The Weir Group PLC reports its interim results for the six months ended 30 June 2019

First half in line; sustainable technology gaining traction

- **17% order growth (-7% LFL[1]) benefiting from recent portfolio transformation**
  - Minerals order intake +5%: aftermarket +8% and OE gathering momentum
  - ESCO pro forma[2] orders +1%
  - Oil & Gas orders down 27%
- **Operating profit[3] of £172m up 5% (-22% LFL[1]); in line with our expectations**
  - Minerals operating margin of 17.2%
  - ESCO operating margin 14.1%, +300bps year-on-year
  - Oil & Gas operating profit flat on H2 2018
- **H1 2019 Net debt impacted by working capital phasing and IFRS 16**
- **Successful execution of portfolio transformation**
  - Flow Control sale completed for enterprise value of £275m
  - Good progress on ESCO cost synergies; annualised run rate now $20m
- **Good traction for new technologies focused on productivity and sustainability**
  - Increasing adoption of Enduron® HPGR and interest in Terraflow® tailings technology
  - New SPM® QEM 5000 pump supporting transition to electric fracking
- **Full year outlook continues to be for another year of good constant currency revenue and profit growth**
  - Oil & Gas operating profit now expected to be toward the lower end of its previous £55m-£95m range

	H1 2019	H1 2018[6]	As reported	Constant Currency[5]	Like-for-like[1,5]
Continuing Operations[4]					
Orders[5]	£1,420m	£1,211m	n/a	17%	-7%
Revenue	£1,329m	£1,065m	25%	22%	-4%
Operating profit[3]	£172m	£164m	5%	2%	-22%
Profit before tax[3]	£147m	£147m	0%	n/a	n/a
Reported profit after tax	£78m	£64m	21%	n/a	n/a
Earnings per share[3]	42.2p	47.4p	-11%	n/a	n/a
Total Group					
Reported profit after tax	£53m	£67m	-21%	n/a	n/a
Earnings per share	20.3p	29.1p	-30%	n/a	n/a
Cash generated from operations[3]	£54m	£139m	-61%	n/a	n/a
Dividend per share	16.50p	15.75p	5%	n/a	n/a
Net debt	£1,316m	£1,127m[7]	£189m	n/a	n/a

See footnotes on page 4

Jon Stanton, Weir Group Chief Executive Officer said:

"The first half of the year progressed largely as we expected it to. We are making good progress in our mining equipment businesses benefiting from our focus on aftermarket-intensive applications, particularly for battery metals including copper, lithium, nickel and cobalt supported by our extensive installed base and global service network. Our pipeline of firm OE quotes has grown significantly year-on-year with encouraging demand for our technology that reduces water and energy consumption.

While oil and gas markets in North America continued to be challenging compared to the same period last year we saw good demand for our latest innovations. This included our Large Bore Simplified Frac System and our new QEM 5000 frack pump which is well positioned to support the development of future electric frack fleets.

As we look to the rest of 2019, we continue to anticipate another year of good constant currency revenue and profit growth."

A live webcast of the management presentation will begin at 0800 (BST) on 30 July 2019 at www.investors.weir. A recording of the webcast will also be available at www.investors.weir.

CHIEF EXECUTIVE OFFICER'S REVIEW

At Weir, we work in partnership with our customers to solve their toughest operating challenges safely, efficiently and sustainably, helping to provide the essential resources needed by a growing world.

Good first half performance resulting from recent portfolio transformation

Safety is our number one priority and I am pleased to report a 18% like-for-like reduction in the Group's Total Incident Rate to 0.58, supporting our journey to becoming a zero-harm workplace. This reflects our focus on behavioural change which also contributed to a reduction in the severity of incidents. While this is welcome progress, we still have more work to do to realise our ambition.

Following our recent portfolio changes our two mining focused divisions (Minerals and ESCO) now represent around 75% of Group revenues while recurring aftermarket sales represent almost 80% of total revenues. In the first half of 2019, Minerals orders grew 5% with aftermarket orders up 8%, reaching record levels. Original equipment orders, which are traditionally lumpier, fell by 2% year-on-year but returned to growth in Q2 and this is expected to accelerate in the second half. Operating margins of 17.2% were in line with expectations as we prioritise growing our installed base of original equipment which provides recurring higher-margin aftermarket revenues in the future.

We continued to see good growth from ESCO, both in terms of revenues, which were up 5% on a pro forma[2] basis, and operating margins which have improved 300bps to 14.1% and continue to improve sequentially. Against our original medium-term target of $30m, annualised cost synergies reached $20m and are being delivered earlier than originally expected while revenue synergies are making good initial progress. Close collaboration between Minerals and ESCO colleagues secured market share gains in both Europe and Latin America, leveraging each other's established customer relationships.

Challenging market conditions in North America meant Oil & Gas orders fell 27% compared to the same period last year when there was a surge in pressure pumping refurbishment and replacement activity. That left pressure pumping markets over supplied and the market has yet to soak up that excess capacity. We are managing our cost base tightly in this environment where short-term visibility remains limited and we remain focused on the longer-term market opportunity with US shale expected to be the biggest source of global oil supply growth in the medium-term. We saw further encouraging signs of the recovery in international markets with an increase in drilling activity and in which our global wellhead growth strategy is starting to gain traction.

Market conditions in oil and gas and some project delivery deferrals in Minerals, alongside growth and normal seasonal patterns, contributed to a £181m working capital outflow which we expect to partly reverse in the second half.

Leading technology change

Productivity and sustainability are both big themes across our markets. In mining, strong demand for our HPGR technology reflects this trend as it can significantly reduce energy and water consumption. We also saw growing interest in our Terraflow® solution that enables tailings waste to be cost-effectively recycled or repurposed. Our GET Detect System was also launched. It provides instant feedback to the machine operator if one of the ground engaging tools used to extract minerals is lost or damaged.

In Oil & Gas, there has been strong adoption of the Simplified Frac System. It significantly reduces the amount and complexity of flow iron on a frack site reducing costs and improving safety. The division has now formally launched the QEM 5000 pump which is ideally placed to support the development of electric and gas turbine fracking capability, with proven technology based on the established QEM 3000 continuous duty field performance. This has the potential to reduce emissions and the frack fleet footprint by around 60%.

We are Weir – a platform for sustainable long-term growth

Our We are Weir strategic framework focuses on where we can deliver distinctive value – **People**, **Customers, Technology** and **Performance**. In the first half we launched a global share plan to give all our people a share in our future success, attracted more customers by providing new technology to solve complex productivity and sustainability challenges and improved margins in the ESCO division.

	Medium-term KPI	Progress in H1 2019
People	Improve sustainable engagement and organisational effectiveness	• Safety - 18% like-for-like reduction in Total Incident Rate • Global all-employee Weir ShareBuilder plan launched • Strategic workforce planning analysis completed
Customers	Increase market share	• £58m in additional orders from Minerals Integrated Solutions • Increasing adoption of HPGR technology • ESCO market share gains in smaller class front loader machines
Technology	Increase revenues from new solutions[8]	• More than £90m in revenues from new products • Launched SPM® QEM 5000 pump • GET Detect monitoring technology commercialised
Performance	Sustainably higher margins through the cycle	• Sale of Flow Control division for enterprise value of £275m • ESCO margins improved by 300bps year-on-year • Early progress in Minerals and ESCO revenue synergies

Dividend

The Board has approved an interim dividend of 16.50p (2018: 15.75p). The interim dividend will be paid on 5 November 2019 to shareholders on the register on 11 October 2019.

Board changes

As previously announced, Barbara Jeremiah, who joined the Board as a Non-Executive Director in August 2017, will succeed Richard Menell as Senior Independent Director (SID) with effect from 1 January 2020. Richard Menell, who joined the Board in April 2009, will be stepping down from the Board after the 2020 AGM.

Segmental analysis

Continuing operations £m[4]	Minerals	ESCO	Oil & Gas	Unallocated expenses	Total	Total OE	Total AM
Orders (constant currency)							
H1 2019	797	289	334	n/a	**1,420**	326	1,094
H1 2018[6]	756	n/a	455	n/a	**1,211**	336	875
Variance:							
- Constant currency	5%	n/a	-27%		**17%**	-3%	25%
- Like-for-like[1]	n/a	n/a	n/a		**-7%**	-6%	-7%
Revenue							
H1 2019	706	280	343	n/a	**1,329**	291	1,038
H1 2018 (as reported)[6]	664	n/a	401	n/a	**1,065**	275	790
Variance:							
- As reported	6%	n/a	-14%		**25%**	6%	31%
- Constant currency	6%	n/a	-19%		**22%**	4%	28%
- Like-for-like[1]	n/a	n/a	n/a		**-4%**	0%	-5%
Operating profit / (loss)[3]							
H1 2019	121	40	29	(18)	**172**		
H1 2018 (as reported)[6]	114	n/a	64	(14)	**164**		
Variance:							
- As reported	6%		-55%	-22%	**5%**		
- Constant currency	5%		-57%	-21%	**2%**		
- Like-for-like[1]	n/a		n/a	n/a	**-22%**		
Operating margin[3]							
H1 2019	17.2%	14.1%	8.5%	n/a	**13.0%**		
H1 2018 (as reported)[6]	17.1%		15.9%	n/a	**15.3%**		
Variance:							
- As reported	+10bps		-740bps		**-230bps**		
- Constant currency	-20bps		-750bps		**-250bps**		
- Like-for-like[1]	n/a		n/a		**-290bps**		

Notes:

1 Like-for-like excludes the impact of acquisitions. ESCO was acquired on 12 July 2018.
2 Based on ESCO's adjusted, unaudited US GAAP management accounts.
3 Adjusted to exclude exceptional items and intangibles amortisation. Reported operating profit and profit before tax from continuing operations were £130.7m (2018: £110.3m) and £105.7m (2018: £93.4m) respectively.
4 The Group financial highlights and divisional financial reviews include a mixture of GAAP measures and those which have been derived from our reported results in order to provide a useful basis for measuring our operational performance. Operating results are for continuing operations before exceptional items and intangibles amortisation as provided in the Consolidated Income Statement. Details of other non-GAAP measures are provided in note 1 (e) of the financial statements. Continuing operations excludes the Flow Control division which has been sold and reported in discontinued operations. ESCO was acquired on 12 July 2018 and its results have been included from that date.
5 2018 restated at H1 2019 average exchange rates.
6 Prior year restated for reclassifications between continuing and discontinued operations. Details are provided in note 1(d) of the financial statements.
7 Net Debt at 31 December 2018.
8 Defined as products or services introduced in last 3 years.

DIVISIONAL REVIEW

Minerals

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

2019 First Half Highlights

- Positive market conditions
- 8% increase in aftermarket orders; strong original equipment order book
- Operating margins of 17.2% reflecting growth stage of the cycle

2019 First Half Market Review

In mining, commodity prices continued to be supportive underpinned by increased demand, particularly for battery metals such as copper, lithium, nickel and cobalt, while iron ore prices increased c.60% in the period.

Original equipment demand benefited from miners continuing to expand current operations and investment in new mines, with particular demand for new technologies that increase efficiency and sustainability while lowering total costs. Aftermarket demand was strong, due to production growth and structural trends. These include continued ore grade declines that increase the amount of rock that needs to be processed, intensifying wear and tear and leading to additional demand for spares and services.

At a regional level, Europe, Australia, North America and Latin America all experienced good growth while demand in Central Africa was more subdued.

In non-mining markets, there was strong demand in oil sands while industrial markets were stable.

2019 First Half Operating Review

In positive market conditions the division continued to leverage its technology leadership and comprehensive service network to support miners with solutions that sustainably improve efficiency while reducing total costs. This included strong demand for our Enduron® HPGR technology that reduces water and energy consumption including to support a large greenfield development in the UK.

The division's integrated solutions strategy, which involves engineers working on-the-ground with customers to understand their operating challenges and then offer comprehensive solutions delivered £58m in revenues in the first half. This programme is being supported with increased training and development, particularly sharing product knowledge across customer-facing teams, developing project management skills and entrepreneurial leadership.

The division also continued to extend its leading global service network with a new facility in Alaska. The service network gives the division the ability to rapidly respond to demand for spares and services and is a key differentiator in need-it-now mining markets, where production intensity is increasing, and the costs of unplanned downtime are significant. The effectiveness of this business model can be seen in the record aftermarket orders received in the first half.

Technology development continued to focus on incremental innovations and Mine of the Future developments aimed at solutions that are smarter, more efficient and sustainable. This included focusing research and development on new pump and alloy designs, digitisation, ore hoisting, hybrid separation and tailings management.

Operationally longer-term plans continued to be developed to optimise global manufacturing capability to take full advantage of positive market conditions.

2019 First Half Financial review

Constant currency £m	H1 2019	H1 2018[1]	Growth	H2 2018[1]
Orders OE	218	222	-2%	226
Orders AM	579	534	8%	514
Orders Total	**797**	**756**	**5%**	**740**
Revenue OE	179	180	0%	219
Revenue AM	527	484	9%	529
Revenue Total	**706**	**664**	**6%**	**748**
Operating profit[2]	**121**	**116**	**5%**	**135**
Operating margin[2]	17.2%	17.4%	-20bps	18.2%
Operating cash flow	81	115	-29%	133
Book-to-bill	1.13	1.14		0.99

1 2018 restated at H1 2019 average exchange rates except for operating cash flow. Prior year restated for reclassifications between continuing and discontinued operations.
2 Adjusted to exclude exceptional items and intangibles amortisation.

Orders increased by 5% on a constant currency basis to £797m (2018: £756m) with a book-to-bill of 1.13. Original equipment orders fell 2% reflecting some project delays but were up sequentially in Q2. Aftermarket orders increased by 8% reflecting continuing investment in the division's service network and on-the-ground engineering capability. Aftermarket orders represented 73% of total orders (2018: 71%). In total, mining end-market orders accounted for 75% of the total (2018: 71%).

Revenue was 6% higher on both a constant currency and reported basis at £706m (2018: £664m), reflecting order trends. Original equipment sales accounted for 25% (2018: 27%) of divisional revenues and were stable on the prior year. Aftermarket revenues were up 9% reflecting order trends and the benefits of the division's installed base and exposure to commodities such as copper where increased production is being driven by increased demand and continued declines in ore grades.

Operating profit[2] increased by 5% on a constant currency basis to £121m (2018: £116m), driven by good underlying revenue growth.

Operating margin[2] on a constant currency basis decreased by 20bps to 17.2% (2018: 17.4%), with good revenue growth and operating leverage more than offset by investment in support of the growing project pipeline.

Cash generated from operations decreased by 29% to £81m (2018: £115m), reflecting a step up in inventory to support the growing order book.

2019 Outlook
Assuming the current supportive market conditions continue, we continue to expect the division to deliver broadly stable operating margins and good growth in constant currency revenues and profits.

ESCO

ESCO is a global leader in the provision of Ground Engaging Tools (GET) for large mining machines. Its highly engineered technology improves productivity through extended wear life, increased safety and reduced energy consumption. The division also applies its differentiated technology to infrastructure markets including construction, dredging and sand and aggregates. The acquisition of ESCO was completed on 12 July 2018 and its results are included from that date.

2019 First Half Highlights

- Positive market conditions continued
- Delivered annualised cost synergies of $20m
- 5% increase in pro forma revenues; good early progress in delivering revenue synergies
- Operating margins of 14.1%; 300bps improvement year-on-year

2019 First Half Market Review

The division benefited from the same macro mining trends as Minerals including increased ore production and the focus by mining customers on optimising productivity. This supported demand for differentiated technology that is proven to sustainably increase efficiency. Regionally, there was good demand in North America, Latin America, Australia and Europe with Central Africa more subdued.

In non-mining markets, oil sands demand was strong while infrastructure markets, including construction, aggregates and dredging were also positive.

2019 First Half Operating Review

The division is focused on differentiating its offering through technology leadership and close customer proximity.

The first half of this year saw good progress towards those aims with early market share gains for the N70 Nemisys® lip system, which extends the division's leading Nemisys® technology. It is currently being trialled on smaller machine classes including front end loaders. The N70 improves customer productivity through increased wear life, lower fuel consumption and reduced maintenance costs.

The division has a target of delivering $50m in revenue synergies over five years by working in partnership with colleagues in Weir Minerals. In the first half there was good initial progress with ESCO increasing its direct-to-market offering to customers in previously under-represented markets, including West Africa.

Early order wins from collaboration between the divisions included market share gains for ESCO in Latin America, building on Minerals close customer relationships, and supporting Minerals to win additional rubber lining orders in Europe, leveraging ESCO's existing customer base.

Annualised cost synergies reached $20m including the removal of corporate costs, functional integration and the consolidation of service facilities. We are ahead of schedule in progress towards our medium-term target of $30m savings. Investment in the division was focused on upgrading foundry capacity and safety improvements to support the division's progress to becoming a zero-harm workplace.

2019 First Half Financial review

Constant currency £m	H1 2019	H2 2018[1]
Orders OE	10	9
Orders AM	279	244
Orders Total	**289**	**253**
Revenue OE	10	13
Revenue AM	270	247
Revenue Total	**280**	**260**
Operating profit[2]	**40**	**34**
Operating margin[2]	14.1%	13.0%
Cash generated from operations	32	35
Book-to-bill	1.03	0.97

1 2018 restated at H1 2019 average exchange rates except for operating cash flow. Reflects the results of the business from date of acquisition, on 12 July 2018.
2 Adjusted to exclude exceptional items and intangibles amortisation.

For comparative purposes below, we have included pro forma figures for H1 2018, which are based on ESCO's adjusted, unaudited US GAAP management accounts.

Orders increased 1% on a constant currency pro forma basis to £289m (2018: £288m) but were up 8% sequentially, reflecting good demand in both mining and infrastructure markets in North America and Latin America, as well as Europe and Australia. Aftermarket orders represented 96% of orders in line with ESCO's position as a provider of highly engineered consumables to abrasive operating environments.

Revenue increased 5% on a constant currency pro forma basis to £280m (2018: £267m). Mining represented 56% of revenues, infrastructure was 32% and other industrial markets represented 12%. The division saw similar customer trends to Minerals in its core mining markets with customers efforts focused on maximising production in all regions. Construction markets in North America were strong as were dredging markets.

Operating profit[2] increased by 34% on a pro forma basis to £40m (2018: £30m), as a result of strong revenue growth, operating leverage and benefits from the post-acquisition integration synergies and cost savings.

Operating margin[2] of 14.1% was up 300bps on a constant currency pro forma basis (2018: 11.1%), reflecting cost synergies and strong operating leverage.

Cash generated from operations was £32m representing good cash conversion.

2019 Outlook
Assuming supportive market conditions continue, the division expects to deliver good growth in constant currency revenues. Further margin progression will be supported by the ongoing delivery of cost and revenue synergies and operational improvements.

Oil & Gas

Weir Oil & Gas provides highly engineered mission-critical solutions to upstream energy markets. Products include pressure pumping and pressure control equipment, supported by Weir EDGE aftermarket spares, equipment repairs, upgrades, certification and asset management, and field services to customers around the world.

2019 First Half Highlights

- 27% fall in orders due to significantly reduced North American refurbishment activity; operating margin 8.5%
- Technology leadership; launch of new SPM® QEM 5000 frack pump for electric and gas turbine operations
- International markets showed further progress

2019 First Half Market Review

As expected, the first half of 2019 saw a significant year-on-year reduction in demand for pressure pumping equipment in North American upstream markets. This compared to the first half of 2018 when there was strong demand as oilfield service companies refurbished and replaced their frack fleets.

This reduction in activity was caused by a combination of factors. These include increased capital discipline among Exploration and Production (E&P) companies, pipeline capacity constraints in both the Permian basin in Texas and Canada subduing growth in those regions, and uncertainty over oil prices.

This resulted in overcapacity and pricing pressure in pressure pumping markets with North American frack fleet utilisation estimated to be around 60%. There was, however, good demand for new technologies that significantly increase safety and productivity.

International markets continued their steady recovery with increased demand for services and wellheads.

2019 First Half Operating Review

In challenging market conditions, the division continued to help customers improve the safety, productivity and sustainability of their operations through advanced technology and customer service.

This included the successful commercialisation of its Simplified Frac System that significantly reduces the complexity and safety of frack sites and which saw strong demand in the first half of the year delivering c. £16m in first half revenues. Research and development activity focused on delivering further productivity and sustainability gains for customers including developing the QEM 5000 pump which is capable of supporting the development of electric and gas turbine frack sites which have the potential to reduce required fleet sizes by 60%.

The division also extended its service capability through its Weir EDGE offering that rapidly deploys engineers to customer sites to provide both root cause analysis and repair of breakdowns. This is supported by the division's comprehensive service centre network with its presence in the Permian basin in Texas being expanded with a new supercentre that provides pressure pumping and pressure control assembly, repair and testing facilities.

Internationally the division made good progress with order wins from international and national oil companies including a four-year contract in Oman to provide wellhead equipment and services. It is also developing plans to further expand its wellhead offering in the Middle East, including increased manufacturing capability in Saudi Arabia.

Operational improvements focused on supply chain enhancements and leveraging shared services to drive increased efficiencies across the division.

2019 First Half Financial review

Constant currency £m	H1 2019	H1 2018[1]	Growth	H2 2018[1]
Orders OE	98	114	-14%	81
Orders AM	236	341	-31%	289
Orders Total	**334**	**455**	**-27%**	**370**
Revenue OE	102	101	1%	94
Revenue AM	241	325	-26%	287
Revenue Total	**343**	**426**	**-19%**	**381**
Operating profit[2]	**29**	**68**	**-57%**	**32**
Operating margin[2]	8.5%	16.0%	-750bps	8.3%
Operating cash flow	(16)	38	-144%	56
Book-to-bill	0.97	1.07		0.97

1 2018 restated at H1 2019 average exchange rates except for operating cash flow. Prior year restated for reclassifications between continuing and discontinued operations.
2 Adjusted to exclude exceptional items and intangibles amortisation.

Orders of £334m (2018: £455m) were down 27% on both a constant currency and a like-for-like basis, reflecting the significant reduction in refurbishment and replacement activity in North America compared to the prior year period. Aftermarket orders, which represented 71% (2018: 75%) of total orders, fell 31% due to the reduction in refurbishment demand seen in the first half of 2018. Original equipment orders were 14% lower with declines in pump demand partially offset by demand for the division's new technology including its Simplified Frac System. Pressure pumping orders were down sequentially in the second quarter as North American markets continued to soften due to capital and capacity constraints. Pressure Control demand was stable.

First half orders from international markets were higher year-on-year and increased sequentially as activity levels improved for both original equipment and aftermarket services.

Revenue reduced by 19% on a constant currency basis to £343m (2018: £426m). Original equipment and aftermarket revenues increased by 1% and reduced by 26% respectively, with aftermarket accounting for 70% of total revenues (2018: 76%).

North American revenues fell by 23% compared to the prior year reflecting challenging market conditions. International revenues were higher year-on-year due to increased project activity, particularly in the Middle East.

Operating profit[2] including joint ventures was £29m (2018: £68m) on a constant currency basis. The decrease was driven by lower refurbishment activity levels and volumes in upstream North American markets and reduced operating leverage. There were also modest pricing declines in North America.

Operating margin[2] at 8.5% was down 750bps on a constant currency basis as a result of the change in market conditions in North America, which impacted volumes and overhead recoveries.

Cash generated from operations decreased to an outflow of £16m (2018: inflow of £38m) primarily driven by a lower level of payables as the forward production plan was reduced to reflect weaker market conditions and receivables being impacted by the back-end loading of new product sales and a customer focus on cash in line with current market sentiment.

2019 Outlook

Given capital constraints among E&P companies and ongoing overcapacity in pressure pumping markets, the division continues to anticipate lower year-on-year constant currency revenues with operating profits now expected to be towards the lower end of its previous £55m-£95m range.

GROUP FINANCIAL HIGHLIGHTS

Continuing operations order input at £1,420m increased 17% on a constant currency basis with strong performances from Minerals and the newly acquired ESCO offsetting declines in Oil & Gas due to weaker market conditions. Excluding the acquisition of ESCO, orders were down 7% like-for-like. Original equipment orders were £326m. Aftermarket orders were £1,094m.

Continuing operations revenue of £1,329m showed growth of 22% on a constant currency basis (down 4% like-for-like) mainly reflecting the impact of ESCO and the continued strength in Minerals, offset by the reduction in orders in the Oil & Gas Division. Aftermarket accounted for 78% of revenues, compared to 74% in the prior year. Reported revenues increased 25%, benefiting from a foreign exchange translation tailwind of £25m.

Operating profit[2] from continuing operations (before exceptional items and intangibles amortisation) increased by £8m (5%) to £172m on a reported basis. Excluding a £6m foreign currency translation tailwind, the constant currency increase was £3m, with a strong performance from Minerals and contribution from ESCO being largely offset by lower profits in Oil & Gas due to weaker market conditions.

Unallocated costs increased £3m from the prior year to £18m supporting the We are Weir strategy with increased investment in digital and advanced manufacturing technology as well as our all employee share plan. Reported operating profit for the period of £131m was £20m higher than the prior year mainly due to a £23m reduction in exceptional items and £8m improvement in underlying profit partly offset by a £11m increase in intangible amortisation resulting from the ESCO acquisition.

Continuing operations net finance costs before exceptional items were £25m (2018: £17m) and include £4m of interest related to IFRS 16 Leases, plus the impact of funding the ESCO acquisition.

Continuing operations profit before tax
Profit before tax from continuing operations (before exceptional items and intangibles amortisation) of £147m is in line with H1 2018. The reported profit before tax from continuing operations of £106m compares to £93m in 2018 due to a decrease in exceptional items.

Continuing operations taxation
The tax charge for the period of £37m (2018: £37m) on profit before tax from continuing operations (before exceptional items and intangibles amortisation) of £147m (2018: £147m) represents an underlying effective tax rate (ETR) of 25.3% (2018: 25.3%).

Continuing operations exceptional items and intangibles amortisation
Exceptional items decreased to £3m (2018: £25m) with intangibles amortisation increasing by £11m to £39m (2018: £28m).

Exceptional items of £3m primarily relate to the ESCO acquisition and integration (2018: £24m), while £9m of the increase in amortisation is also a result of the ESCO acquisition.

A tax credit of £9m has been recognised in relation to exceptional items and intangibles amortisation (2018: £8m).

Discontinued operations
Reported loss for the period from discontinued operations is £25m (2018: profit £3m), including an underlying loss of £4m (2018: profit £5m). Exceptional items of £21m (2018: £2m) primarily relate to the loss on disposal of the Flow Control division following its sale on 28 June 2019. The Group completed the sale for an enterprise value of £275m, subject to customary working capital and debt like adjustments.

A pre-tax loss on disposal of £5m has been recognised at June 2019 and reflects proceeds of £263m, net assets at the date of disposal of £271m, costs of disposal of £18m and a gain of £21m from the recycling of cumulative foreign exchange differences from the foreign currency translation reserve to the income statement.

The income tax charge of £15m primarily relates to the gain on disposal of the US entities and assets resulting in a total post-tax loss on disposal after tax of £20m.

The final proceeds will be determined as part of the agreed completion accounts process and reflected in the 2019 Annual Report.

Profit for the period
Profit for the period from total operations of £53m (2018: £67m) reflects an increase in profit from continuing operations of £14m to £78m (2018: £64m) offset by the loss from discontinued operations of £25m compared to the profit of £3m in 2018.

Earnings per share from continuing operations (before exceptional items and intangibles amortisation) decreased by 11% to 42.2p (2018: 47.4p) reflecting the increase in the weighted average number of shares in issue, with profits in line with prior year. The weighted average number of shares in issue increased to 259.7m (2018: 230.9m) following the issue of shares in April and July 2018 in respect of the ESCO acquisition and scrip dividends. Reported earnings per share including exceptional items, intangibles amortisation and profit from discontinued operations was 20.3p (2018: 29.1p).

Cashflow and net debt
Cash generated from total operations decreased by £85m to £54m in the period which reflected underlying profit growth offset by an increase in working capital of £181m (continuing operations £157m) compared to £60m (continuing operations £62m) in the prior period. The increased use of working capital of £95m for continuing operations reflected a step up in inventory to support the growing Minerals order book and a larger reduction in payables due to normal seasonality of bonus and other accruals as well as a reduction in the forward production plan for Oil & Gas reflecting weaker market conditions compared to the prior year. Receivables were also impacted by a back-end loading of new product sales in Oil & Gas and customer focus on cash in line with current market sentiment. As a result, working capital as a percentage of sales increased from 26.8% to 31.5% on a like-for-like basis. Net cash used in operating activities was £16m (2018: cash generated £93m).

Free cash flow (see note 1(e) of the interim financial statements) from total operations was an outflow of £198m (2018: £7m) before cash exceptional items of £26m (2018: £8m). The increase reflects the higher working capital outflow, the adverse impact of FX volatility on derivative cashflows, an increase in capex investment and the closure of the scrip dividend scheme.

Total Group exceptional cash items in the period mainly relate to items recognised in the income statement during 2018, primarily the ESCO acquisition and integration, with the remainder relating to the legacy warranty issue in Oil & Gas and restructuring and rationalisation actions.

The completion of the sale of Flow Control on 28 June 2019 resulted in cash proceeds, net of costs paid in the period, of £253m. The adoption of IFRS 16 ‘Leases’ on 1 January 2019 led to the recognition of total lease liabilities of £185m.

The above movements resulted in closing Group net debt of £1,316m (December 2018: £1,127m). On a lender covenant basis, the ratio of net debt to EBITDA was 2.6 times (December 2018: 2.3 times).

Principal risks and uncertainties

The Board considers the principal risks and uncertainties affecting the business activities of the Group are:

- Technology and innovation
- Political and social risk
- Safety, health and environment
- IT systems and cyber security
- Ethics, governance and control
- Value chain management
- Staff recruitment, retention and development
- Market volatility
- Contract risk

Further details of the Group's policies on principal risks and uncertainties are contained within the Group's 2018 Annual Report, a copy of which is available at www.annualreport.weir.

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Appendix 1 – 2018 / 2019 quarterly order trends (constant currency)

	Reported growth[1]				Like-for-like[1,2] growth			
Division	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Original Equipment	19%	30%	-10%	7%	19%	30%	-10%	7%
Aftermarket	20%	3%	9%	7%	20%	3%	9%	7%
Minerals	**20%**	**10%**	**3%**	**7%**	**20%**	**10%**	**3%**	**7%**
Original Equipment	-	-	-	-	-	-	-	-
Aftermarket	-	-	-	-	-	-	-	-
ESCO	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Original Equipment	37%	-38%	-7%	-22%	23%	-14%	-7%	-22%
Aftermarket	6%	-4%	-28%	-34%	6%	-4%	-28%	-34%
Oil & Gas	**13%**	**-12%**	**-23%**	**-31%**	**10%**	**-6%**	**-23%**	**-31%**
Original Equipment	28%	11%	-6%	-	20%	17%	-9%	**-3%**
Aftermarket	44%	34%	27%	23%	15%	-	-6%	-8%
Continuing Ops[1]	**40%**	**28%**	**18%**	**17%**	**16%**	**4%**	**-7%**	**-7%**
Book to Bill	1.02	0.94	1.09	1.05	1.04	0.94	1.11	1.05

[1] Continuing operations (excludes the Flow Control division which has been sold).

[2] Like-for-like excludes the impact of acquisitions, KOP was acquired on 27 July 2017 and excluded for 2018. ESCO was acquired on 12 July 2018 and excluded from 2018 and 2019.

Appendix 2 – Foreign Exchange (FX) rates and profit exposure

	2019 HY average FX rates	**2018 HY average FX rates**	**Percentage of FY 2018 operating profits**
US dollar	1.29	1.38	65%
Australian dollar	1.83	1.78	9%
Canadian dollar	1.72	1.76	14%
Euro	1.14	1.14	6%
Chilean peso	872.86	841.97	12%
United Arab Emirates dirham	4.75	5.06	2%
South African rand	18.35	16.92	2%
Brazilian real	4.97	4.71	1%
Russian rouble	84.28	81.73	1%

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

Consolidated Income Statement
for the period ended 30 June 2019

Year ended 31 December 2018 Total £m		Notes	Period ended 30 June 2019 Before exceptional items & intangibles amortisation £m	Period ended 30 June 2019 Exceptional items & intangibles amortisation (note 4) £m	Period ended 30 June 2019 Total £m	Restated (note 1) Period ended 30 June 2018 Before exceptional items & intangibles amortisation £m	Restated (note 1) Period ended 30 June 2018 Exceptional items & intangibles amortisation (note 4) £m	Restated (note 1) Period ended 30 June 2018 Total £m
	Continuing operations							
2,449.9	Revenue	2, 3	**1,329.4**	**-**	**1,329.4**	1,065.5	-	1,065.5
	Continuing operations							
121.7	Operating profit before share of results of joint ventures		**169.1**	**(41.5)**	**127.6**	162.6	(53.2)	109.4
2.4	Share of results of joint ventures		**3.1**	**-**	**3.1**	0.9	-	0.9
124.1	**Operating profit**	2, 3	**172.2**	**(41.5)**	**130.7**	163.5	(53.2)	110.3
(40.7)	Finance costs		**(26.3)**	**-**	**(26.3)**	(18.4)	-	(18.4)
2.7	Finance income		**1.3**	**-**	**1.3**	1.5	-	1.5
86.1	**Profit before tax from continuing operations**		**147.2**	**(41.5)**	**105.7**	146.6	(53.2)	93.4
(32.7)	Tax (expense) credit	5	**(37.3)**	**9.4**	**(27.9)**	(37.0)	7.7	(29.3)
53.4	**Profit for the period from continuing operations**		**109.9**	**(32.1)**	**77.8**	109.6	(45.5)	64.1
(35.0)	(Loss) profit for the period from discontinued operations	6	**(4.0)**	**(20.7)**	**(24.7)**	4.6	(1.5)	3.1
18.4	**Profit for the period**		**105.9**	**(52.8)**	**53.1**	114.2	(47.0)	67.2
	Attributable to:							
18.0	Equity holders of the Company		**105.6**	**(52.8)**	**52.8**	114.1	(47.0)	67.1
0.4	Non-controlling interests		**0.3**	**-**	**0.3**	0.1	-	0.1
18.4			**105.9**	**(52.8)**	**53.1**	114.2	(47.0)	67.2
	Earnings per share	7						
7.4p	Basic - total operations				**20.3p**			29.1p
21.7p	Basic - continuing operations		**42.2p**		**29.8p**	47.4p		27.7p
7.3p	Diluted - total operations				**20.2p**			28.9p
21.6p	Diluted - continuing operations		**41.9p**		**29.6p**	47.1p		27.5p

Consolidated Statement of Comprehensive Income
for the period ended 30 June 2019

Year ended 31 December 2018 £m		Notes	**Period ended 30 June 2019 £m**	Restated (note 1) Period ended 30 June 2018 £m
18.4	**Profit for the period**		**53.1**	67.2
	Other comprehensive income (expense)			
0.8	Gains taken to equity on cash flow hedges		**0.2**	1.1
76.1	Exchange gains on translation of foreign operations		**27.8**	3.0
-	Reclassification of foreign currency translation reserve on discontinued operations		**(20.5)**	-
(72.8)	Exchange losses on net investment hedges		**(16.1)**	(15.7)
(2.6)	Reclassification adjustments on cash flow hedges		**0.2**	(0.9)
3.0	Tax relating to other comprehensive (expense) income to be reclassified in subsequent periods		**(0.2)**	2.1
4.5	**Items that are or may be reclassified to profit or loss in subsequent periods**		**(8.6)**	(10.4)
53.7	Remeasurements on defined benefit plans	12	**(5.8)**	32.0
0.3	Remeasurements on other benefit plans		**-**	-
(8.9)	Tax relating to other comprehensive income (expense) not to be reclassified in subsequent periods		**1.3**	(5.5)
45.1	**Items that will not be reclassified to profit or loss in subsequent periods**		**(4.5)**	26.5
49.6	**Net other comprehensive (expense) income**		**(13.1)**	16.1
68.0	**Total net comprehensive income for the period**		**40.0**	83.3
	Attributable to:			
67.5	Equity holders of the Company		**39.7**	83.2
0.5	Non-controlling interests		**0.3**	0.1
68.0			**40.0**	83.3
	Total comprehensive income (expense) for the period attributable to equity holders of the Company			
153.3	Continuing operations		**87.0**	80.1
(85.8)	Discontinued operations		**(47.3)**	3.1
67.5			**39.7**	83.2

Consolidated Balance Sheet
at 30 June 2019

31 December 2018 £m		Notes	**30 June 2019 £m**	30 June 2018 £m
	ASSETS			
	Non-current assets			
427.1	Property, plant & equipment		**626.5**	320.9
2,166.6	Intangible assets		**2,144.9**	1,412.1
36.6	Investments in joint ventures		**38.5**	19.0
36.0	Deferred tax assets		**26.5**	37.4
78.5	Other receivables		**78.8**	29.8
1.4	Derivative financial instruments	13	**1.0**	1.0
2,746.2	**Total non-current assets**		**2,916.2**	1,820.2
	Current assets			
692.7	Inventories		**746.1**	565.3
597.7	Trade & other receivables		**623.7**	522.4
18.3	Derivative financial instruments	13	**28.6**	14.5
32.5	Income tax receivable		**20.1**	16.2
263.0	Cash & short-term deposits		**499.0**	640.6
394.4	Assets held for sale		**-**	452.6
1,998.6	**Total current assets**		**1,917.5**	2,211.6
4,744.8	**Total assets**		**4,833.7**	4,031.8
	LIABILITIES			
	Current liabilities			
662.5	Interest-bearing loans & borrowings		**337.7**	602.2
629.9	Trade & other payables		**535.3**	527.5
40.8	Derivative financial instruments	13	**19.0**	16.1
25.3	Income tax payable		**21.2**	24.8
50.5	Provisions	10	**44.4**	37.6
134.0	Liabilities held for sale		**-**	122.6
1,543.0	**Total current liabilities**		**957.6**	1,330.8
	Non-current liabilities			
740.9	Interest-bearing loans & borrowings		**1,477.4**	598.8
0.8	Other payables		**-**	0.2
0.2	Derivative financial instruments	13	**0.7**	0.4
69.7	Provisions	10	**66.2**	70.9
92.2	Deferred tax liabilities		**79.3**	59.7
149.1	Retirement benefit plan deficits	12	**150.7**	98.3
1,052.9	**Total non-current liabilities**		**1,774.3**	828.3
2,595.9	**Total liabilities**		**2,731.9**	2,159.1
2,148.9	**NET ASSETS**		**2,101.8**	1,872.7
	CAPITAL & RESERVES			
32.5	Share capital		**32.5**	30.4
582.3	Share premium		**582.3**	583.4
332.6	Merger reserve		**332.6**	9.4
(2.1)	Treasury shares		**(1.6)**	(2.4)
0.5	Capital redemption reserve		**0.5**	0.5
101.3	Foreign currency translation reserve		**92.5**	87.5
1.5	Hedge accounting reserve		**1.7**	0.5
1,095.0	Retained earnings		**1,059.9**	1,162.0
2,143.6	**Shareholders' equity**		**2,100.4**	1,871.3
5.3	Non-controlling interests		**1.4**	1.4
2,148.9	**TOTAL EQUITY**		**2,101.8**	1,872.7

Consolidated Cash Flow Statement
for the period ended 30 June 2019

Year ended 31 December 2018 £m		Notes	**Period ended 30 June 2019 £m**	Period ended 30 June 2018 £m
	Total operations			
	Cash flows from operating activities	14		
410.8	Cash generated from operations before exceptional cash items		**53.9**	139.2
(5.6)	Additional pension contributions paid		**(5.7)**	(3.0)
(114.0)	Exceptional cash items		**(25.6)**	(7.5)
(73.3)	Income tax paid		**(38.4)**	(35.8)
217.9	Net cash (used in) generated from operating activities		**(15.8)**	92.9
	Cash flows from investing activities			
(429.6)	Acquisitions of subsidiaries, net of cash acquired	14	**(0.1)**	(2.9)
(77.7)	Purchases of property, plant & equipment		**(50.7)**	(30.4)
(11.4)	Purchases of intangible assets		**(9.2)**	(3.8)
3.9	Other proceeds from sale of property, plant & equipment and intangible assets		**6.3**	1.8
0.3	Disposals of discontinued operations, net of cash disposed	14	**252.8**	0.3
3.0	Interest received		**1.3**	1.4
1.6	Dividends received from joint ventures		**1.2**	1.6
(509.9)	Net cash generated from (used in) investing activities		**201.6**	(32.0)
	Cash flows from financing activities			
1,438.4	Proceeds from borrowings		**1,659.4**	509.6
(1,335.5)	Repayments of borrowings		**(1,469.7)**	(469.4)
(22.1)	Settlement of derivative financial instruments		**(43.6)**	(18.7)
(27.8)	Exceptional cash items - settlement of derivative financial instruments		**-**	-
(39.6)	Interest paid		**(25.0)**	(19.7)
(79.6)	Dividends paid to equity holders of the Company	8	**(78.9)**	(38.7)
355.5	Issue of shares, net of transaction costs		**-**	356.6
(0.8)	Purchase of shares for employee share plans		**(9.6)**	(0.8)
288.5	Net cash generated from financing activities		**32.6**	318.9
(3.5)	**Net increase (decrease) in cash & cash equivalents**		**218.4**	379.8
284.5	Cash & cash equivalents at the beginning of the period		**277.2**	284.5
(3.8)	Foreign currency translation differences		**2.4**	(6.6)
277.2	**Cash & cash equivalents at the end of the period**	14	**498.0**	657.7

The cash flows from discontinued operations included above are disclosed separately in note 6.

Consolidated Statement of Changes in Equity
for the period ended 30 June 2019

	Share capital £m	Share premium £m	Merger reserve £m	Treasury shares £m	Capital redemption reserve £m	Foreign currency translation reserve £m	Hedge accounting reserve £m	Retained earnings £m	Attributable to equity holders of the Company £m	Non-controlling interests £m	Total equity £m
At 31 December 2017	28.1	197.9	9.4	(5.9)	0.5	98.1	0.3	1,139.0	1,467.4	1.3	1,468.7
Profit for the period (restated note 1)	-	-	-	-	-	-	-	67.1	67.1	0.1	67.2
Gains taken to equity on cash flow hedges	-	-	-	-	-	-	1.1	-	1.1	-	1.1
Exchange gains on translation of foreign operations	-	-	-	-	-	3.0	-	-	3.0	-	3.0
Exchange losses on net investment hedges	-	-	-	-	-	(15.7)	-	-	(15.7)	-	(15.7)
Reclassification adjustments on cash flow hedges	-	-	-	-	-	-	(0.9)	-	(0.9)	-	(0.9)
Remeasurements on defined benefit plans	-	-	-	-	-	-	-	32.0	32.0	-	32.0
Tax relating to other comprehensive income	-	-	-	-	-	2.1	-	(5.5)	(3.4)	-	(3.4)
Total net comprehensive (expense) income for the period	-	-	-	-	-	(10.6)	0.2	93.6	83.2	0.1	83.3
Issue of shares, net of transaction costs	2.3	385.5	-	-	-	-	-	-	387.8	-	387.8
Cost of share-based payments inclusive of tax charge	-	-	-	-	-	-	-	3.6	3.6	-	3.6
Dividends	-	-	-	-	-	-	-	(69.9)	(69.9)	-	(69.9)
Purchase of shares	-	-	-	(0.8)	-	-	-	-	(0.8)	-	(0.8)
Exercise of share-based payments	-	-	-	4.3	-	-	-	(4.3)	-	-	-
At 30 June 2018	30.4	583.4	9.4	(2.4)	0.5	87.5	0.5	1,162.0	1,871.3	1.4	1,872.7
At 31 December 2018	**32.5**	**582.3**	**332.6**	**(2.1)**	**0.5**	**101.3**	**1.5**	**1,095.0**	**2,143.6**	**5.3**	**2,148.9**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**52.8**	**52.8**	**0.3**	**53.1**
Gains taken to equity on cash flow hedges	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**	**-**	**0.2**
Exchange gains on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**27.8**	**-**	**-**	**27.8**	**-**	**27.8**
Reclassification of exchange gains on discontinued operations	**-**	**-**	**-**	**-**	**-**	**(20.5)**	**-**	**-**	**(20.5)**	**-**	**(20.5)**
Exchange losses on net investment hedges	**-**	**-**	**-**	**-**	**-**	**(16.1)**	**-**	**-**	**(16.1)**	**-**	**(16.1)**
Reclassification adjustments on cash flow hedges	**-**	**-**	**-**	**-**	**-**	**-**	**0.2**	**-**	**0.2**	**-**	**0.2**
Remeasurements on defined benefit plans	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.8)**	**(5.8)**	**-**	**(5.8)**
Tax relating to other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**1.3**	**1.1**	**-**	**1.1**
Total net comprehensive (expense) income for the period	**-**	**-**	**-**	**-**	**-**	**(8.8)**	**0.2**	**48.3**	**39.7**	**0.3**	**40.0**
Cost of share-based payments inclusive of tax charge	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5.6**	**5.6**	**-**	**5.6**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(78.9)**	**(78.9)**	**-**	**(78.9)**
Purchase of shares	**-**	**-**	**-**	**(9.6)**	**-**	**-**	**-**	**-**	**(9.6)**	**-**	**(9.6)**
Reduction in non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(4.2)**	**(4.2)**
Exercise of share-based payments	**-**	**-**	**-**	**10.1**	**-**	**-**	**-**	**(10.1)**	**-**	**-**	**-**
At 30 June 2019	**32.5**	**582.3**	**332.6**	**(1.6)**	**0.5**	**92.5**	**1.7**	**1,059.9**	**2,100.4**	**1.4**	**2,101.8**
At 31 December 2017	28.1	197.9	9.4	(5.9)	0.5	98.1	0.3	1,139.0	1,467.4	1.3	1,468.7
Profit for the year	-	-	-	-	-	-	-	18.0	18.0	0.4	18.4
Gains taken to equity on cash flow hedges	-	-	-	-	-	-	0.8	-	0.8	-	0.8
Exchange gains on translation of foreign operations	-	-	-	-	-	76.0	-	-	76.0	0.1	76.1
Exchange losses on net investment hedges	-	-	-	-	-	(72.8)	-	-	(72.8)	-	(72.8)
Reclassification adjustments on cash flow hedges	-	-	-	-	-	-	(2.6)	-	(2.6)	-	(2.6)
Remeasurements on defined benefit plans	-	-	-	-	-	-	-	53.7	53.7	-	53.7
Remeasurements on other benefit plans	-	-	-	-	-	-	-	0.3	0.3	-	0.3
Tax relating to other comprehensive income (expense)	-	-	-	-	-	-	3.0	(8.9)	(5.9)	-	(5.9)
Total net comprehensive income for the year	-	-	-	-	-	3.2	1.2	63.1	67.5	0.5	68.0
Acquisition of non-controlling interests through business combination	-	-	-	-	-	-	-	-	-	3.5	3.5
Issue of shares, net of transaction costs	4.4	384.4	323.2	-	-	-	-	-	712.0	-	712.0
Cost of share-based payments inclusive of tax charge	-	-	-	-	-	-	-	8.3	8.3	-	8.3
Dividends	-	-	-	-	-	-	-	(110.8)	(110.8)	-	(110.8)
Purchase of shares	-	-	-	(0.8)	-	-	-	-	(0.8)	-	(0.8)
Exercise of share-based payments	-	-	-	4.6	-	-	-	(4.6)	-	-	-
At 31 December 2018	32.5	582.3	332.6	(2.1)	0.5	101.3	1.5	1,095.0	2,143.6	5.3	2,148.9

Notes to the Financial Statements

1. Basis of preparation

a) General information

These interim financial statements are for the 6 month period ended 30 June 2019 and have been prepared on the basis of the accounting policies set out in the Group's 2018 Annual Report, with the exception of IFRS 16: Leases, and in accordance with IAS 34: Interim Financial Reporting (Revised) as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority.

These interim financial statements are unaudited but have been reviewed by the auditors and their report to the Company is set out on page 36. The information shown for the year ended 31 December 2018 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2018 Annual Report which has been filed with the Registrar of Companies. The report of the auditors on the financial statements contained within the Group's 2018 Annual Report was unqualified and did not contain a statement under either Section 498(2) or Section 498(3) of the Companies Act 2006. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with IFRSs as adopted by the European Union.

The Weir Group PLC is a limited company incorporated in Scotland and is listed on the London Stock Exchange.

The principal activities of the Group are described in note 2.

These interim financial statements were approved by the Board of Directors on 30 July 2019.

b) Estimates & judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

These interim financial statements have been prepared on a going concern basis as the Directors, having considered available relevant information, have a reasonable expectation that the Group has adequate resources to continue to operate as a going concern.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

c) New standards & interpretations

Several new amendments and annual improvements apply for the first time in 2019. With the exception of IFRS 16: Leases, discussed below, they do not result in a material impact on the half year consolidated financial statements of the Group.

IFRS 16: Leases

The Group adopted IFRS 16 on 1 January 2019. The standard has resulted in many current operating leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The Group has applied the modified retrospective transition method, and consequently comparative information is not restated.

Within opening balances as at 1 January 2019, the Group has recognised £182.2m of continuing right-of-use assets. A corresponding continuing IFRS 16 lease liability of £184.9m has been recognised, representing the obligation to make lease payments. Right-of-use assets have been initially valued as equal to lease liabilities, with subsequent adjustments made to reflect prepayments, rent free periods and provisions including onerous lease contracts recognised on balance sheet at 31 December 2018.

The balance sheet transition impact by line item on the closing 2018 Consolidated Balance Sheet is shown in the table.

Impact of IFRS 16 transition on 2018 Consolidated Balance Sheet

	31 December 2018 £m	IFRS 16 impact £m	1 January 2019 £m
Property, plant & equipment	427.1	182.2	609.3
Trade & other receivables	597.7	(1.2)	596.5
Assets held for sale	394.4	13.0	407.4
Interest-bearing loans and borrowings (total)	(1,403.4)	(184.9)	(1,588.3)
Trade & other payables	(629.9)	2.8	(627.1)
Provisions (current)	(50.5)	1.1	(49.4)
Liabilities held for sale	(134.0)	(13.0)	(147.0)
Other	2,947.5	-	2,947.5
NET ASSETS	**2,148.9**	**-**	**2,148.9**

For each lease, the lease term has been calculated as the non-cancellable period of the lease contract, except where the Group is reasonably certain that it will exercise contractual extension options.

The Group has elected to use the following practical expedients allowed by the standard:

- On initial application:
  i) the use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
  ii) the exclusion of initial direct costs from the measurement of the right-of-use asset; and
  iii) IFRS 16 has only been applied to contracts that were previously classified as leases.
- Lease payments for contracts with a duration of 12 months or less and contracts for which the underlying asset is of a low value have continued to be expensed in the income statement.

For operating leases now recognised on balance sheet, the operating lease expenses have been replaced by a depreciation expense on the right-of-use assets recognised and an interest expense.

Where the interest rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate will be used. The Group's incremental borrowing rate is calculated by taking the government borrowing rate in any given currency and adding the estimated Group credit spreads for a variety of tenors. An interpolation is performed to obtain one rate for each of the major lease currencies based on the weighted average life of the lease book.

For the period to 30 June 2019, the impact on profit before tax from continuing operations (before exceptional items and intangibles amortisation) compared to the prior year is a reduction of £4m (excluding the impact of ESCO acquired in H2 2018) partly due to the front loading of interest costs.

There is also a change in presentation of cash flows for leases previously accounted for as operating leases, which are now presented as cash flows from financing activities rather than cash flows from operating activities.

1. Basis of preparation (continued)

The reconciliation from operating commitments disclosed under IAS 17 to the lease liability recognised on the balance sheet at 1 January 2019 is as follows:

Reconciliation from IAS 17 disclosure to IFRS 16 at 1 January 2019

	Total operations	Discontinued operations	Continuing operations
	£m	£m	£m
Operating lease commitments at 31 December 2018 disclosed in Group Annual Report	(212.3)	(15.0)	(197.3)
Transfer of operating lease commitments	-	1.3	(1.3)
Impact of IFRS 16 data review*	(18.0)	(0.7)	(17.3)
Operating lease commitments at 31 December 2018	**(230.3)**	**(14.4)**	**(215.9)**
Impact of discounting	29.4	1.1	28.3
Discounted operating lease commitments at 1 January 2019	**(200.9)**	**(13.3)**	**(187.6)**
Finance lease liabilities recognised as at 31 December 2018	(2.5)	-	(2.5)
Recognition exemption for short-term leases	8.6	0.5	8.1
Recognition exemption for leases of low value assets	3.2	0.2	3.0
Extension and termination options reasonably certain	(8.6)	(0.4)	(8.2)
Lease liabilities reported at 1 January 2019	**(200.2)**	**(13.0)**	**(187.2)**

*As part of the transition to IFRS 16, a number of operating lease commitments were identified that had not been included in the 2018 Annual Report operating lease commitments disclosure.

d) Prior period restatements

On 19 April 2018, the Group announced its intention to sell the Flow Control division and, in line with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the Group classified the division as held for sale. Previously reported as an individual reporting segment, the division was first reported as a discontinued operation at 30 June 2018. As the disposal process advanced during the second half of 2018, classification of revenue, costs, assets and liabilities between discontinued operations and Minerals and Oil & Gas were revisited. This reflected the shared nature of certain assets and liabilities across the Group. The agreed sale was announced on 25 February 2019 and completed on 28 June 2019.

As a result the Consolidated Income Statement for the period ended 30 June 2018 has been restated, as shown below. In accordance with IFRS 5 the Consolidated Balance Sheet at 30 June 2018 has not been restated.

Restated Consolidated Income Statement
for period ended 30 June 2018

	Continuing operations: as previously reported	Transfer to/from discontinued operations	Continuing operations: as restated
	£m	£m	£m
Revenue	1,061.7	3.8	1,065.5
Operating profit before share of results of joint ventures	106.2	3.2	109.4
Share of results of joint ventures	0.9	-	0.9
Operating profit	107.1	3.2	110.3
Finance costs	(18.4)	-	(18.4)
Finance income	1.4	0.1	1.5
Profit before tax from continuing operations	90.1	3.3	93.4
Tax expense	(28.6)	(0.7)	(29.3)
Profit for the period from continuing operations	61.5	2.6	64.1
Loss for the period from discontinued operations	5.7	(2.6)	3.1
Profit for the period	67.2	-	67.2

1. Basis of preparation (continued)

e) Non-GAAP measures

Our reported interim results are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applied in accordance with the provisions of the Companies Act 2006. In measuring our performance, the financial measures that we use include those which have been derived from our reported results in order to eliminate factors which we believe distort period-on-period comparisons. These are considered non-GAAP financial measures. We believe this information, along with comparable GAAP measurements, is useful to investors in providing a basis for measuring our operational performance. Our management uses these financial measures, along with the most directly comparable GAAP financial measures, in evaluating our performance and value creation. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information in compliance with GAAP. Non-GAAP financial measures as reported by the Group may not be comparable with similarly titled amounts reported by other companies.

Below we set out our definitions of non-GAAP measures and provide reconciliations to relevant GAAP measures.

Free cash flow

Free cash flow (FCF) is defined as cash flow from operating activities adjusted for income taxes, net capital expenditures, net interest payments, dividends paid, settlement of derivatives and pension contributions. FCF reflects an additional way of viewing our liquidity that we believe is useful to investors as it represents cash flows that could be used for repayment of debt or to fund our strategic initiatives, including acquisitions, if any.

The reconciliation of cash flow from operations to FCF is as follows.

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Period ended 30 June 2018 £m
410.8	Cash generated from operations before exceptional cash items (note 14)	**53.9**	139.2
(73.3)	Income tax paid	**(38.4)**	(35.8)
(85.2)	Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	**(53.6)**	(32.4)
(36.6)	Net interest paid	**(23.7)**	(18.3)
(79.6)	Dividends paid to equity holders of the Company	**(78.9)**	(38.7)
1.6	Dividends received from joint ventures	**1.2**	1.6
(22.1)	Settlement of derivative financial instruments	**(43.6)**	(18.7)
(0.8)	Purchase of shares for employee share plans	**(9.6)**	(0.8)
(5.6)	Additional pension contributions paid	**(5.7)**	(3.0)
109.2	**Free cash flow**	**(198.4)**	(6.9)

EBITDA

EBITDA is operating profit from continuing operations, before exceptional items and intangibles amortisation, excluding depreciation. EBITDA is used in conjunction with other GAAP and non-GAAP financial measures to assess our operating performance. A reconciliation of EBITDA to the closest equivalent GAAP measure, operating profit, is provided.

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Restated (note 1) Period ended 30 June 2018 £m
	Continuing operations		
124.1	Operating profit	**130.7**	110.3
	Adjusted for:		
157.7	Exceptional items (note 4)	**2.6**	25.2
281.8	**Earnings before interest and tax (EBIT)**	**133.3**	135.5
66.3	Intangibles amortisation (note 4)	**38.9**	28.0
61.8	Depreciation of property, plant & equipment	**54.0**	26.4
409.9	**EBITDA**	**226.2**	189.9

Net debt

A breakdown of net debt into cash & short-term deposits and interest-bearing loans & borrowings is provided in note 14. This includes the impact of IFRS 16: Leases which was adopted in the period.

2. Segment information

Following the initial announcement on 19 April 2018 of the intention to sell the Flow Control division, the Group reported Flow Control as a discontinued operation at 30 June 2018 and in each subsequent period, with the agreed sale being announced on 25 February 2019 and completed on 28 June 2019.

Continuing operations includes three operating divisions: Minerals, ESCO and Oil & Gas. These three divisions are organised and managed separately based on the key markets served and each is treated as an operating segment and a reportable segment under IFRS 8. The operating and reportable segments were determined based on the reports reviewed by the Chief Executive Officer which are used to make operational decisions.

The Minerals segment is the global leader in the provision of slurry handling equipment and associated aftermarket support for abrasive high wear applications used in the mining and oil sands markets. The Oil & Gas segment provides products and service solutions to upstream, production, transportation, refining and related industries. The ESCO segment was acquired on 12 July 2018, and is the world's leading provider of ground engaging tools for surface mining and infrastructure.

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

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

The segment information for the reportable segments for the period ended 30 June 2019, the period ended 30 June 2018 and the year ended 31 December 2018 is disclosed below.

Information for Flow Control is included in note 6.

	Minerals		**ESCO**		**Oil & Gas**		**Total continuing operations**	
		Restated (note 1)				Restated (note 1)		Restated (note 1)
	30 June 2019 £m	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m
Revenue								
Sales to external customers	**705.6**	664.2	**280.4**	-	**343.4**	401.3	**1,329.4**	1,065.5
Inter-segment sales	**0.4**	1.0	**0.1**	-	**-**	-	**0.5**	1.0
Segment revenue	**706.0**	665.2	**280.5**	-	**343.4**	401.3	**1,329.9**	1,066.5
Eliminations							**(0.5)**	(1.0)
							1,329.4	1,065.5
Sales to external customers – 2018 at 2019 average exchange rates								
Sales to external customers	**705.6**	664.2	**280.4**	-	**343.4**	426.4	**1,329.4**	1,090.6
Segment result								
Segment result before share of results of joint ventures	**121.1**	113.9	**39.0**	-	**26.6**	63.2	**186.7**	177.1
Share of results of joint ventures	**-**	-	**0.7**	-	**2.4**	0.9	**3.1**	0.9
Segment result	**121.1**	113.9	**39.7**	-	**29.0**	64.1	**189.8**	178.0
Unallocated expenses							**(17.6)**	(14.5)
Operating profit before exceptional items & intangibles amortisation							**172.2**	163.5
Total exceptional items & intangibles amortisation							**(41.5)**	(53.2)
Net finance costs before exceptional items							**(25.0)**	(16.9)
Profit before tax from continuing operations							**105.7**	93.4
Segment result – 2018 at 2019 average exchange rates								
Segment result before share of results of joint ventures	**121.1**	115.5	**39.0**	-	**26.6**	67.2	**186.7**	182.7
Share of results of joint ventures	**-**	-	**0.7**	-	**2.4**	1.0	**3.1**	1.0
Segment result	**121.1**	115.5	**39.7**	-	**29.0**	68.2	**189.8**	183.7
Unallocated expenses							**(17.6)**	(14.5)
Operating profit before exceptional items & intangibles amortisation							**172.2**	169.2

	Minerals		**ESCO**		**Oil & Gas**		**Total Group**	
	30 June 2019 £m	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m
Assets & liabilities								
Intangible assets	**607.3**	603.5	**741.6**	-	**760.6**	766.8	**2,109.4**	1,370.3
Property, plant & equipment	**309.9**	220.5	**119.8**	-	**177.0**	90.8	**606.7**	311.3
Working capital assets	**722.5**	641.7	**225.1**	-	**413.6**	412.9	**1,361.2**	1,054.6
	1,639.7	1,465.7	**1,086.5**	-	**1,351.2**	1,270.5	**4,077.3**	2,736.2
Investments in joint ventures	**-**	-	**16.4**	-	**22.1**	19.0	**38.5**	19.0
Segment assets held for sale	**-**	-	**-**	-	**-**	-	**-**	452.6
Segment assets	**1,639.7**	1,465.7	**1,102.9**	-	**1,373.3**	1,289.5	**4,115.8**	3,207.8
Unallocated assets							**717.9**	824.0
Total assets							**4,833.7**	4,031.8
Working capital liabilities	**376.6**	310.6	**67.7**	-	**142.5**	170.4	**586.8**	481.0
Segment liabilities held for sale	**-**	-	**-**	-	**-**	-	**-**	122.6
Unallocated liabilities							**2,145.1**	1,555.5
Total liabilities							**2,731.9**	2,159.1

2. Segment information (continued)

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

Assets and liabilities previously held for sale have been classified as discontinued operations for 2019 interim reporting (note 6).

Geographical information
Geographical information in respect of revenue for the periods ended 30 June 2019 and 30 June 2018 and the year ended 31 December 2018 is disclosed below. Revenues are allocated based on the location to which the product is shipped.

Period ended 30 June 2019	**UK**	**US**	**Canada**	**Europe & FSU**	**Asia Pacific**	**Australia**	**South America**	**Middle East & Africa**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue from continuing operations									
Sales to external customers	**18.8**	**409.7**	**169.7**	**84.4**	**149.0**	**125.6**	**215.6**	**156.6**	**1,329.4**

Period ended 30 June 2018 (restated note 1)	UK	US	Canada	Europe & FSU	Asia Pacific	Australia	South America	Middle East & Africa	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from continuing operations									
Sales to external customers	8.2	375.0	120.5	55.9	131.1	93.8	145.0	136.0	1,065.5

Year ended 31 December 2018	UK	US	Canada	Europe & FSU	Asia Pacific	Australia	South America	Middle East & Africa	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Revenue from continuing operations									
Sales to external customers	28.0	802.5	287.9	142.8	285.7	227.7	370.3	305.0	2,449.9

Year ended 31 December 2018	**Minerals**	**ESCO**	**Oil & Gas**	**Total continuing operations**
	£m	£m	£m	£m
Revenue				
Sales to external customers	1,416.7	251.8	781.4	2,449.9
Inter-segment sales	1.5	-	-	1.5
Segment revenue	1,418.2	251.8	781.4	2,451.4
Eliminations				(1.5)
				2,449.9
Sales to external customers – 2018 at 2019 average exchange rates				
Sales to external customers	1,412.3	260.3	806.7	2,479.3
Segment result				
Segment result before share of results of joint ventures	250.2	32.5	93.8	376.5
Share of results of joint ventures	-	0.2	2.2	2.4
Segment result	250.2	32.7	96.0	378.9
Unallocated expenses				(30.8)
Operating profit before exceptional items & intangibles amortisation				348.1
Total exceptional items & intangibles amortisation				(224.0)
Net finance costs before exceptional items				(38.0)
Profit before tax from continuing operations				86.1
Segment result – 2018 at 2019 average exchange rates				
Segment result before share of results of joint ventures	251.4	33.9	97.3	382.6
Share of results of joint ventures	-	0.2	2.3	2.5
Segment result	251.4	34.1	99.6	385.1
Unallocated expenses				(31.1)
Operating profit before exceptional items & intangibles amortisation				354.0

Year ended 31 December 2018	**Minerals**	**ESCO**	**Oil & Gas**	**Discontinued operations**	**Total Group**
	£m	£m	£m	£m	£m
Assets & liabilities					
Intangible assets	606.3	747.5	773.5	-	2,127.3
Property, plant & equipment	218.1	106.1	93.9	-	418.1
Working capital assets	682.9	215.8	384.0	-	1,282.7
	1,507.3	1,069.4	1,251.4	-	3,828.1
Investments in joint ventures	-	15.6	21.0	-	36.6
Segment assets held for sale	-	-	-	394.4	394.4
Segment assets	1,507.3	1,085.0	1,272.4	394.4	4,259.1
Unallocated assets					485.7
Total assets					4,744.8
Working capital liabilities	402.2	80.0	181.3	-	663.5
Segment liabilities held for sale	-	-	-	134.0	134.0
Unallocated liabilities					1,798.4
Total liabilities					2,595.9

2. Segment information (continued)

The following disclosures are given in relation to continuing operations.

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Restated (note 1) Period ended 30 June 2018 £m
	An analysis of the Group's revenue is as follows:		
578.2	Original equipment	272.5	230.8
1,536.6	Aftermarket parts	881.7	647.9
2,114.8	Sale of goods	1,154.2	878.7
310.9	Provision of services	156.8	142.0
24.2	Construction contracts	18.4	44.8
2,449.9	Revenue	1,329.4	1,065.5

	Minerals		**ESCO**		**Oil & Gas**		**Total continuing operations**	
		Restated (note 1)				Restated (note 1)		Restated (note 1)
	30 June 2019 £m	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m	**30 June 2019 £m**	30 June 2018 £m
Timing of revenue recognition								
At a point in time	**669.5**	613.0	**280.5**	-	**339.1**	396.6	**1,289.1**	1,009.6
Over time	**36.5**	52.2	**-**	-	**4.3**	4.7	**40.8**	56.9
Segment revenue	**706.0**	665.2	**280.5**	-	**343.4**	401.3	**1,329.9**	1,066.5
Eliminations							**(0.5)**	(1.0)
							1,329.4	1,065.5

3. Revenues & expenses

The following disclosures are given in relation to continuing operations and exclude exceptional items & intangibles amortisation.

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Restated (note 1) Period ended 30 June 2018 £m
	A reconciliation of revenue to operating profit is as follows:		
2,449.9	Revenue	1,329.4	1,065.5
(1,633.0)	Cost of sales	(893.7)	(708.2)
816.9	Gross profit	435.7	357.3
6.2	Other operating income	4.9	1.1
(245.8)	Selling & distribution costs	(138.1)	(114.3)
(231.6)	Administrative expenses	(133.4)	(81.5)
2.4	Share of results of joint ventures	3.1	0.9
348.1	Operating profit	172.2	163.5

Details of exceptional items and intangibles amortisation are provided in note 4.

4. Exceptional items & intangibles amortisation

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Period ended 30 June 2018 £m
	Recognised in arriving at operating profit from continuing operations		
(66.3)	Intangibles amortisation	**(38.9)**	(28.0)
(3.1)	Exceptional item - intangibles impairment	**-**	-
(63.1)	Exceptional item - ESCO inventory unwind	**-**	-
(30.8)	Exceptional item - ESCO acquisition and integration related costs	**(3.4)**	(24.0)
(24.4)	Exceptional item - legacy product warranty	**-**	-
(29.2)	Exceptional item - restructuring and rationalisation charges	**0.5**	(1.6)
(6.3)	Exceptional item - pension equalisation	**-**	-
(0.7)	Exceptional item - legal claims	**0.3**	0.5
(0.1)	Exceptional item - fair value adjustment to contingent consideration asset / liability	**-**	(0.1)
(224.0)		**(41.5)**	(53.2)

Exceptional items in the period for continuing operations primarily relate to costs associated with the integration of ESCO into the Group following its acquisition in July 2018. The integration activities and associated costs are expected to continue for up to three years from date of acquisition.

The credits in the period relate to unutilised provisions recognised in prior years for restructuring and rationalisation charges and legal claims.

In the prior period, costs associated with the ESCO acquisition primarily related to advisor fees, due diligence and initial integration costs. Restructuring and rationalisation charges represented the continuation of redundancy programmes in Oil & Gas and Minerals. The credit in the prior period in relation to legal claims related to the receipt of an Escrow balance associated with the Trio acquisition in 2014.

5. Tax expense

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Restated (note 1) Period ended 30 June 2018 £m
	Continuing operations		
3.7	Group - UK	**(1.2)**	(1.4)
(36.4)	Group - overseas	**(26.7)**	(27.9)
(32.7)	Continuing operations total income tax expense in the Consolidated Income Statement	**(27.9)**	(29.3)
	The total income tax expense is disclosed in the Consolidated Income Statement as follows:		
(78.6)	- continuing operations before exceptional items & intangibles amortisation	**(37.3)**	(37.0)
(6.3)	- discontinued operations before exceptional items and intangibles amortisation	**(0.6)**	(0.8)
31.4	- exceptional items	**(14.3)**	1.7
15.8	- intangibles amortisation and impairment	**8.5**	6.2
(37.7)	Total income tax expense in the Consolidated Income Statement	**(43.7)**	(29.9)
(0.4)	Total income tax expense included in the Group's share of results of joint ventures	**(0.6)**	(0.6)

The underlying effective tax rate for the full financial year 2019 for continuing operations is estimated at 25.3% (2018: 25.3%), based on the weighted average effective tax rate across all jurisdictions. Therefore the underlying effective tax rate used for the half year 2019 was 25.3% (2018 restated: 25.2%).

On 25 April 2019 the European Commission (EC) released its full decision in relation to its State Aid investigation into the Group Financing Exemption (GFE) included within the UK's controlled foreign company (CFC) legislation. While it is narrower than the original concerns raised and confirms that the CFC legislation as amended with effect from 1 January 2019 is compliant with EU State Aid rules, the decision concludes that, up to 31 December 2018, aspects of the legislation constitute State Aid.

In common with other international groups, the Group has benefited from the GFE contained within the CFC legislation and may therefore be affected by the decision should it ultimately be upheld. The estimated maximum contingent liability is approximately £19m.

The Group notes the EC decision was appealed by the UK Government on 13 June 2019 and there remains considerable uncertainty as to the outcome of both the appeals process and any recovery mechanism. The Group considers that no provision is required in respect of this issue at present and will continue to review this position.

6. Discontinued operations

Description

On 19 April 2018, the Group announced its intention to sell the Flow Control division and, in line with IFRS 5: Non-current Assets Held for Sale and Discontinued Operations, the Group classified the division as held for sale. The Flow Control division designs and manufactures valves and pumps as well as providing specialist support services to the global power generation, industrial and oil and gas sectors.

The Group disposed of the Flow Control division on 28 June 2019 for an enterprise value of £275.0m and a net consideration of £263.4m, after customary working capital and debt-like adjustments. The final consideration will be determined as part of the agreed completion accounts process and reflected in the 2019 Annual Report. Previously reported as an individual reporting segment, the results of the division are presented in the financial statements as discontinued operations.

Financial information relating to the discontinued operations for the period to the date of disposal is set out in the table below. Comparative figures for the period ended 30 June 2018 have been restated to reflect the final disposal perimeter as outlined in note 1.

Exceptional items in the current period of £0.4m relate to the impairment of inventory due to restructuring. In the prior period exceptional items include costs associated with the disposal, facility closure costs and a receipt related to the previous disposal of Ynfiniti Engineering Systems.

Financial performance and cash flow information for discontinued operations

Year ended 31 December 2018 Total		**Period ended 30 June 2019**			Restated (note 1) Period ended 30 June 2018		
		Before exceptional items & intangibles amortisation	**Exceptional items & intangibles amortisation**	**Total**	Before exceptional items & intangibles amortisation	Exceptional items & intangibles amortisation	Total
£m		**£m**	**£m**	**£m**	£m	£m	£m
342.7	Revenue	**150.0**	**-**	**150.0**	156.9	-	156.9
(29.7)	Operating (loss) profit	**(2.9)**	**(0.4)**	**(3.3)**	5.5	(1.7)	3.8
(0.4)	Finance costs	**(0.5)**	**-**	**(0.5)**	(0.2)	-	(0.2)
0.1	Finance income	**-**	**-**	**-**	0.1	-	0.1
(30.0)	**(Loss) profit before tax from discontinued operations**	**(3.4)**	**(0.4)**	**(3.8)**	5.4	(1.7)	3.7
(5.0)	Tax (expense) credit	**(0.6)**	**-**	**(0.6)**	(0.8)	0.2	(0.6)
(35.0)	**(Loss) profit after tax from discontinued operations**	**(4.0)**	**(0.4)**	**(4.4)**	4.6	(1.5)	3.1
-	Loss on sale of the subsidiaries after income tax (see below)	**-**	**(20.3)**	**(20.3)**	-	-	-
(35.0)	**(Loss) profit for the period from discontinued operations**	**(4.0)**	**(20.7)**	**(24.7)**	4.6	(1.5)	3.1
	Reclassification of foreign currency translation reserve	**(20.5)**	**-**	**(20.5)**	-	-	-
	Other comprehensive income from discontinued operations	**(20.5)**	**-**	**(20.5)**	-	-	-

Year ended 31 December 2018		**Period ended 30 June 2019**	Restated (note 1) Period ended 30 June 2018
£m		**£m**	£m
38.7	Cash flows from operating activities	**(28.8)**	3.7
(5.9)	Cash flows from investing activities	**(7.5)**	(1.8)
(0.9)	Cash flows from financing activities	**(2.2)**	(0.1)
31.9	**Net (decrease) increase in cash and cash equivalents from discontinued operations**	**(38.5)**	1.8

Details of the sale of the subsidiaries

	Period ended 30 June 2019 £m
Consideration received	
Cash received	**263.4**
Total disposal consideration	**263.4**
Carrying amount of net assets sold	**(271.4)**
Costs of disposal	**(17.6)**
Loss on sale before income tax and reclassification of foreign currency translation reserve	**(25.6)**
Reclassification of foreign currency translation reserve	**20.5**
Loss on sale before income tax	**(5.1)**
Income tax charge	**(15.2)**
Loss on sale after income tax	**(20.3)**

The carrying amount of assets and liabilities as at the date of sale were as follows.

	£m
Property, plant & equipment	**95.7**
Intangible assets	**98.4**
Inventories	**79.1**
Trade & other receivables	**150.9**
Cash & short-term deposits	**2.1**
Trade & other payables	**(139.4)**
Provisions	**(14.9)**
Net assets	**271.9**
Non-controlling interests	**(0.5)**
Net assets attributable to Equity holders of the Company	**271.4**

(Loss) earnings per share

(Loss) earnings per share from discontinued operations were as follows.

Year ended 31 December 2018		**Period ended 30 June 2019**	Restated (note 1) Period ended 30 June 2018
pence		**pence**	pence
(14.3)	Basic	**(9.5)**	1.4
(14.3)	Diluted	**(9.5)**	1.4

7. Earnings per share

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

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

Year ended 31 December 2018		**Period ended 30 June 2019**	Restated (note 1) Period ended 30 June 2018
	Profit attributable to equity holders of the Company		
18.0	Total operations* (£m)	**52.8**	67.1
53.0	Continuing operations* (£m)	**77.5**	64.0
231.1	Continuing operations before exceptional items & intangibles amortisation* (£m)	**109.6**	109.5
	Weighted average share capital		
244.1	Basic earnings per share (number of shares, million)	**259.7**	230.9
245.8	Diluted earnings per share (number of shares, million)	**261.5**	232.4

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

Year ended 31 December 2018 Shares million		**Period ended 30 June 2019 Shares million**	Period ended 30 June 2018 Shares million
244.1	Weighted average number of ordinary shares for basic earnings per share	**259.7**	230.9
1.7	Effect of dilution: employee share awards	**1.8**	1.5
245.8	Adjusted weighted average number of ordinary shares for diluted earnings per share	**261.5**	232.4

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

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Restated (note 1) Period ended 30 June 2018 £m
53.0	Net profit attributable to equity holders from continuing operations*	**77.5**	64.0
178.1	Exceptional items & intangibles amortisation net of tax	**32.1**	45.5
231.1	Net profit attributable to equity holders from continuing operations before exceptional items & intangibles amortisation*	**109.6**	109.5

Year ended 31 December 2018 pence		**Period ended 30 June 2019 pence**	Restated (note 1) Period ended 30 June 2018 pence
	Basic earnings per share:		
7.4	Total operations*	**20.3**	29.1
21.7	Continuing operations*	**29.8**	27.7
94.7	Continuing operations before exceptional items & intangibles amortisation*	**42.2**	47.4
	Diluted earnings per share:		
7.3	Total operations*	**20.2**	28.9
21.6	Continuing operations*	**29.6**	27.5
94.0	Continuing operations before exceptional items & intangibles amortisation*	**41.9**	47.1

*Adjusted for £0.3m (2018: £0.1m) in respect of non-controlling interests.

There have been no share options (2018: nil) exercised between the reporting date and the date of signing of these financial statements.

(Loss) earnings per share from discontinued operations are disclosed in note 6.

8. Dividends paid & proposed

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Period ended 30 June 2018 £m
	Declared & paid during the period		
	Equity dividends on ordinary shares		
69.9	Final dividend for 2018: 30.45p (2017: 29.0p)	**78.9**	69.9
40.9	Interim dividend: see below (2018: 15.75p)	**-**	-
110.8		**78.9**	69.9
79.0	Final dividend for 2018 proposed for approval by shareholders at the AGM: 30.45p	**-**	-
-	Interim dividend for 2019 declared by the Board: 16.50p (2018: 15.75p)	**42.8**	40.9

Up until May 2018 the Weir Group PLC Scrip Dividend Scheme allowed shareholders on record the opportunity to elect to receive dividends in the form of new fully paid ordinary shares. In 2018 participation in the Scheme resulted in shares with a value of £31.2m being issued and a cash dividend of £38.7m for the 2017 final dividend. The 2018 interim and final dividends were only issued in cash following the closure of the Scrip Dividend Scheme.

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

9. Property, plant & equipment, intangible and right-of-use assets

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Period ended 30 June 2018 £m
	Additions of property, plant & equipment, intangible & right-of-use assets - continuing operations		
3.4	Land & buildings	**3.0**	1.5
74.8	Plant & equipment	**42.7**	28.4
10.2	Intangible assets	**8.9**	2.7
-	Right-of-use assets	**28.3**	-
88.4		**82.9**	32.6
	Additions of property, plant & equipment, intangible & right-of-use assets - discontinued operations		
0.5	Land & buildings	**1.2**	0.1
4.4	Plant & equipment	**5.3**	1.7
0.4	Intangible assets	**0.4**	0.1
-	Right-of-use assets	**0.4**	-
5.3		**7.3**	1.9

10. Provisions

	Warranties & onerous sales contracts £m	Asbestos-related £m	Employee-related £m	Exceptional £m	Other £m	Total £m
At 31 December 2018	**21.5**	**52.3**	**15.6**	**16.3**	**14.5**	**120.2**
Additions	**7.4**	**3.9**	**8.0**	**7.8**	**1.1**	**28.2**
Utilised	**(9.7)**	**(4.5)**	**(4.9)**	**(14.6)**	**(1.1)**	**(34.8)**
Unutilised	**(1.5)**	**-**	**(0.2)**	**(0.5)**	**(1.1)**	**(3.3)**
Exchange adjustment	**0.1**	**0.2**	**0.1**	**(0.1)**	**-**	**0.3**
At 30 June 2019	**17.8**	**51.9**	**18.6**	**8.9**	**13.4**	**110.6**
Current	**16.0**	**11.5**	**8.0**	**5.3**	**3.6**	**44.4**
Non-current	**1.8**	**40.4**	**10.6**	**3.6**	**9.8**	**66.2**
At 30 June 2019	**17.8**	**51.9**	**18.6**	**8.9**	**13.4**	**110.6**
Current	13.1	10.0	1.5	11.9	1.1	37.6
Non-current	4.0	46.8	13.3	4.3	2.5	70.9
At 30 June 2018	17.1	56.8	14.8	16.2	3.6	108.5
Current	18.8	9.1	6.4	12.4	3.8	50.5
Non-current	2.7	43.2	9.2	3.9	10.7	69.7
At 31 December 2018	21.5	52.3	15.6	16.3	14.5	120.2

Warranties & onerous sales contracts

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

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

Asbestos-related claims

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

In 2017, as part of our planned triennial actuarial update, a review of both the Group's expected liability for US asbestos-related diseases and the adequacy of the Group's insurance policies to meet future settlement and defence costs was completed in conjunction with external advisors. Details of the review are included in note 21 of the 2018 Annual Report.

Due to the inherent uncertainty resulting from the changing nature of the US litigation environment, and in conjunction with the actuarial review, the Directors consider 10 years (2018: 10 years) of projected claims to provide a reliable estimate of the future liability. This has resulted in a provision of £48.0m (December 2018: £48.1m) which represents the Directors' best estimate of the future liability. The insurance asset remains sufficient to match the Directors' best estimate of the future liability and therefore a corresponding asset continues to be recognised for insurance proceeds.

In the UK, there are outstanding asbestos-related claims which are not the subject of insurance cover. The extent of the UK asbestos exposure involves a series of legacy employer's liability claims which all relate to former UK operations and employment periods in the 1960s and 1970s. In 1989 the Group's employer's liability insurer (Chester Street Employers Association Ltd) was placed into run-off which effectively generated an uninsured liability exposure for all future long tail disease claims with an exposure period pre-dating 1 January 1972. All claims with a disease exposure post 1 January 1972 are fully compensated via the Government established Financial Services Compensation Scheme (FSCS). Any settlement to a former employee whose service period straddles 1972 is calculated on a pro rata basis. The Group provides for these claims based on management's best estimate of the likely costs given past experience of the volume and cost of similar claims brought against the Group. The UK provision was reviewed and adjusted accordingly for claims experience in the period resulting in a provision of £3.9m (December 2018: £4.2m).

Employee-related

Employee-related provisions arise from legal obligations, the majority of which relate to compensation associated with periods of service.

Exceptional

The closing provision and utilisation during the period primarily relates to costs incurred to date on the integration of ESCO, and the continuation of existing restructuring and rationalisation projects which were provided for in earlier periods. During the period, an unutilised amount was released following the successful completion of a restructuring project.

Other

Other provisions include environmental obligations, penalties, duties due, legal claims and other exposures across the Group. A provision has been recognised on the acquisition of ESCO in respect of environmental obligations. These balances typically include estimates based on multiple sources of information and reports from third party advisers. Where certain outcomes are unknown, a range of possible scenarios is calculated, with the most likely being reflected in the provision.

11. Interest-bearing loans and borrowings

The Group utilises a number of sources of funding including private placement debt, issuance of Euro commercial paper, revolving credit facility, a term loan and uncommitted facilities. At 30 June 2019, the Group had £622.3m (2018: £757.9m) of private placement debt in issue, £264.9m (2018: £427.9m) of debt issued under the commercial paper programme, £402.4m (2018: £nil) drawn under the revolving credit facility, £300.0m (2018: £nil) drawn on the term loan facility and £28.1m (2018: £nil) drawn on uncommitted facilities. Total unamortised issue costs at 30 June 2019 were £1.3m (2018: £1.0m).

12. Pensions & other post-employment benefit plans

31 December 2018 £m		**30 June 2019** **£m**	30 June 2018 £m
(153.9)	Total plans in deficit	**(150.7)**	(104.3)
4.8	Less plans in deficit included in liabilities held for sale	**-**	6.0
(149.1)	Continuing plans in deficit	**(150.7)**	(98.3)

Plans in deficit decreased by £3.2m in the period ended 30 June 2019, primarily due to the disposal of liabilities held for sale at December 2018. The continuing deficit has increased by £1.6m primarily due to changes in the IAS19 discount rates over the period leading to losses, which are mostly offset by contributions paid to the plans over the period, increases in the fair value of plan assets and a reduction in plan liabilities following an update to mortality assumptions. A charge of £5.8m (2018: credit of £32.0m) has been recognised in the Consolidated Statement of Comprehensive Income.

13. Financial instruments

31 December 2018 £m		30 June 2019 £m	30 June 2018 £m
	Included in non-current assets		
1.4	Cross currency swaps designated as net investment hedges	**0.2**	1.0
-	Other forward foreign currency contracts	**0.8**	-
1.4		**1.0**	1.0
	Included in current assets		
-	Forward foreign currency contracts designated as cash flow hedges	**0.1**	1.3
0.5	Forward foreign currency contracts designated as net investment hedges	**3.9**	1.4
17.8	Other forward foreign currency contracts	**24.6**	11.8
18.3		**28.6**	14.5
	Included in current liabilities		
(26.4)	Forward foreign currency contracts designated as net investment hedges	**(4.0)**	(9.1)
(14.4)	Other forward foreign currency contracts	**(15.0)**	(7.0)
(40.8)		**(19.0)**	(16.1)
	Included in non-current liabilities		
(0.2)	Other forward foreign currency contracts	**(0.7)**	(0.4)
(0.2)		**(0.7)**	(0.4)
(21.3)	Net derivative financial assets (liabilities) - continuing operations	**9.9**	(1.0)
(0.4)	Net derivative financial assets (liabilities) held for sale	**-**	(0.7)
(21.7)	**Net derivative financial assets (liabilities) - total Group**	**9.9**	(1.7)

Carrying amounts & fair values

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

Carrying amount 31 December 2018 £m	Fair value 31 December 2018 £m		**Carrying amount 30 June 2019 £m**	**Fair value 30 June 2019 £m**	Carrying amount 30 June 2018 £m	Fair value 30 June 2018 £m
		Financial assets				
17.8	17.8	Derivative financial instruments recognised at fair value through profit or loss	**25.4**	**25.4**	11.8	11.8
1.9	1.9	Derivative financial instruments in designated hedge accounting relationships	**4.2**	**4.2**	3.7	3.7
625.2	625.2	Trade & other receivables excluding statutory assets, prepayments & construction contract assets	**653.9**	**653.9**	517.0	517.0
263.0	263.0	Cash & short term deposits	**499.0**	**499.0**	640.6	640.6
125.1	125.1	Financial assets held for sale	**-**	**-**	140.4	140.4
1,033.0	1,033.0		**1,182.5**	**1,182.5**	1,313.5	1,313.5
		Financial liabilities				
14.6	14.6	Derivative financial instruments recognised at fair value through profit or loss	**15.7**	**15.7**	7.4	7.4
26.4	26.4	Derivative financial instruments in designated hedge accounting relationships	**4.0**	**4.0**	9.1	9.1
0.2	0.2	Contingent consideration payable	**-**	**-**	3.4	3.4
		Amortised cost:				
783.7	827.7	Fixed rate borrowings	**621.8**	**675.5**	757.6	799.9
617.2	617.2	Floating rate borrowings	**994.6**	**994.6**	427.2	427.2
2.5	2.5	Leases	**197.7**	**197.7**	0.8	0.8
-	-	Bank overdrafts & short-term borrowings	**1.0**	**1.0**	15.4	15.4
573.5	573.5	Trade & other payables excluding statutory liabilities & contract liabilities	**476.4**	**476.4**	465.1	465.1
93.2	93.2	Financial liabilities held for sale	**-**	**-**	65.6	65.6
2,111.3	2,155.3		**2,311.2**	**2,364.9**	1,751.6	1,793.9

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

The fair value of borrowings is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of lease liabilities is estimated by discounting future cash flows using the rate implicit in the lease or the Group's incremental borrowing rate. The fair value of cash and short-term deposits, trade and other receivables and trade and other payables approximates their carrying amount due to the short-term maturities of these instruments.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Group holds all financial instruments at level 2 fair value measurement.

During the period ended 30 June 2019 and the year ended 31 December 2018, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

As at 31 December 2018, the Group recognised a liability of £0.2m (2017: £3.4m) in respect of contingent consideration relating to the acquisition of Trio in 2014. During the period, this payable was settled in full and there are no associated trade or other payables nor any related fair value measurements or classifications required in respect of contingent consideration as at 30 June 2019.

14. Additional cash flow information

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Restated (note 1) Period ended 30 June 2018 £m
	Total operations		
	Net cash generated from operations		
124.1	Operating profit - continuing operations	**130.7**	110.3
(29.7)	Operating (loss) profit - discontinued operations	**(3.3)**	3.8
94.4	Operating profit - total operations	**127.4**	114.1
209.3	Exceptional items	**3.1**	25.8
67.3	Amortisation of intangible assets	**38.9**	29.1
(2.4)	Share of results of joint ventures	**(3.1)**	(0.9)
64.5	Depreciation of property, plant & equipment	**54.0**	29.1
-	Impairment of property, plant & equipment	**0.1**	0.2
(1.5)	Grants received	**-**	-
0.2	(Gains) losses on disposal of property, plant & equipment	**(0.4)**	0.4
(2.5)	Funding of pension & post-retirement costs	**(1.3)**	(0.2)
8.6	Employee share schemes	**6.8**	4.5
15.3	Transactional foreign exchange	**7.5**	4.5
(2.9)	Increase (decrease) in provisions	**2.3**	(7.1)
450.3	Cash generated from operations before working capital cashflows	**235.3**	199.5
(53.2)	Increase in inventories	**(60.7)**	(46.9)
36.5	Decrease in trade & other receivables and construction contracts	**1.7**	14.4
(22.8)	Decrease in trade & other payables and construction contracts	**(122.4)**	(27.8)
410.8	Cash generated from operations	**53.9**	139.2
(5.6)	Additional pension contributions paid	**(5.7)**	(3.0)
(114.0)	Exceptional cash items	**(25.6)**	(7.5)
(73.3)	Income tax paid	**(38.4)**	(35.8)
217.9	Net cash (used in) generated from operating activities	**(15.8)**	92.9

The employee-related provision and associated insurance asset in relation to US asbestos-related claims disclosed in note 10 did not result in any cash flows either to or from the Group and therefore they have been excluded from the table above.

Cash flows from discontinued operations are disclosed in note 6.

The following tables summarise the cash flows arising on acquisitions and disposals.

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Period ended 30 June 2018 £m
	Acquisitions of subsidiaries		
(470.8)	Acquisition of subsidiaries – cash paid	**(0.1)**	(2.9)
41.2	Cash and cash equivalents acquired	**-**	-
(429.6)	Total cash outflow relating to acquisitions	**(0.1)**	(2.9)
	Net cash inflow arising on disposal		
-	Consideration received net of costs paid & cash disposed of	**252.7**	-
0.3	Prior period disposals completion adjustment	**0.1**	0.3
0.3	Total cash inflow relating to disposals	**252.8**	0.3

Cash & cash equivalents comprise the following.

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Period ended 30 June 2018 £m
	Cash & cash equivalents		
263.0	Cash & short-term deposits	**499.0**	640.6
-	Bank overdrafts & short-term borrowings	**(1.0)**	(15.4)
16.1	Cash & short-term deposits held for sale	**-**	32.7
(1.9)	Bank overdrafts & short-term borrowings held for sale	**-**	(0.2)
277.2		**498.0**	657.7

The continuing Group has a number of cash pooling arrangements whereby individual entities have bank accounts with the same bank under a master pooling facility which are subject to rights of offset. Cash & short-term deposits of £499.0m (2018: £640.6m) and bank overdrafts & short-term borrowings of £1.0m (2018: £15.4m) are presented after elimination of debit and credit balances within individual pools of £0.3m (2018: £0.4m).

The following tables summarise the net debt position.

Year ended 31 December 2018 £m		Period ended 30 June 2019 £m	Period ended 30 June 2018 £m
	Net debt comprises the following		
263.0	Cash & short-term deposits	**499.0**	640.6
(662.5)	Current interest-bearing loans & borrowings	**(337.7)**	(602.2)
(740.9)	Non-current interest-bearing loans & borrowings	**(1,477.4)**	(598.8)
13.9	Assets and liabilities held for sale	**-**	31.4
(1,126.5)		**(1,316.1)**	(529.0)

14. Additional cash flow information (continued)

Reconciliation of financing cash flows to movement in net debt

	At 31 December 2018	**Cash movements**	**Additions****	**Disposals of business**	**FX**	**Non-cash movements**	**Total operations at 30 June 2019**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Cash & cash equivalents	277.2	**218.4**	**-**	**-**	**2.4**	**-**	**498.0**
Third party loans	(1,402.1)	**(214.3)**	**-**	**-**	**(1.3)**	**-**	**(1,617.7)**
Leases	(2.5)	**23.8**	**(227.2)**	**11.8**	**(3.7)**	**0.1**	**(197.7)**
Unamortised issue costs	0.9	**0.8**	**-**	**-**	**-**	**(0.4)**	**1.3**
Amounts included in gross debt	(1,403.7)	**(189.7)**	**(227.2)**	**11.8**	**(5.0)**	**(0.3)**	**(1,814.1)**
Amounts included in net debt	(1,126.5)	**28.7**	**(227.2)**	**11.8**	**(2.6)**	**(0.3)**	**(1,316.1)**
Financing derivatives	(18.3)	**43.6**	**-**	**-**	**-**	**(13.8)**	**11.5**
Contingent consideration	(0.2)	**0.1**	**-**	**-**	**0.1**	**-**	**-**
Other (liabilities) assets relating to financing activities	(18.5)	**43.7**	**-**	**-**	**0.1**	**(13.8)**	**11.5**
Total financing liabilities*	(1,422.2)	**(146.0)**	**(227.2)**	**11.8**	**(4.9)**	**(14.1)**	**(1,802.6)**

*Total financing liabilities comprise gross debt plus other liabilities or assets relating to financing activities.

**Additions in the period include the transition impact of IFRS 16: Leases in the opening balance sheet, totalling £197.9 (note 1).

15. Related party disclosure

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

Year ended 31 December 2018 £m		**Period ended 30 June 2019 £m**	Period ended 30 June 2018 £m
4.5	Sales of goods to related parties – joint ventures	**2.0**	1.4
0.4	Sales of services to related parties – joint ventures	**1.4**	0.5
10.1	Purchases of goods from related parties – joint ventures	**11.9**	0.1
0.8	Purchases of services from related parties – joint ventures	**-**	0.1
6.3	Amounts owed to related parties – group pension plans	**1.6**	1.3

16. Exchange rates

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

Year ended 31 December 2018		**Period ended 30 June 2019**	Period ended 30 June 2018
	Average rate (per £)		
1.34	US Dollar	**1.29**	1.38
1.79	Australian Dollar	**1.83**	1.78
1.13	Euro	**1.14**	1.14
1.73	Canadian Dollar	**1.72**	1.76
4.89	United Arab Emirates Dirham	**4.75**	5.06
855.87	Chilean Peso	**872.86**	842.00
17.65	South African Rand	**18.35**	16.92
4.87	Brazilian Real	**4.97**	4.71
83.66	Russian Rouble	**84.28**	81.73
	Closing rate (per £)		
1.27	US Dollar	**1.27**	1.32
1.81	Australian Dollar	**1.81**	1.78
1.11	Euro	**1.12**	1.13
1.74	Canadian Dollar	**1.66**	1.73
4.68	United Arab Emirates Dirham	**4.66**	4.85
884.36	Chilean Peso	**861.30**	861.70
18.33	South African Rand	**17.91**	18.15
4.95	Brazilian Real	**4.87**	5.10
88.40	Russian Rouble	**80.15**	82.78

Directors' Statement of Responsibilities

The directors confirm that this set of interim financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules of the Financial Conduct Authority, paragraphs DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the set of interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

A list of current directors is maintained on The Weir Group PLC website which can be found at www.global.weir.

On behalf of the Board
John Heasley
Chief Financial Officer
30 July 2019

Independent review report to The Weir Group PLC

Report on the consolidated interim financial statements

Our conclusion

We have reviewed The Weir Group PLC's consolidated interim financial statements (the "interim financial statements") in the interim report of The Weir Group PLC for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2019;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Cash Flow Statement for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
Glasgow
30 July 2019

(a) The maintenance and integrity of The Weir Group PLC website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Shareholder Information

The Board have declared an interim dividend of 16.50p (2018: 15.75p). The dividend will be paid on 5 November 2019 to shareholders on the register on 11 October 2019.

Financial Calendar

Ex-dividend date for interim dividend
10 October 2019

Record date for interim dividend
11 October 2019
Shareholders on the register at this date will receive the dividend

Interim dividend paid
5 November 2019

Our Interim Report will be available to download from The Weir Group PLC website at **global.weir** shortly.

Disclaimer

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

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Scotland

Registered in Scotland
Company number: SC002934