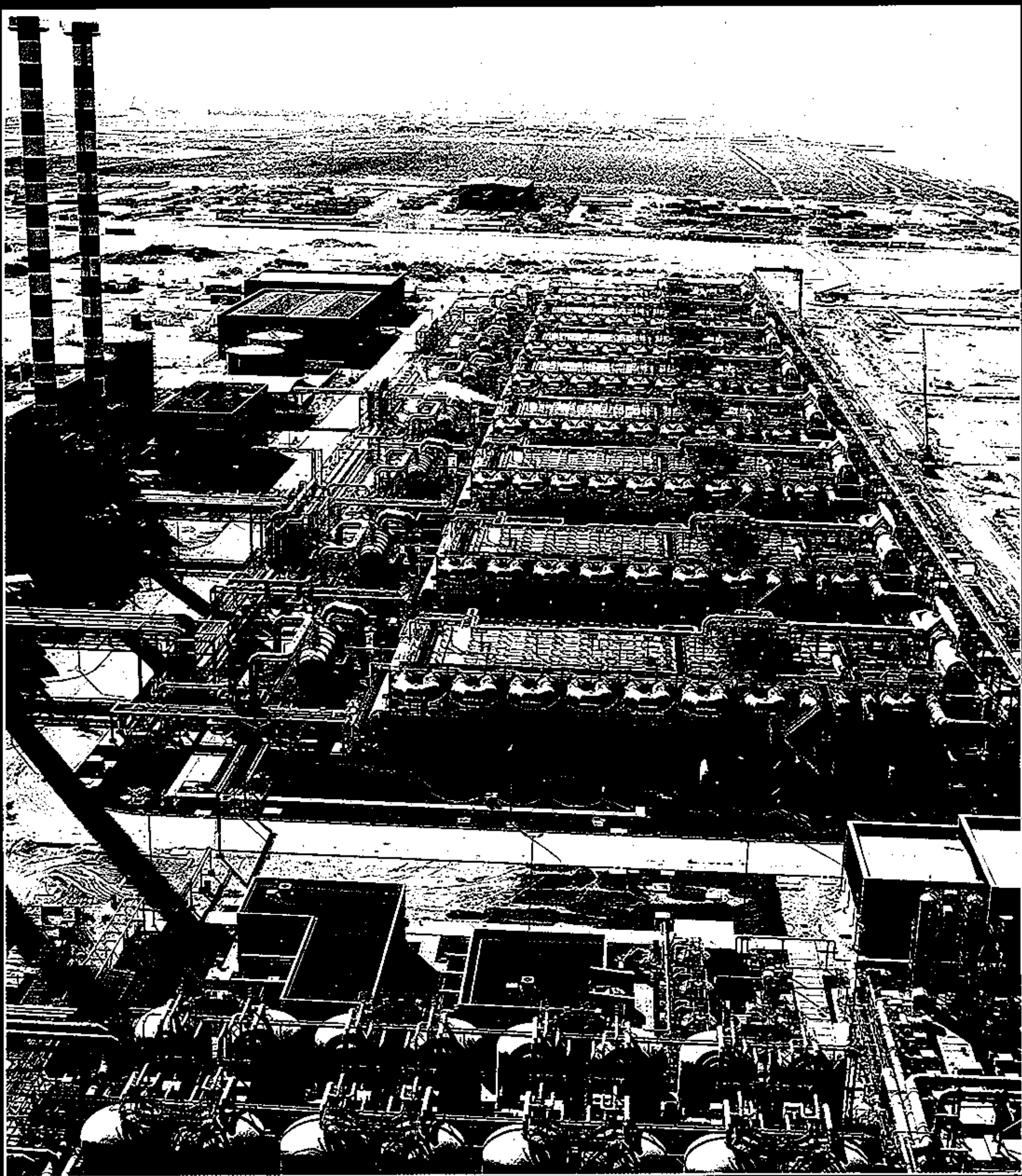
THE WEIR GROUP PLC

Amending Accounts.



WEIR

SCT *S0085005* 293
COMPANIES HOUSE 9/10/95

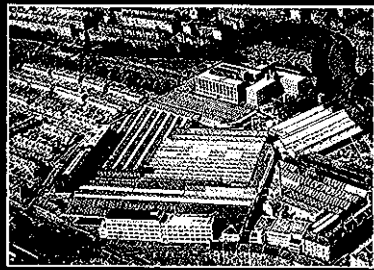
Group Activities

The Weir Group operates in two main areas of business through a number of subsidiaries and associates.

The largest of the Engineering Products operations, and the biggest in the Group, is Weir Pumps, Britain's major pump manufacturer. Its main products are pumps, with associated equipment and systems, for power stations, oil production, ships, water supply and many industrial uses. Weir Floway, of California, manufactures and markets a broad range of pumps that are used in a wide range of industrial, municipal, agricultural and commercial applications throughout the US and abroad. Strachan & Henshaw has over 100 years' experience and skill in solving material handling problems, often of particular difficulty. Weir Westgarth is a world leader in the design and supply of desalination plant for producing fresh water from the sea or other saline sources, and the supply of power station heat exchange plant such as boiler feed heaters and condensers. Hopkinsons is a leading producer of specialist valves,

Darmet all metallic insulation installed on pipework on a boiling water reactor nuclear power plant in Sweden.

boiler fittings and ancillary equipment. Atwood and Morrill is an established American manufacturer of high quality valves which serves much the same market sector as Hopkinsons.



Head office and factory in Glasgow.

Darchem Engineering produces high quality insulation systems and fabricated components, anti-friction alloys and white metal bearings, and also offers heat treatment services. Other companies in the division, including Liquid Gas Equipment and Tooling Products, provide customers with a diversified range of products and engineering consultancy expertise. These include metal pattern equipment and precision moulds, and supply of systems for storage and handling of liquefied gases.

Weir continues move into oil and gas valve business

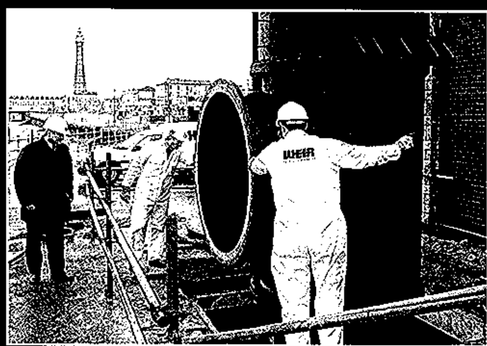
By Andrew Baxter

Weir expands with £16m of acquisitions

By Andrew Baxter and Daniel Green

WEIR GROUP, the Glasgow based engineering company is paying about £16m for a package of UK, US and Australian businesses,

Engineering Services activity in the provision of specialist services is an increasingly important part of the Group. Well-equipped engineering workshops in the UK, Middle East, North America, Australia and China form a worldwide network and provide high quality maintenance, repair and technical services for Weir and other products. The renting of an increasing range of specialised equipment to the oil industry, including jars and drills, is becoming a significant part of its operations as are the computer services being offered to a wide cross section of industries.



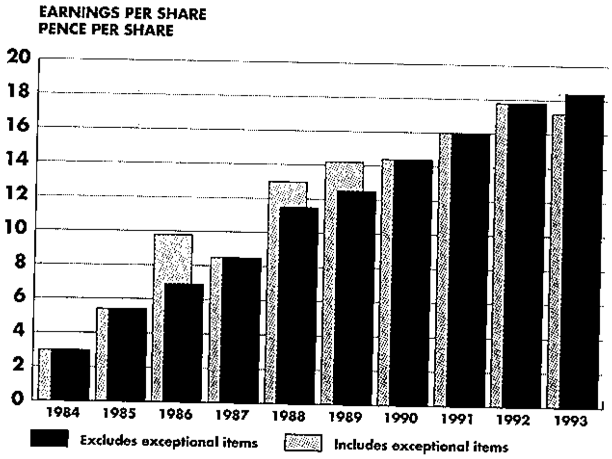
This 60-inch axial flow storm water pump and motor, one of eight built by Mather & Platt in 1964 for a major pumping station in Blackpool, was overhauled by Heysham service centre for North West Water.

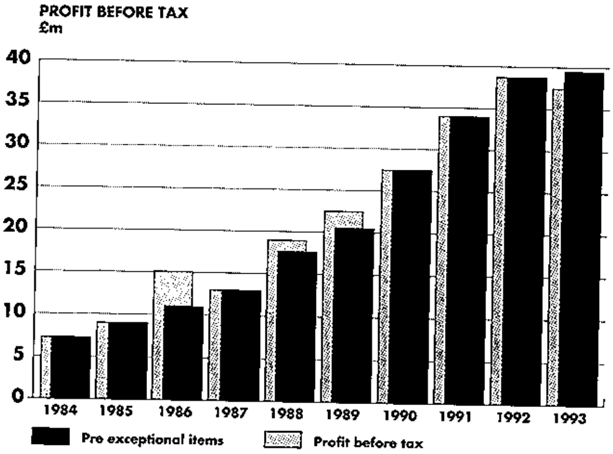
Amending Accounts 2934

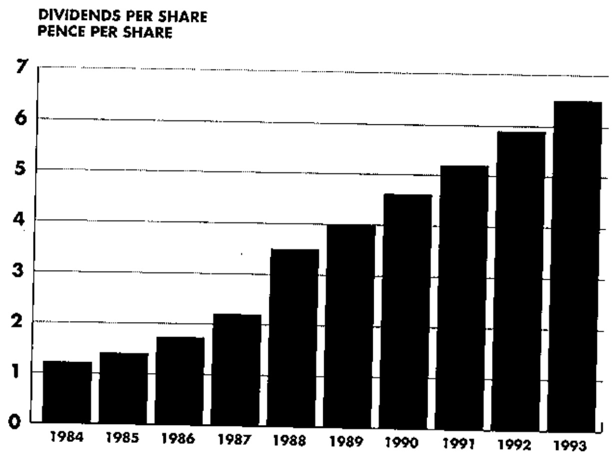
Summary of Results

COMPANIES HOUSE 24/04/95

	1993	1992
	£'000	£'000
Turnover	449,043	424,770
Profit before exceptional item and tax	39,970	39,199
Profit on ordinary activities before tax	37,543	39,199
Earnings per share – excluding exceptional item	18.3p	17.7p
– including exceptional item	17.3p	17.7p
Dividends per share	6.5p	5.9p
Net assets per share	95.2p	88.8p
Shareholders' capital and reserves	148,782	137,770



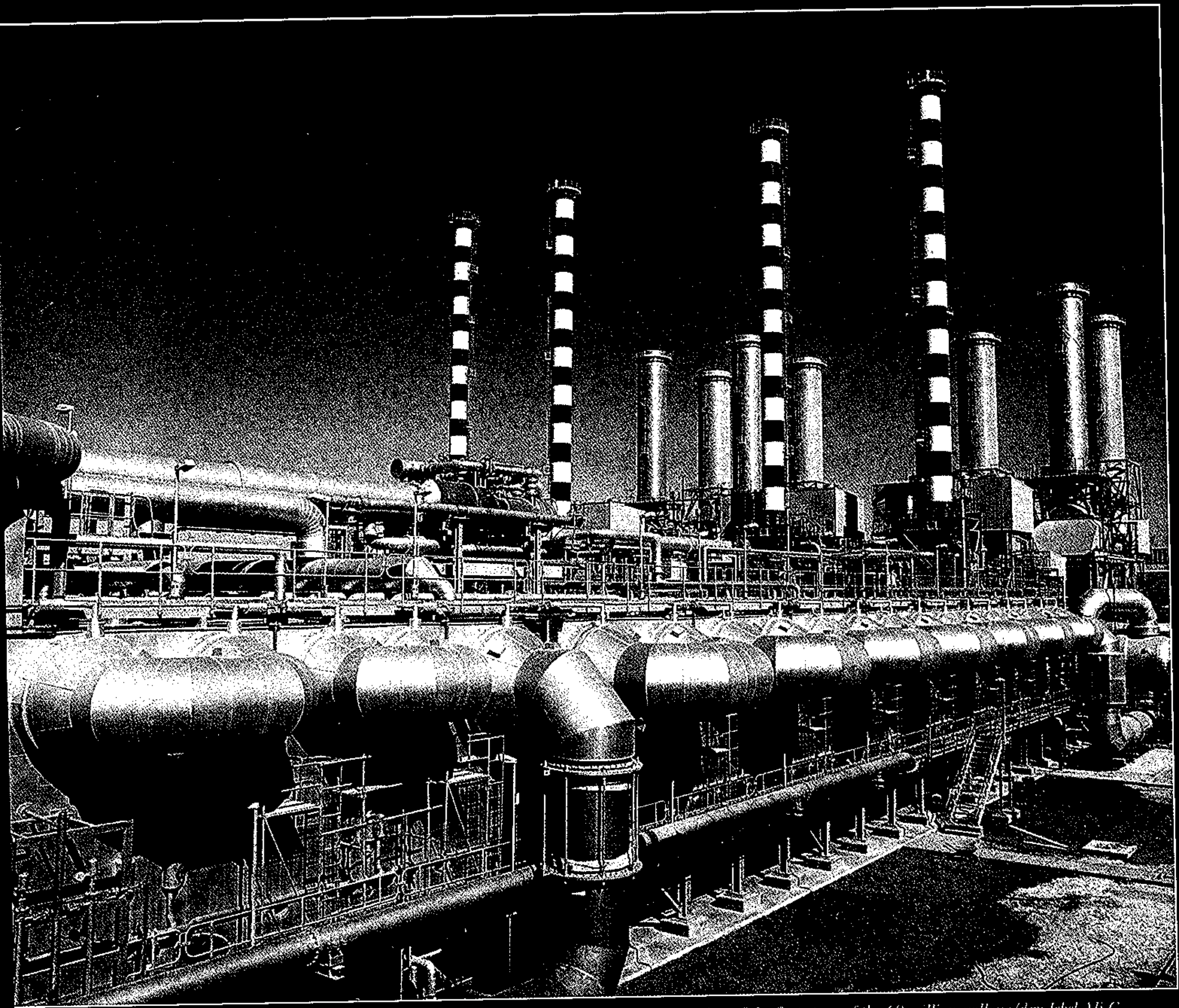




Main Features of 1993

- New orders up from £373m to £470m
- Strong export performance, particularly the Pacific Rim
- Excellent cash generation
- Strong year-end financial position
- Dividends up to 6.5p from 5.9p

Contents



Front Cover and above: *The highlight of the year was the commissioning of the first stage of the 60 million gallons/day Jebel Ali G desalination plant in Dubai. It first produced water two and a half years from order.*

Statement to Shareholders & Operating & Financial Review

THE BOARD

Jack Urquhart joined the board in June, 1993. He is vice-chairman of Enron Corp, and formerly was in charge of power generation activities at General Electric, and he therefore brings to the Group highly valuable and relevant experience.

During the year, Lord Weir reached the normal pensionable age of 60 under the Group's Senior Executive Pension Scheme. The board has invited him to continue in office as chairman.

Lord Weir

Ron Garrick

SUMMARY OF RESULTS

In 1993, profits before tax and exceptional item at £40.0m showed a small advance over the previous year's figure of £39.2m. After exceptional item of £2.4m, profits before tax were 4.2% lower than in 1992.

Earnings per share, excluding exceptional item, were 18.3 p (1992: 17.7p), and on the basis of FRS3 were 17.3p (1992: 17.7p).

A final dividend of 4.575p per share (1992: 4.15p per share) is proposed. An interim dividend of 1.925p per share (1992: 1.75p per share) has already been paid. The total distribution proposed for the year will therefore be 6.5p per share (1992: 5.9p per share).

Excluding the Group's pro rata share of associates' activity, turnover advanced modestly during the year from £424m to £449m. On the same basis, new orders booked in 1993, at £470m, showed a strong improvement from £373m in the previous year. Some £80m of this increase reflected a major desalination plant order.

The financial position remains very strong and after expenditure of £16.2m on acquisitions and £10.0m of capital investment, at the year end the Group held £57m in net cash and short term financial instruments, offset by a small amount of medium term debt. As a result of declining interest rates, interest received fell from £4.1m to £2.6m with an obvious effect on overall profits.

Net assets totalled £148.8m at the end of the year, representing 95.2p per share (1992: 88.8p per share).

Trading conditions in 1993 were not easy. The euphoria in most of the world's stock exchanges was in distinct contrast to the competitive realities of the market place itself. True, there were encouraging features: economic growth certainly took root in the United States: in general, interest rates fell and inflation was low: there were some signs of recovery in the British economy: the GATT negotiations were successful: and a remarkable performance was seen in the Asia/Pacific region.

Against these developments, however, must be set the facts that the improvements in neither the US nor the British economies have yet fed through into any strong capital investment; domestic markets on the Continent and in Japan are poor and depressed; and, finally, competition worldwide in capital goods is intense. This competition results from over-capacity; from companies with stricken home markets cutting prices abroad; and, in some cases, Government subsidy, even from partner countries in the European Union.

In the Operating & Financial Review which follows, these and other matters are covered in more detail.

Recirculating cooling water pumpsets destined for the 3 x 700 MW CANDU reactors at Wolsong nuclear power station in South Korea.

Statement to Shareholders & Operating & Financial Review

continued

OPERATING & FINANCIAL REVIEW

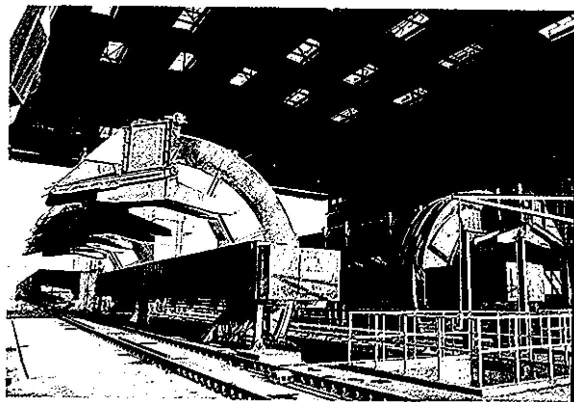
The business of the Group is divided between the supply of Engineering Products and Engineering Services. The division between these two activities is shown in the two tables set out below :-

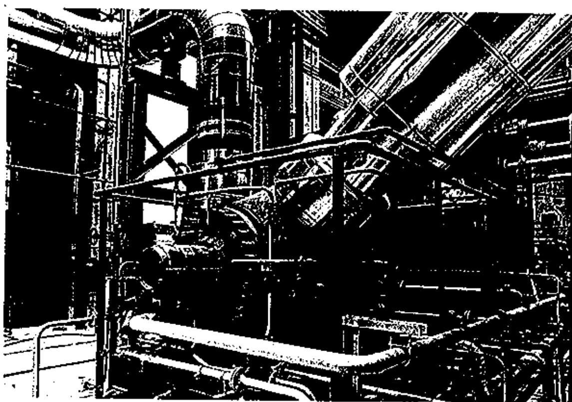
Engineering Products

		1993 £m	1992 £m
Turnover:	Group ongoing operations	349.52	345.30
	Acquisition - Darchem	11.24	-
	Associates	0.28	0.71
Total		361.04	346.01
Profit :	Group ongoing operations	24.78	26.51
	Acquisition - Darchem	1.06	-
	Associates	(0.28)	(0.40)
Total		25.56	26.11

Engineering Services

		1993 £m	1992 £m
Turnover :	Group ongoing operations	86.55	79.55
	Acquisition - Darchem	1.73	-
	Associates	86.80	79.68
Total		175.08	159.23
Profit :	Group ongoing operations	7.50	6.15
	Acquisition - Darchem	0.13	-
	Associates	4.63	3.38
Total		12.26	9.53





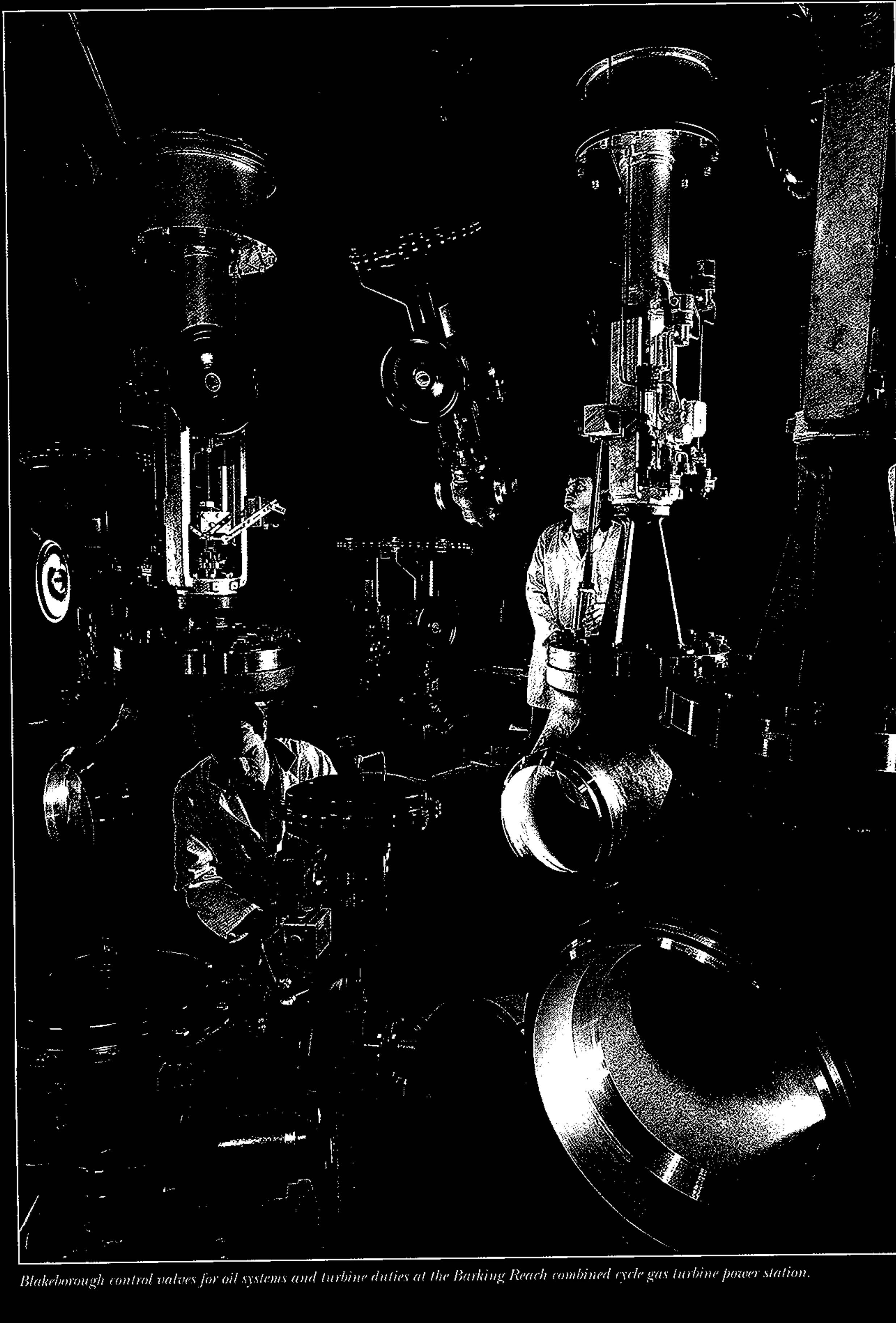
Top:
Two Strachan & Henshaw rail car unloading systems installed at Qindao port coal handling facility in Shandong Province, each comprising a twin car dumper and train indexer.

Bottom:
A Weir booster pump, for motor driven boiler feed pump, at the twin 985 MW Daya Bay PWR nuclear power station in China, which has now been commissioned.

The Group operates in five distinct market sectors - Power; Oil and Gas; Water and Sewage; Naval and Marine; and General Industrial. The conditions and prospects in these markets, and the main activities of Group companies during 1993, were as follows :-

The **POWER** market accounted for 27% of total new orders booked by the Group in 1993, as compared to 23% in the previous year. The most active part of the market was the Asia/Pacific area. Among major orders booked by Weir Pumps were pumps and associated equipment for boiler feed duties and other services for power stations at Zouxian in China, Budge Budge in Calcutta, the Ulchin nuclear power plants in South Korea, and numerous other new projects in the region.

Hopkinsons not only won orders for valves as part of Weir Pumps' overall supply, but themselves booked important control valve contracts for power stations at Shajiao in China and Taean in South Korea, and useful orders elsewhere in the region.



Blakeborough control valves for oil systems and turbine duties at the Barking Reach combined cycle gas turbine power station.

continued

Atwood and Morrill, their sister company in the United States, enjoyed similar success.

In the domestic UK Power market, Weir Pumps won major orders for Keadby, Deeside and Connah's Quay combined cycle power stations. Hopkinsons received further substantial orders for Sizewell B. Strachan & Henshaw won further business for modifications and retrofit at nuclear power plants including Torness and Heysham, together with erection contracts at combined cycle stations. They also completed the contract for coal-handling equipment at the Portbury import terminal at Bristol. Darchem, which joined the Group during the year, completed major retrofit contracts for metallic insulation in Swedish and French nuclear power plants.

Service work for the Power industry continued at a high level, and maintenance contracts covering pumping plant and other equipment were concluded with a number of power stations worldwide. Peacock had particular success in such business in Canada, and other significant orders were won as far away as Zimbabwe.

India and the Far East should continue to offer the most promising long term opportunities for the Group in the Power market, given a current shortage of generating capacity combined with rapid growth in their economies and the consequent increase in demand for electricity. In pumping equipment, our own marketing efforts were greatly assisted by the excellent relations we continue to enjoy with local partners in China and in India.

In Power, as in some other markets, the only disappointing result was in the level of spare parts business. This trend, which has emerged in the last year or two, reflects better standards of plant operation and inventory control, combined with longer periods between overhaul resulting from improved product quality and material technology.

The **OIL and GAS** market continued to represent a very important part of the Group's activities. New orders booked were 17% of the Group total, compared to 23% in 1992. Overall, activity in the North Sea was somewhat quieter than at times in the past, but was compensated for by business in other parts of the world.

In the UK, Weir Pumps obtained major orders for the Forth Field, for Shell and Phillips, and for the operations of Hamilton Oil in Liverpool Bay. Weir Engineering Services won maintenance and service contracts for the pumping equipment in the Forties, Tiffany, and Nelson Fields among others, and similar work for the Indian Oil and Natural Gas Corporation.

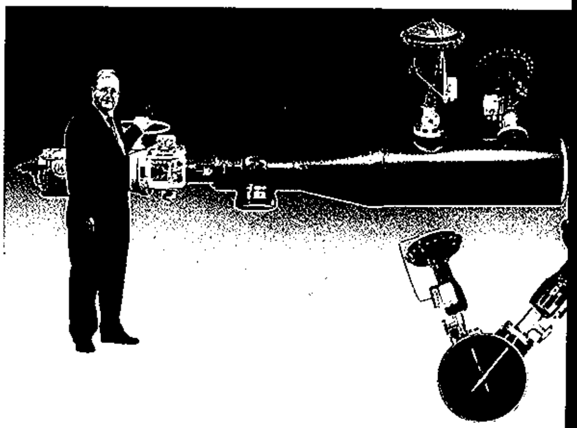
Weir Pumps also secured important orders for water injection pumps for Abu Dhabi, Venezuela, Norway, and Qatar together with other contracts in the Far East. Overseas, Weir Engineering Pty in Australia won further important oil pump contracts from Esso, and Weir Floway in the United States secured a major order from Atlantic Richfield for oil platform pumps in the South China Sea.

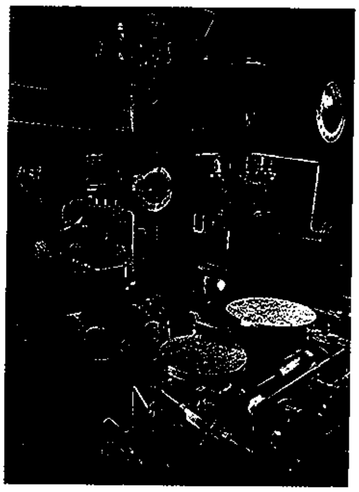
Both new orders and invoiced sales at Weir Materials were somewhat disappointing, but they successfully completed a large pipework system, based on their corrosion resistant Zeron-100 material, for Point McIntyre in Alaska, together with other work in Brunei, Sarawak, and in the North Sea.

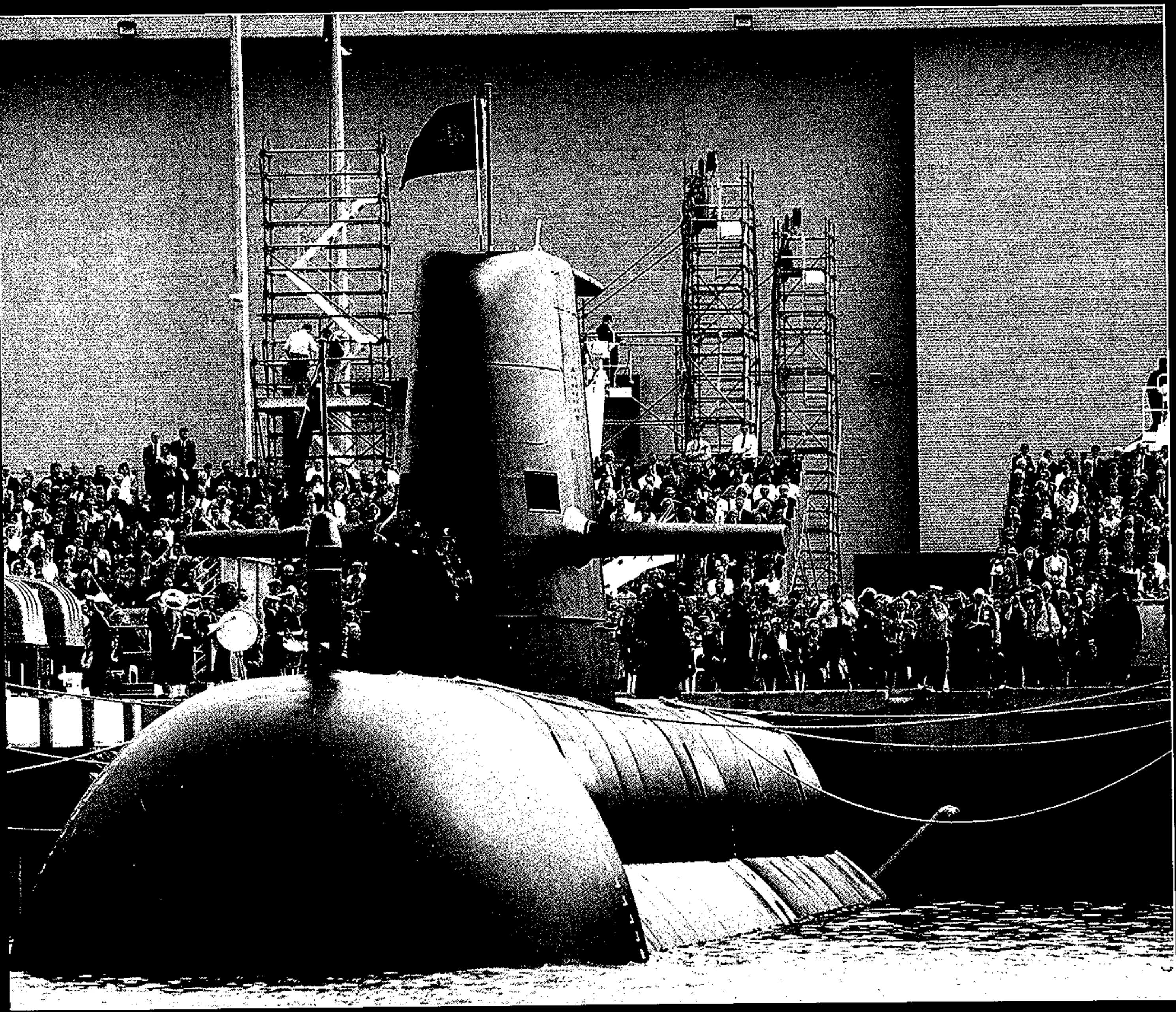
Neyrfor-Weir further developed their range of equipment, and produced much improved operating results. Their steerable turbo drills have had good market acceptance, and future prospects are promising. Important directional drilling contracts which were secured included work in Qatar and Syria. WESCO in Abu Dhabi and Dubai had continued success in supplying a wide range of support services for oil companies in the Middle East, and our associate company, Weir-Houston Engineers, had yet another successful year with their range of downhole equipment. The new drilling accelerator was well received in the market.

Top:
Atwood and Morrill marketing vice-president Peter McGovern stands by one of two high pressure turbine bypass valves supplied to the 237 MW Lakewood New Jersey combined cycle cogeneration plant.

Bottom:
A selection of pumping equipment supplied by Weir Pumps to the 690 MW Keadby CCGT plant.







Launch of the Collins Class submarine in Australia for which Strachan & Henshaw designed and supplied the weapon discharge equipment.

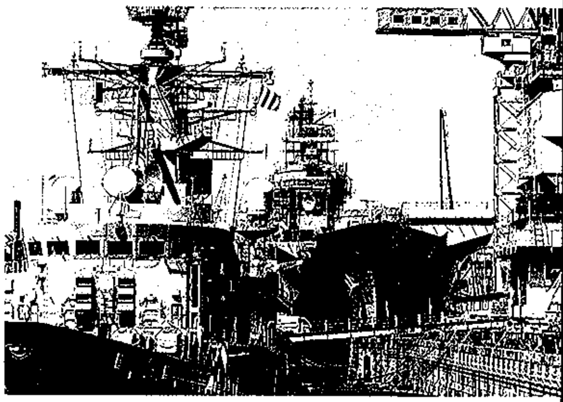
Overall, therefore, 1993 was another successful year for the Group in the Oil and Gas market, although similar comments could be made about the demand for spares as in the case of the Power industry. In spite of weaker oil prices future prospects for the Group remain very promising in this market. Our share of the overall market is small and there are plenty of opportunities remaining to be exploited worldwide through better sales coverage, and by extending the range of what we can offer.

In the **WATER and SEWAGE** market, orders booked accounted for 24% of the Group total in 1993. This figure was inflated by a major desalination order.

The highlight of the year was the commissioning of the first stage of the Jebel Ali G desalination plant in Dubai. It produces some 60 million gallons per day of fresh water, and is part of a combined power and water installation built by a consortium of Weir Westgarth (in association with Belleli of Italy), Siemens, and Balfour Beatty. This huge plant first produced water only two and a half years from order, and reflects great credit to all involved.

By good fortune, its completion coincided with the award to Weir Westgarth of an £80m order for desalination plant in Qatar, thus ensuring continuity of workload for Weir Westgarth. This plant forms part of a Power and Water project where we are working in partnership with Asea Brown Boveri. We have now been supplying desalination plant to Qatar for almost 35 years.

Other desalination work during the year included refurbishment of plant in Kuwait damaged during the Gulf war. We continue to pursue an active level of enquiries in this sector. Some of the orders for such plant are very large and, when we are successful, obviously distort the Group's statistics for new work intake. Equally, they provide work for a long period. We believe demand will continue for years to come, although it is our policy to be selective as to which opportunities we attack.



HMS Sheffield, a Type-22 frigate, and HMS Illustrious, an Invincible class aircraft carrier, in Devonport for major refit and upgrading of systems.

By comparison, conventional Water and Sewage business was somewhat disappointing last year, particularly in the UK. Nevertheless, orders for water and sewage pumping stations and equipment were booked by Weir Pumps from the Southern, Thames, North-West, and Anglian Water Companies in the UK, and overseas contracts included work in Hong Kong, Ghana, and Kuwait, together with an important order for Karachi Water Supply in Pakistan.

RETS, a joint venture formed in 1992 to supply municipal waste water treatment plants, found it difficult to obtain sufficient work at satisfactory margins and operations have been discontinued.

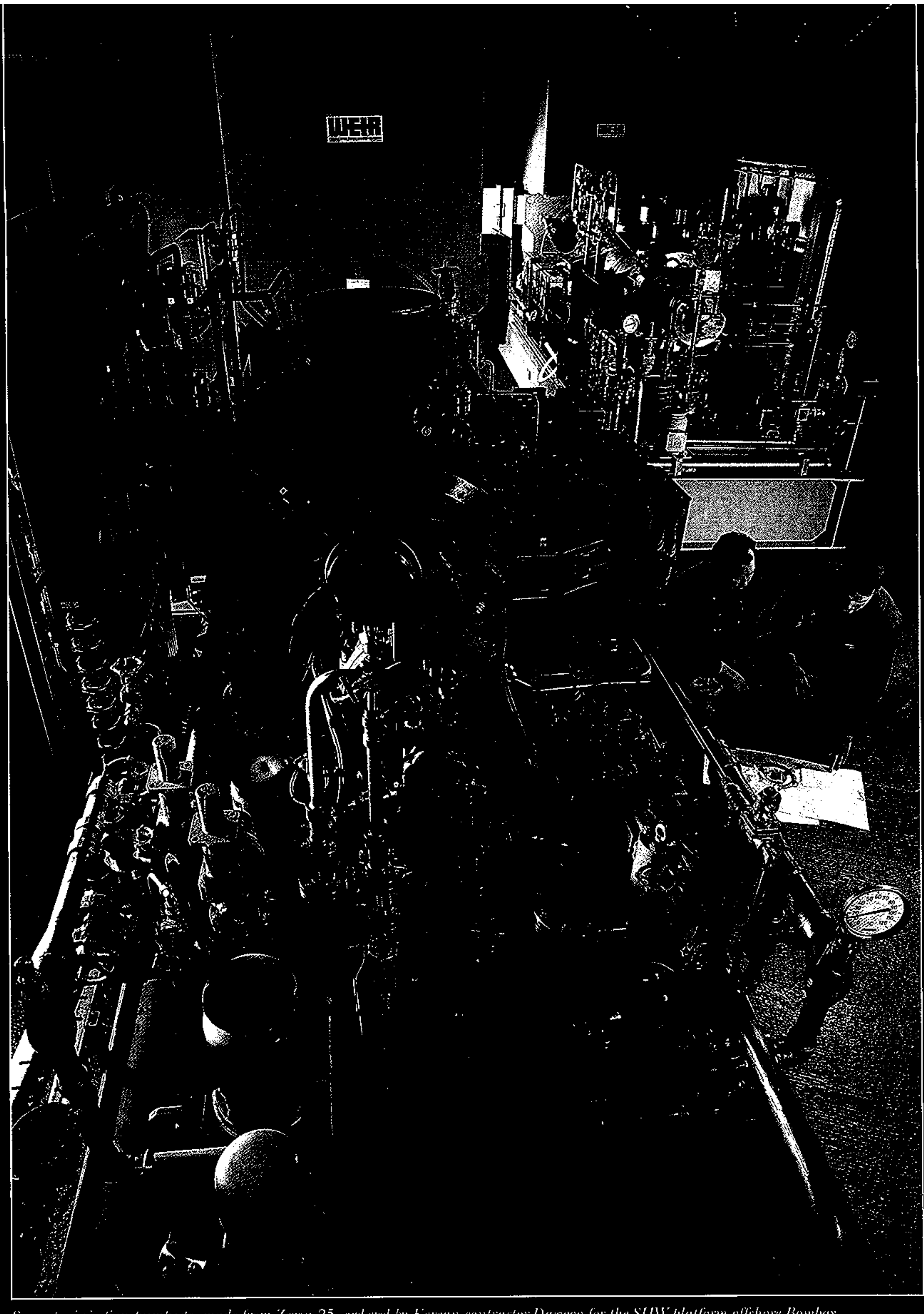
Weir Engineering Pty in Australia won a contract in Laos for irrigation equipment, and Weir Floway maintained their position in the US water supply market, although demand for agricultural pumps in California was adversely affected by rainfall.

The **NAVAL and MARINE** market was quiet in 1993. Excluding our share of the Dockyard activity at Devonport, new orders only accounted for 6% of the Group total.

This reflected minimal orders at Liquid Gas Equipment, where the market for LPG carriers was at a cyclical low, combined with the effect of revised defence expenditure on new naval construction. Faint signs of life may now be showing, however, in the gas carrier market. Efforts continue to develop land based business for gas storage plant.

An important milestone for Strachan & Henshaw was the launch of the first Collins class submarine for the Royal Australian Navy. We have a major contract for the supply of under-water weapon handling and launching systems for six such boats, and this is progressing well.

For our associate companies, the highlight of the year was the decision that the Devonport Royal Dockyard should undertake in future the maintenance and refitting of the nuclear submarine fleet, including the Trident programme.



Seawater injection pumpsets, made from Zeron-25, ordered by Korean contractor Daewoo for the SHW platform offshore Bombay.

This decision implies the construction of extensive specialist facilities at Devonport, and design work is proceeding on these.

In parallel with this decision, and by way of compensation, the Ministry of Defence allocated to Rosyth Naval Dockyard a very substantial amount of refitting of surface ships. This will significantly reduce the volume of surface warship refit work available to Devonport for competitive tender.

The **GENERAL INDUSTRIAL** market represented 26% of total Group new order intake in 1993. This market covers a very wide range of industries, including steel, paper, chemicals, mining, motors, and aerospace. Equally, Group activities and the products we supply are very varied.

Because of the diffuse nature of this market, individual orders tend to be smaller than in our other markets. Some contracts of interest included coal dumpers for Port Headland in Australia; major pumping orders for the Cero Colorado and Quebrada Blanco copper mines in Chile; and armoured containers for the disposal of Russian nuclear weapons.

In the computer services field, Weir Systems had a somewhat disappointing year in terms of sales and profits. In competitive markets, new orders were strong, however, at £9.8m.

Tooling Products booked £7m of orders for high precision tooling for plastic components in the automobile industry. Baton Rouge Machine Works had a disappointing year overall, reflecting adverse conditions in the US paper industry, but finished the year strongly. Perry was generally quiet, but orders from foundries for new patterns showed an improving trend towards the year end.

Weir Floway encountered soft conditions in the US pump market, where demand for capital goods has yet to pick up in the wake of improvements and growth in the American economy generally. Overall, the general industrial market mirrors industrial activity and growth worldwide, and particularly the trends in capital investment. Although the Group has a wide range of specialist products aimed at many parts of this market, we still await the benefits of a general upturn in investment worldwide.

Turning, then, from the activities in our different markets and the prospects in them, it is appropriate in this Review to cover other matters of interest to shareholders.

Although we show turnover and profit separately for both Engineering Products and Engineering Services, it is not our policy to disaggregate individual company results in more detail. Operating margins for Engineering Products fell slightly from 7.55% to 7.08%. This was mainly the net effect of a return to profit at Weir Westgarth, and excellent profits at Strachan & Henshaw, offset by lower margins at Weir Pumps, and a disappointing performance at Weir Materials. Margins in Engineering Services improved to 7% from just under 6% in the previous year. This recovery simply reflected a return to more normal margins after a poorer performance in 1992.

The main factors influencing the trend in our margins - assuming no unforeseen political or monetary developments - remain the level of demand and the competitive pressures in our markets, as have been discussed above.

The exceptional item of £2.4m is mainly a charge relating to reorganisation and redundancy at Weir Pumps and Hopkinsons.

The only significant acquisition in 1993 was Darchem, for which we paid £16.2m. Darchem has had a somewhat slow start since joining the Group, and the flow of new orders has been a little disappointing. The business has been restructured and costs have been put on a more competitive footing.

Capital expenditure in 1993 was £10m, and was mainly concentrated at Weir Pumps, Hopkinsons, and Neyrfor-Weir. Last year, we reported that Weir Pumps had installed a major new heavy machining centre at a cost of some £2.5m. This was the first full year in which it operated, and it produced good results. At Hopkinsons, a similar, but smaller, unit has also been installed, and further heavy commitments

Valflow Engineering, acquired in January 1994, manufactures and supplies high quality ball valves for the on and off-shore oil, gas and petrochemical industries.

Weir Engineering Services has signed a partnership agreement with Yorkshire Water to carry out electrical and mechanical maintenance in the 'central' area of Yorkshire.

for investment have been made at Hopkinsons at the start of 1994. The objective of our capital investment programmes is not simply to reduce unit production costs, but also to improve quality and shorten delivery times, with the benefits which quicker delivery gives both to competitiveness and to reductions in working capital. A steady and sustained capital investment programme will continue.

Clearly, our competitiveness is also affected to a substantial degree by the quality of our product development. It should be pointed out that the figures we quote for expenditure on research & development do not show the full picture, as they do not reflect the great amount of special design work we necessarily carry out for customers. We also continually try to maintain or improve our competitive position by improving our sales and marketing coverage.

We propose to increase our dividend distribution for the year by 10.2% from 5.9p to 6.5p per share. We believe that our dividend is more than adequately covered, both in terms of relevant comparisons with the stock market, and our business situation generally. Overall, the dividend policy of the board is unchanged, and is to try and move the level of dividends steadily forward.

The background to our capital structure and treasury policy is that we have no net debt and substantial cash resources. The main aspects of our treasury policy are to limit the exposure of our overseas assets to exchange rate risks by, where practical, within fiscal and other restraints, carrying offsetting foreign debt.

Much of our business obviously involves exports, where orders are often denominated in foreign currencies, and it is our policy to take the necessary action in the foreign exchange market to cover and protect our position. Some risk will always remain over the period between the date at which we tender and the date at which we actually receive orders. Normally this is unavoidable, at least at an economic cost. Finally, it is our Group's policy to exercise strict central control on treasury functions.

It will be noted that the overall tax charge is somewhat lower than would be the case if the normal UK tax rate applied to profits before tax. The main components of this difference are changes in fiscal legislation in the US, permitting the deduction of amortised goodwill for Federal tax purposes, together with the investment of part of our surplus funds in tax efficient financial investments.

Cash generated by operations has shown an increase to £46m, as the result of a turn round in working capital of £12m.

Generally speaking, although there may be deviations from year to year, the cash flow generated by individual operations is consistent with the profitability of those operations.

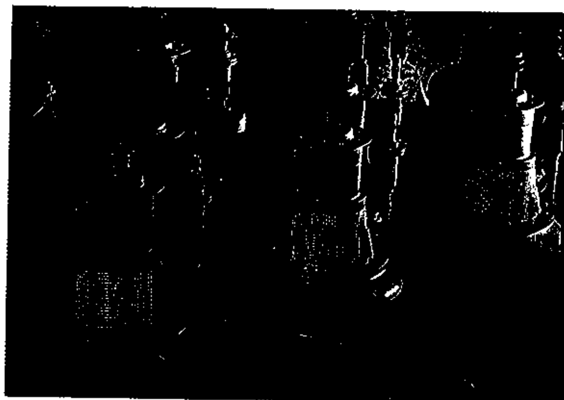
As already stated, the company held at year end some £57m in net cash and short term financial instruments. In addition to this, the company has available substantial undrawn lines of credit and cover for bonding requirements. The bonds we have outstanding are mainly in support of export activities and are subject to covenants which are consistent across all our relevant banking agreements.

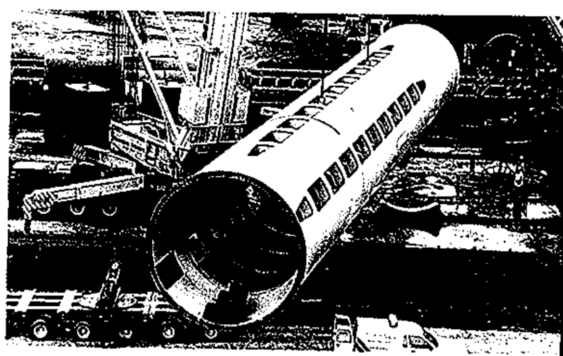
We have already commented on the increase of shareholders' funds, during the year, to £148.8m or 95.2p per share. We would only remark that the strong product line of the Group, its experience, expertise, and reputation gives the business a greater inherent value than the net tangible assets of the company which are shown.

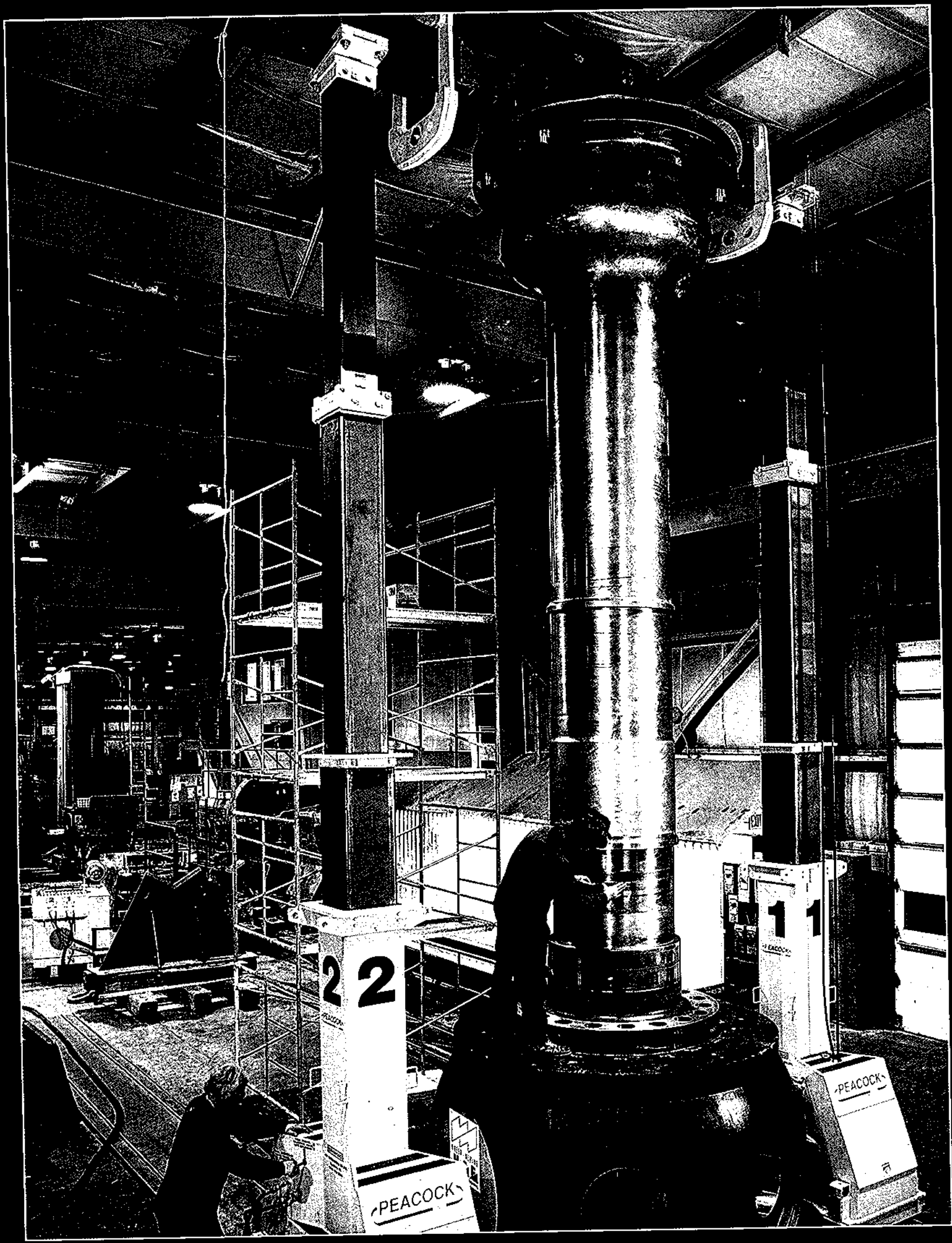
One factor is far more important than any other in producing this situation. That is the human factor, or, to put it quite simply, the men and women who work in the Group. This year, as in the past, shareholders owe a great deal to their efforts, which have produced these results in the face of considerable challenges.

Top:
Swallowglide pumps ready for despatch to a waste water treatment works in Cairo.

Bottom:
Replacement barrel reclaimer, supplied by Strachan & Henshaw, for British Coal at Gascoigne Wood near Selby.



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Statement to Shareholders & Operating & Financial Review

continued

PROSPECTS AND STRATEGY

Our basic strategy remains, as it has for several years now, to focus on the two fields of specialist Engineering Products and Engineering Services. The acquisitions we have made in the past, and the potential opportunities we continue to examine, are consistent with this policy, as is the manner in which we develop both our product lines and our manufacturing facilities.

In parallel, we have successfully maintained a strong financial position so as to enable us both to take advantage of acquisition opportunities which may appear and to support our competitive position with the capital expenditure required.

As reported, the only acquisition we made in 1993 was Darchem. We did, however, actively pursue a considerable number of other prospects in the past year, unfortunately without success. We will continue to do this in 1994 and onwards. In recent years, almost all our acquisitions have turned out very favourably and, clearly, we will continue to apply stringent tests to try to ensure that future purchases meet our criteria, and are compatible with our strategy.

In the earlier part of this Review, we discussed the prospects in the specific markets we serve. In summary, the main emphasis in the Power market is likely to remain the Asia/Pacific region, where - in the absence of unfavourable and unforeseen political or economic developments, such as the current difficulties in Malaysia - activity should remain strong.

In spite of low oil prices, we are confident that the Oil and Gas market will continue to provide an excellent outlet for us. Certainly, by acquisition and internal development, there are many opportunities open to us to widen the range of products we offer and to increase our business. The Water and Sewage market should continue to give opportunities for long term growth, particularly overseas where many countries still lack proper water supply. The Naval and Marine market has shrunk recently, but some cyclical recovery should eventually come in the gas transport sector. The General Industrial market may still not be showing a general upturn in capital investment, but it covers such a wide area that there are plenty of opportunities to be exploited.

Competition is strong, and it will remain so. We have become accustomed to it, however, and simply have to take all the steps necessary to meet it as a normal part of life.

Against that background, there is no reason why we should not continue to give a good account of ourselves in 1994, and again produce satisfactory results.

Opposite:
The Peacock Edmonton industry service centre lift-n-lock portable hydraulic lifting device shown supporting a 60-tonne Kaplan hydraulic turbine hub and shaft while the bearing surfaces are refinished.

Butterfly valves are produced in several materials including these moulded in glass reinforced plastic to resist marine infestation on cooling water duty at Heysham 1 nuclear power station.

Cathcart,
Glasgow G44 4EX
23rd March 1994

Managing Director
and Chief Executive

Chairman

Directors' Report

The directors submit their one-hundredth annual report, together with the audited statement of accounts, for the fifty two weeks ended 31st December 1993.

RESULTS

	£'000	£'000
The profit for the fifty two weeks ended 31st December 1993 after charging taxation was		26,893
Dividends on ordinary shares:		
interim paid on 12th November 1993	3,007	
proposed final	7,154	10,161
Transfer to reserves		16,732

Subject to the approval of members at the forthcoming annual general meeting, the proposed final dividend of 4.575p per ordinary share will be paid on 17th June 1994 to shareholders whose names are on the company's register at close of business on 14th April 1994. Shareholders will be afforded the opportunity to elect to take new ordinary shares in the company in lieu of all but 0.05p of the final dividend per share and forms of election will be posted on 27th April 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Statement to Shareholders & Operating & Financial Review, which is set out on pages 3 to 15, includes a review of the development of the business of the company and its subsidiaries and associates during the year.

On 30th July 1993 the company, through a newly established subsidiary Darchem Engineering Limited, acquired from Darchem Limited, a wholly owned subsidiary of William Baird PLC, its principal engineering businesses in the United Kingdom and also its two wholly owned subsidiaries in Australia and the United States of America, The Hoyt Metal Company of Australia Pty Limited and Darchem Engineering Inc. The total cash consideration amounted to £16,181,000.

The principal companies of the Group as at 31st December 1993 are set out on page 46 and their activities are described on the inside front cover.

FUTURE DEVELOPMENTS

The company will continue to pursue its strategic objective of developing specialised activities in engineering products and engineering services through internal investment, organic growth and acquisitions both at home and abroad.

DIRECTORS

The directors of the company during the fifty two weeks ended 31st December 1993 were those whose names appear on page 22 together with The Hon G A Weir and Mr H Morison who retired on 15th February 1993 and 21st May 1993 respectively. Mr J A Urquhart was appointed to the board on 29th June 1993.

The directors who retire this year by rotation are Messrs I M Boyd and A Fleming and in accordance with article 97 of the articles of association of the company Mr Urquhart also retires at the forthcoming annual general meeting. All of these directors, being eligible, offer themselves for re-appointment.

There exists between the company and each of Mr Boyd and Mr Fleming a service contract which is terminable on the company's giving not less than three years' prior written notice of termination. Mr Urquhart does not have a service contract with the company or any of its subsidiaries.

The company maintains directors' and officers' liability insurance which provides insurance cover for directors and other officers of the company and its subsidiaries against liabilities which they may incur personally as a consequence of claims made against them alleging breach of duty or other wrongful act or omission in their capacity as directors or officers.

MEMBERSHIP OF PRINCIPAL BOARD COMMITTEES

Membership of the audit committee of the board of directors of the company comprises the non executive directors Mr R D D Bertram, Mr J H Macdonald, Mr D J MacLeod and Mr J A Urquhart under the chairmanship of Mr Macdonald.

Membership of the bonus, remuneration and appointments committee comprises Mr Bertram, Mr Macdonald, Mr MacLeod, Mr Urquhart and Viscount Weir who is chairman of the committee.

DIRECTORS' INTERESTS

No director had, during or at the end of the year, any material interest in any contract of significance in relation to the company's business.

According to the register kept by the company pursuant to section 325 of the Companies Act 1985:

(i) the interests, all of which are beneficial, of the directors in the ordinary shares in the company as at 31st December 1993 and at the end of the preceding financial year (or, where appropriate, at the date of appointment to the board) were as follows:

	as at 31st December 1993		as at 1st January 1993	
	shares	shares under option	shares*	shares* under option
The Viscount Weir	592,478	9,128	772,478	9,128
R D D Bertram	-	-	-	-
I M Boyd	38,018	12,076	38,018	12,076
A Fleming	2,132	212,056	2,078	212,056
R Garrick	107,832	-	115,832	-
W Harkness	67,244	54,398	89,254	52,996
J H Macdonald	-	-	-	-
W A McLean	17,982	-	17,982	-
D J MacLeod	5,484	-	5,484	-
J A Urquhart	-	-	-	-

** adjusted to take account of the sub-division of the shares into two for one on 28th June 1993.*

continued

(ii) a more detailed analysis of the directors' shares under option as at 31st December 1993 is as follows:

	option scheme	number of shares	price per share	year of grant
The Viscount Weir	savings related 1982	9,128	118.275p	1989
I M Boyd	savings related 1982	7,254	99.215p	1990
	savings related 1991	4,822	155.5p	1991
A Fleming	executive 1984	200,000	170p	1991
	savings related 1991	12,056	155.5p	1991
W Harkness	executive 1984	40,920	108.99p	1988
	savings related 1982	7,254	99.215p	1990
	savings related 1991	4,822	155.5p	1991
	savings related 1991	1,402	246p	1993

(iii) the interests of the directors in the share capital of the company have remained unchanged since 31st December 1993.

(iv) no director had an interest during the year in the debenture stocks of the company, or in the share capital or debenture or loan stocks of any subsidiary.

SHARE AND LOAN CAPITAL

With effect from 28th June 1993 each of the ordinary shares of 25p in the company was sub-divided into two ordinary shares of 12.5p each. For ease of understanding, references below to numbers of shares allotted and issued during the year have all been expressed in terms of ordinary shares of 12.5p each.

During the year options were exercised by participants in the company's share option schemes as a consequence of which 961,992 ordinary shares of 12.5p each were allotted and issued at prices ranging from 98p to 124p per share. Details of the options outstanding under each of the company's share option schemes are set out in note 16 to the accounts.

As a result of elections by shareholders to take new ordinary shares in lieu of cash on the occasions of the 1992 final dividend and the 1993 interim dividend the company allotted and issued 181,821 new shares of 12.5p each to the electing shareholders.

On 3rd January 1994 the company redeemed at par all of its outstanding 10% debenture stock 1988/94.

At the forthcoming annual general meeting shareholders will be invited to extend for a period not exceeding fifteen months certain authorities which the directors presently have with regard to the allotment of shares in the company.

The terms of the resolution, to be proposed as a special resolution, are set out at agenda item number 6 in the notice of meeting. Part A of the resolution provides that the directors be authorised to allot the unissued ordinary shares in the company up to a nominal amount of £6,500,000 which represents approximately one third of the presently issued share capital; Part B provides that they be authorised to allot ordinary shares in the company without applying the statutory pre-emption provisions either in a rights issue for cash proportionate to the existing holdings of ordinary shareholders or, in any other allotment for cash, up to a maximum equal to approximately 5% of the presently issued ordinary share capital of the company. Except for the issue of shares pursuant to the scrip dividend scheme referred to below and to the company's share option schemes, the directors have no present intention of issuing any part of the unissued share capital.

It is intended to continue the scrip dividend scheme which has proved popular with shareholders since its introduction in 1988 and under which shareholders may elect to receive new ordinary shares in lieu of cash dividends. Accordingly, at the forthcoming annual general meeting the directors will seek authority to offer shareholders a similar choice in respect of dividends for 1994, and the terms of the relevant resolution, to be proposed as an ordinary resolution, are set out at agenda item number 7 in the notice of the meeting.

Shareholders will be invited at the forthcoming annual general meeting to renew for a period not exceeding eighteen months the general power granted to the company to purchase its own shares. The terms of the resolution, to be proposed as a special resolution, are set out at agenda item number 8 in the notice convening the meeting. Such purchases of shares would be made only within the limits of the company's available reserves, and only if in the opinion of the directors they were expected to enhance earnings per share or otherwise benefit the overall financial position of the company.

SHARE OPTION SCHEMES

The company at present has in operation the following four share option schemes: The Weir Group Savings Related Share Option Scheme 1982, The Weir Group Executive Share Option Scheme 1983, The Weir Group Executive Share Option Scheme 1984 and The Weir Group PLC Savings Related Share Option Scheme 1991.

No further options may now be granted under the 1982 or 1983 schemes and no further options may be granted under the 1984 scheme after 23rd October 1994.

In substitution for the 1983 and 1984 schemes the directors now propose to introduce a new scheme (to be known as The Weir Group Executive Share Option Scheme 1994) and the relevant resolution which will be put to shareholders for their approval at the forthcoming annual general meeting is set out at agenda item number 9 in the notice convening the meeting. The reasons for seeking this approval and a summary of the main features of the proposed new scheme will be set out in a circular letter which will accompany this report and statement of accounts for 1993.

SUBSTANTIAL SHAREHOLDERS

Schroder Investment Management Limited holds for funds under discretionary management 22,677,689 ordinary shares in the company, being approximately 14.50% of the issued ordinary share capital.

The Prudential Corporation Group of companies (including funds under their management) holds 16,925,900 ordinary shares in the company, being approximately 10.82% of the issued ordinary share capital.

Funds managed or advised by M & G Investment Management Limited hold 5,351,875 ordinary shares in the company, being approximately 3.42% of the issued ordinary share capital.

The company has not received notification that any other person (individual or corporate) is currently beneficially interested in 3% or more of the ordinary shares in the company.

Directors and Officers

The Rt Hon The Viscount Weir,
Chairman
aged 60, is a graduate of Cambridge University, joined the Group in 1957 and was appointed to the board in 1966. He is deputy chairman of BICC plc, vice-chairman of St James' Place Capital plc, and a non-executive director of Canadian Pacific Limited, and was formerly a director of the Bank of England and British Steel Corporation.

R Garrick, CBE,
Managing Director and Chief Executive
aged 53, is an engineering graduate of the Universities of Glasgow and Strathclyde, joined the Group in 1962 and was appointed to the board in 1981. He is deputy chairman of Scottish Enterprise and a non-executive director of Scottish Power plc and Shell UK Limited.

R D D Bertram
aged 52, was appointed a non-executive director in 1983 and is a partner in the legal firm of Shepherd & Wedderburn WS, Edinburgh.

I M Boyd
aged 49, is a chartered accountant and graduate of the London Business School. He joined the Group in 1968, was appointed group finance controller in 1980 and to the board as finance director in 1981 and is a non-executive director of Glasgow Income Trust PLC and Inveresk plc.

A Fleming
aged 49, is an engineering graduate of the University of Strathclyde, joined the Group in 1991 as a director with responsibility for certain of the Group's contracting operations, and prior to his appointment was managing director (construction) of Eurotunnel PLC.

W Harkness
aged 50, is a solicitor and chartered accountant. He joined the Group in 1971, was appointed secretary in 1977 and to the board in 1982.

J H Macdonald
aged 65, was appointed a non- executive director in 1991. Formerly treasurer of the Royal Dutch Shell Group and chairman and chief executive of Dome Petroleum Limited in Canada, he is also currently a non-executive director of Anglo American Insurance Group (UK) PLC, BOC Group PLC and McDermott International PLC.

W A McLean
aged 55, joined the Group in 1979 having been previously employee relations and services director of BL Cars Limited. He was appointed to the board in 1981 as personnel director and now also has responsibility for the integration into the Group of newly-acquired companies.

D J MacLeod, CBE
aged 59, was appointed a non-executive director in 1976. A chartered accountant, he is chairman of the Scottish Industrial Development Advisory Board and a director of The Scottish Provident Institution and other companies. He is chairman of the trustees of the company's pension schemes.

J A Urquhart, (USA)
aged 65, was appointed a non-executive director during 1993. A mechanical engineer, he is vice-chairman of Enron Corp and a consultant to General Electric Corporation.

Secretary
W Harkness

Special Adviser to the Board
D H Ruttenberg (USA)

Registered Office
149 Newlands Road, Cathcart, Glasgow G44 4EX

Registrars
The Royal Bank of Scotland plc
Registrar's Department
Owen House
8 Bankhead Crossway North
Edinburgh EH11 4BR

Solicitors
Maclay Murray & Spens

Auditors
Ernst & Young

Directors' Responsibilities

in respect of the accounts

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the Group and of the profit or loss of the Group for the period. In preparing those accounts the directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed and prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors' Report

To the members of The Weir Group PLC

We have audited the accounts on pages 24 to 46 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 24 and 25.

Respective responsibilities of directors and auditors

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence, relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31st December 1993 and of the profit of the group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young
Chartered Accountants
Registered Auditor

Glasgow
23rd March 1994

Accounting Policies

a) Group Accounts

The group accounts consolidate the accounts of the company and subsidiary undertakings made up to a date co-terminous with the financial year of the company. References to 'subsidiaries' are to be taken as references to subsidiary undertakings unless otherwise stated. The results of subsidiaries acquired during the year are consolidated from the date of acquisition and the results of subsidiaries disposed of are consolidated up to the date of sale. Goodwill on acquisition of subsidiaries, consisting of the net excess of cost of investment in subsidiaries over the fair value at date of acquisition of subsidiaries' net assets acquired, is deducted from the reserves. The accounts are prepared in accordance with applicable accounting standards.

b) Associated Undertakings

Associated undertakings are those in which the group has an investment representing not less than 20% nor more than 50% of the voting rights and over which it exerts significant influence. References to 'associates' are to be taken as references to associated undertakings unless otherwise stated. The profits or losses of associates attributable to the Group are included in the accounts after providing for tax. The amounts are derived from the latest audited or reliable unaudited accounts made up to the company's reporting date. Goodwill on acquisition of associates, consisting of the excess of cost of investment in associates over the fair value at date of acquisition of the attributable net assets acquired, is deducted from reserves.

c) Tangible Assets

Freehold land and buildings are stated at valuation with subsequent additions at cost. Other tangible assets are stated at cost. Except for land, the cost or valuation of tangible assets is depreciated over the estimated useful life by equal annual instalments at rates of 2.5% for buildings and 5% to 33.33% for plant and equipment. The surplus arising on revaluation of buildings included in the revaluation reserve is amortised over the estimated useful lives of these buildings by transfer to the profit and loss account reserve in equal annual instalments.

d) Government Grants

Grants related to expenditure on tangible assets are credited to profit at the same rate as the depreciation on the assets to which the grants relate. The amounts shown in the balance sheet in respect of grants consist of the total grants receivable to date, less the amounts so far credited to profit. Grants of a revenue nature are credited to income in the period to which they relate.

e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials on a first-in, first-out basis and direct labour plus attributable production overheads based on a normal level of activity. Net realisable value is based on estimated selling price less anticipated costs to disposal. Provision is made for all foreseeable losses and due allowance is made for obsolete and slow moving items. Claims for progress payments are deducted from the value of work in progress, or to the extent that they exceed this value, are disclosed as payments received on account.

f) Long Term Contracts

A long term contract is defined as the supply of a single substantial entity where the supply extends into different accounting periods. Turnover recorded on long term contracts is the value of work done and this is calculated to be cost together with a proportion of profit appropriate to the stage of completion of each contract. Provision is made for all foreseeable losses.

Claims for progress payments are deducted from amounts recoverable on long term contracts, or to the extent that they exceed this value, are disclosed as payments received on account.

g) Research And Development Expenditure

Research and development expenditure is written off in the year in which it is incurred.

h) Deferred Tax

Deferred tax is provided on all timing differences which are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax is written off except where recovery is assured beyond reasonable doubt.

i) Foreign Currencies

Transactions in foreign currencies are converted at the rate ruling at the date of the transaction. The accounts of overseas subsidiaries and associates, monetary assets and liabilities in foreign currencies and the Group's interest in the equity of overseas associates, are translated at the rates ruling at the balance sheet date. Exchange differences on consolidation, after adjusting for differences on foreign currency net borrowings, are treated as adjustments to reserves and other exchange differences are dealt with through the profit and loss account as they arise other than those on contracts which are incorporated into the contract assessment.

j) Pensions

The company and its major subsidiaries operate defined benefit pension schemes which are set up under separate trusts or through insurance companies. On the advice of an independent qualified actuary, contribution payments are made to the schemes to ensure that the schemes' assets are sufficient to cover future liabilities. Pension costs are charged to profit and loss account over the service lives of the employees in the scheme and are assessed in accordance with the advice of the actuary. The excess of accumulated pension costs over the contributions paid is shown as a pension cost provision in the balance sheet. In each year interest is added to the provision and charged through the profit and loss account.

k) Leasing

Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Consolidated Profit and Loss Account

for the 52 weeks ended 31st December 1993

	Notes	Group 1993 £'000	Group 1992 £'000
Turnover	1		
Group ongoing operations		436,079	424,770
Acquisition - Darchem		12,964	-
		449,043	424,770
Operating profit	2a		
Group ongoing operations		31,879	32,128
Exceptional item - redundancy costs		(2,427)	-
Acquisition - Darchem		1,194	-
Associates		4,347	2,979
		34,993	35,107
Interest and other income	2b	2,550	4,092
Profit On Ordinary Activities Before Tax	2c	37,543	39,199
Tax on profit on ordinary activities	3	10,650	11,803
Profit Attributable To The Weir Group PLC	17	26,893	27,396
Dividends	4	10,161	9,151
Transfer to reserves	18	16,732	18,245
Earnings Per Share	5	17.3p	17.7p
Effect of exceptional item		1.0p	-
Earnings Per Share excluding exceptional item		18.3p	17.7p

Statement of Total Recognised Gains and Losses

for the 52 weeks ended 31st December 1993

	Group 1993 £'000	Group 1992 £'000
Profit attributable to The Weir Group PLC	26,893	27,396
Exchange differences on foreign currency net investments	323	1,767
Total Recognised Gains	27,216	29,163

Balance Sheets

at 31st December 1993

		Group		Company	
		1993	1992	1993	1992
	Notes	£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	7	70,253	66,324	38	41
Investments	8	2,815	3,157	153,029	143,061
Current Assets					
Stocks	9	51,667	58,962	-	-
Debtors	10	131,350	138,821	7,878	10,395
Investments	11	27,503	25,000	27,503	25,000
Cash at bank and in hand		31,837	29,933	24,421	20,642
		242,357	252,716	59,802	56,037
Creditors Falling Due Within One Year					
Borrowings	12	3,839	3,432	9,187	561
Other creditors	13	147,587	165,053	10,267	15,153
		151,426	168,485	19,454	15,714
Net Current Assets		90,931	84,231	40,348	40,323
Total Assets Less Current Liabilities		163,999	153,712	193,415	183,425
Less					
Creditors Falling Due After More Than One Year					
Loan capital	15	918	1,833	25,619	26,084
Obligations under finance leases	14	5,473	7,598	-	-
Provisions For Liabilities And Charges					
Deferred tax	3	1,050	-	413	-
Pension costs		6,216	5,669	82	60
Other provisions	8	-	-	18,519	19,511
Deferred Income					
Grants not yet credited to profit		1,560	842	-	-
		148,782	137,770	148,782	137,770
Capital And Reserves					
Called up share capital	16	19,539	19,397	19,539	19,397
Share premium account	18	1,118	226	1,118	226
Revaluation reserve	18	939	1,105	11,798	15,671
Special reserves	18	1,852	9,476	54,372	54,372
Profit and loss account	18	125,334	107,566	61,955	48,104
	19	148,782	137,770	148,782	137,770

Approved by the Board of Directors
on 23rd March 1994
Weir, Director
I M Boyd, Director

Cash Flow Statement

for the 52 weeks ended 31st December 1993

		Group			
		1993		1992	
	Notes	£'000	£'000	£'000	£'000
Operating Activities	20a				
Funds generated by operations		40,071		38,829	
Decrease (Increase) in working capital		5,938		(5,828)	
			46,009		33,001
Returns On Investments And Servicing Of Finance					
Interest received		2,660		5,617	
Interest paid		(694)		(603)	
Finance charges paid under finance leases		(823)		(807)	
Dividends received from associates		3,335		4,833	
Other dividends received		273		307	
Other income received from unlisted investments		2,253		-	
Dividends paid		(8,900)		(7,945)	
			(1,896)		1,402
Taxation - Corporate Tax Paid			(12,326)		(7,247)
Investing Activities					
Purchase of tangible assets		(9,327)		(7,883)	
Grants		950		-	
Purchase of investments		(27,503)		(25,133)	
Acquisitions	20b	(16,310)		(15,192)	
Sale of tangible assets		559		3,339	
Sale of investments		25,508		577	
			(26,123)		(44,292)
Net Cash Inflow (Outflow) Before Financing			5,664		(17,136)
Financing					
Issue of shares	20c	1,034		715	
Lease obligations repaid	20c	(2,739)		(2,423)	
Loan capital repaid	20c	(198)		(78)	
Foreign exchange hedging		(1,528)		-	
			(3,431)		(1,786)
Net Cash Inflow (Outflow)			2,233		(18,922)

	Statement Of Net Cash		
Net cash at 2nd January 1993		27,324	46,300
Net cash inflow (outflow)		2,233	(18,922)
Exchange differences		(46)	(54)
Net Cash At 31st December 1993	20d	29,511	27,324

Notes to the Accounts

1 **Turnover And Profit On Ordinary Activities Before Tax**

Turnover represents the amount invoiced to third parties in respect of goods sold and services provided excluding value added tax. In the case of long term contracts, it represents the value of work done during the year.

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

		Group			
		1993		1992	
		Turnover £'000	Profit £'000	Turnover £'000	Profit £'000
Engineering Products:	Group ongoing operations	349,525	24,777	345,302	26,513
	Acquisition - Darchem	11,238	1,064	-	-
	Associates	282	(286)	709	(399)
		361,045	25,555	346,011	26,114
Engineering Services:	Group ongoing operations	86,554	7,496	79,546	6,147
	Acquisition - Darchem	1,726	130	-	-
	Associates	86,801	4,633	79,685	3,378
		175,081	12,259	159,231	9,525
Total:	Group ongoing operations	436,079	32,273	424,848	32,660
	Acquisition - Darchem	12,964	1,194	-	-
	Associates	87,083	4,347	80,394	2,979
	Exceptional item - redundancy costs				
	Engineering Products	-	(1,990)	-	-
	Engineering Services	-	(437)	-	-
	Unallocated costs	-	(394)	-	(469)
	*Exchange adjustment - Group	-	-	(78)	(63)
		536,126	34,993	505,164	35,107
	Interest and other income	-	2,550	-	4,092
		536,126	37,543	505,164	39,199

**For comparative purposes 1992 figures have been restated at the 1993 closing exchange rates.*

The analysis of group turnover and group operating profit before unallocated costs and associates by geographical area of origin is as follows:

	Group			
	1993		1992	
	Turnover £'000	Operating Profit £'000	Turnover £'000	Operating Profit £'000
United Kingdom	334,275	22,696	319,555	25,744
Rest of Europe	4,446	48	3,351	-
Americas	83,390	6,724	79,354	5,809
Africa	2,124	352	2,849	268
Asia	4,722	355	5,330	400
Australasia	20,086	865	14,409	439
	449,043	31,040	424,848	32,660

Continued on next page

Notes to the Accounts

continued

1 **Turnover And Profit On Ordinary Activities Before Tax** - *continued*

The analysis of group turnover by geographical area of destination is as follows:

	Group	
	1993	1992
	£'000	£'000
United Kingdom	187,275	194,175
Rest of Europe	26,649	39,323
Americas	94,135	87,699
Africa	5,852	6,712
Asia	102,842	66,897
Australasia	32,290	30,042
	449,043	424,848

An analysis of net assets by class of business and geographical origin has not been disclosed. The directors are of the opinion that to disclose such information would be seriously prejudicial to the interests of the Group.

2 **Profit On Ordinary Activities Before Tax**

	Group				
			Redundancy	**Ongoing**	
	Total	**Darchem**	**costs**	**operations**	
	1993	1993	1993	1993	1992
	£'000	£'000	£'000	£'000	£'000
a) Movement between turnover and operating profit:					
Turnover	449,043	12,964	-	436,079	424,770
Cost of sales	(365,117)	(10,760)	(2,203)	(352,154)	(342,803)
Gross profit	83,926	2,204	(2,203)	83,925	81,967
Distribution costs	(25,287)	(320)	(135)	(24,832)	(24,481)
Administrative expenses	(28,991)	(690)	(89)	(28,212)	(28,089)
Other operating income	998	-	-	998	2,731
	30,646	1,194	(2,427)	31,879	32,128
Share of results of associates	4,347	-	-	4,347	2,979
Operating profit	34,993	1,194	(2,427)	36,226	35,107

Continued on next page

2 Profit On Ordinary Activities Before Tax - *continued*

	Group 1993 £'000	Group 1992 £'000
b) Interest and other income:		
Interest receivable	2,259	4,916
Income from unlisted investments	2,149	1,288
Interest payable		
On bank loans and overdrafts and loans wholly repayable within 5 years	(504)	(831)
On pension costs provision	(531)	(474)
Finance charges payable under finance leases	(823)	(807)
Interest and other income	2,550	4,092

c) Profit on ordinary activities before tax is after charging/(crediting):

	1993 £'000	1992 £'000
Depreciation	9,854	8,960
Government grant credits	(232)	(276)
Auditors' remuneration and expenses for audit services		
Company	35	32
Subsidiaries	382	342
Auditors' remuneration and expenses for other services		
United Kingdom	222	119
Overseas	82	143
Operating lease rentals		
Land and buildings	2,590	2,430
Plant and machinery	3,837	2,824
	6,427	5,254
Gross research and development	3,508	4,820
Reimbursable from third parties	(422)	(2,125)
Net cost	3,086	2,695

Notes to the Accounts

continued

3 **Tax**

	Group 1993 £'000	Group 1992 £'000
a) Profit and loss account:		
Charge based on the results of the year:		
Corporation tax at 33% (1992 33%)	6,635	8,888
Double tax relief	(271)	(429)
Overseas tax	1,206	2,561
Deferred tax	2,359	416
Associates	1,452	935
	11,381	12,371
Advance corporation tax	(38)	-
Adjustments to prior years	(693)	(568)
Tax on profit on ordinary activities	10,650	11,803

b) Deferred tax:

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Accelerated capital allowances	3,238	2,867	-	-
Other timing differences	(1,266)	(1,689)	1,136	1,000
Unutilised tax losses	(179)	(192)	-	-
Advance corporation tax	(743)	(986)	(723)	(1,000)
Deferred tax	1,050	-	413	-

4 **Dividends**

	Group 1993 £'000	Group 1992 £'000
On ordinary shares:		
Interim 1.925p per share (1992 1.75p)	3,007	2,711
Proposed final 4.575p per share (1992 4.15p)	7,154	6,440
	10,161	9,151

In accordance with Financial Reporting Standard No. 4 of the Accounting Standards Board, the adjustment of dividend payments arising from the exercise of scrip dividend options, which previously was an adjustment to the dividend charge, is now shown to be a reserve movement at note 18. Accordingly the 1992 dividend charge has been increased from the amount previously reported by £468,000.

5 **Earnings Per Share**

The earnings per share calculation is based on earnings of £26,893,000 being profit attributable to The Weir Group PLC (1992 £27,396,000) and on the weighted average of 155,750,675 ordinary shares in issue (1992 154,552,654).

The earnings per share excluding exceptional item is based on earnings of £26,893,000 being profit attributable to The Weir Group PLC (1992 £27,396,000) as adjusted to exclude the exceptional item after tax of £1,626,000 (1992 £nil) and on the weighted average of 155,750,675 ordinary shares in issue (1992 154, 552, 654). The figure for earnings per share excluding the exceptional item has been presented as the directors consider that this figure gives a fairer comparison with the earnings figures of the prior periods.

The potential dilution arising from share options granted under the company's share option schemes is not material.

6 **Directors And Employees**

	Group	
	1993 Number	1992 Number
Average number of persons employed by the company and its subsidiaries:		
Engineering Products	4,952	5,002
Engineering Services	1,293	1,265
	6,245	6,267

	£'000	£'000
Staff costs:		
Wages and salaries	121,948	116,582
Social security costs	11,020	10,162
Other pension costs (see note following)	6,320	5,922
	139,288	132,666
Pension costs are analysed as follows:		
Group UK scheme		
Regular cost	5,067	5,019
Interest on pension costs provision	531	474
Amortisation of surplus	(2,009)	(2,003)
	3,589	3,490
Other UK schemes	631	605
Overseas schemes	2,100	1,827
	6,320	5,922
Discharged by:		
Cash contributions	5,773	5,423
Pension costs provision increase		
Cash flow effect of funding rate	16	25
Interest	531	474
	6,320	5,922

Continued on next page

6 **Directors And Employees** - *continued*

The company and its major subsidiaries operate a number of pension schemes throughout the world of which the Group UK scheme is predominant. The latest actuarial assessment of this scheme was as at 6th April 1991. The actuarial method adopted was the projected unit credit method. The principal assumptions used are investment returns of 2.5% p.a. higher than increases in pensionable salaries, and an allowance for discretionary increases in pensions of 4%p.a.

At the valuation date, the market value of the assets of the Group UK scheme was £150m and the level of funding based on projected contribution salaries was 118%. On the advice of the Actuary the company resumed its contributions from January 1992 at a rate which will reduce the funding level to the target of 100% over a period of 14 years being the average remaining service lives of the scheme members. The surplus is being amortised over the same period.

It is intended that the next actuarial assessment of the Group UK scheme will take place as at 6th April 1994.

	Company	
	1993	1992
	£'000	£'000
Directors' remuneration:		
Fees	46	52
Salary and other benefits	821	791
Performance related bonuses	121	134
Pension costs – funded scheme	223	193
– unfunded arrangement	16	25
	1,227	1,195

One director waived the right to receive fees for 1993.

	Number	Number
The number of directors principally employed in the UK who received emoluments (excluding pension contributions) in the following ranges were:		
Not more than £5,000	2	1
£5,001 - £10,000	1	1
£10,001 - £15,000	3	4
£110,001 - £115,000	-	1
£120,001 - £125,000	1	-
£135,001 - £140,000	-	3
£145,001 - £150,000	3	-
£150,001 - £155,000	-	1
£165,001 - £170,000	1	-
£195,001 - £200,000	-	1
£205,001 - £210,000	1	-

Continued on next page

6 Directors And Employees - *continued*

The remuneration of the Chairman and highest paid director is as follows:

	Chairman		Highest paid director	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Basic remuneration	166	154	176	164
Performance related bonus	-	-	33	32
	166	154	209	196
Pension contributions	46	41	49	44
	212	195	258	240

Bonus payments are made in relation to the performance of the Group against a target figure for pre-tax profits per share which is set by the bonus, remuneration and appointments committee of the board each year. It should be noted that the bonuses reported above are those paid during 1993 taking account of the results for 1992.

7 Tangible Assets

	Group			Company		
	Freehold Land and Buildings	Plant and Machinery	Total	Freehold Land and Buildings	Plant and Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 2nd January 1993						
Cost	21,986	82,173	104,159	49	63	112
Valuation 1978	9,925	-	9,925	-	-	-
Valuation 1981	2,902	-	2,902	-	-	-
Additions	237	9,816	10,053	-	-	-
Acquisitions	2,431	1,712	4,143	-	-	-
Disposals	(41)	(2,291)	(2,332)	-	-	-
Exchange	14	(262)	(248)	-	-	-
At 31st December 1993	37,454	91,148	128,602	49	63	112
Whereof:						
Cost	24,672	91,148	115,820	49	63	112
Valuation 1978	9,925	-	9,925	-	-	-
Valuation 1981	2,857	-	2,857	-	-	-
	37,454	91,148	128,602	49	63	112
Aggregate depreciation						
At 2nd January 1993	5,796	44,866	50,662	14	57	71
Charge for year	860	8,994	9,854	1	2	3
Disposals	-	(1,986)	(1,986)	-	-	-
Exchange	12	(193)	(181)	-	-	-
At 31st December 1993	6,668	51,681	58,349	15	59	74
Net book value at 31st December1993	30,786	39,467	70,253	34	4	38

Continued on next page

7 **Tangible Assets** - *continued*

The value of freehold land included in freehold land and buildings amounted to £6,242,000 at cost and £1,372,000 at valuation (1992 £6,107,000 at cost and £1,382,000 at valuation).

No provision has been made for the liability to tax from capital gains amounting to £542,000 (1992 £615,000) which would arise if land and buildings were to be sold at their book amounts.

On a historical cost basis, freehold land and buildings would have been included at a cost of £28,068,000 (1992 £25,428,000) less a cumulative provision for depreciation of £5,792,000 (1992 £5,226,000).

At 31st December 1993 the net book value of tangible assets acquired under finance leases included in Group plant and machinery amounted to £8,792,000 (1992 £10,663,000) and in Company plant and machinery £2,000 (1992 £3,000). Depreciation charged for the year on these assets amounted to £2,517,000 (1992 £2,241,000) and £1,000 (1992 £1,000) respectively.

8 **Fixed Asset Investments**

		Group	
	Associates	Other Investments	Total
	£'000	£'000	£'000
At 2nd January 1993			
Cost	-	259	259
Valuation	2,898	-	2,898
Disposals	113	(8)	105
Decrease in net assets	(447)	-	(447)
At 31st December 1993	2,564	251	2,815
Whereof:			
Cost	-	251	251
Valuation	2,564	-	2,564
	2,564	251	2,815

Investments in associates are held at valuation representing cost to the Group less goodwill on acquisition plus the Group's share of post acquisition reserves. As at 31st December 1993 the cost of these investments amounted to £387,000 (1992 £887,000).

Dividends received during the year from associates amounted to £3,335,000 (1992 £4,833,000).

The results of the associates shown in the profit and loss account are substantially those of Devonport Management Limited.

Continued on next page

8 Fixed Asset Investments - *continued*

	Company				
	Subsidiaries			Other	
	Shares	Loans	Associates	Investments	Total
	£'000	£'000	£'000	£'000	£'000
At 2nd January 1993					
Cost	-	-	-	35	35
Valuation	82,151	59,921	954	-	143,026
Acquisition/advances	10,086	6,441	-	-	16,527
Disposals/repayments	-	(2,506)	-	(7)	(2,513)
Decrease in net assets	(3,656)	-	(390)	-	(4,046)
At 31st December 1993	88,581	63,856	564	28	153,029
Whereof:					
Cost	-	-	-	28	28
Valuation	88,581	63,856	564	-	153,001
	88,581	63,856	564	28	153,029

Investments in subsidiaries are held at valuation representing the amount of attributable underlying net assets at the balance sheet date. As at 31st December 1993 a provision of £18,519,000 (1992 £19,511,000) has been made against the deficiency of underlying net assets in certain subsidiaries. As at 31st December 1993 the cost of the investment in the subsidiaries amounted to £141,863,000 (1992 £127,842,000) and the cost of investment in associates amounted to £299,000 (1992 £299,000).

The principal subsidiaries and associates of the Group are listed on page 46.

9 Stocks

	Group	
	1993	1992
	£'000	£'000
Raw materials	14,027	13,264
Work in progress	30,002	32,820
Finished goods	15,802	17,375
	59,831	63,459
Less: progress payments received and receivable	8,164	4,497
	51,667	58,962

Notes to the Accounts

continued

10 Debtors

	Group		Company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Amounts recoverable within one year:				
Amounts recoverable on contracts	30,431	31,570	-	-
Trade debtors	91,955	96,730	-	-
Amounts owed by subsidiaries	-	-	6,034	8,277
Amounts owed by associates	1,046	732	-	-
Tax recoverable	391	169	-	-
VAT recoverable	340	2,066	-	-
Other debtors	3,976	3,745	1,199	1,011
Prepayments and accrued income	3,211	3,709	645	1,041
Amounts recoverable after one year:				
Advance corporation tax recoverable	-	100	-	66
	131,350	138,821	7,878	10,395

11 Current Asset Investments

	Group		Company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Unlisted investments:				
Short term financial instruments	27,503	25,000	27,503	25,000

Current asset investments are held at the lower of cost and net realisable value.

12 Borrowings

	Group		Company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	2,503	2,786	8,345	-
Other borrowings	1,336	646	842	561
	3,839	3,432	9,187	561

Bank advances of £2,200,000 (1992 £1,518,000) utilised by certain overseas subsidiaries were secured over local assets.

13 Other Creditors

	Group		Company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
Payments received on account	34,123	29,450	-	-
Obligations under finance leases (see note 14)	2,721	2,653	-	-
Trade creditors	52,552	61,307	-	-
Amounts owed to subsidiaries	-	-	968	5,978
Amounts owed to associates	526	446	-	-
Corporate tax	8,422	13,309	1,144	884
Other taxes and social security costs	5,743	4,959	262	218
Other creditors	17,015	22,500	4	1,040
Accruals and deferred income	19,331	23,989	735	593
Proposed dividends	7,154	6,440	7,154	6,440
	147,587	165,053	10,267	15,153

14 Leasing Commitments

	Group		Company	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
a) Finance leases:				
As at 31st December 1993 the net obligations under finance leases amounted to	8,194	10,251	-	-
of which payable during 1994	2,721	2,653	-	-
1995 to 1998	4,903	6,425	-	-
after 1998	570	1,173	-	-
	8,194	10,251	-	-
b) Operating leases:				
As at 31st December 1993 committed payments under operating leases for 1994 amounted to				
Land and buildings	2,138	1,940	-	-
Other	2,818	2,419	31	69
	4,956	4,359	31	69
of which payable in respect of operating leases ending in 1994	1,169	742	11	23
1995 to 1998	2,798	2,503	20	46
after 1998	989	1,114	-	-
	4,956	4,359	31	69

Notes to the Accounts

continued

15 Loan Capital

	Notes	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Secured					
10% Debenture Stock 1988/94	(1)	287	287	287	287
11.5% Mortgage Loan 1994	(2)	427	452	-	-
12.75% Mortgage Loan 1995	(2)	211	240	-	-
Loan Notes 1991/98	(3)	494	494	494	494
		1,419	1,473	781	781
Unsecured					
8.85% Term Loan 1995		884	1,050	-	-
Loan Note 1994		67	66	-	-
Loan Notes 1989/98		61	67	61	67
Loans from subsidiaries		-	-	25,619	25,797
Total loans		2,431	2,656	26,461	26,645

The loan capital is wholly repayable within five years.

	Group 1993 £'000	Group 1992 £'000	Company 1993 £'000	Company 1992 £'000
Amounts due are repayable as follows:				
between two and five years – bank loans	-	934	-	-
– other borrowings	-	-	25,619	25,797
between one and two years – bank loans	918	180	-	-
– other borrowings	-	719	-	287
	918	1,833	25,619	26,084
Loan capital current portion (included in borrowings – see note 12) – bank loans	177	177	-	-
– other borrowings	1,336	646	842	561
	2,431	2,656	26,461	26,645

(1) The 10% Debenture Stock 1988/94 is secured by floating charges over the whole undertaking of the company and of certain UK subsidiaries.

(2) The 11.5% Mortgage Loan of Can $836,000 is secured by a first charge over the land and buildings of Peacock Inc. located at Ontario, Canada. The 12.75% Mortgage Loan of Can $414,000 is secured by a first charge over the land and buildings of Peacock Inc. located at Calgary, Canada.

(3) The Loan Notes 1991/98 are secured over the issued share capital of Liquid Gas Equipment Limited.

16 Share Capital

	1993 £'000	1992 £'000
Authorised share capital:		
Ordinary shares of 12.5p each	36,000	36,000
Allotted, called up and fully paid:		
Ordinary shares of 12.5p each	19,539	19,397

With effect from 28th June 1993 each ordinary share of 25p in the company was sub-divided into two ordinary shares of 12.5p each. Comparative figures for 1992 dividends per share and earnings per share have been restated accordingly.

The company allotted 74,225 ordinary shares of 25p on 20th May 1993 to those shareholders who elected to take shares in lieu of cash for the 1992 final dividend, and 33,371 ordinary shares of 12.5p on 25th October 1993 to those shareholders who elected to take shares in lieu of cash for the 1993 interim dividend.

Share Options:

		Price per Share	Number of Shares
At 31st December 1993 shares in the company subject to options under the company's share option schemes were as follows:			
Savings Related Share Option Scheme 1982			
First normal exercise date:	1994	136.36p	167,510
	1994	118.28p	1,064,528
	1995	99.22p	1,174,974
	1995	98.50p	1,518,598
Executive Share Option Scheme 1983			
First normal exercise date:	1993	123.66p	61,380
Executive Share Option Scheme 1984			
First normal exercise date:	1990	81.13p	20,000
	1990	116.32p	40,920
	1991	108.99p	40,920
	1994	170.00p	200,000
	1995	253.50p	500,000
	1996	307.50p	185,040
Savings Related Share Option Scheme 1991			
First normal exercise date:	1996	155.50p	1,705,403
	1997	203.00p	743,257
	1998	246.00p	693,483

Between 1st January 1993 and 28th June 1993 the company allotted 147,706 ordinary shares of 25p and between 27th June 1993 and 1st January 1994 a further 666,580 ordinary shares of 12.5p in respect of the exercise of share options, at a premium of £915,000.

17 Profit Attributable To The Weir Group PLC

	Group 1993 £'000	Group 1992 £'000
The Weir Group PLC	23,465	25,372
Subsidiaries	3,868	4,813
Associates	(440)	(2,789)
	26,893	27,396

In accordance with the concession granted under section 230 of the Companies Act 1985 the profit and loss account of The Weir Group PLC has not been separately presented in these accounts.

18 Reserves

	Associates £'000	Profit and Loss Account £'000	Special Reserves £'000	Revaluation Reserve £'000	Share Premium Account £'000	Total £'000
Group						
At 2nd January 1993	2,004	105,562	9,476	1,105	226	118,373
Premium on share issues	-	-	-	-	915	915
Revaluation surplus amortised	-	155	-	(155)	-	-
Profit retained in year	(440)	17,172	-	-	-	16,732
Re-classification on disposal	613	(613)	-	-	-	-
Scrip dividends	-	547	-	-	(23)	524
Exchange differences	(7)	341	-	(11)	-	323
Goodwill arising in the year	-	-	(7,624)	-	-	(7,624)
At 31st December 1993	2,170	123,164	1,852	939	1,118	129,243
Company						
At 2nd January 1993		48,104	54,372	15,671	226	118,373
Premium on share issues		-	-	-	915	915
Deficit on revaluation of investments		-	-	(3,873)	-	(3,873)
Profit retained in year		13,304	-	-	-	13,304
Scrip dividends		547	-	-	(23)	524
At 31st December 1993		61,955	54,372	11,798	1,118	129,243

The cumulative amount of goodwill deducted from Group reserves net of goodwill relating to businesses disposed of as at 31st December 1993 is £57,795,000 (1992 £50,192,000).

No provision has been made for any taxation which might arise on the distribution to the UK of retained overseas earnings of £17,308,000 (1992 £13,268,000).

19 Reconciliation Of Movements In Shareholders' Funds

	Group	
	1993	1992
	£'000	£'000
Total recognised gains	27,216	29,163
Dividends	(10,161)	(9,151)
Other movements		
Scrip dividends	547	468
New share capital subscribed	1,034	715
Goodwill written off	(7,624)	(8,007)
Net addition to shareholders' funds	11,012	13,188
Opening shareholders' funds	137,770	124,582
Closing shareholders' funds	148,782	137,770

Shareholders' funds are entirely attributable to equity interests.

20 Cash Flow Statement

	Group	
	1993	1992
	£'000	£'000
a) Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	34,993	35,107
Depreciation and grant credits	9,622	8,684
Profit before tax of associates	(4,347)	(2,979)
Surplus on disposal of tangible assets and investments	(213)	(2,008)
Pension costs provision	16	25
Funds generated by operations	40,071	38,829
Decrease (Increase) in stocks	10,736	(540)
Decrease in debtors	12,351	4,756
Decrease in creditors	(17,149)	(10,044)
Decrease (Increase) in working capital	5,938	(5,828)
Net cash inflow from operating activities	46,009	33,001

b) Cash outflow on acquisitions:

	Group	
	1993	1992
	£'000	£'000
Cash consideration (note 21)	16,181	14,401
(Cash) Overdraft transferred	(140)	791
Prior years' acquisitions		
Deferred consideration	269	-
	16,310	15,192

Continued on next page

Notes to the Accounts

continued

20 **Cash Flow Statement** - *continued*

c) Analysis of changes in financing:

	Share Capital & Share Premium		Loans & Finance Leases	
	1993	1992	1993	1992
	£'000	£'000	£'000	£'000
At 2nd January 1993	19,623	31,840	12,907	9,439
Cash inflow(outflow) from financing	1,034	715	(2,937)	(2, 501)
Share premium cancellation	-	(12,932)	-	-
Lease inceptions	-	-	686	5,633
Exchange	-	-	(31)	336
At 31st December 1993	20,657	19,623	10,625	12,907

d) Net cash:

	1993	1992	Change in 1993	Change in 1992
	£'000	£'000	£'000	£'000
Cash	31,837	29,933	1,904	(23,345)
Overdraft	(2,326)	(2,609)	283	4,369
	29,511	27,324	2,187	(18,976)

21 Acquisition

	Group Darchem £'000
Net assets acquired at fair value	
Tangible assets	4,143
Working capital	
Stocks	3,436
Debtors	5,949
Creditors	(6,104)
Cash	140
Deferred tax	993
Goodwill arising on acquisition	7,624
Acquisition cost	16,181

The acquisition during the year was the purchase from Darchem Limited, a wholly owned subsidiary of William Baird PLC, of its principal businesses in the UK and the Hoyt Metal Company of Australia Pty Limited and Darchem Engineering Inc. of California. The UK businesses acquired are Darchem Engineering, Hoyt Darchem and Expert Heat Treatments and the net assets of these businesses were incorporated in a new subsidiary, Darchem Engineering Limited, at their fair values. The fair value to the Group of the overseas companies equates to the book value of assets and liabilities acquired. Full settlement of the acquisition consideration was made by cash payment.

22 Capital Commitments

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
At 31st December 1993 outstanding capital commitments, before deduction of government grants, were as follows:				
Contracted but not provided	1,176	1,831	-	-
Authorised but not contracted	1,849	1,014	-	-

23 Contingent Liabilities And Guarantees

	Group		Company	
	1993 £'000	1992 £'000	1993 £'000	1992 £'000
Maximum guarantee obligations relating to bank and other borrowings of subsidiaries and associates	8,803	8,791	12,613	10,650

Guarantees and indemnities have been given in respect of the performance of Devonport Management Limited. The company and certain subsidiaries had other contingent liabilities in the normal course of business, including counter indemnities for performance and tendering bonds of certain subsidiaries.

Principal Companies of the Group

Companies whose shares are owned directly by The Weir Group PLC are marked with an asterisk (*). Companies registered in Scotland or England operate principally in the United Kingdom other than Neyrfor-Weir Ltd. which also operates in France and the Middle East. Overseas companies operate principally in their country of incorporation with the exception that Weir Holdings (Jersey) Ltd. operates principally in Dubai.

Principal Companies	Country of registration or incorporation	% of Equity owned and voting rights at 31st December 1993
Engineering Products		
Subsidiaries		
Weir Pumps Ltd.* - Pump Division	Scotland	100
Weir Materials Ltd.*	Scotland	100
Hopkinsons Ltd.*	England	100
Liquid Gas Equipment Ltd.*	Scotland	100
Weir Engineering Pty Ltd.*	Australia	100
G Perry & Sons Ltd.*	England	100
Weir Westgarth Ltd.*	England	100
Tooling Products Holdings Ltd.*	England	100
Strachan & Henshaw Ltd.	England	100
Atwood and Morrill Co. Inc.	USA	100
Weir Floway Inc.	USA	100
Darchem Engineering Ltd.*	Scotland	100
Darchem Engineering Inc.	USA	100
Engineering Services		
Subsidiaries		
Weir Pumps Ltd.* - Engineering Services Division	Scotland	100
Peacock Inc.	Canada	100
Weir Holdings (Jersey) Ltd.	Jersey	100
Weir Systems Ltd.*	Scotland	100
Neyrfor-Weir Ltd.*	England	100
Baton Rouge Machine Works Inc. +	USA	100
Associates		
Devonport Management Ltd. +*	England	30
Weir-Houston Engineers Ltd.	Scotland	50

Associates' issued capital is as follows:

Devonport Management Ltd. £1,000,000; Weir-Houston Engineers Ltd. £100,000.

+ The results of these companies have been included on the basis of reliable unaudited management accounts.

Group Five Year Summary

	1989 £'000	1990 £'000	1991 £'000	1992 £'000	1993 £'000
Turnover	232,050	318,923	424,105	424,770	449,043
Operating profit before exceptional items	20,366	26,177	31,874	35,107	37,420
Interest and other income	7	993	2,367	4,092	2,550
Profit before exceptional items and tax	20,373	27,170	34,241	39,199	39,970
Exceptional items	2,003	-	-	-	(2,427)
Profit on ordinary activities before tax	22,376	27,170	34,241	39,199	37,543
Tax	4,715	7,606	10,531	11,803	10,650
Profit on ordinary activities after tax	17,661	19,564	23,710	27,396	26,893
Minority interests	(46)	(148)	-	-	-
Profit attributable to The Weir Group PLC	17,615	19,416	23,710	27,396	26,893
Earnings per share excl. exceptional items	12.6p	14.4p	16.0p	17.7p	18.3p
Ordinary dividends per share	4.00p	4.65p	5.25p	5.90p	6.50p

Total Assets Less Current Liabilities	£'000	£'000	£'000	£'000	£'000
Tangible assets	40,290	49,712	54,300	66,324	70,253
Investments	3,336	4,499	6,105	3,157	2,815
Net current assets	53,406	56,340	76,208	84,231	90,931
	97,032	110,551	136,613	153,712	163,999
Financed By					
Shareholders' capital	80,213	94,991	124,582	137,770	148,782
Creditors falling due after more than one year	9,642	7,066	5,743	9,431	6,391
Deferred tax	292	-	-	-	1,050
Pension costs provision	1,013	2,374	5,170	5,669	6,216
Deferred income	976	1,118	1,118	842	1,560
Minority interest	4,896	5,002	-	-	-
	97,032	110,551	136,613	153,712	163,999

Notice of Meeting

Notice is hereby given that the one-hundredth annual general meeting of The Weir Group PLC will be held in the Merchants' Hall, 30 George Square, Glasgow, on Friday 20th May 1994, at noon, for the following purposes:

as ordinary business:

1. to receive and adopt the statement of accounts for the 52 weeks ended 31st December 1993 and the reports of the directors and auditors thereon;
2. to declare a dividend;
3. to re-appoint the following as directors of the company:
   I M Boyd
   A Fleming
   J A Urquhart;
4. to re-appoint Ernst & Young as auditors;
5. to authorise the directors to fix the remuneration of the auditors;

as special business:

6. to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
   THAT (A) for the purposes of section 80 of the Companies Act 1985 the directors be and they are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (as defined in the said section 80) up to an aggregate nominal amount of £6,500,000 provided that this authority shall expire (unless previously revoked or renewed) on 19th August 1995 or at the conclusion of the next annual general meeting of the company held after the passing of this resolution, whichever is the earlier, and provided further that the company may before the expiry of this authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired; and
   (B) the directors be and they are hereby further authorised for the purposes of section 95 of the Companies Act 1985 to allot equity securities (as defined in section 94 of the said Act) pursuant to the authority conferred upon them by (A) above or pursuant to any other general or unconditional authority conferred upon them in accordance with section 80 of the said Act wholly for cash as if section 89(1) of the said Act did not apply to such allotments provided that such disapplication shall only apply to allotments made:
   (i) in connection with an offer of such securities by way of rights to the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of such shares but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of or the requirements of any recognised regulatory body in any territory; or
   (ii) (otherwise than under sub-paragraph (i) above) up to an aggregate amount in nominal value of £975,000, being equal to approximately 5% of the presently issued ordinary share capital of the company;
7. to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:
   THAT in respect of any dividend declared or proposed to be declared during the period commencing the day following the conclusion of the annual general meeting of the company in 1994 and ending the day of the annual general meeting of the company in 1995, and in respect of any accounting reference period of the company ending not later than the beginning of the annual general meeting of the company in 1995, the directors be and they are hereby authorised to implement the provision in the articles of association of the company whereunder holders of ordinary shares may (subject as therein provided) elect to receive an allotment of new ordinary shares, credited as fully paid, in lieu of all or part of the relevant dividend;
8. to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:
   THAT the company be and it is hereby generally and unconditionally authorised pursuant to section 166 of the Companies Act 1985 to make market purchases (as defined in section 163 of the said Act) of any of its own ordinary shares in such manner and upon such terms as the directors of the company may from time to time determine provided that:

(i) the maximum aggregate nominal value of such shares hereby authorised to be acquired shall be limited to £1,950,000, being equal to approximately 10% of the presently issued ordinary share capital of the company;

(ii) the maximum price which may be paid for any such share shall be limited to an amount equal to 105% of the average of the middle market quotations for such share as derived from the Stock Exchange Daily Official List for the 10 business days immediately preceding the day on which the relevant share is purchased, and the minimum price shall be the then nominal value of that share; and

(iii) this authority shall expire (unless previously revoked or renewed) on 19th November 1995 or at the conclusion of the next annual general meeting of the company held after the passing of this resolution, whichever is the earlier, provided that the company may before such expiry make any contract of purchase of its own ordinary shares which would or might be executed wholly or partly after the expiry of such authority and the company may make such a purchase in pursuance of such contract as if the authority hereby conferred had not expired;

9. to consider and, if thought fit, pass the following resolution which will be proposed as an ordinary resolution:

THAT (A) The Weir Group Executive Share Option Scheme 1994, summarised in the appendix to the circular letter dated 22nd April 1994 which accompanied the notice convening this meeting and to be constituted by rules produced in draft to this meeting and for the purpose of identification initialled by the chairman thereof, be and it is hereby approved and that, subject to and conditionally upon the approval of the Board of Inland Revenue, the directors be and they are hereby authorised to cause such rules to be adopted in (or substantially in) the form of such draft and to do all acts and things which they may consider necessary or expedient to carry the said scheme into effect; and

(B) each director of the company, notwithstanding that he may be interested in the scheme, be and he is hereby authorised to vote as a director and to be counted in the quorum on any matter connected with the said scheme (except that no director may vote or be counted in the quorum on a matter concerning his personal participation therein) and that any prohibition on voting by interested directors contained in the articles of association of the company be and it is (except as aforesaid) hereby relaxed to that extent accordingly.

By Order of the Board
W Harkness
Secretary

Cathcart,
Glasgow G44 4EX
22nd April 1994

Notes:

1 This notice is being sent to all shareholders all of whom are entitled to attend or be represented at the meeting and to vote on all resolutions.

2 Every shareholder entitled to attend and vote at the meeting may appoint one or more proxies (who need not be shareholders) to attend and, on a poll, to vote instead of him. A form of proxy for use at the meeting is enclosed. To be effective, forms of proxy must be deposited at the registrars of the company, The Royal Bank of Scotland plc, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh, EH11 4BR, not less than 48 hours before the meeting. Completion of a form of proxy will not preclude a shareholder from voting in person at the meeting.

3 The following documents will be available for inspection at the registered office of the company and, in the case of documents referred to in (iii), (iv), and (v) below, also at the offices of MM & K Limited, 1 Bengal Court, Birchin Lane, London EC3V 9DD, during normal business hours on any weekday (public holidays excepted) from the date of this notice until the date of the meeting and thereafter at the place of the meeting from 11.45 am until the conclusion of the meeting:

(i) a register of directors' share interests kept pursuant to section 325 of the Companies Act 1985;

(ii) copies of service contracts of more than one year's duration of the directors with the company and, where appropriate, with its subsidiaries;

(iii) the rules of The Weir Group Executive Share Option Scheme 1983;

(iv) the rules of The Weir Group Executive Share Option Scheme 1984; and

(v) the draft rules of the proposed The Weir Group Executive Share Option Scheme 1994.