity, enabling the owners of Delta to share in the future benefits of the combination. Up to a further US$10m in cash will be paid over the next 18 months, contingent upon the business meeting certain profit growth targets.

The acquisition extends Weir Minerals' leading presence in mining and oil sands markets by expanding the division's portfolio of valve products, particularly knife-gate valves, for use in the transportation of slurry. The transaction will be immediately earnings accretive, and post-tax returns (before integration costs) are anticipated to exceed Weir's cost of capital in the first full year of ownership.

## Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group remain those detailed on pages 28 to 31 of the 2014 Annual report, a copy of which is available on the Group website at 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.

## Board and management changes

Gavin Nicol, Director of Operations, Support and Development, has indicated his intention to retire from the Group Executive at the end of 2015. The Board would like to thank Gavin for his contribution to the success of the Group in a number of roles over the past ten years and wish him well in the future.

Dean Jenkins, Divisional Managing Director of the Weir Minerals division, will join the Board as an Executive Director in the newly created role of Chief Operating Officer, with effect from 1 January 2016. In addition to assuming Gavin's responsibilities, Dean will support Keith Cochrane in driving the operational performance of the Group's three divisions and continuing to develop Weir's innovation agenda. An announcement will be made in due course regarding Dean's replacement as Divisional Managing Director of Weir Minerals. Dean joined the Group in January 2011 as Divisional Managing Director of the Power & Industrial division and further biographical information can be found at weir.co.uk. There are no disclosures in respect of 9.6.13 (1) to (6) of the FCA's Listing Rules.

## Audit tender process

The Group has commenced a tender process to select a new external auditor, with the intention of making an appointment effective for the 2016 audit.

## Appendix 1 – 2014 / 2015 quarterly input trends

| | Reported growth | | | | Like-for-like growth[1] | | | |
|---|---|---|---|---|---|---|---|---|
| **Division** | **Q3** | **Q4** | **Q1** | **Q2** | **Q3** | **Q4** | **Q1** | **Q2** |
| Original Equipment | -18% | -14% | 4% | -14% | -18% | -14% | -13% | -26% |
| Aftermarket | 12% | 3% | 6% | -2% | 12% | 3% | 3% | -4% |
| **Minerals** | **1%** | **-3%** | **5%** | **-5%** | **1%** | **-3%** | **-2%** | **-11%** |
| Original Equipment | 28% | 37% | -41% | -63% | 28% | 37% | -41% | -63% |
| Aftermarket | 44% | 13% | -15% | -47% | 44% | 13% | -15% | -47% |
| **Oil & Gas** | **40%** | **19%** | **-23%** | **-52%** | **40%** | **19%** | **-23%** | **-52%** |
| Original Equipment | -14% | -11% | -34% | -16% | -14% | -11% | -34% | -16% |
| Aftermarket | 9% | -31% | 12% | -2% | 9% | -31% | 12% | -2% |
| **Power & Industrial** | **-4%** | **-21%** | **-14%** | **-8%** | **-4%** | **-21%** | **-14%** | **-8%** |
| Original Equipment | -4% | 0% | -22% | -35% | -4% | 0% | -28% | -40% |
| Aftermarket | 25% | 3% | -2% | -22% | 25% | 3% | -4% | -23% |
| **Continuing Ops** | **14%** | **2%** | **-9%** | **-26%** | **14%** | **2%** | **-12%** | **-28%** |

[1]Like-for-like excludes the impact of acquisitions and related transaction and integration costs. Trio Engineered Products was acquired on 22 October 2014.

## Consolidated Income Statement
## for the 26 weeks ended 3 July 2015

| 52 weeks ended 2 January 2015 Total | | Notes | 26 weeks ended 3 July 2015 Before exceptional items & intangibles amortisation | 26 weeks ended 3 July 2015 Exceptional items & intangibles amortisation (note 3) | 26 weeks ended 3 July 2015 Total | 26 weeks ended 4 July 2014 Before exceptional items & intangibles amortisation | 26 weeks ended 4 July 2014 Exceptional items & intangibles amortisation (note 3) | 26 weeks ended 4 July 2014 Total |
|---|---|---|---|---|---|---|---|---|
| £m | | | £m | £m | £m | £m | £m | £m |
| | **Continuing operations** | | | | | | | |
| 2,438.2 | Revenue | 2 | **999.7** | **-** | **999.7** | 1,143.7 | - | 1,143.7 |
| | **Continuing operations** | | | | | | | |
| 182.5 | Operating profit before share of results of joint ventures | | **124.7** | **(67.7)** | **57.0** | 196.9 | (23.1) | 173.8 |
| 10.0 | Share of results of joint ventures | | **4.0** | **-** | **4.0** | 4.3 | - | 4.3 |
| 192.5 | **Operating profit** | 2 | **128.7** | **(67.7)** | **61.0** | 201.2 | (23.1) | 178.1 |
| (46.6) | Finance costs | | **(20.2)** | **(1.8)** | **(22.0)** | (18.5) | (1.0) | (19.5) |
| 6.0 | Finance income | | **1.3** | **-** | **1.3** | 0.7 | - | 0.7 |
| (2.8) | Other finance costs - retirement benefits | | **(1.6)** | **-** | **(1.6)** | (1.6) | - | (1.6) |
| 149.1 | **Profit before tax from continuing operations** | | **108.2** | **(69.5)** | **38.7** | 181.8 | (24.1) | 157.7 |
| (75.4) | Tax expense | 4 | **(25.5)** | **24.3** | **(1.2)** | (49.0) | 6.9 | (42.1) |
| 73.7 | **Profit for the period from continuing operations** | | **82.7** | **(45.2)** | **37.5** | 132.8 | (17.2) | 115.6 |
| 1.0 | Profit for the period from discontinued operations | | **-** | **-** | **-** | - | 1.0 | 1.0 |
| 74.7 | **Profit for the period** | | **82.7** | **(45.2)** | **37.5** | 132.8 | (16.2) | 116.6 |
| | Attributable to: | | | | | | | |
| 73.1 | Equity holders of the Company | | **82.5** | **(45.2)** | **37.3** | 130.9 | (16.2) | 114.7 |
| 1.6 | Non-controlling interests | | **0.2** | **-** | **0.2** | 1.9 | - | 1.9 |
| 74.7 | | | **82.7** | **(45.2)** | **37.5** | 132.8 | (16.2) | 116.6 |
| | **Earnings per share** | 5 | | | | | | |
| 34.3p | Basic - total operations | | | | **17.5p** | | | 53.8p |
| 33.8p | Basic - continuing operations | | **38.7p** | | **17.5p** | 61.4p | | 53.3p |
| 34.2p | Diluted - total operations | | | | **17.4p** | | | 53.6p |
| 33.7p | Diluted - continuing operations | | **38.5p** | | **17.4p** | 61.2p | | 53.1p |

## Consolidated Statement of Comprehensive Income
## for the 26 weeks ended 3 July 2015

| 52 weeks ended 2 January 2015 £m | | Note | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|---|
| 74.7 | **Profit for the period** | | **37.5** | 116.6 |
| | **Other comprehensive (expense) income** | | | |
| (4.0) | (Losses) gains taken to equity on cash flow hedges | | **(0.5)** | 0.7 |
| 61.3 | Exchange (losses) gains on translation of foreign operations | | **(76.6)** | (99.3) |
| (16.1) | Exchange gains (losses) on net investment hedges | | **14.4** | 36.8 |
| 0.9 | Reclassification adjustments on cash flow hedges | | **(0.4)** | - |
| 0.3 | Tax relating to other comprehensive (expense) income to be reclassified in subsequent periods | | **-** | (0.1) |
| 42.4 | **Items that are or may be reclassified to profit or loss in subsequent periods** | | **(63.1)** | (61.9) |
| (31.1) | Remeasurements on defined benefit plans | 10 | **7.3** | (3.6) |
| 6.8 | Tax relating to other comprehensive income (expense) not to be reclassified in subsequent periods | | **(1.5)** | 0.7 |
| (24.3) | **Items that will not be reclassified to profit or loss in subsequent periods** | | **5.8** | (2.9) |
| 18.1 | **Net other comprehensive (expense) income** | | **(57.3)** | (64.8) |
| 92.8 | **Total net comprehensive (expense) income for the period** | | **(19.8)** | 51.8 |
| | Attributable to: | | | |
| 90.7 | Equity holders of the Company | | **(19.5)** | 50.1 |
| 2.1 | Non-controlling interests | | **(0.3)** | 1.7 |
| 92.8 | | | **(19.8)** | 51.8 |

## Consolidated Balance Sheet
## at 3 July 2015

| 2 January 2015 Restated (note 1) £m | | Notes | **3 July 2015 £m** | 4 July 2014 £m |
|---|---|---|---|---|
| | **ASSETS** | | | |
| | **Non-current assets** | | | |
| 435.0 | Property, plant & equipment | | **403.4** | 393.3 |
| 1,640.8 | Intangible assets | | **1,582.0** | 1,540.3 |
| 33.7 | Investments in joint ventures | | **31.8** | 28.8 |
| 22.8 | Deferred tax assets | | **25.7** | 19.9 |
| 22.3 | Other receivables | | **22.3** | - |
| 4.1 | Retirement benefit plan assets | 10 | **3.8** | 2.0 |
| 3.5 | Derivative financial instruments | 11 | **9.1** | 3.0 |
| 2,162.2 | **Total non-current assets** | | **2,078.1** | 1,987.3 |
| | **Current assets** | | | |
| 550.0 | Inventories | | **530.2** | 505.0 |
| 623.0 | Trade & other receivables | | **429.7** | 522.5 |
| 31.3 | Construction contracts | | **24.5** | 29.2 |
| 10.5 | Derivative financial instruments | 11 | **12.8** | 15.8 |
| 5.8 | Income tax receivable | | **22.2** | 0.9 |
| 178.7 | Cash & short-term deposits | | **233.5** | 82.6 |
| 1,399.3 | **Total current assets** | | **1,252.9** | 1,156.0 |
| 3,561.5 | **Total assets** | | **3,331.0** | 3,143.3 |
| | **LIABILITIES** | | | |
| | **Current liabilities** | | | |
| 166.1 | Interest-bearing loans & borrowings | | **160.5** | 129.8 |
| 582.0 | Trade & other payables | | **450.0** | 459.4 |
| 13.8 | Construction contracts | | **7.6** | 15.2 |
| 11.3 | Derivative financial instruments | 11 | **14.8** | 15.3 |
| 32.1 | Income tax payable | | **30.9** | 42.9 |
| 65.4 | Provisions | 8 | **54.9** | 27.2 |
| 870.7 | **Total current liabilities** | | **718.7** | 689.8 |
| | **Non-current liabilities** | | | |
| 873.3 | Interest-bearing loans & borrowings | | **889.7** | 704.0 |
| 25.6 | Other payables | | **21.8** | 20.4 |
| 3.1 | Derivative financial instruments | 11 | **2.8** | 0.4 |
| 47.4 | Provisions | 8 | **48.0** | 24.0 |
| 160.8 | Deferred tax liabilities | | **157.9** | 154.6 |
| 98.4 | Retirement benefit plan deficits | 10 | **91.9** | 77.3 |
| 1,208.6 | **Total non-current liabilities** | | **1,212.1** | 980.7 |
| 2,079.3 | **Total liabilities** | | **1,930.8** | 1,670.5 |
| 1,482.2 | **NET ASSETS** | | **1,400.2** | 1,472.8 |
| | **CAPITAL & RESERVES** | | | |
| 26.8 | Share capital | | **26.8** | 26.7 |
| 38.0 | Share premium | | **38.0** | 38.0 |
| (5.8) | Treasury shares | | **(5.8)** | (5.8) |
| 0.5 | Capital redemption reserve | | **0.5** | 0.5 |
| (12.6) | Foreign currency translation reserve | | **(74.3)** | (119.6) |
| (2.0) | Hedge accounting reserve | | **(2.9)** | 1.4 |
| 1,430.5 | Retained earnings | | **1,411.4** | 1,525.3 |
| 1,475.4 | **Shareholders' equity** | | **1,393.7** | 1,466.5 |
| 6.8 | Non-controlling interests | | **6.5** | 6.3 |
| 1,482.2 | **TOTAL EQUITY** | | **1,400.2** | 1,472.8 |

## Consolidated Cash Flow Statement
## for the 26 weeks ended 3 July 2015

| 52 weeks ended 2 January 2015 £m | | Notes | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|---|
| | **Continuing operations** | | | |
| | **Cash flows from operating activities** | 12 | | |
| 421.3 | Cash generated from operations | | **201.8** | 149.6 |
| (10.6) | Additional pension contributions paid | | **-** | - |
| (10.6) | Exceptional cash items | | **(16.1)** | - |
| (94.1) | Income tax paid | | **(25.0)** | (41.5) |
| 306.0 | Net cash generated from operating activities | | **160.7** | 108.1 |
| | **Continuing operations** | | | |
| | **Cash flows from investing activities** | | | |
| (137.7) | Acquisitions of subsidiaries | 12 | **(1.2)** | (4.8) |
| (108.0) | Purchases of property, plant & equipment and intangible assets | | **(42.7)** | (48.2) |
| 6.7 | Other proceeds from sale of property, plant & equipment and intangible assets | | **2.0** | 6.3 |
| 6.2 | Interest received | | **1.3** | 5.2 |
| 6.0 | Dividends received from joint ventures | | **5.4** | 2.0 |
| (226.8) | Net cash used in investing activities | | **(35.2)** | (39.5) |
| | **Continuing operations** | | | |
| | **Cash flows from financing activities** | | | |
| (0.2) | Purchase of shares for equity settled share-based incentives | | **-** | - |
| 404.0 | Proceeds from borrowings | | **239.3** | 153.6 |
| (237.5) | Repayments of borrowings | | **(216.9)** | (111.9) |
| (3.1) | Settlement of derivative financial instruments | | **(1.4)** | (0.1) |
| (42.7) | Interest paid | | **(20.8)** | (23.4) |
| 0.2 | Proceeds from increase in non-controlling interests | | **-** | 0.1 |
| (102.7) | Dividends paid to equity holders of the Company | 6 | **(61.9)** | (70.8) |
| 18.0 | Net cash (used in) generated from financing activities | | **(61.7)** | (52.5) |
| 97.2 | **Net increase in cash & cash equivalents from continuing operations** | | **63.8** | 16.1 |
| 68.6 | Cash & cash equivalents at the beginning of the period | | **166.6** | 68.6 |
| 0.8 | Foreign currency translation differences | | **(13.9)** | (8.0) |
| 166.6 | **Cash & cash equivalents at the end of the period** | 12 | **216.5** | 76.7 |

## Consolidated Statement of Changes in Equity
## for the 26 weeks ended 3 July 2015

| | 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 3 January 2014 | 26.7 | 38.0 | (5.8) | 0.5 | (57.3) | 0.8 | 1,479.3 | 1,482.2 | 4.5 | 1,486.7 |
| Profit for the period | - | - | - | - | - | - | 114.7 | 114.7 | 1.9 | 116.6 |
| Gains taken to equity on cash flow hedges | - | - | - | - | - | 0.7 | - | 0.7 | - | 0.7 |
| Exchange losses on translation of foreign operations | - | - | - | - | (99.1) | - | - | (99.1) | (0.2) | (99.3) |
| Exchange gains on net investment hedges | - | - | - | - | 36.8 | - | - | 36.8 | - | 36.8 |
| Remeasurements on defined benefit plans | - | - | - | - | - | - | (3.6) | (3.6) | - | (3.6) |
| Tax relating to other comprehensive income | - | - | - | - | - | (0.1) | 0.7 | 0.6 | - | 0.6 |
| Total net comprehensive income for the period | - | - | - | - | (62.3) | 0.6 | 111.8 | 50.1 | 1.7 | 51.8 |
| Proceeds from increase in non-controlling interests | - | - | - | - | - | - | - | - | 0.1 | 0.1 |
| Cost of share-based payments inclusive of tax credits | - | - | - | - | - | - | 5.0 | 5.0 | - | 5.0 |
| Dividends | - | - | - | - | - | - | (70.8) | (70.8) | - | (70.8) |
| At 4 July 2014 | 26.7 | 38.0 | (5.8) | 0.5 | (119.6) | 1.4 | 1,525.3 | 1,466.5 | 6.3 | 1,472.8 |
| **At 2 January 2015** | **26.8** | **38.0** | **(5.8)** | **0.5** | **(12.6)** | **(2.0)** | **1,430.5** | **1,475.4** | **6.8** | **1,482.2** |
| Profit for the period | **-** | **-** | **-** | **-** | **-** | **-** | **37.3** | **37.3** | **0.2** | **37.5** |
| Losses taken to equity on cash flow hedges | **-** | **-** | **-** | **-** | **-** | **(0.5)** | **-** | **(0.5)** | **-** | **(0.5)** |
| Exchange losses on translation of foreign operations | **-** | **-** | **-** | **-** | **(76.1)** | **-** | **-** | **(76.1)** | **(0.5)** | **(76.6)** |
| Exchange gains on net investment hedges | **-** | **-** | **-** | **-** | **14.4** | **-** | **-** | **14.4** | **-** | **14.4** |
| Remeasurements on defined benefit plans | **-** | **-** | **-** | **-** | **-** | **-** | **7.3** | **7.3** | **-** | **7.3** |
| Reclassification adjustments taken to the income statement on cash flow hedges | **-** | **-** | **-** | **-** | **-** | **(0.4)** | **-** | **(0.4)** | **-** | **(0.4)** |
| Tax relating to other comprehensive expense | **-** | **-** | **-** | **-** | **-** | **-** | **(1.5)** | **(1.5)** | **-** | **(1.5)** |
| **Total net comprehensive expense for the period** | **-** | **-** | **-** | **-** | **(61.7)** | **(0.9)** | **43.1** | **(19.5)** | **(0.3)** | **(19.8)** |
| Cost of share-based payments inclusive of tax charge | **-** | **-** | **-** | **-** | **-** | **-** | **(0.3)** | **(0.3)** | **-** | **(0.3)** |
| Dividends | **-** | **-** | **-** | **-** | **-** | **-** | **(61.9)** | **(61.9)** | **-** | **(61.9)** |
| **At 3 July 2015** | **26.8** | **38.0** | **(5.8)** | **0.5** | **(74.3)** | **(2.9)** | **1,411.4** | **1,393.7** | **6.5** | **1,400.2** |
| At 3 January 2014 | 26.7 | 38.0 | (5.8) | 0.5 | (57.3) | 0.8 | 1,479.3 | 1,482.2 | 4.5 | 1,486.7 |
| Profit for the period | - | - | - | - | - | - | 73.1 | 73.1 | 1.6 | 74.7 |
| Losses taken to equity on cash flow hedges | - | - | - | - | - | (4.0) | - | (4.0) | - | (4.0) |
| Exchange gains on translation of foreign operations | - | - | - | - | 60.8 | - | - | 60.8 | 0.5 | 61.3 |
| Exchange losses on net investment hedges | - | - | - | - | (16.1) | - | - | (16.1) | - | (16.1) |
| Remeasurements on defined benefit plans | - | - | - | - | - | - | (31.1) | (31.1) | - | (31.1) |
| Reclassification adjustments on cash flow hedges | - | - | - | - | - | 0.9 | - | 0.9 | - | 0.9 |
| Tax relating to other comprehensive income | - | - | - | - | - | 0.3 | 6.8 | 7.1 | - | 7.1 |
| Total net comprehensive income for the period | - | - | - | - | 44.7 | (2.8) | 48.8 | 90.7 | 2.1 | 92.8 |
| Proceeds from increase in non-controlling interests | - | - | - | - | - | - | - | - | 0.2 | 0.2 |
| Cost of share-based payments inclusive of tax credits | - | - | - | - | - | - | 5.2 | 5.2 | - | 5.2 |
| Dividends | - | - | - | - | - | - | (102.7) | (102.7) | - | (102.7) |
| Exercise of LTIP awards | 0.1 | - | - | - | - | - | (0.1) | - | - | - |
| At 2 January 2015 | 26.8 | 38.0 | (5.8) | 0.5 | (12.6) | (2.0) | 1,430.5 | 1,475.4 | 6.8 | 1,482.2 |

## Notes to the Financial Statements

**1. Basis of preparation**

These interim condensed financial statements are for the 26 weeks ended 3 July 2015 and have been prepared on the basis of the accounting policies set out in the Group's 2014 Annual Report and in accordance with IAS34 "Interim Financial Reporting (Revised)" 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 to operate for the foreseeable future.

Several new standards and amendments apply for the first time in 2015. However, they do not impact the annual consolidated financial statements or the interim condensed financial statements of the Group.

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 31. The information shown for the 52 weeks ended 2 January 2015 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2014 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 2014 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 30 July 2015.

**Business combinations – update to provisional fair values**
During the 26 weeks ended 3 July 2015, the provisional fair values attributed to the 2014 acquisitions were finalised. In accordance with IFRS3 "Business Combinations", the net impact of the adjustments to the provisional fair values has been recognised by means of an increase to goodwill and the adjustments to the provisional amounts have been recognised as if the accounting for the business combinations had been completed at the relevant acquisition dates. As such, all affected balances and amounts have been restated in the financial statements. The table below reflects the adjustments made to finalise the Trio Engineered Products (Weir Trio) fair values.

| | Provisional fair values 2 January 2015 £m | Final fair values 2 January 2015 £m | Adjustments to fair values £m |
|---|---|---|---|
| Inventories | 20.9 | 19.9 | (1.0) |
| Trade & other receivables | 15.6 | 13.6 | (2.0) |
| Trade & other payables | (20.0) | (20.6) | (0.6) |
| Provisions | (10.9) | (11.2) | (0.3) |
| Deferred tax | (1.0) | 0.7 | 1.7 |
| Goodwill arising on acquisition | 75.7 | 77.9 | 2.2 |
| **Impact on Net Assets** | | | - |

In addition to the above, the Metra Equipment Inc. (Weir Metra) provisional fair values were finalised during the period, the impact being a decrease to the inventory fair value of £0.3m, with a corresponding increase in goodwill. To this effect, the Consolidated Balance Sheet and affected notes present restated comparative information as at 2 January 2015.

There was no material impact on the Consolidated Income Statement or Consolidated Statement of Comprehensive Income as a result of the finalisation of the provisional fair values.

**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 under IFRS8. The operating and reportable segments were determined based on the reports reviewed by the Chief Executive which are used to make operational decisions.

The Minerals segment is the global leader in the provision of slurry handling equipment and associated aftermarket support for abrasive high wear applications used in the mining and oil sands markets. The Oil & Gas segment provides products and service solutions to upstream, production, transportation, refining and related industries. The Power & Industrial segment designs and manufactures valves, pumps and turbines as well as providing specialist support services to the global power generation, industrial and oil and gas sectors.

The Chief 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 Chief Executive with respect to assets and liabilities 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. The liabilities are allocated based on the operations of the segment.

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

The segment information for the reportable segments for the 26 weeks ended 3 July 2015, the 26 weeks ended 4 July 2014 and the 52 weeks ended 2 January 2015 is disclosed below.

| | **Minerals** | | **Oil & Gas** | | **Power & Industrial** | | **Total continuing operations** | |
|---|---|---|---|---|---|---|---|---|
| | **3 July 2015** | 4 July 2014 | **3 July 2015** | 4 July 2014 | **3 July 2015** | 4 July 2014 | **3 July 2015** | 4 July 2014 |
| | **£m** | £m | **£m** | £m | **£m** | £m | **£m** | £m |
| **Revenue** | | | | | | | | |
| Sales to external customers | **521.7** | 547.7 | **327.7** | 434.7 | **150.3** | 161.3 | **999.7** | 1,143.7 |
| Inter-segment sales | **1.5** | 1.5 | **6.8** | 6.9 | **4.2** | 3.4 | **12.5** | 11.8 |
| Segment revenue | **523.2** | 549.2 | **334.5** | 441.6 | **154.5** | 164.7 | **1,012.2** | 1,155.5 |
| Eliminations | | | | | | | **(12.5)** | (11.8) |
| | | | | | | | **999.7** | 1,143.7 |
| **Sales to external customers – 2014 at 2015 average exchange rates** | | | | | | | | |
| Sales to external customers | **521.7** | 537.8 | **327.7** | 466.3 | **150.3** | 164.1 | **999.7** | 1,168.2 |
| **Segment result** | | | | | | | | |
| Segment result before share of results of joint ventures | **93.0** | 104.0 | **33.0** | 93.4 | **9.8** | 9.2 | **135.8** | 206.6 |
| Share of results of joint ventures | **-** | - | **4.0** | 4.3 | **-** | - | **4.0** | 4.3 |
| Segment result | **93.0** | 104.0 | **37.0** | 97.7 | **9.8** | 9.2 | **139.8** | 210.9 |
| Unallocated expenses | | | | | | | **(11.1)** | (9.7) |
| Operating profit before exceptional items & intangibles amortisation | | | | | | | **128.7** | 201.2 |
| Total exceptional items & intangibles amortisation | | | | | | | **(69.5)** | (24.1) |
| Net finance costs before exceptional items | | | | | | | **(18.9)** | (17.8) |
| Other finance costs - retirement benefits | | | | | | | **(1.6)** | (1.6) |
| Profit before tax from continuing operations | | | | | | | **38.7** | 157.7 |
| **Segment result – 2014 at 2015 average exchange rates** | | | | | | | | |
| Segment result before share of results of joint ventures | **93.0** | 102.5 | **33.0** | 101.7 | **9.8** | 9.9 | **135.8** | 214.1 |
| Share of results of joint ventures | **-** | - | **4.0** | 4.8 | **-** | - | **4.0** | 4.8 |
| Segment result | **93.0** | 102.5 | **37.0** | 106.5 | **9.8** | 9.9 | **139.8** | 218.9 |
| Unallocated expenses | | | | | | | **(11.1)** | (9.7) |
| Operating profit before exceptional items & intangibles amortisation | | | | | | | **128.7** | 209.2 |
| **Assets & liabilities** | | | | | | | | |
| Intangible assets | **518.9** | 384.2 | **956.5** | 1,049.9 | **96.9** | 98.7 | **1,572.3** | 1,532.8 |
| Property, plant & equipment | **199.5** | 199.9 | **153.2** | 142.3 | **49.3** | 49.4 | **402.0** | 391.6 |
| Working capital assets | **443.4** | 460.9 | **375.8** | 433.1 | **167.3** | 170.6 | **986.5** | 1,064.6 |
| | **1,161.8** | 1,045.0 | **1,485.5** | 1,625.3 | **313.5** | 318.7 | **2,960.8** | 2,989.0 |
| Investments in joint ventures | **-** | - | **31.8** | 28.8 | **-** | - | **31.8** | 28.8 |
| Segment assets | **1,161.8** | 1,045.0 | **1,517.3** | 1,654.1 | **313.5** | 318.7 | **2,992.6** | 3,017.8 |
| Unallocated assets | | | | | | | **338.4** | 125.5 |
| Total assets | | | | | | | **3,331.0** | 3,143.3 |
| Working capital liabilities | **246.1** | 234.2 | **153.7** | 159.3 | **99.5** | 97.7 | **499.3** | 491.2 |
| Unallocated liabilities | | | | | | | **1,431.5** | 1,179.3 |
| Total liabilities | | | | | | | **1,930.8** | 1,670.5 |

Unallocated assets primarily comprise cash and short-term deposits, derivative financial instruments, income tax receivable, deferred tax assets and retirement benefit surpluses as well as those assets which are used for general head office purposes. Unallocated liabilities primarily comprise interest-bearing loans and borrowings, derivative financial instruments, income tax payable, provisions, deferred tax liabilities and retirement benefit deficits as well as liabilities relating to head office activities.

**2. Segment information (continued)**

| 52 weeks ended 2 January 2015 | Minerals £m | Oil & Gas £m | Power & Industrial £m | Total continuing operations £m |
|---|---|---|---|---|
| **Revenue** | | | | |
| Sales to external customers | 1,127.9 | 992.1 | 318.2 | 2,438.2 |
| Inter-segment sales | 3.9 | 14.6 | 8.5 | 27.0 |
| Segment revenue | 1,131.8 | 1,006.7 | 326.7 | 2,465.2 |
| Eliminations | | | | (27.0) |
| | | | | 2,438.2 |
| **Sales to external customers – 2014 at 2015 average exchange rates** | | | | |
| Sales to external customers | 1,110.4 | 1,054.2 | 321.8 | 2,486.4 |
| **Segment result** | | | | |
| Segment result before share of results of joint ventures | 226.4 | 214.9 | 18.6 | 459.9 |
| Share of results of joint ventures | - | 10.0 | - | 10.0 |
| Segment result | 226.4 | 224.9 | 18.6 | 469.9 |
| Unallocated expenses | | | | (20.1) |
| Operating profit before exceptional items & intangibles amortisation | | | | 449.8 |
| Total exceptional items & intangibles amortisation | | | | (259.4) |
| Net finance costs before exceptional items | | | | (38.5) |
| Other finance costs - retirement benefits | | | | (2.8) |
| Profit before tax from continuing operations | | | | 149.1 |
| **Segment result – 2014 at 2015 average exchange rates** | | | | |
| Segment result before share of results of joint ventures | 223.2 | 229.8 | 19.2 | 472.2 |
| Share of results of joint ventures | - | 10.8 | - | 10.8 |
| Segment result | 223.2 | 240.6 | 19.2 | 483.0 |
| Unallocated expenses | | | | (20.2) |
| Operating profit before exceptional items & intangibles amortisation | | | | 462.8 |
| **Assets & liabilities (restated note 1)** | | | | |
| Intangible assets | 539.1 | 991.6 | 102.0 | 1,632.7 |
| Property, plant & equipment | 214.6 | 167.0 | 52.3 | 433.9 |
| Working capital assets | 501.6 | 532.1 | 178.4 | 1,212.1 |
| | 1,255.3 | 1,690.7 | 332.7 | 3,278.7 |
| Investments in joint ventures | - | 33.7 | - | 33.7 |
| Segment assets | 1,255.3 | 1,724.4 | 332.7 | 3,312.4 |
| Unallocated assets | | | | 249.1 |
| Total assets | | | | 3,561.5 |
| Working capital liabilities | 286.6 | 242.8 | 113.8 | 643.2 |
| Unallocated liabilities | | | | 1,436.1 |
| Total liabilities | | | | 2,079.3 |

**3. Exceptional items & intangibles amortisation**

| 52 weeks ended 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| | Recognised in arriving at operating profit from continuing operations | | |
| (44.9) | Intangibles amortisation | **(24.7)** | (20.7) |
| (160.0) | Exceptional item - Intangibles impairment | **-** | - |
| (49.4) | Exceptional item - Group-wide efficiency review | **(7.6)** | - |
| - | Exceptional item - Oil & Gas downturn actions | **(39.4)** | - |
| (2.4) | Exceptional item - Metso aborted acquisition costs | **-** | (2.4) |
| - | Exceptional item - charging of fair value inventory uplift | **(1.1)** | - |
| - | Exceptional item - release of expired indemnity provisions for LGE Process disposal | **3.8** | - |
| - | Exceptional item - release of contingent consideration liability | **1.3** | - |
| (0.6) | Exceptional item - uplift in respect of contingent consideration liability | **-** | - |
| (257.3) | | **(67.7)** | (23.1) |
| | Recognised in finance costs | | |
| (2.1) | Exceptional item - unwind in respect of contingent consideration liability | **(1.8)** | (1.0) |
| | Recognised in arriving at profit for the period from discontinued operations | | |
| 1.0 | Exceptional item - release of unutilised tax warranty provisions regarding previous disposals | **-** | 1.0 |

The Group-wide efficiency review, which commenced during the fourth quarter of 2014 with the closure of a number of small manufacturing facilities and workforce reductions has continued into the first half of 2015 with further headcount reductions and restructuring actions implemented. The charge in the current period reflects the final costs associated with this review. Exceptional costs totalling £7.6m have been recognised in the Income Statement, represented by £5.9m in cash restructuring costs and impairment charges of £1.7m. The charge recorded in the 52 weeks ended 2 January 2015 was £49.4m. The total cash outflow in the period in relation to the Group-wide efficiency review was £13.3m, of which £11.1m related to the cost provided for in 2014 and the balance in respect of the cost charged in 2015.

Driven by the continued downturn in oil and gas markets the Group has taken a number of actions to mitigate current conditions, including the closure of service centres and headcount reductions. The Group has also taken the decision to rationalise product lines and discontinue support for certain older product lines which have been superseded in the market by new technologies. Exceptional costs totalling £39.4m have been recognised in the Income Statement in relation to these actions, comprising £8.1m in cash restructuring costs (of which £0.5m relates to the close out of commodity hedges) and impairment charges of £31.3m. The impairment charge includes £7.3m in relation to property, plant & equipment and £24.0m on inventory. Of the cash restructuring charge, a cash outflow of £2.8m has been recorded in the period.

Other exceptional items in the period include the unwind of both contingent consideration liabilities and inventory fair value adjustments relating to Trio. Offsetting these amounts is the release of a contingent consideration liability and a warranty indemnity provision, both of which lapsed during the period.

In the 52 weeks ended 2 January 2015, an impairment charge of £160.0m against goodwill in the Pressure Control CGU was made.

**4. Tax expense**

| 52 weeks ended 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| (0.1) | Group - UK | **(3.0)** | (3.0) |
| (75.3) | Group - overseas | **1.8** | (39.1) |
| (75.4) | Total income tax expense in the Consolidated Income Statement | **(1.2)** | (42.1) |
| | The total income tax expense is disclosed in the Consolidated Income Statement as follows: | | |
| (105.5) | - continuing operations before exceptional items & intangibles amortisation | **(25.5)** | (49.0) |
| 16.0 | - exceptional items | **17.0** | 0.3 |
| 14.1 | - intangibles amortisation | **7.3** | 6.6 |
| (75.4) | Total income tax expense in the Consolidated Income Statement | **(1.2)** | (42.1) |
| (3.1) | Total income tax expense included in the Group's share of results of joint ventures | **(1.3)** | (0.7) |

**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 2 January 2015 | | **26 weeks ended 3 July 2015** | 26 weeks ended 4 July 2014 |
|---|---|---|---|
| | Profit attributable to equity holders of the Company | | |
| 73.1 | Total operations* (£m) | **37.3** | 114.7 |
| 72.1 | Continuing operations* (£m) | **37.3** | 113.7 |
| 301.4 | Continuing operations before exceptional items & intangibles amortisation* (£m) | **82.5** | 130.9 |
| | Weighted average share capital | | |
| 213.3 | Basic earnings per share (number of shares, million) | **213.4** | 213.2 |
| 213.9 | Diluted earnings per share (number of shares, million) | **214.1** | 214.0 |

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 2 January 2015 Shares Million | | **26 weeks ended 3 July 2015 Shares Million** | 26 weeks ended 4 July 2014 Shares Million |
|---|---|---|---|
| 213.3 | Weighted average number of ordinary shares for basic earnings per share | **213.4** | 213.2 |
| 0.6 | Effect of dilution: LTIP awards and deferred bonus awards | **0.7** | 0.8 |
| 213.9 | Adjusted weighted average number of ordinary shares for diluted earnings per share | **214.1** | 214.0 |

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

| 52 weeks ended 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| 72.1 | Net profit attributable to equity holders from continuing operations* | **37.3** | 113.7 |
| 229.3 | Exceptional items & intangibles amortisation net of tax | **45.2** | 17.2 |
| 301.4 | Net profit attributable to equity holders from continuing operations before exceptional items & intangibles | **82.5** | 130.9 |

| 52 weeks ended 2 January 2015 pence | | **26 weeks ended 3 July 2015 pence** | 26 weeks ended 4 July 2014 pence |
|---|---|---|---|
| | **Basic earnings per share:** | | |
| 34.3 | Total operations* | **17.5** | 53.8 |
| 33.8 | Continuing operations* | **17.5** | 53.3 |
| 141.3 | Continuing operations before exceptional items & intangibles amortisation* | **38.7** | 61.4 |
| | **Diluted earnings per share:** | | |
| 34.2 | Total operations* | **17.4** | 53.6 |
| 33.7 | Continuing operations* | **17.4** | 53.1 |
| 140.9 | Continuing operations before exceptional items & intangibles amortisation* | **38.5** | 61.2 |

*Adjusted for £0.2m (2014: £1.9m) in respect of non-controlling interests.

There have been no share options (2014: nil) exercised between the reporting date and the date of signing of these financial statements.

**6. Dividends paid & proposed**

| 52 weeks ended 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| | Declared & paid during the period | | |
| | Equity dividends on ordinary shares | | |
| 70.7 | Final dividend for 2014: 29.0p (2013: 33.2p) | **61.9** | 70.8 |
| 32.0 | Interim dividend: see below (2014: 15.0p) | **-** | - |
| 102.7 | | **61.9** | 70.8 |
| | | | |
| 61.9 | Final dividend for 2014 proposed for approval by shareholders at the AGM: 29.0p | **-** | - |
| - | Interim dividend for 2015 declared by the Board: 15.0p (2014: 15.0p) | **32.0** | 32.0 |

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 2 Jan 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| | **Additions of property, plant & equipment & intangible assets** | | |
| 23.9 | Land & buildings | **3.5** | 3.8 |
| 72.1 | Plant & equipment | **27.3** | 38.6 |
| 24.1 | Intangible assets | **8.0** | 6.7 |
| 120.1 | | **38.8** | 49.1 |

The above additions relate to the normal course of business and do not include any additions made by way of business combinations.

## 8. Provisions

| | Warranties & onerous sales contracts £m | Employee related £m | Exceptional rationalisation £m | Other £m | Total £m |
|---|---|---|---|---|---|
| At 2 January 2015 (restated note 1) | **35.6** | **51.6** | **21.6** | **4.0** | **112.8** |
| Additions | **7.1** | **2.8** | **13.5** | **1.5** | **24.9** |
| Utilised | **(6.7)** | **(1.9)** | **(16.1)** | **(2.2)** | **(26.9)** |
| Unutilised | **(4.6)** | **(0.3)** | **-** | **(0.2)** | **(5.1)** |
| Exchange adjustment | **(0.9)** | **(0.8)** | **(0.9)** | **(0.2)** | **(2.8)** |
| At 3 July 2015 | **30.5** | **51.4** | **18.1** | **2.9** | **102.9** |
| | | | | | |
| Current | **24.6** | **10.5** | **18.1** | **1.7** | **54.9** |
| Non-current | **5.9** | **40.9** | **-** | **1.2** | **48.0** |
| At 3 July 2015 | **30.5** | **51.4** | **18.1** | **2.9** | **102.9** |
| | | | | | |
| Current | 20.5 | 4.4 | - | 2.3 | 27.2 |
| Non-current | 5.0 | 18.3 | - | 0.7 | 24.0 |
| At 4 July 2014 | 25.5 | 22.7 | - | 3.0 | 51.2 |
| | | | | | |
| Current | 30.8 | 10.9 | 20.3 | 3.4 | 65.4 |
| Non-current | 4.8 | 40.7 | 1.3 | 0.6 | 47.4 |
| At 2 January 2015 (restated note 1) | 35.6 | 51.6 | 21.6 | 4.0 | 112.8 |

**Warranties & onerous sales contracts**

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

Provision has been made in respect of sales contracts entered into for the sale of goods in the normal course of business where the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received from the contracts. Provision is made immediately when it becomes apparent that expected costs will exceed the expected benefits of the contract. It is expected that the majority of these costs will be incurred within one year of the balance sheet date.

**Employee related**

Employee related provisions arise from legal obligations, some of which are for asbestos-related claims.

*Asbestos-related claims*

Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the United States in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. The Group has comprehensive insurance cover for these cases with all claims directly managed by the Group's insurers who also meet all associated defence costs. The insurers and their legal advisers agree and execute the defence strategy between them and there are no related cash flows to or from the Group. We expect this to continue for the foreseeable future as long as the litigation arises.

A review was completed in 2014 to assess the adequacy of the Group's insurance policies to meet future settlement and defence costs. As a result of this review a provision of £28m was recorded in 2014 with an equivalent receivable for insurance proceeds.

In the current period costs have been charged against the provision however further charges have been made to reflect new claims. This provision represents the Directors best estimate of the future liability although given the lack of consistent claims and settlement history, these estimates and the period over which they are assessed will continue to be refined. An equivalent asset continues to be recognised for insurance proceeds.

Due to the inherent uncertainty associated with estimating future costs in respect of asbestos-related diseases, there can be no guarantee that the assumptions used to estimate the provision will result in an accurate prediction of the actual costs that may be incurred. However, we do not expect there to be a net financial exposure to the Group given the comprehensive insurance cover in place.

In the UK, there are outstanding asbestos-related claims which are not the subject of insurance cover. The Group provides for both based on management's best estimate of the likely costs given past experience of the volume and cost of similar claims brought against the Group. It is expected that these costs will be incurred in the period up to 2025.

**Exceptional rationalisation**

As part of the Group-wide efficiency review announced in November 2014 and the 2015 Oil & Gas downturn actions, the Group has provided an additional £13.5m during the period. The provision is based on committed costs for the closure of small manufacturing facilities, consolidation of service centres and workforce reductions. The majority of the provision will be utilised in 2015, with the remainder utilised in the following 12 months.

**Other**

Other provisions relate to an environmental clean up programme in the United States for a company acquired in 1992, the discontinued operations and indemnity provision, and various other legal claims and exposures across the Group. The environmental provision is based on management's current best estimate of the expected costs under the programme. It is expected that these costs will be incurred in the period up to 2019.

## 9. Interest-bearing loans and borrowings

In January 2015, the Group repaid US$90m US Dollar fixed rate notes and £12.0m Sterling fixed rate notes as these fell due. These were refinanced using existing facilities including the US$800m multi-currency revolving credit facility.

On 1 April 2015 the Group commenced a new €1bn Euro commercial paper programme. At 3 July 2015, a total of £71.8m was issued under the commercial paper programme whilst £165.0m (2014: £40.8m) was drawn under the revolving credit facility. Total unamortised issue costs at 3 July 2015 were £4.2m (2014: £4.4m).

**10. Pensions & other post-employment benefit plans**

| 2 January 2015 £m | | 3 July 2015 £m | 4 July 2014 £m |
|---|---|---|---|
| 4.1 | Plans in surplus | **3.8** | 2.0 |
| (98.4) | Plans in deficit | **(91.9)** | (77.3) |
| (94.3) | Net liability | **(88.1)** | (75.3) |

The decrease in net liability of £6.2m in the 26 weeks ended 3 July 2015 was primarily due to gains on the liability side following an increase in the discount rate. This is partially offset by losses on the asset side and the charge to the Income Statement in the period. A credit of £7.3m (2014: charge of £3.6m) has been recognised in the Consolidated Statement of Comprehensive Income.

**11. Financial instruments**

| 2 January 2015 £m | | 3 July 2015 £m | 4 July 2014 £m |
|---|---|---|---|
| | **Included in non-current assets** | | |
| 0.2 | Forward foreign currency contracts designated as cash flow hedges | **0.1** | 1.1 |
| 3.3 | Cross currency swaps designated as net investment hedges | **8.9** | 1.7 |
| - | Other forward foreign currency contracts | **0.1** | 0.2 |
| 3.5 | | **9.1** | 3.0 |
| | **Included in current assets** | | |
| 0.5 | Forward foreign currency contracts designated as cash flow hedges | **-** | 1.2 |
| - | Forward foreign currency contracts designated as net investment hedges | **1.3** | 3.9 |
| - | Cross currency swaps designated as net investment hedges | **-** | 0.6 |
| 10.0 | Other forward foreign currency contracts | **11.5** | 10.1 |
| 10.5 | | **12.8** | 15.8 |
| | **Included in current liabilities** | | |
| (2.3) | Forward foreign currency contracts designated as cash flow hedges | **(1.8)** | (0.5) |
| (2.4) | Forward foreign currency contracts designated as net investment hedges | **(0.5)** | (0.8) |
| (0.7) | Cross currency swaps designated as net investment hedges | **-** | - |
| (5.9) | Other forward foreign currency contracts | **(12.5)** | (14.0) |
| (11.3) | | **(14.8)** | (15.3) |
| | **Included in non-current liabilities** | | |
| (0.2) | Forward foreign currency contracts designated as cash flow hedges | **(0.4)** | (0.3) |
| (2.7) | Cross currency swaps designated as net investment hedges | **(2.2)** | - |
| (0.2) | Other forward foreign currency contracts | **(0.2)** | (0.1) |
| (3.1) | | **(2.8)** | (0.4) |
| (0.4) | **Net derivative financial assets (liabilities)** | **4.3** | 3.1 |

**Carrying amounts & fair values**

Set out below is a comparison of carrying amounts and fair values of all of the Group's financial instruments that are reported in the financial statements.

| Carrying amount 2 January 2015 Restated (note 1) £m | Fair value 2 January 2015 Restated (note 1) £m | | Carrying amount 3 July 2015 £m | Fair value 3 July 2015 £m | Carrying amount 4 July 2014 £m | Fair value 4 July 2014 £m |
|---|---|---|---|---|---|---|
| | | **Financial assets** | | | | |
| 10.0 | 10.0 | Derivative financial instruments recognised at fair value through profit or loss | **11.6** | **11.6** | 10.3 | 10.3 |
| 4.0 | 4.0 | Derivative financial instruments in designated hedge accounting relationships | **10.3** | **10.3** | 8.5 | 8.5 |
| 605.3 | 605.3 | Trade & other receivables excluding statutory assets & prepayments | **421.7** | **421.7** | 490.4 | 490.4 |
| 178.7 | 178.7 | Cash & short term deposits | **233.5** | **233.5** | 82.6 | 82.6 |
| 798.0 | 798.0 | | **677.1** | **677.1** | 591.8 | 591.8 |
| | | **Financial liabilities** | | | | |
| (6.1) | (6.1) | Derivative financial instruments recognised at fair value through profit or loss | **(12.7)** | **(12.7)** | (14.1) | (14.1) |
| (8.3) | (8.3) | Derivative financial instruments in designated hedge accounting relationships | **(4.9)** | **(4.9)** | (1.6) | (1.6) |
| (34.6) | (34.6) | Contingent consideration | **(31.4)** | **(31.4)** | (24.0) | (24.0) |
| | | Amortised cost | | | | |
| (12.1) | (12.1) | Bank overdrafts & short-term borrowings | **(17.0)** | **(17.0)** | (5.9) | (5.9) |
| (489.7) | (489.7) | Trade & other payables excluding statutory liabilities & deferred income | **(358.4)** | **(358.4)** | (380.0) | (380.0) |
| (0.3) | (0.3) | Obligations under finance leases | **(0.3)** | **(0.3)** | (0.4) | (0.4) |
| (218.5) | (218.5) | Floating rate borrowings | **(306.1)** | **(306.1)** | (98.0) | (98.0) |
| (808.5) | (784.9) | Fixed rate borrowings | **(726.8)** | **(721.7)** | (729.5) | (701.9) |
| (1,578.1) | (1,554.5) | | **(1,457.6)** | **(1,452.5)** | (1,253.5) | (1,225.9) |

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. The derivative financial instruments are valued using valuation techniques with market observable inputs including spot and forward foreign exchange rates, interest rate curves, counterparty and own credit risk. The fair value of cross currency swaps is calculated as the present value of the estimated future cash flows based on spot foreign exchange rates. The fair value of forward foreign currency contracts is calculated as the present value of the estimated future cash flows based on spot and forward foreign exchange rates.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group holds all financial instruments at level 2 fair value measurement, with the exception of contingent consideration assessed as level 3. Contingent consideration at 2 January 2015 and 3 July 2015 primarily relates to the acquisition of Weir International in 2011. The movements in the period to 3 July 2015 include the unwind of the discount reflected in the Income Statement and the release of a contingent liability which has expired with no payment falling due, the latter recognised as an exceptional item in the Income Statement. There have been no other significant changes to the key performance indicators or the inputs to the fair value calculation. A payment of £2.6m was made relating to Weir International in April 2015.

**11. Financial instruments (continued)**

A reconciliation of the fair value measurement of the contingent consideration liability is provided below.

| | Total |
|---|---|
| | £m |
| Balance as at 3 January 2014 | 27.7 |
| Exchange movements in the period | 0.1 |
| Contingent consideration paid | (4.8) |
| Unwind of discount | 1.0 |
| Balance as at 4 July 2014 | 24.0 |
| **Balance as at 2 January 2015** | **34.6** |
| Fair value changes in profit or loss | **(1.3)** |
| Exchange movements in the period | **(0.9)** |
| Contingent consideration paid | **(2.8)** |
| Unwind of discount | **1.8** |
| **Balance as at 3 July 2015** | **31.4** |
| Balance as at 3 January 2014 | 27.7 |
| Liability arising on business combinations | 8.2 |
| Fair value changes in profit or loss | 0.6 |
| Exchange movements in the period | 1.0 |
| Contingent consideration paid | (5.0) |
| Unwind of discount | 2.1 |
| Balance as at 2 January 2015 | 34.6 |

During the 26 weeks ended 3 July 2015 and the 52 weeks ended 2 January 2015, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

The fair value of borrowings and obligations under finance leases is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of cash and short-term deposits, trade and other receivables and trade and other payables approximates their carrying amount due to the short-term maturities of these instruments.

The estimated fair value of the contingent consideration at the date of acquisition is based on an assessment of the probability of possible outcomes discounted to net present value. Subsequent changes to the fair value of the contingent consideration are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. A substantial change in the expected future results of the entities to which contingent liabilities relate or a significant change in the discount rate applied in the fair value calculation may result in a change to the fair value recognised.

### 12. Additional cash flow information

| 52 weeks ended 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| | **Continuing operations** | | |
| | **Net cash generated from operations** | | |
| 192.5 | Operating profit | **61.0** | 178.1 |
| 52.4 | Exceptional items (note 3) | **43.0** | 1.7 |
| (10.0) | Share of results of joint ventures | **(4.0)** | (4.3) |
| 61.1 | Depreciation of property, plant & equipment | **34.2** | 29.8 |
| 44.9 | Amortisation of intangible assets | **24.7** | 20.7 |
| 160.0 | Impairment of intangible assets | **-** | - |
| (1.4) | Gains on disposal of property, plant & equipment | **(0.5)** | (0.5) |
| (0.4) | Funding of pension & post-retirement costs | **(0.1)** | 0.1 |
| 4.4 | Employee share schemes | **(0.3)** | 5.0 |
| 1.4 | Net foreign exchange including derivative financial instruments | **5.6** | (0.7) |
| (1.9) | Decrease in provisions | **(0.6)** | (1.0) |
| 503.0 | Cash generated from operations before working capital cashflows | **163.0** | 228.9 |
| (45.5) | Increase in inventories | **(25.6)** | (38.2) |
| (86.4) | Decrease (increase) in trade & other receivables & construction contracts | **178.7** | (40.0) |
| 50.2 | (Decrease) increase in trade & other payables & construction contracts | **(114.3)** | (1.1) |
| 421.3 | Cash generated from operations | **201.8** | 149.6 |
| (10.6) | Additional pension contributions paid | **-** | - |
| (10.6) | Exceptional cash items | **(16.1)** | - |
| (94.1) | Income tax paid | **(25.0)** | (41.5) |
| 306.0 | Net cash generated from operating activities | **160.7** | 108.1 |

The employee related provision and associated insurance asset in relation to US asbestos-related claims disclosed in note 8 will not result in any cash flows either to or from the Group and therefore they have been excluded from the table above.

The following tables summarise the cashflows arising on acquisitions:

| | | | |
|---|---|---|---|
| | **Acquisitions of subsidiaries** | | |
| (132.7) | Current period acquisitions (see below) | **-** | - |
| (5.0) | Prior periods acquisitions contingent consideration paid | **(2.8)** | (4.8) |
| - | Prior periods acquisitions completion adjustment | **1.6** | - |
| (137.7) | | **(1.2)** | (4.8) |
| | | | |
| (140.7) | Acquisition of subsidiaries – cash paid | **(0.4)** | - |
| 8.0 | Cash and cash equivalents acquired | **0.4** | - |
| (132.7) | Total cash outflow on acquisition of subsidiaries – current year | **-** | - |
| (5.0) | Prior periods acquisitions contingent consideration paid | **(2.8)** | (4.8) |
| - | Prior periods acquisitions completion adjustment | **1.6** | - |
| (137.7) | Total cash outflow relating to acquisitions | **(1.2)** | (4.8) |

Cash & cash equivalents comprise the following:

| | | | |
|---|---|---|---|
| | **Cash & cash equivalents** | | |
| 178.7 | Cash & short-term deposits | **233.5** | 82.6 |
| (12.1) | Bank overdrafts & short-term borrowings | **(17.0)** | (5.9) |
| 166.6 | | **216.5** | 76.7 |

The following tables summarise the net debt position:

| | | | |
|---|---|---|---|
| | **Reconciliation of net increase in cash & cash equivalents to movement in net debt** | | |
| 97.2 | Net increase in cash & cash equivalents from continuing operations | **63.8** | 16.1 |
| (166.5) | Net increase in debt | **(22.4)** | (41.7) |
| (69.3) | Change in net debt resulting from cash flows | **41.4** | (25.6) |
| (0.4) | Lease inceptions | **-** | (0.4) |
| (44.0) | Foreign currency translation differences | **2.6** | 21.8 |
| (113.7) | Change in net debt during the period | **44.0** | (4.2) |
| (747.0) | Net debt at the beginning of the period | **(860.7)** | (747.0) |
| (860.7) | Net debt at the end of the period | **(816.7)** | (751.2) |
| | | | |
| | **Net debt comprises the following** | | |
| 178.7 | Cash & short-term deposits | **233.5** | 82.6 |
| (166.1) | Current interest-bearing loans & borrowings | **(160.5)** | (129.8) |
| (873.3) | Non-current interest-bearing loans & borrowings | **(889.7)** | (704.0) |
| (860.7) | | **(816.7)** | (751.2) |

**13. Related party disclosure**

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 2 January 2015 £m | | **26 weeks ended 3 July 2015 £m** | 26 weeks ended 4 July 2014 £m |
|---|---|---|---|
| 26.7 | Sales of goods to related parties – joint ventures | **9.0** | 8.7 |
| 0.5 | Sales of services to related parties – joint ventures | **1.8** | 0.1 |
| 8.2 | Purchases of goods from related parties – joint ventures | **1.2** | 2.8 |
| 0.5 | Purchases of services from related parties – joint ventures | **0.5** | 0.3 |
| 1.8 | Amounts owed to related parties – group pension plans | **0.9** | 0.7 |

**14. 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.

A claim was made by Philippines Gold Processing & Refining Corporation (Phil Gold) against Weir Services Australia Pty Limited (WSA), a subsidiary of the Company, in arbitration proceedings in respect of two contracts relating to the refurbishment and installation of a mill undertaken by WSA in 2007-2008 and 2008-2009, respectively. The amount claimed, originally £58m plus interest, seeks damages for the cost of repair and subsequent replacement of the mill together with business interruption loss at the processing plant. The original value of the contracts was around £1m.

During the period, Phil Gold amended its claim and reduced the value to £44m plus interest.

WSA is continuing to contest the claim on multiple grounds. The claim is being vigorously defended although the outcome remains uncertain. The arbitration process is expected to conclude by the end of 2015.

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.

**15. Exchange rates**

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

| 52 weeks ended 2 January 2015 | | **26 weeks ended 3 July 2015** | 26 weeks ended 4 July 2014 |
|---|---|---|---|
| | **Average rate (per £)** | | |
| 1.65 | US dollar | **1.52** | 1.67 |
| 1.83 | Australian dollar | **1.95** | 1.82 |
| 1.24 | Euro | **1.37** | 1.22 |
| 1.82 | Canadian dollar | **1.88** | 1.83 |
| 6.01 | United Arab Emirates dirham | **5.56** | 6.14 |
| 940.16 | Chilean peso | **947.40** | 924.75 |
| 63.32 | Russian rouble | **87.92** | 58.50 |
| | **Closing rate (per £)** | | |
| 1.54 | US dollar | **1.56** | 1.71 |
| 1.89 | Australian dollar | **2.04** | 1.83 |
| 1.28 | Euro | **1.41** | 1.26 |
| 1.80 | Canadian dollar | **1.96** | 1.82 |
| 5.64 | United Arab Emirates dirham | **5.73** | 6.30 |
| 942.64 | Chilean peso | **990.05** | 941.50 |
| 90.99 | Russian rouble | **86.52** | 58.76 |

**16. Events after the balance sheet date**

On 8 July 2015, the Group completed the acquisition of Delta Industrial Valves Inc., a leading US-based manufacturer of knife gate valves for the mining, oil sands and other industrial markets, for an enterprise value of up to US$47 million.

Initial consideration of US$37 million was paid on completion; US$21m in cash (funded from existing bank facilities) and US$16m in new equity. Up to a further US$10m in cash will be paid over the next 18 months, contingent upon the business meeting certain profit growth targets.

No further disclosures have been provided under IFRS3 in respect of business combinations after the balance sheet date on the basis that the initial accounting is not yet complete.

## 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 Conduct Authority, paragraphs DTR 4.2.7 and DTR 4.2.8.

The directors of The Weir Group PLC are listed in the Group's 2014 Annual Report.

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
30 July 2015

## 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 3 July 2015 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 16. 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 Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs 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 3 July 2015 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 Conduct Authority.

Ernst & Young LLP
Glasgow
30 July 2015