Press Release
31 July 2018

The Weir Group PLC today reports its interim results for the six months to 30 June 2018

Delivering strong profit growth in line with expectations

- 20% increase in orders from Continuing Operations
  - Minerals +12% with record aftermarket orders in Q2
  - Oil & Gas +35%
- Operating profit from Continuing Operations +38% (Total Group +62%)
  - Margins +170bps to 15.1%
- Discontinued Operations: Flow Control orders +34%; margin improvement on track
- Strong cash generation driving further deleveraging; 5% increase in interim dividend
- Transforming the portfolio
  - Acquisition of ESCO Corporation completed in July
  - Flow Control sale process planned to launch in late Q3
- Outlook: Full Year expectations for strong constant currency revenue and profit growth unchanged

	H1 2018	H1 2017	Reported Growth	Constant Currency[2]
Continuing Operations[1]				
Orders[2]	£1,166m	£976m	n/a	20%
Revenue	£1,062m	£922m	15%	23%
Operating profit[3]	£160m	£124m	29%	38%
Operating margin[3]	15.1%	13.5%	160bps	170bps
Profit before tax[3]	£143m	£104m	38%	47%
Earnings per share[3]	46.3p	37.1p	25%	n/a
Total Group				
Operating profit[3]	£169m	£113m	50%	62%
Reported profit after tax	£67m	£47m	44%	n/a
Cash from operations	£139m	£78m	78%	n/a
Interim dividend per share	15.75p	15.0p	5%	n/a
Return on capital employed[4]	11.8%	7.5%	430bps	n/a
Net debt	£886m[5]	£843m[6]	£43m	n/a

Jon Stanton, Chief Executive Officer, commented:

"This is a strong set of results with total Group operating profits up by more than 60% and all our divisions showing good momentum. It reflects the hard work of our people and the benefits of investing early to take full advantage of positive long term fundamentals in our main markets. With the acquisition of ESCO and decision to sell Flow Control, we began the transformation of Weir into a stronger Group focused on leading positions in highly abrasive, aftermarket intensive mining and upstream oil and gas markets.

Looking to the full year we continue to anticipate strong constant currency revenue and profit growth in addition to further strong cash generation and balance sheet deleveraging. Reflecting confidence in our long term growth outlook the Board has approved a 5% increase in the interim dividend."

A live webcast of the management presentation will begin at 0800 (BST) on 31 July 2018 at www.investors.weir. A recording of the webcast will also be available at www.investors.weir.

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Notes:
1 Continuing operations excludes the Flow Control division which is currently held for sale and is reported in discontinued operations. H1 2017 has been restated for IFRS 15 – Revenue from Contracts with Customers.
2 2017 restated at H1 2018 average exchange rates.
3 Adjusted to exclude exceptional items and intangibles amortisation See note 1(f) in financial statements. Reported operating profit and profit before tax from continuing operations were £107m (2017: £97m) and £90m (2017: £75m) respectively. Reported earnings per share were 26.6p (2017: 27.9p).
4 EBIT before exceptional items (excluding KOP EBIT) divided by average net assets (excluding KOP net assets) excluding net debt (adjusted to exclude the net proceeds from the share issue in relation to the ESCO acquisition) and pension deficit (net of deferred tax asset).
5 Proceeds of £357m were received on 23 April 2018 following a placing of 16,699,763 shares to part fund the acquisition of ESCO. This cash was held at 30 June 2018 in advance of completion of the ESCO acquisition on 12 July 2018. For comparison purposes the current period excludes this cash.
6 Net debt at 31 December 2017.

Strategic priorities

Weir provides highly engineered mission-critical solutions for mining, energy and infrastructure customers. We focus on high abrasion applications that drive significant aftermarket demand and require comprehensive global support. The Group's strategic framework, 'We are Weir', is focused on outperforming in four distinctive competencies: People, Customers, Technology and Performance.

People

Medium term KPI

- *Improve sustainable engagement and organisational effectiveness.*

Progress in the first half:

- Safety: Maintained Total Incident Rate at 0.53; significant reduction in the severity of incidents
- Progressed strategic workforce planning strategy with initial pilots scheduled to begin this year
- Developed criteria for employee engagement measures to drive future organisational effectiveness

Customers

Medium term KPI

- *Increase market share.*

Progress in the first half:

- Delivered c.£50m (+29%) in additional sales from Minerals integrated solutions strategy
- Increased customer trials programme to drive further Minerals aftermarket gains
- Oil & Gas 'Weir Edge' service launched reducing downtime with faster on site root cause analysis and repair

Technology

Medium term KPI

- *Increase revenues from new solutions*[1].

Progress in year:

- Revenues from new solutions increased 16% to £67m including new Simplified Frac System
- Synertrex® IoT deployed to initial customer sites with seven product lines to be fully commercialised in Q3
- Additive manufacturing cell established supported by dedicated taskforce to prototype initial product lines

Performance

Medium term KPI

- *Sustainably higher margins through the cycle.*

Progress in year:

- 80 value chain excellence initiatives focused on optimising on time delivery and inventory efficiency
- 12 IT infrastructure projects underway aimed at leveraging global scale and further enhancing cyber security
- Sustainability pilots launched at major manufacturing locations – target ~10% reduction in energy use

Notes:

1 Defined as products or services introduced in the last 3 years.

H1-18 Segmental analysis

Continuing operations £m[1]	Minerals	Oil & Gas	Unallocated expenses	Total	Total OE	Total AM
Orders (constant currency)						
2018	**728**	**438**	n/a	**1,166**	**330**	**836**
2017	**650**	**326**	n/a	**976**	**274**	**702**
Variance:						
- Constant currency	12%	35%		**20%**	21%	19%
- Like for like[2]	12%	31%		**18%**	19%	18%
Revenue[3]						
2018	**651**	**411**	n/a	**1,062**	**277**	**785**
2017 (as reported)	**608**	**314**	n/a	**922**	**224**	**698**
Variance:						
- As reported	7%	31%		**15%**	23%	12%
- Constant currency	13%	42%		**23%**	30%	20%
- Like for like[2]	13%	39%		**22%**	29%	19%
Operating profit[3,4]						
2018	112	63	(15)	**160**		
2017 (as reported)	104	32	(12)	**124**		
Variance:						
- As reported	7%	98%	-20%	**29%**		
- Constant currency	13%	117%	-21%	**38%**		
- Like for like[2]	13%	132%	-21%	**42%**		
Operating margin[3,4]						
2018	17.2%	15.3%	n/a	**15.1%**		
2017 (as reported)	17.2%	10.1%	n/a	**13.5%**		
Variance:						
- As reported	0bps	520bps		**160bps**		
- Constant currency	0bps	520bps		**170bps**		
- Like for like[2]	0bps	660bps		**220bps**		

1 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(f) of the financial statements.
2 Like for like excludes the impact of acquisitions and related transactional costs.
3 Prior year restated to include IFRS 15 adjustments.
4 Adjusted to exclude exceptional items and intangibles amortisation.

Group financial highlights

The financial highlights below primarily reflect the Continuing Operations of the Group except as noted.

Orders at £1,166m (2017: £976m) increased 20% on a constant currency basis reflecting an increase in activity levels in North American oil and gas markets, coupled with strong growth in Minerals.

Revenue of £1,062m (2016: £922m) increased 15% on a reported basis reflecting excellent growth in both original equipment and aftermarket across both Minerals and Oil & Gas. This was after a foreign exchange headwind of £57m, with revenue on a constant currency basis 23% ahead of prior year. The Group's order book increased in the period with a positive book to bill ratio of 1.10 (H2 2017: 0.98).

Operating profit before exceptional items and intangibles amortisation of £160m, increased by £36m or 29% on a reported basis. This was impacted by an £8m adverse foreign exchange movement on the translation of overseas earnings due to the strengthening of Sterling against the majority of currencies. Operating profit was £44m or 38% higher than the prior year on a constant currency basis. Oil & Gas was higher driven by positive North American markets, with Minerals benefiting from strong underlying revenue growth. EBITDA before exceptional items was £187m (2017: £148m).

Operating margin before exceptional items and intangibles amortisation was 15.1%, an increase of 160bps on a reported basis and 170bps on a constant currency basis. On a constant currency basis Minerals remained flat while Oil & Gas increased by 520bps moving from 10.1% in the prior year to 15.3%. This improvement reflects the strong market upturn and excellent operating leverage notwithstanding the loss of profit contribution from the EPI joint venture sold in November 2017, which last year had a 140bps favourable impact on margins on a constant currency basis.

Net finance costs before exceptional items were £17m in total (2017: £21m) reflecting a reduction in average levels of net debt, due to net proceeds of £357m received from the placement of shares in April 2018 to part fund the acquisition of ESCO, refinancing of £95m USD private placement to Euro commercial paper and favourable foreign exchange translation due to the strengthening of Sterling relative to USD.

Profit before tax before exceptional items and intangibles amortisation increased by 38% to £143m (2017: £104m). The reported profit before tax from continuing operations (including exceptional items and intangibles amortisation) of £90m compares to £75m in 2017.

A net **exceptional charge** of £25m (2017: £2m) was recorded in the period, primarily related to costs associated with acquisition of ESCO, with the remainder reflecting the continuation of specific restructuring and rationalisation programmes which commenced in prior periods to right size operations and discontinue certain activities.

The **tax charge** for the period of £36m (2017: £23m) on profit before tax before exceptional items and intangibles amortisation of £143m (2017: £104m) represents an underlying effective tax rate of 25.3% (2017: 21.8%).

Earnings per share before exceptional items and intangibles amortisation increased by 9.2p or 25% to 46.3p (2017: 37.1p). This reflects underlying profit growth offset by the impact of the increased number of shares is issue following the placement of shares in April 2018 to part fund the ESCO acquisition. Reported earnings per share including exceptional items, intangibles amortisation and the results of discontinued operations was 29.1p (2017: 21.4p), an increase of 7.7p.

Cash generated from total operations increased by £61m or 78% from £78m to £139m driven by the increase in total operating profit (pre-exceptional items and intangibles amortisation) of £56m.

Working capital efficiency continued to improve with inventory turns of 2.5 and working capital as a % of sales of 26.9% compared to 2.3 and 27.6% in the prior year respectively on a constant currency basis.

Free cash flow from total operations was an outflow of £7m (2017: £50m). The £43m improvement reflects higher operating cashflows and reduced cash dividends, due to the higher uptake for the scrip dividend compared to prior year, partially offset by higher cash tax and the settlement of derivative financial instruments.

Net debt decreased to £529m in the period (December 2017: £843m). This includes a net cash inflow of £357m from the placement of shares in April 2018, issued to part fund the acquisition of ESCO. Excluding this cash which was held at 30 June before being used to part fund the ESCO consideration on 12 July, net debt increased by £43m to £886m. This was primarily driven by adverse FX of £25m together with the free cash outflow, plus exceptional cash items of £7m. On a lender covenant basis, the ratio of net debt to EBITDA was 1.2 times (2.1 times excluding the impact of the placement), compared to a covenant level of 3.5 times and the prior year of 3.1x.

Acquisition of ESCO Corporation

The acquisition of ESCO Corporation, the world's leading provider of ground engaging tools for surface mining and infrastructure, for an estimated Enterprise Value of US$1,285m, was completed on 12 July 2018. ESCO will operate as a new division of the Weir Group and will be reported as a separate segment alongside Minerals and Oil & Gas with effect from that date.

ESCO delivered 12% constant currency revenue growth in the first half, benefiting from the same positive mining market conditions seen in the Minerals division. The division remains on track to achieve revenue of US$675m and operating profit of US$80m, for the 12 months to December 2018. Its revenue and profits are expected to be delivered broadly evenly between pre and post completion. We continue to target US$30m of cost synergies over the next 3 years.

Discontinued operations

Following the announcement that the Group intends to sell the Flow Control division, the division is now classified as held for sale. Previously reported as an individual reporting segment, the division is now reported as a discontinued operation and the prior period comparatives have been restated accordingly. We expect to begin a sale process for the division in the third quarter.

Dividend

The Board has approved an interim dividend of 15.75p (2017: 15.0p). The interim dividend will be paid on 2 November 2018 to shareholders on the register on 12 October 2018. No scrip alternative will be offered.

Minerals

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

Constant currency £m	H1 2018	H1 2017[1]	Growth	H2 2017[1]
Orders OE	222	205	9%	183
Orders AM	506	445	14%	458
Orders Total	**728**	**650**	**12%**	**641**
Revenue OE	181	154	17%	196
Revenue AM	470	422	12%	455
Revenue Total	**651**	**576**	**13%**	**651**
Operating profit[2]	**112**	**99**	**13%**	**116**
Operating margin[2]	17.2%	17.2%	0bps	17.8%
Operating cash flow	114	82	38%	77
Book-to-bill	1.12	1.13		0.99

1 2017 restated at H1 2018 average exchange rates except for operating cash flow. Prior year restated to include IFRS 15 adjustments.
2 Adjusted to exclude exceptional items and intangibles amortisation.

Strong performance supported by strategic growth initiatives

- Double-digit order growth and increasing pipeline of opportunities
- Operating profits +13%; 90% EBITDA cash conversion
- 2018 outlook: Profit expectations unchanged; now with strong revenue growth and broadly stable margins

Market review

Activity in mining markets continued to grow strongly as customers ramped up production to maximise the benefits of supportive commodity prices. Demand was particularly good for brownfield solutions that help debottleneck, increase throughput and reduce downtime of existing mines. The pipeline of new projects continued to increase driven by good long term fundamentals for commodities such as copper, gold and lithium. Customers remained disciplined about committing to new greenfield developments, although a small number of projects received final approval.

There was also good growth in the division's non-mining markets with oil sands production continuing to support aftermarket demand. Infrastructure and construction markets also remained positive.

Operational review

The division's early investment in deploying more engineers to customer sites to help miners improve productivity continued to support strong order growth. Sales from integrated solutions, which leverage the division's broad portfolio of premium products, delivered c.£50m in additional orders with engineers completing 374 site audits in the period. The division also continued to grow market share through its successful trials programme that sees it go head to head with competitor products to demonstrate the superior performance of Weir equipment.

The first half also saw the opening of additional service centres in Zambia, Chile and Peru to further extend our unrivalled service network. Technology programmes focused on continuous improvement in the division's core products while also developing the Group's Synertrex® IoT solution, with full commercialisation in mining markets planned for the second half of 2018.

Financial review

Orders increased by 12% to £728m (2017: £650m), and supported a strong book-to-bill of 1.12. Original equipment orders were up 9% year-on-year and grew by more than 20% from the second half of 2017. Aftermarket orders increased by 14%, including a record second quarter. In total, aftermarket represented 69% of orders (2017: 68%).

Mining end markets accounted for 75% of orders (2017: 72%). Non-mining markets including industrial, oil sands and power sectors grew while sand and aggregates were impacted by specific project delays.

Revenue was 13% higher on a constant currency basis at £651m (2017: £576m). Original equipment sales accounted for 28% (2017: 27%) of divisional revenues and were 17% higher than the prior year driven by the strong opening order book and the early investment in growth initiatives in 2017. Production-driven aftermarket revenues were up 12% on a constant currency basis.

Regionally, revenues from Africa, South America, Australasia, Middle East and Asia Pacific grew strongly, while in Europe and North America growth was more subdued. Aftermarket revenues grew strongly for pump and mill circuit spares particularly in our core slurry pumps and mill circuit hoses and spools. Reported revenues increased by 7% (2017: £608m), after a £32m foreign exchange headwind.

Operating profit increased by 13% on a constant currency basis to £112m (2017: £99m), driven by strong underlying growth. Reported operating profit increased by 7% after a £5m foreign exchange headwind (2017: £104m).

Operating margin on a constant currency basis was unchanged at 17.2% (2017: 17.2%) with strong revenue growth at consistent gross margins offset by product mix and the full run rate impact of costs added to support growth in 2017.

Operating cash flow increased by 38% to £114m (2017: £82m) reflecting the increase in operating profit and working capital efficiency.

2018 Divisional outlook

The division's profit expectations are unchanged and will now be delivered through strong constant currency revenue growth and broadly stable margins.

Oil & Gas

Weir Oil & Gas provides highly engineered and mission-critical solutions to upstream markets. Products include pressure pumping and pressure control equipment and aftermarket spares and services. Equipment repairs, upgrades, certification and asset management, and field services are delivered globally by Weir Oil & Gas Services.

Constant currency £m	H1 2018	H1 2017[1]	Growth	LFL[1,3] Growth	H2 2017[1]
Orders OE	108	69	58%	48%	81
Orders AM	330	257	28%	26%	281
Orders Total	**438**	**326**	**35%**	**31%**	**362**
Revenue OE	96	57	67%	60%	75
Revenue AM	315	232	36%	34%	297
Revenue Total	**411**	**289**	**42%**	**39%**	**372**
Operating profit[2]	**63**	**29**	**117%**	**132%**	**56**
Operating margin[2]	15.3%	10.1%	520bps	660bps	15.1%
Operating cash flow	39	-1	5701%		44
Book-to-bill	1.07	1.13			0.97

1 2017 restated at H1 2018 average exchange rates except for operating cash flow. Prior year restated to include IFRS 15 adjustments.
2 Adjusted to exclude exceptional items and intangibles amortisation. Includes contribution from joint ventures.
3 Like for like (LFL) excludes the impact of acquisitions and related transaction integration costs. KOP was acquired on 27 July 2017.

Excellent execution in attractive North American markets

- Delivered significant order, revenue and margin growth reflecting leadership in Pressure Pumping
- International markets remained challenging but quotation activity increased
- 2018 outlook: Strong increase in constant currency revenues and profits; FY margins consistent with H1

Market review

North American upstream oil and gas markets grew strongly year on year with the rig count increasing 24% in the period and US production reaching record levels. This was underpinned by WTI oil prices averaging US$65 for the period - comfortably above E&P investment incentive levels. Oilfield service companies continued to rebuild and reactivate their frack fleets supporting demand for both original equipment and aftermarket consumables, which also benefited from increased intensity of production. Overall, US frack fleet utilisation was approximately 70%. Pricing improved in certain product lines although remained competitive overall, reflecting continued spare capacity among equipment providers.

International markets, which are later cycle, continued to be relatively challenging with continued pricing pressure. While these markets bottomed and there was encouraging quotation activity, they remained highly competitive.

Operational review

The division continued to successfully ramp up production with Pressure Pumping reaching previous peak volumes and delivering excellent operating leverage to support further meaningful improvement in its margins. More broadly, the division continued to leverage its differentiated technology and service proposition supported by a comprehensive key account management programme. This enabled it to gain NAM market share in both Pressure Pumping and Pressure Control, with the latter also returning to profitability.

The division's new Simplified Frac Iron System and RFID technologies have been well received by customers as they enable further increases in operational safety and productivity. The 'Weir Edge' offering was launched enabling customers to benefit from root cause analysis by engineers on site – reducing costly downtime and building on the division's market-leading service network.

Performance in the International businesses was weaker reflecting market conditions and the exit from recently won contracts in Iran following the recent re-imposition of US sanctions.

Financial review

Orders of £438m (2017: £326m) were 35% higher and 31% higher on a like for like basis, and 21% higher than the second half of 2017. Aftermarket orders were up 28% year-on-year and represented 75% (2017: 79%) of divisional orders. Original equipment orders were 58% higher, driven by increased demand for pumps, power ends and flow equipment, and strong initial demand for our new Simplified Frac Iron System. Orders from international markets were slightly higher.

Revenue increased by 42% to £411m on a constant currency basis (2017: £289m) and was up 39% on a like for like basis, reflecting order trends. Original equipment and aftermarket revenues increased by 67% and 36% respectively, with aftermarket accounting for 77% of total revenues (2017: 80%). Reported revenues were up 31% after the impact of a £25m foreign exchange headwind (2017: £314m).

North American revenues increased sequentially through the first half while international revenues were lower reflecting the challenging market conditions.

Operating profit including joint ventures was up 117% to £63m (2017: £29m) on a constant currency basis driven by volumes and operating leverage, which also offset the £4m impact of the 2017 disposal of the EPI minority interest. Reported operating profit increased by 98% after a £3m foreign exchange headwind (2017: £32m).

Operating margin was up 520bps on both a constant currency and reported basis including the negative 140bps impact on a constant currency basis from the disposal of EPI.

Operating cash flow increased by £40m to £39m (2017: outflow of £1m) primarily driven by the significantly improved profitability of the division.

2018 Divisional outlook

The division continues to anticipate a strong increase in constant currency revenues and profits, with any potential impacts from moderated growth in the Permian offset by both increased activity in other basins and the effect of higher equipment attrition. Operating margins are expected to continue in the mid-teens seen in H1.

Discontinued operations - Flow Control

Weir Flow Control designs and manufactures valves and pumps as well as providing specialist support services to the global power generation, industrial, oil and gas and other aftermarket-orientated process industries.

Constant currency £m	H1 2018	H1 2017[1]	Growth	H2 2017[1]
Orders OE	105	67	53%	86
Orders AM	101	86	19%	67
Orders Total	**206**	**153**	**34%**	**153**
Revenue OE	84	91	-8%	115
Revenue AM	77	70	10%	77
Revenue Total	**161**	**161**	**0%**	**192**
Operating profit[2]/(loss)	**9**	**-11**	**176%**	**8**
Operating margin[2]	5.4%	-7.2%	1260bps	4.2%
Operating cash flow	8	7	5%	15
Book-to-bill	1.28	0.95		0.80

1 2017 restated at H1 2018 average exchange rates except for operating cash flow. Prior year restated to include IFRS 15 adjustments.
2 Adjusted to exclude exceptional items and intangibles amortisation.

Delivering significant order and profit growth

- Very strong OE order growth driven by increased nuclear demand
- Significant profit increase driven by strong AM performance, operational efficiency and absence of one-offs
- 2018 outlook: Broadly stable constant currency revenues; mid-single digit operating margins

Market review

New nuclear developments in the UK and Asia supported improved demand for original equipment while, with the exception of coal, power markets also supported continuing aftermarket momentum. Project activity in downstream oil and gas also continued to improve and there was a strong recovery in refinery maintenance.

Operational review

The division expanded its installed base in attractive long-term nuclear markets by winning a £23m contract to install pumps on the new Hinkley Point C nuclear power station in the UK. This was in addition to £10m of nuclear contract wins in Korea. Its strategy of globalising its sales and marketing capability to fully leverage its valve and pump product portfolio is showing encouraging results with a growing pipeline of opportunities. The division also continued to leverage its installed base including in downstream oil and gas markets and delivered a fifth consecutive quarter of year on year aftermarket growth.

Financial review

Orders increased by 34% to £206m (2017: £153m). Original equipment orders were up 53% while aftermarket orders grew 19%. Power markets represented 45% of orders (2017: 42%) and oil and gas markets represented 19% (2017: 20%).

Revenue was stable on a constant currency basis at £161m (2017: £161m), with aftermarket revenues up 10% on the prior year. Original equipment revenues were down 8%, reflecting the lower opening order book. Reported revenues were down 3% (2016: £166m) reflecting a 3% foreign exchange headwind.

An **operating profit** of £9m (2017: (£11m) loss) on a constant currency basis reflected the success of the division's growth initiatives and the upturn in market conditions and the absence of a £13m one-off charge recorded in 2017. The reported operating profit included a £1m foreign exchange headwind.

Operating margin was up 1260bps against the prior year at 5.4% (2017: loss of 7.2%) on a constant currency basis.

Operating cash flow increased by 5% to £8m (2017: £7m) reflecting the improved profitability of the division.

2018 Divisional outlook
The division continues to expect to deliver broadly stable constant currency revenues for the full year as it benefits from its new sales and marketing structure. Operating profits and margins are expected to increase, with a return to full year mid-single digit operating margins.

Board and management changes

As previously announced, Alan Ferguson and John Mogford retired from the Board following the 2018 Annual General Meeting. Stephen Young succeeded Alan Ferguson as Audit Committee Chairman, with effect from 26 April 2018. In addition Cal Collins, formerly Chairman and CEO of ESCO Corporation, joined the Board as a Non-Executive Director on 12 July 2018.

Jon Owens, formerly President and COO of ESCO Corporation, joined the Group Executive on 12 July 2018 as President of the ESCO division.

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 2017 Annual Report, a copy of which is available at www.annualreport.weir.

Appendix 1 – 2017 / 2018 quarterly order trends

	Reported growth[1]				Like-for-like growth[2]			
Division	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
OE	19%	10%	19%	**0%**	19%	10%	19%	**0%**
AM	9%	8%	11%	**16%**	9%	8%	11%	**16%**
Minerals	**12%**	**9%**	**13%**	**11%**	**12%**	**9%**	**13%**	**11%**
OE	92%	130%	91%	**33%**	82%	97%	84%	**22%**
AM	52%	46%	40%	**19%**	50%	43%	38%	**17%**
Oil & Gas	**59%**	**60%**	**50%**	**22%**	**56%**	**52%**	**47%**	**18%**
OE	34%	32%	36%	**9%**	32%	26%	34%	**6%**
AM	23%	20%	21%	**17%**	22%	19%	20%	**17%**
Continuing Ops[1]	**25%**	**23%**	**25%**	**15%**	**24%**	**21%**	**24%**	**13%**
Book to Bill	**0.99**	**0.96**	**1.15**	**1.05**	**1.00**	**0.96**	**1.15**	**1.05**
Original Equipment	-8%	-1%	-3%	**110%**	-8%	-1%	-3%	**110%**
Aftermarket	7%	17%	6%	**28%**	7%	17%	6%	**28%**
Flow Control	**-2%**	**6%**	**2%**	**61%**	**-2%**	**6%**	**2%**	**61%**

1 Continuing operations (excludes the Flow Control division which has been classified as being held for sale).
2 Like-for-like excludes the impact of acquisitions. KOP was acquired on 27 July 2017 and excluded for 2017 and 2018.

Consolidated Income Statement
for the period ended 30 June 2018

Restated (note 1) Year ended 31 December 2017 Total £m		Notes	Period ended 30 June 2018 Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 4) £m	Total £m	Restated (note 1) Period ended 30 June 2017 Before exceptional items & intangibles amortisation £m	Exceptional items & intangibles amortisation (note 4) £m	Total £m
	Continuing operations							
1,983.0	Revenue	2, 3	**1,061.7**	**-**	**1,061.7**	922.3	-	922.3
	Continuing operations							
223.3	Operating profit before share of results of joint ventures		**159.4**	**(53.2)**	**106.2**	117.6	(27.5)	90.1
10.9	Share of results of joint ventures		**0.9**	**-**	**0.9**	6.9	-	6.9
234.2	**Operating profit**	2, 3	**160.3**	**(53.2)**	**107.1**	124.5	(27.5)	97.0
(43.7)	Finance costs		**(18.4)**	**-**	**(18.4)**	(21.5)	(0.8)	(22.3)
1.5	Finance income		**1.4**	**-**	**1.4**	0.6	-	0.6
192.0	**Profit before tax from continuing operations**		**143.3**	**(53.2)**	**90.1**	103.6	(28.3)	75.3
(12.5)	Tax (expense) credit	5	**(36.3)**	**7.7**	**(28.6)**	(22.6)	8.3	(14.3)
179.5	**Profit for the period from continuing operations**		**107.0**	**(45.5)**	**61.5**	81.0	(20.0)	61.0
(19.8)	Profit (loss) for the period from discontinued operations	6	**7.2**	**(1.5)**	**5.7**	(10.3)	(3.9)	(14.2)
159.7	**Profit for the period**		**114.2**	**(47.0)**	**67.2**	70.7	(23.9)	46.8
	Attributable to:							
159.9	Equity holders of the Company		**114.1**	**(47.0)**	**67.1**	70.5	(23.9)	46.6
(0.2)	Non-controlling interests		**0.1**	**-**	**0.1**	0.2	-	0.2
159.7			**114.2**	**(47.0)**	**67.2**	70.7	(23.9)	46.8
	Earnings per share	7						
72.8p	Basic - total operations				**29.1p**			21.4p
81.7p	Basic - continuing operations		**46.3p**		**26.6p**	37.1p		27.9p
72.3p	Diluted - total operations				**28.9p**			21.0p
81.2p	Diluted - continuing operations		**46.0p**		**26.4p**	36.4p		27.4p

Consolidated Statement of Comprehensive Income
for the period ended 30 June 2018

Restated (note 1) Year ended 31 December 2017 £m		Note	**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
159.7	**Profit for the period**		**67.2**	46.8
	Other comprehensive income (expense)			
0.4	Gains (losses) taken to equity on cash flow hedges		**1.1**	(0.6)
(147.7)	Exchange gains (losses) on translation of foreign operations		**3.0**	(92.3)
54.0	Exchange (losses) gains on net investment hedges		**(15.7)**	32.9
(0.3)	Reclassification adjustments on cash flow hedges		**(0.9)**	(1.1)
0.8	Tax relating to other comprehensive income (expense) to be reclassified in subsequent periods		**2.1**	0.6
(92.8)	**Items that are or may be reclassified to profit or loss in subsequent periods**		**(10.4)**	(60.5)
(5.4)	Remeasurements on defined benefit plans	12	**32.0**	16.0
(0.8)	Remeasurements on other benefit plans		**-**	-
1.5	Tax relating to other comprehensive income (expense) not to be reclassified in subsequent periods		**(5.5)**	(2.7)
(4.7)	**Items that will not be reclassified to profit or loss in subsequent periods**		**26.5**	13.3
(97.5)	**Net other comprehensive income (expense)**		**16.1**	(47.2)
62.2	**Total net comprehensive income (expense) for the period**		**83.3**	(0.4)
	Attributable to:			
62.4	Equity holders of the Company		**83.2**	(0.5)
(0.2)	Non-controlling interests		**0.1**	0.1
62.2			**83.3**	(0.4)
	Total comprehensive income (expense) for the period attributable to equity holders of the Company			
103.4	Continuing operations		**80.2**	25.0
(41.2)	Discontinued operations		**3.1**	(25.4)
62.2			**83.3**	(0.4)

Consolidated Balance Sheet
at 30 June 2018

Restated (note 1) 31 December 2017 £m		Notes	30 June 2018 £m	Restated (note 1) 30 June 2017 £m
	ASSETS			
	Non-current assets			
393.3	Property, plant & equipment		**320.9**	384.3
1,550.7	Intangible assets		**1,412.1**	1,539.2
19.2	Investments in joint ventures		**19.0**	43.0
45.6	Deferred tax assets		**37.4**	48.8
43.0	Other receivables		**29.8**	36.9
-	Retirement benefit plan assets	12	**-**	11.1
0.3	Derivative financial instruments	13	**1.0**	0.1
2,052.1	**Total non-current assets**		**1,820.2**	2,063.4
	Current assets			
589.1	Inventories		**565.3**	575.8
610.4	Trade & other receivables		**518.7**	544.0
18.8	Construction contracts		**3.7**	19.1
16.7	Derivative financial instruments	13	**14.5**	15.0
18.1	Income tax receivable		**16.2**	9.5
284.6	Cash & short-term deposits		**640.6**	266.0
-	Assets held for sale	6	**452.6**	-
1,537.7	**Total current assets**		**2,211.6**	1,429.4
3,589.8	**Total assets**		**4,031.8**	3,492.8
	LIABILITIES			
	Current liabilities			
388.4	Interest-bearing loans & borrowings		**602.2**	366.9
611.0	Trade & other payables		**525.6**	593.2
3.3	Construction contracts		**1.9**	6.3
25.8	Derivative financial instruments	13	**16.1**	32.5
31.2	Income tax payable		**24.8**	43.9
53.0	Provisions	10	**37.6**	71.9
-	Liabilities held for sale	6	**122.6**	-
1,112.7	**Total current liabilities**		**1,330.8**	1,114.7
	Non-current liabilities			
739.4	Interest-bearing loans & borrowings		**598.8**	768.1
0.5	Other payables		**0.2**	0.6
0.7	Derivative financial instruments	13	**0.4**	0.1
71.9	Provisions	10	**70.9**	56.6
58.2	Deferred tax liabilities		**59.7**	92.5
137.7	Retirement benefit plan deficits	12	**98.3**	130.4
1,008.4	**Total non-current liabilities**		**828.3**	1,048.3
2,121.1	**Total liabilities**		**2,159.1**	2,163.0
1,468.7	**NET ASSETS**		**1,872.7**	1,329.8
	CAPITAL & RESERVES			
28.1	Share capital		**30.4**	27.3
197.9	Share premium		**583.4**	92.6
9.4	Merger reserve		**9.4**	9.4
(5.9)	Treasury shares		**(2.4)**	(5.9)
0.5	Capital redemption reserve		**0.5**	0.5
98.1	Foreign currency translation reserve		**87.5**	132.5
0.3	Hedge accounting reserve		**0.5**	(1.7)
1,139.0	Retained earnings		**1,162.0**	1,066.5
1,467.4	**Shareholders' equity**		**1,871.3**	1,321.2
1.3	Non-controlling interests		**1.4**	8.6
1,468.7	**TOTAL EQUITY**		**1,872.7**	1,329.8

Consolidated Cash Flow Statement
for the period ended 30 June 2018

Year ended 31 December 2017 £m		Notes	**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m
	Total operations			
	Cash flows from operating activities	14		
220.5	Cash generated from operations		**139.2**	78.4
(3.0)	Additional pension contributions paid		**(3.0)**	(2.0)
(28.6)	Exceptional cash items		**(7.5)**	(16.9)
(60.5)	Income tax paid		**(35.8)**	(15.3)
128.4	Net cash generated from operating activities		**92.9**	44.2
	Cash flows from investing activities			
(90.1)	Acquisitions of subsidiaries, net of cash acquired	14	**(2.9)**	(0.2)
(1.4)	Investment in joint ventures		**-**	(1.4)
(67.8)	Purchases of property, plant & equipment		**(30.4)**	(26.4)
(17.6)	Purchases of intangible assets		**(3.8)**	(14.3)
4.6	Other proceeds from sale of property, plant & equipment and intangible assets		**1.8**	3.3
3.5	Disposals of discontinued operations, net of cash disposed	14	**0.3**	-
31.8	Disposals of joint ventures		**-**	-
1.5	Interest received		**1.4**	0.7
8.0	Dividends received from joint ventures		**1.6**	3.3
(127.5)	Net cash used in from investing activities		**(32.0)**	(35.0)
	Cash flows from financing activities			
(37.2)	Purchase of non-controlling interest		**-**	(0.6)
964.4	Proceeds from borrowings		**509.6**	359.5
(854.7)	Repayments of borrowings		**(469.4)**	(268.3)
6.6	Settlement of derivative financial instruments		**(18.7)**	0.5
(42.3)	Interest paid		**(19.7)**	(21.7)
(74.2)	Dividends paid to equity holders of the Company	8	**(38.7)**	(56.7)
90.0	Issue of shares, net of transaction costs		**356.6**	-
-	Purchase of shares for LTIP		**(0.8)**	-
52.6	Net cash generated from financing activities		**318.9**	12.7
53.5	**Net increase in cash & cash equivalents**		**379.8**	21.9
257.0	Cash & cash equivalents at the beginning of the period		**284.5**	257.0
(26.0)	Foreign currency translation differences		**(6.6)**	(13.0)
284.5	**Cash & cash equivalents at the end of the period**	14	**657.7**	265.9

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 2018

	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 2016	27.3	86.2	9.4	(5.9)	0.5	191.8	(0.6)	1,066.4	1,375.1	8.5	1,383.6
IFRS 15 restatement (note 1)	-	-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Restated at 31 December 2016	27.3	86.2	9.4	(5.9)	0.5	191.8	(0.6)	1,065.8	1,374.5	8.5	1,383.0
Profit for the period (restated note 1)	-	-	-	-	-	-	-	46.6	46.6	0.2	46.8
Losses taken to equity on cash flow hedges	-	-	-	-	-	-	(0.6)	-	(0.6)	-	(0.6)
Exchange losses on translation of foreign operations	-	-	-	-	-	(92.2)	-	-	(92.2)	(0.1)	(92.3)
Exchange gains on net investment hedges	-	-	-	-	-	32.9	-	-	32.9	-	32.9
Reclassification adjustments on cash flow hedges	-	-	-	-	-	-	(1.1)	-	(1.1)	-	(1.1)
Remeasurements on defined benefit plans	-	-	-	-	-	-	-	16.0	16.0	-	16.0
Tax relating to other comprehensive income	-	-	-	-	-	-	0.6	(2.7)	(2.1)	-	(2.1)
Total net comprehensive (expense) income for the period	-	-	-	-	-	(59.3)	(1.1)	59.9	(0.5)	0.1	(0.4)
Issue of shares	-	6.4	-	-	-	-	-	-	6.4	-	6.4
Cost of share-based payments inclusive of tax charge	-	-	-	-	-	-	-	3.9	3.9	-	3.9
Dividends	-	-	-	-	-	-	-	(63.1)	(63.1)	-	(63.1)
At 30 June 2017 (restated note 1)	27.3	92.6	9.4	(5.9)	0.5	132.5	(1.7)	1,066.5	1,321.2	8.6	1,329.8
At 31 December 2017	**28.1**	**197.9**	**9.4**	**(5.9)**	**0.5**	**98.1**	**0.3**	**1,141.4**	**1,469.8**	**1.3**	**1,471.1**
IFRS 15 restatement (note 1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(2.4)**	**(2.4)**	**-**	**(2.4)**
Restated 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 LTIP awards	**-**	**-**	**-**	**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 2016	27.3	86.2	9.4	(5.9)	0.5	191.8	(0.6)	1,066.4	1,375.1	8.5	1,383.6
IFRS 15 restatement (note 1)	-	-	-	-	-	-	-	(0.6)	(0.6)	-	(0.6)
Restated at 31 December 2016	27.3	86.2	9.4	(5.9)	0.5	191.8	(0.6)	1,065.8	1,374.5	8.5	1,383.0
Profit (loss) for the year (restated note 1)	-	-	-	-	-	-	-	159.9	159.9	(0.2)	159.7
Gains taken to equity on cash flow hedges	-	-	-	-	-	-	0.4	-	0.4	-	0.4
Exchange losses on translation of foreign operations	-	-	-	-	-	(147.7)	-	-	(147.7)	-	(147.7)
Exchange gains on net investment hedges	-	-	-	-	-	54.0	-	-	54.0	-	54.0
Reclassification adjustments on cash flow hedges	-	-	-	-	-	-	(0.3)	-	(0.3)	-	(0.3)
Remeasurements on defined benefit plans	-	-	-	-	-	-	-	(5.4)	(5.4)	-	(5.4)
Remeasurements on other benefit plans	-	-	-	-	-	-	-	(0.8)	(0.8)	-	(0.8)
Tax relating to other comprehensive income	-	-	-	-	-	-	0.8	1.5	2.3	-	2.3
Total net comprehensive (expense) income for the year	-	-	-	-	-	(93.7)	0.9	155.2	62.4	(0.2)	62.2
Acquisition of non-controlling interests	-	-	-	-	-	-	-	7.0	7.0	(7.0)	-
Issue of shares	0.8	111.7	-	-	-	-	-	-	112.5	-	112.5
Cost of share-based payments inclusive of tax credit	-	-	-	-	-	-	-	7.7	7.7	-	7.7
Dividends	-	-	-	-	-	-	-	(96.7)	(96.7)	-	(96.7)
At 31 December 2017 (restated note 1)	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

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 2018 and have been prepared on the basis of the accounting policies set out in the Group's 2017 Annual Report, with the exception of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', 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 Services Authority.

These interim financial statements are unaudited but have been formally reviewed by the auditors and their report to the Company is set out on page 35. The information shown for the year ended 31 December 2017 does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 and has been extracted from the Group's 2017 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 2017 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 2017, 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 31 July 2018.

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 2017.

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

i. New standards issued but not yet effective

IFRS 16: Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments relating to continuing operations of £173.5m (December 2017: £172.7m), £189.7m on a total Group basis (December 2017: £186.6m). An assessment of the impact of the new standard is ongoing. The Group will adopt the new standard from 1 January 2019.

ii. New standards in effect

Several new amendments apply for the first time in 2018. However, they do not result in a material impact on the half year consolidated financial statements of the Group.

IFRS 9: Financial Instruments

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The classification and measurement of financial assets and liabilities on the face of the balance sheet remains unchanged from that adopted under IAS 39 and no changes were required to the hedge accounting applied within the Group as a result of IFRS 9.

The principal impact of the new standard has been to introduce a new approach to the impairment of financial assets which requires entities to consider forward looking information in determining an appropriate level of provisioning against trade receivables. Adopting the new approach required by IFRS 9 has not resulted in additional impairment of receivables in the period.

IFRS 15: Revenue from Contracts with Customers

The Group has adopted IFRS 15 applying the full retrospective method. The new standard has had an immaterial impact on the results of the Group, with the restatement of revenue as at 30 June 2017 totalling 0.3% of reported revenue of continuing operations for the same period and 0.4% of reported revenue of continuing operations for the year to 31 December 2017. The main changes relate to the timing of revenue recognition, either over time or point in time, for certain 'Engineer to order' contracts as well as revenue adjustments for variable consideration.

d) Accounting policies

Revenue is measured at the fair value of the consideration received or receivable which reflects the amount expected to be received from customers, mainly the transaction price adjusted for variable consideration. Revenue will only be recognised when the fulfilment of performance obligations is achieved, and amounts can be reliably measured. Revenue is shown net of sales taxes, discounts and after eliminating sales within the Group.

i. Sale of goods

Revenue from the sale of goods is recognised in the Consolidated Income Statement when the transfer of control has been demonstrated, usually on despatch of goods, and reliable measurement is possible. No revenue is recognised where recovery of the consideration is not probable or there are significant uncertainties regarding associated costs, or the possible return of goods. Transfer of control can vary depending on the nature of the products sold and the individual terms of the contract of sale. Where the sale of product requires customer inspection, revenue is not recognised until the inspection has been completed and approved by the customer.

This policy is applicable to the sale of both original equipment and spare parts, whether sold individually, in bulk or as part of a cross-selling marketing strategy.

ii. Provision of services

Revenue from the rendering of services is generally recognised on completion if the service contract is short-term in nature. Where this is not the case, revenue from services is recognised in proportion to the stage of completion of the performance obligations at the balance sheet date. The stage of completion is assessed by reference to the transfer of control over time which usually corresponds to the contractual agreement with each separate customer and the costs incurred on the contract to date in comparison to the total forecast costs of the contract. Revenue recognition commences only when outcome of the contract can be reliably measured, by reference to individual terms and conditions within each service contract, and it is probable that the economic benefits associated with the contract will flow to the Group.

iii. Construction contracts

Construction contracts usually contain discrete elements separately transferring control to customers over the life of the contract. The stage of completion of a contract is determined either by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, or by reference to the completion of a physical proportion of the contract work. The basis used is dependent upon the nature of the underlying contract and takes into account the degree to which the physical proportion of the work is subject to formal customer acceptance procedures. Losses on contracts are recognised in the period when such losses become probable. Construction contracts are primarily entered into by the Group's 'Engineer to order' businesses.

1. Basis of preparation (continued)

e) 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 has classified the division as held for sale. Previously reported as an individual reporting segment, the division is now reported as a discontinued operation. As the disposal process advances, classification of revenue, costs, assets and liabilities between continuing and discontinued operations may be revisited. This reflects the shared nature of certain assets and liabilities across the Group, with all options currently being considered as we focus on maximising value for shareholders.

During the period ended 30 June 2018, the provisional fair values attributed to the 2017 KOP Surface Products (KOP) acquisition were finalised. In accordance with IFRS 3: Business Combinations, the net impact of the adjustments to the provisional fair values has been recognised by means of an increase to goodwill and the adjustments to the provisional amounts have been recognised as if the accounting for the business combination had been completed at the relevant acquisition date. As such, all affected balances and amounts have been restated in the financial statements.

The Consolidated Income Statement for the period ended 30 June 2017 and the year ended 31 December 2017 and the Consolidated Balance Sheets at 30 June 2017 and 31 December 2017 have been restated, as shown below, to reflect the above and IFRS 15 restatements detailed in 1c.

Restated Consolidated Income Statement
for period ended 30 June 2017

	Total operations: as previously reported	**Transfer to discontinued operations**	**Continuing operations: IFRS 15 restatement***	**Continuing operations: as restated**	**Discontinued operations: IFRS 15 restatement**
	£m	**£m**	£m	£m	£m
Revenue	1,091.0	(165.7)	(3.0)	922.3	(0.2)
Operating profit before share of results of joint ventures	74.1	15.9	0.1	90.1	0.7
Share of results of joint ventures	6.9	-	-	6.9	-
Operating profit	81.0	15.9	0.1	97.0	0.7
Finance costs	(22.5)	0.2	-	(22.3)	-
Finance income	0.6	-	-	0.6	-
Profit before tax from continuing operations	59.1	16.1	0.1	75.3	0.7
Tax expense	(12.8)	(1.5)	-	(14.3)	(0.2)
Profit for the period	46.3	14.6	0.1	61.0	0.5
Loss for the period from discontinued operations	(0.1)	(14.6)	0.5	(14.2)	0.5
Profit for the period	46.2	-	0.6	46.8	0.5

Restated Consolidated Income Statement
for year ended 31 December 2017

	Total operations: as previously reported	**Transfer to discontinued operations**	**Continuing operations: IFRS 15 restatement**	**Continuing operations: as restated**	**Discontinued operations: IFRS 15 restatement**
	£m	**£m**	£m	£m	£m
Revenue	2,355.9	(365.4)	(7.5)	1,983.0	(3.3)
Operating profit before share of results of joint ventures	212.2	13.8	(2.7)	223.3	-
Share of results of joint ventures	10.9	-	-	10.9	-
Operating profit	223.1	13.8	(2.7)	234.2	-
Finance costs	(44.1)	0.4	-	(43.7)	-
Finance income	1.6	(0.1)	-	1.5	-
Profit before tax from continuing operations	180.6	14.1	(2.7)	192.0	-
Tax expense	(19.1)	5.7	0.9	(12.5)	-
Profit for the period	161.5	19.8	(1.8)	179.5	-
Loss for the period from discontinued operations	-	(19.8)	-	(19.8)	-
Profit for the period	161.5	-	(1.8)	159.7	-

*Includes the profit after tax impact for discontinued operations.

1. Basis of preparation (continued)

Restated Consolidated Balance Sheet (extract)
at 30 June 2017

	As previously reported £m	IFRS 15 £m	Restated 30 June 2017 £m
Current assets			
Inventories	577.5	(1.7)	**575.8**
Trade & other receivables	544.1	(0.1)	**544.0**
Construction contracts	19.5	(0.4)	**19.1**
Current liabilities			
Trade & other payables	594.2	(1.0)	**593.2**
Construction contracts	7.2	(0.9)	**6.3**
Income tax payable	44.0	(0.1)	**43.9**
Provisions	72.0	(0.1)	**71.9**
Non-current liabilities			
Deferred tax liabilities	92.6	(0.1)	**92.5**
CAPITAL & RESERVES			
31 December 2016 restatement	-	(0.6)	**(0.6)**
30 June 2017 restatement	-	0.6	**0.6**
Retained earnings	1,066.5	-	**1,066.5**

Restated Consolidated Balance Sheet (extract)
at 31 December 2017

	As previously reported £m	IFRS 15 £m	KOP adjustments to fair values £m	Restated 31 December 2017 £m
Non-current assets				
Property, plant & equipment	392.3	-	1.0	**393.3**
Intangible assets	1,549.9	-	0.8	**1,550.7**
Deferred tax assets	45.3	0.3	-	**45.6**
Current assets				
Inventories	586.8	2.3	-	**589.1**
Trade & other receivables	613.3	(1.4)	(1.5)	**610.4**
Construction contracts	23.6	(4.8)	-	**18.8**
Income tax receivable	18.5	0.5	(0.9)	**18.1**
Current liabilities				
Trade & other payables	613.2	(1.6)	(0.6)	**611.0**
Construction contracts	2.6	0.7	-	**3.3**
Income tax payable	31.1	0.1	-	**31.2**
Provisions	52.6	0.4	-	**53.0**
Non-current liabilities				
Provisions	72.0	(0.1)	-	**71.9**
Deferred tax liabilities	58.4	(0.2)	-	**58.2**
CAPITAL & RESERVES				
31 December 2016 restatement	-	(0.6)	-	**(0.6)**
31 December 2017 restatement	-	(1.8)	-	**(1.8)**
Retained earnings	1,141.4	(2.4)	-	**1,139.0**

1. Basis of preparation (continued)

f) 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 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 operating activities to FCF is as follows.

Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m
220.5	Cash generated from operations	**139.2**	78.4
(60.5)	Income tax paid	**(35.8)**	(15.3)
(80.8)	Net capital expenditure from purchase & disposal of property, plant & equipment and intangibles	**(32.4)**	(37.4)
(40.8)	Net interest paid	**(18.3)**	(21.0)
(74.2)	Dividends paid to equity holders of the Company	**(38.7)**	(56.7)
8.0	Dividends received from joint ventures	**1.6**	3.3
6.6	Settlement of derivative financial instruments	**(18.7)**	0.5
-	Purchase of shares for LTIP	**(0.8)**	-
(3.0)	Additional pension contributions paid	**(3.0)**	(2.0)
(24.2)	**Free cash flow**	**(6.9)**	(50.2)

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.

Restated (note 1) Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
	Continuing operations		
234.2	Operating profit	**107.1**	97.0
	Adjusted for:		
5.7	Exceptional items (note 4)	**25.2**	2.3
239.9	**Earnings before interest and tax (EBIT)**	**132.3**	99.3
52.0	Intangibles amortisation (note 4)	**28.0**	25.2
49.9	Depreciation of property, plant & equipment	**26.4**	23.7
341.8	**EBITDA**	**186.7**	148.2

Net debt
A breakdown of Net debt into Cash & short-term deposits and Interest-bearing loans & borrowings is provided in note 14.

2. Segment information

Following the announcement during the period of the Group's intention to sell the Flow Control division, the Group has classified Flow Control as a discontinued operation. Continuing operations includes two operating divisions: Minerals and Oil & Gas (previously Minerals, Oil & Gas and Flow Control). These two 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 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 2018, the period ended 30 June 2017 and the year ended 31 December 2017 is disclosed below.

	Minerals		**Oil & Gas**		**Total continuing operations**	
		Restated (note 1)		Restated (note 1)		Restated (note 1)
	30 June 2018 £m	30 June 2017 £m	**30 June 2018 £m**	30 June 2017 £m	**30 June 2018 £m**	30 June 2017 £m
Revenue						
Sales to external customers	**650.5**	608.1	**411.2**	314.2	**1,061.7**	922.3
Inter-segment sales	**1.0**	0.3	**0.3**	0.3	**1.3**	0.6
Segment revenue	**651.5**	608.4	**411.5**	314.5	**1,063.0**	922.9
Eliminations					**(1.3)**	(0.6)
					1,061.7	922.3
Sales to external customers – 2017 at 2018 average exchange rates						
Sales to external customers	**650.5**	575.7	**411.2**	289.3	**1,061.7**	865.0
Segment result						
Segment result before share of results of joint ventures	**111.8**	104.8	**62.1**	24.9	**173.9**	129.7
Share of results of joint ventures	**-**	-	**0.9**	6.9	**0.9**	6.9
Segment result	**111.8**	104.8	**63.0**	31.8	**174.8**	136.6
Unallocated expenses					**(14.5)**	(12.1)
Operating profit before exceptional items & intangibles amortisation					**160.3**	124.5
Total exceptional items & intangibles amortisation					**(53.2)**	(28.3)
Net finance costs before exceptional items					**(17.0)**	(20.9)
Profit before tax from continuing operations					**90.1**	75.3
Segment result – 2017 at 2018 average exchange rates						
Segment result before share of results of joint ventures	**111.8**	99.1	**62.1**	22.8	**173.9**	121.9
Share of results of joint ventures	**-**	-	**0.9**	6.3	**0.9**	6.3
Segment result	**111.8**	99.1	**63.0**	29.1	**174.8**	128.2
Unallocated expenses					**(14.5)**	(12.0)
Operating profit before exceptional items & intangibles amortisation					**160.3**	116.2

	Minerals		**Oil & Gas**		**Discontinued operations**		**Total Group**	
		Restated (note 1)		Restated (note 1)		Restated (note 1)		Restated (note 1)
	30 June 2018 £m	30 June 2017 £m	**30 June 2018 £m**	30 June 2017 £m	**30 June 2018 £m**	30 June 2017 £m	**30 June 2018 £m**	30 June 2017 £m
Assets & liabilities								
Intangible assets	**603.5**	621.2	**766.8**	750.9	**-**	137.6	**1,370.3**	1,509.7
Property, plant & equipment	**220.5**	216.9	**90.8**	83.9	**-**	72.6	**311.3**	373.4
Working capital assets	**641.7**	563.4	**412.9**	336.9	**-**	233.4	**1,054.6**	1,133.7
Investments in joint ventures	**-**	-	**19.0**	43.0	**-**	-	**19.0**	43.0
Assets held for sale	**-**	-	**-**	-	**452.6**	-	**452.6**	-
Segment assets	**1,465.7**	1,401.5	**1,289.5**	1,214.7	**452.6**	443.6	**3,207.8**	3,059.8
Unallocated assets							**824.0**	433.0
Total Group assets							**4,031.8**	3,492.8
Working capital liabilities	**310.6**	314.8	**170.4**	168.3	**-**	161.6	**481.0**	644.7
Liabilities held for sale	**-**	-	**-**	-	**122.6**	-	**122.6**	-
Unallocated liabilities							**1,555.5**	1,518.3
Total Group liabilities							**2,159.1**	2,163.0

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

Assets and liabilities held for sale have been classified as discontinued operations for 2018 interim reporting (note 6). For segmental reporting purposes, the 2017 comparative figures have also been disclosed.

2. Segment information (continued)

Year ended 31 December 2017 restated (note 1)	Minerals	Oil & Gas	Total continuing operations
	£m	£m	£m
Revenue			
Sales to external customers	1,279.2	703.8	1,983.0
Inter-segment sales	0.7	0.3	1.0
Segment revenue	1,279.9	704.1	1,984.0
Eliminations			(1.0)
			1,983.0
Sales to external customers – 2017 at 2018 average exchange rates			
Sales to external customers	1,226.1	661.2	1,887.3
Segment result			
Segment result before share of results of joint ventures	224.6	80.6	305.2
Share of results of joint ventures	-	10.9	10.9
Segment result	224.6	91.5	316.1
Unallocated expenses			(24.2)
Operating profit before exceptional items & intangibles amortisation			291.9
Total exceptional items & intangibles amortisation			(58.5)
Net finance costs before exceptional items			(41.4)
Profit before tax from continuing operations			192.0
Segment result – 2017 at 2018 average exchange rates			
Segment result before share of results of joint ventures	214.6	75.1	289.7
Share of results of joint ventures	-	10.2	10.2
Segment result	214.6	85.3	299.9
Unallocated expenses			(24.1)
Operating profit before exceptional items & intangibles amortisation			275.8

Year ended 31 December 2017 restated (note 1)	Minerals	Oil & Gas	Discontinued operations	Total Group
	£m	£m	£m	£m
Assets & liabilities				
Intangible assets	603.0	763.1	137.5	1,503.6
Property, plant & equipment	221.3	90.3	72.1	383.7
Working capital assets	619.6	377.6	219.2	1,216.4
Investments in joint ventures	-	19.2	-	19.2
Segment assets	1,443.9	1,250.2	428.8	3,122.9
Unallocated assets				466.9
Total Group assets				3,589.8
Continuing operations				
Working capital liabilities	350.3	181.6	123.4	655.3
Unallocated liabilities				1,465.8
Total Group liabilities				2,121.1

The following disclosures are given in relation to continuing operations.

Restated (note 1) Year ended 31 December 2017		**Period ended 30 June 2018**	Restated (note 1) Period ended 30 June 2017
£m		**£m**	£m
	An analysis of the Group's revenue is as follows:		
461.0	Original equipment	266.5	219.1
1,199.2	Aftermarket parts	647.9	571.3
1,660.2	Sale of goods	914.4	790.4
279.5	Provision of services	137.3	126.9
43.3	Construction contracts	10.0	5.0
1,983.0	Revenue	1,061.7	922.3

3. Revenues & expenses

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

Restated (note 1) Year ended 31 December 2017		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
	A reconciliation of revenue to operating profit is as follows		
1,983.0	Revenue	1,061.7	922.3
(1,316.9)	Cost of sales	(706.6)	(619.0)
666.1	Gross profit	355.1	303.3
4.4	Other operating income	1.0	3.5
(225.5)	Selling & distribution costs	(114.4)	(111.5)
(164.0)	Administrative expenses	(82.3)	(77.7)
10.9	Share of results of joint ventures	0.9	6.9
291.9	Operating profit	160.3	124.5

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

4. Exceptional items & intangibles amortisation

Restated (note 1) Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
	Recognised in arriving at operating profit from continuing operations		
(52.0)	Intangibles amortisation	**(28.0)**	(25.2)
-	Exceptional item - ESCO acquisition related costs	**(24.0)**	-
(4.9)	Exceptional item - restructuring and rationalisation charges	**(1.6)**	(0.7)
(2.1)	Exceptional item - legal claims	**0.5**	(1.1)
10.4	Exceptional item - gain on sale of EPI	**-**	-
(9.1)	Exceptional item - fair value adjustment to contingent consideration asset / liability	**(0.1)**	(0.5)
(57.7)		**(53.2)**	(27.5)
	Recognised in finance costs		
(0.8)	Exceptional item - unwind in respect of contingent consideration liability	**-**	(0.8)
	Recognised in arriving at operating profit from discontinued operations		
(3.4)	Intangibles amortisation	**(1.1)**	(1.6)
-	Exceptional item - disposal related costs	**(0.5)**	-
(7.6)	Exceptional item - restructuring and rationalisation charges	**(0.2)**	(2.6)
(0.1)	Exceptional item - related to prior disposal	**0.1**	(0.1)
(11.1)		**(1.7)**	(4.3)

Exceptional items in the period in relation to continuing operations primarily relate to costs associated with the ESCO acquisition which completed on 12 July 2018 (note 17). The majority of these costs relate to advisor fees, due diligence and initial integration costs. Of the £24.0m incurred at 30 June 2018, £2.2m has been paid in cash.

Restructuring and rationalisation costs in the period are in relation to a continuation of redundancy programs in Oil & Gas (£0.8m) and Minerals (£0.8m). The £0.5m credit in relation to legal claims relates to the receipt of an Escrow balance associated with the Trio acquisition in 2014.

Included in discontinued operations in the period are costs associated with the intended sale of the Flow Control division, facility closure costs and a receipt related to the previous disposal of Ynfiniti Engineering Systems.

In the prior period, restructuring and rationalisation charges represented the additional cost of programmes which commenced in earlier periods to right size operations and discontinue certain activities. Other exceptional items related to costs of £1.1m associated with the extension of a prior period legal claim, a fair value adjustment of £1.0m related to the acquisition of Weir International, offset by a £0.5m credit following the settlement of Delta deferred consideration and £0.8m unwind of contingent consideration liability for Weir International.

5. Tax expense

Restated (note 1) Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
	Continuing operations		
4.1	Group - UK	**(1.2)**	(3.9)
(16.6)	Group - overseas	**(27.4)**	(10.4)
(12.5)	Total income tax expense in the Consolidated Income Statement	**(28.6)**	(14.3)
	The total income tax (expense) credit is disclosed in the Consolidated Income Statement as follows:		
(51.6)	- continuing operations before exceptional items & intangibles amortisation	**(36.3)**	(22.6)
(5.6)	- discontinued operations	**(1.3)**	1.3
22.1	- exceptional items	**1.6**	0.3
17.0	- intangibles amortisation and impairment	**6.1**	8.0
(18.1)	Total income tax expense in the Consolidated Income Statement	**(29.9)**	(13.0)
(1.0)	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 2018 is estimated at 25.3% (2017 restated: 20.7%), based on the weighted average effective tax rate across all jurisdictions. Therefore the underlying effective tax rate used for the half year 2018 was 25.3% (2017 restated: 21.8%).

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 has 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.

Previously reported as an individual reporting segment, the division is now reported as a discontinued operation. In compliance with IFRS 5 the results for the period to 30 June 2018 for the division are disclosed within one line in the income statement, with the comparative periods also restated. In the balance sheet the assets and liabilities of the division, in the current period only, are reported as current assets/liabilities held for sale. As a discontinued operation, the division is measured at the lower of its carrying amount and fair value less costs to sell. When the sale of the disposal group occurs, a gain or loss will arise. At the time of disposal the foreign currency translation reserve will be recycled to the income statement and included in the gain or loss on disposal.

Prior periods include £0.1m operating profit and in December 2016 a tax credit of £0.1m in relation to finalisation of American Hydro Corporation and Ynfiniti Engineering Services disposals in 2016.

Financial performance and cash flow information for discontinued operations

Restated (note 1) Year ended 31 December 2017 Total		**Period ended 30 June 2018**			Restated (note 1) Period ended 30 June 2017		
		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
362.1	Revenue	**160.7**	**-**	**160.7**	165.5	-	165.5
(13.9)	**Operating profit (loss)**	**8.7**	**(1.7)**	**7.0**	(11.0)	(4.3)	(15.3)
(0.4)	Finance costs	**(0.2)**	**-**	**(0.2)**	(0.2)	-	(0.2)
0.1	Finance income	**0.2**	**-**	**0.2**	-	-	-
(14.2)	**Profit (loss) before tax from discontinued operations**	**8.7**	**(1.7)**	**7.0**	(11.2)	(4.3)	(15.5)
(5.6)	Tax (expense) credit	**(1.5)**	**0.2**	**(1.3)**	0.9	0.4	1.3
(19.8)	**Profit (loss) for the period from discontinued operations**	**7.2**	**(1.5)**	**5.7**	(10.3)	(3.9)	(14.2)
	Attributable to:						
(19.5)	Equity holders of the Company	**7.2**	**(1.5)**	**5.7**	(10.5)	(3.9)	(14.4)
(0.3)	Non-controlling interests	**-**	**-**	**-**	0.2	-	0.2
(19.8)		**7.2**	**(1.5)**	**5.7**	(10.3)	(3.9)	(14.2)

Year ended 31 December 2017		**Period ended 30 June 2018**	Period ended 30 June 2017
15.4	Cash flows from operating activities	**4.5**	3.8
(3.9)	Cash flows from investing activities	**(1.7)**	(1.6)
0.5	Cash flows from financing activities	**0.2**	(10.9)
12.0	**Net increase (decrease) in cash and cash equivalents from discontinued operations**	**3.0**	(8.7)

Earnings (loss) per share
Earnings (loss) per share from discontinued operations were as follows.

Year ended 31 December 2017		**Period ended 30 June 2018**	Period ended 30 June 2017
pence		**pence**	pence
(9.0)	Basic	**2.5**	**(6.5)**
(8.9)	Diluted	**2.3**	**(6.4)**

The following table details the assets and liabilities classified as held for sale in the Consolidated Balance Sheet.

	30 June 2018
	£m
ASSETS	
Property, plant & equipment	**71.4**
Intangible assets	**135.0**
Deferred tax assets	**6.3**
Inventories	**81.3**
Trade & other receivables	**111.3**
Construction contracts	**13.0**
Derivative financial instruments	**0.6**
Income tax receivable	**1.0**
Cash & short-term deposits	**32.7**
Assets held for sale	**452.6**
LIABILITIES	
Interest-bearing loans & borrowings	**1.3**
Trade & other payables	**98.1**
Construction contracts	**1.2**
Income tax payable	**1.4**
Derivative financial instruments	**1.3**
Provisions	**12.6**
Deferred tax liabilities	**0.7**
Retirement benefit plan deficits	**6.0**
Liabilities held for sale	**122.6**
NET ASSETS	**330.0**

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.

Restated (note 1) Year ended 31 December 2017		**Period ended 30 June 2018**	Restated (note 1) Period ended 30 June 2017
	Profit attributable to equity holders of the Company		
159.9	Total operations* (£m)	**67.1**	46.6
179.7	Continuing operations* (£m)	**61.4**	60.8
199.1	Continuing operations before exceptional items & intangibles amortisation* (£m)	**106.9**	80.8
	Weighted average share capital		
219.9	Basic earnings per share (number of shares, million)	**230.9**	217.9
221.3	Diluted earnings per share (number of shares, million)	**232.4**	222.2

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 2017 Shares Million		**Period ended 30 June 2018 Shares Million**	Period ended 30 June 2017 Shares Million
219.9	Weighted average number of ordinary shares for basic earnings per share	**230.9**	217.9
1.4	Effect of dilution: LTIP awards and share issue	**1.5**	4.3
221.3	Adjusted weighted average number of ordinary shares for diluted earnings per share	**232.4**	222.2

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.

Restated (note 1) Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
179.7	Net profit attributable to equity holders from continuing operations*	**61.4**	60.8
19.4	Exceptional items & intangibles amortisation net of tax	**45.5**	20.0
199.1	Net profit attributable to equity holders from continuing operations before exceptional items & intangibles	**106.9**	80.8

Restated (note 1) Year ended 31 December 2017 pence		**Period ended 30 June 2018 pence**	Restated (note 1) Period ended 30 June 2017 pence
	Basic earnings per share:		
72.8	Total operations*	**29.1**	21.4
81.7	Continuing operations*	**26.6**	27.9
90.5	Continuing operations before exceptional items & intangibles amortisation*	**46.3**	37.1
	Diluted earnings per share:		
72.3	Total operations*	**28.9**	21.0
81.2	Continuing operations*	**26.4**	27.4
90.0	Continuing operations before exceptional items & intangibles amortisation*	**46.0**	36.4

*Adjusted for £0.1m (2017: £0.2m) in respect of non-controlling interests.

There have been no share options (2017: nil) exercised between the reporting date and the date of signing of these financial statements. As part of the ESCO acquisition (note 17) consideration, 16,779,861 ordinary shares were issued on 12 July 2018.

Earnings (loss) per share from discontinued operations are disclosed in note 6.

8. Dividends paid & proposed

Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m
	Declared & paid during the period		
	Equity dividends on ordinary shares		
63.1	Final dividend for 2017: 29.0p (2016: 29.0p)	**69.9**	63.1
33.6	Interim dividend: see below (2017: 15.0p)	**-**	-
96.7		**69.9**	63.1
65.0	Final dividend for 2017 proposed for approval by shareholders at the AGM: 29.0p	**-**	-
-	Interim dividend for 2018 declared by the Board: 15.75p (2017: 15.0p)	**40.9**	33.5

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 the current period 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. In the prior year, for the 2016 final dividend, shares with a value of £6.4m were issued with a cash dividend of £56.7m. For the 2017 interim dividend, shares with a value of £16.1m were issued with a cash dividend of £17.5m.

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 assets

Year ended 31 December 2017 £m		Period ended 30 June 2018 £m	Period ended 30 June 2017 £m
	Additions of property, plant & equipment & intangible assets - continuing operations		
7.5	Land & buildings	**1.5**	3.8
54.2	Plant & equipment	**28.4**	20.7
17.8	Intangible assets	**2.7**	10.1
79.5		**32.6**	34.6
	Additions of property, plant & equipment & intangible assets - discontinued operations		
1.8	Land & buildings	**0.1**	1.3
3.8	Plant & equipment	**1.7**	0.8
0.6	Intangible assets	**0.1**	0.2
6.2		**1.9**	2.3

10. Provisions

	Warranties & onerous sales contracts £m	Asbestos-related £m	Employee-related £m	Exceptional £m	Other £m	Total £m
At 31 December 2017	**29.6**	**58.0**	**18.5**	**13.6**	**4.9**	**124.6**
IFRS 15 restatement (note 1)	**0.3**	**-**	**-**	**-**	**-**	**0.3**
At 31 December 2017 (restated note 1)	**29.9**	**58.0**	**18.5**	**13.6**	**4.9**	**124.9**
Additions	**7.2**	**2.9**	**1.2**	**9.3**	**0.5**	**21.1**
Transferred to liabilities held for sale (note 6)	**(7.6)**	**-**	**(2.5)**	**(2.0)**	**(0.5)**	**(12.6)**
Utilised	**(11.4)**	**(5.4)**	**(1.9)**	**(4.2)**	**(1.2)**	**(24.1)**
Unutilised	**(1.0)**	**-**	**(0.3)**	**(0.4)**	**(0.1)**	**(1.8)**
Exchange adjustment	**-**	**1.3**	**(0.2)**	**(0.1)**	**-**	**1.0**
At 30 June 2018	**17.1**	**56.8**	**14.8**	**16.2**	**3.6**	**108.5**
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	24.5	13.0	5.6	24.1	4.7	71.9
Non-current	6.0	36.9	10.1	3.4	0.2	56.6
At 30 June 2017 (restated note 1)	30.5	49.9	15.7	27.5	4.9	128.5
Current	21.6	10.7	5.3	10.7	4.7	53.0
Non-current	8.3	47.3	13.2	2.9	0.2	71.9
At 31 December 2017 (restated note 1)	29.9	58.0	18.5	13.6	4.9	124.9

Warranties & onerous sales contracts

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

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

Employee-related

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

Asbestos-related claims

Certain of the Group's US-based subsidiaries are co-defendants in lawsuits pending in the United States in which plaintiffs are claiming damages arising from alleged exposure to products previously manufactured which contained asbestos. The Group has comprehensive insurance cover for 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 22 of the 2017 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 (2017: 10 years) of projected claims to provide a reliable estimate of the future liability. This has resulted in a provision of £52.3m (December 2017: £53.3m) 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 employers liability claims which all relate to former UK operations and employment periods in the 1960's and 1970's. 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 £4.5m (December 2017: £4.7m).

Exceptional

A provision has been created for costs incurred to date on the acquisition of ESCO. Restructuring and rationalisation charges led to additions of £0.7m during the period relating to the continuation of existing projects.

Other

Other provisions relate to penalties, duties due, legal claims and other exposures across the Group.

11. Interest-bearing loans and borrowings

The Group utilises a number of sources of funding including private placement debt, Euro commercial paper issuance, revolving credit facilities and uncommitted facilities. At 30 June 2018, the Group had £757.9m (2017: £865.6m) of private placement debt in issue, £427.9m (2017: £269.8m) of debt issued under the commercial paper programme whilst £nil (2017: £nil) was drawn under the revolving credit facility. Total unamortised issue costs at 30 June 2018 were £1.0m (2017: £2.0m).

12. Pensions & other post-employment benefit plans

31 December 2017 £m		**30 June 2018 £m**	30 June 2017 £m
-	Plans in surplus	**-**	11.1
(137.7)	Plans in deficit	**(104.3)**	(130.4)
-	Less deficit included in liabilities held for sale (note 6)	**6.0**	-
(137.7)		**(98.3)**	(119.3)

Plans in deficit decreased by £33.4m in the period ended 30 June 2018. This was primarily due to actuarial gains on the liability side, resulting from changes to market conditions over the period. A credit of £32.0m (2017: £16.0m) has been recognised in the Consolidated Statement of Comprehensive Income.

13. Financial instruments

31 December 2017 £m		30 June 2018 £m	30 June 2017 £m
	Included in non-current assets		
-	Cross currency swaps designated as net investment hedges	**1.0**	-
0.3	Other forward foreign currency contracts	**-**	0.1
0.3		**1.0**	0.1
	Included in current assets		
0.3	Forward foreign currency contracts designated as cash flow hedges	**1.3**	0.1
7.5	Forward foreign currency contracts designated as net investment hedges	**1.4**	7.1
8.9	Other forward foreign currency contracts	**11.8**	7.8
16.7		**14.5**	15.0
	Included in current liabilities		
(0.1)	Forward foreign currency contracts designated as cash flow hedges	**-**	(1.8)
(1.6)	Forward foreign currency contracts designated as net investment hedges	**(9.1)**	(0.1)
(8.9)	Cross currency swaps designated as net investment hedges	**-**	(17.5)
(15.2)	Other forward foreign currency contracts	**(7.0)**	(13.1)
(25.8)		**(16.1)**	(32.5)
	Included in non-current liabilities		
(0.7)	Cross currency swaps designated as net investment hedges	**-**	-
-	Other forward foreign currency contracts	**(0.4)**	(0.1)
(0.7)		**(0.4)**	(0.1)
(9.5)	**Net derivative financial liabilities**	**(1.0)**	(17.5)

Financial instruments now classified as held for sale are detailed in note 6.

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 2017 £m	Fair value 31 December 2017 £m		Carrying amount 30 June 2018 £m	Fair value 30 June 2018 £m	Carrying amount 30 June 2017 £m	Fair value 30 June 2017 £m
		Financial assets				
9.2	9.2	Derivative financial instruments recognised at fair value through profit or loss	**11.8**	**11.8**	7.9	7.9
7.8	7.8	Derivative financial instruments in designated hedge accounting relationships	**3.7**	**3.7**	7.2	7.2
0.4	0.4	Contingent consideration receivable	**-**	**-**	2.9	2.9
611.7	611.7	Trade & other receivables excluding statutory assets & prepayments*	**517.0**	**517.0**	544.6	544.6
284.6	284.6	Cash & short term deposits*	**640.6**	**640.6**	266.0	266.0
-	-	Financial assets held for sale	**140.4**	**140.4**	-	-
913.7	913.7		**1,313.5**	**1,313.5**	828.6	828.6
		Financial liabilities				
15.2	15.2	Derivative financial instruments recognised at fair value through profit or loss	**7.4**	**7.4**	13.2	13.2
11.3	11.3	Derivative financial instruments in designated hedge accounting relationships	**9.1**	**9.1**	19.4	19.4
3.4	3.4	Contingent consideration payable	**3.4**	**3.4**	30.4	30.4
		Amortised cost:				
832.9	896.6	Fixed rate borrowings	**757.6**	**799.9**	864.8	950.4
293.8	293.8	Floating rate borrowings	**427.2**	**427.2**	269.5	269.5
1.0	1.0	Obligations under finance leases	**0.8**	**0.8**	0.6	0.6
0.1	0.1	Bank overdrafts & short-term borrowings*	**15.4**	**15.4**	0.1	0.1
528.9	528.9	Trade & other payables excluding statutory liabilities & deferred income*	**465.1**	**465.1**	466.8	466.8
-	-	Financial liabilities held for sale	**65.6**	**65.6**	-	-
1,686.6	1,750.3		**1,751.6**	**1,793.9**	1,664.8	1,750.4

*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. As such disclosure of the fair value hierarchy for these items is not required.

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

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs 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, with the exception of contingent consideration assessed as level 3. Contingent consideration payable at 31 December 2017 and 30 June 2018 relates to the acquisition of Trio in 2014. There have been no movements in the period to 30 June 2018 and no significant changes to the key performance indicators or the inputs to the fair value calculation.

13. Financial instruments (continued)

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

	Total
	£m
Balance as at 31 December 2016	31.0
Fair value changes in profit or loss	0.5
Exchange movements in the period	(0.5)
Contingent consideration paid	(1.4)
Unwind of discount	0.8
Balance as at 30 June 2017	30.4
Balance as at 31 December 2017 and 30 June 2018	**3.4**
Balance as at 31 December 2016	31.0
Fair value changes in profit or loss	9.1
Exchange movements in the period	0.5
Contingent consideration paid	(38.0)
Unwind of discount	0.8
Balance as at 31 December 2017	3.4

During the period ended 30 June 2018 and the year ended 31 December 2017, there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements.

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

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

14. Additional cash flow information

Restated (note 1) Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Restated (note 1) Period ended 30 June 2017 £m
	Total operations		
	Net cash generated from operations		
234.2	Operating profit - continuing operations	**107.1**	97.0
(13.9)	Operating profit (loss) - discontinued operations	**7.0**	(15.3)
220.3	Operating profit - total operations	**114.1**	81.7
23.8	Exceptional items	**25.8**	5.0
55.4	Amortisation of intangible assets	**29.1**	26.8
(10.9)	Share of results of joint ventures	**(0.9)**	(6.9)
58.2	Depreciation of property, plant & equipment	**29.1**	27.9
0.1	Impairment of property, plant & equipment	**0.2**	-
(1.2)	Grants received	**-**	-
(0.1)	Losses (gains) on disposal of property, plant & equipment	**0.4**	-
(10.4)	Exceptional item - gains on disposal of joint ventures	**-**	-
(4.8)	Funding of pension & post-retirement costs	**(0.2)**	(0.8)
7.0	Employee share schemes	**4.5**	4.9
(0.4)	Transactional foreign exchange	**4.5**	1.7
(0.3)	(Decrease) increase in provisions	**(7.1)**	4.3
336.7	Cash generated from operations before working capital cashflows	**199.5**	144.6
(65.7)	Increase in inventories	**(46.9)**	(39.8)
(113.0)	Decrease (increase) in trade & other receivables and construction contracts	**14.4**	(59.8)
62.4	(Decrease) increase in trade & other payables and construction contracts	**(27.8)**	33.4
220.4	Cash generated from operations	**139.2**	78.4
(3.0)	Additional pension contributions paid	**(3.0)**	(2.0)
(28.6)	Exceptional cash items	**(7.5)**	(16.9)
(60.5)	Income tax paid	**(35.8)**	(15.3)
128.3	Net cash generated from operating activities	**92.9**	44.2

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.

Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m

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

	Acquisitions of subsidiaries		
(92.5)	Acquisition of subsidiaries – cash paid	**(2.9)**	-
3.2	Cash and cash equivalents acquired	**-**	-
(89.3)	Acquisition of subsidiaries – current period acquisitions	**(2.9)**	-
(0.8)	Prior periods acquisitions contingent consideration paid	**-**	(0.8)
-	Prior periods acquisitions completion adjustment	**-**	0.6
(90.1)	Total cash outflow relating to acquisitions	**(2.9)**	(0.2)
	Net cash inflow arising on prior period disposal:		
3.5	Prior period disposals completion adjustment	**0.3**	-
3.5	Total cash inflow relating to prior period dispoals	**0.3**	-

Cash & cash equivalents comprise the following.

	Cash & cash equivalents		
284.6	Cash & short-term deposits	**640.6**	266.0
(0.1)	Bank overdrafts & short-term borrowings	**(15.4)**	(0.1)
-	Cash & short-term deposits held for sale	**32.7**	-
-	Bank overdrafts & short-term borrowings held for sale	**(0.2)**	-
284.5		**657.7**	265.9

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 £640.6m (2017: £266.0m) and bank overdrafts & short-term borrowings of £15.4m (2017: £0.1m) are presented after elimination of debit and credit balances within individual pools of £0.4m (2017: £1.7m).

The following tables summarise the net debt position.

Year ended 31 December 2017 £m		**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m
	Net debt comprises the following		
284.6	Cash & short-term deposits	**640.6**	266.0
(388.4)	Current interest-bearing loans & borrowings	**(602.2)**	(366.9)
(739.4)	Non-current interest-bearing loans & borrowings	**(598.8)**	(768.1)
-	Assets and liabilities held for sale (note 6)	**31.4**	-
(843.2)		**(529.0)**	(869.0)

14. Additional cash flow information (continued)

Reconciliation of financing cash flows to movement in net debt

	At 31 December 2017	**Cash movements**	**Additions**	**FX**	**Non-cash movements**	**Total Operations at 30 June 2018**	**Transferred to assets/liabilities held for sale**	**Total Continuing Operations at 30 June 2018**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Third party loans	(1,128.2)	**(40.2)**	**-**	**(18.5)**	**-**	**(1,186.9)**	**1.1**	**(1,185.8)**
Leases	(1.0)	**0.3**	**(0.1)**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
Unamortised issue costs	1.5	**-**	**-**	**-**	**(0.5)**	**1.0**	**-**	**1.0**
Amounts included in gross debt	(1,127.7)	**(39.9)**	**(0.1)**	**(18.5)**	**(0.5)**	**(1,186.7)**	**1.1**	**(1,185.6)**
Cash & cash equivalents	284.5	**379.8**	**-**	**(6.6)**	**-**	**657.7**	**(32.5)**	**625.2**
Amounts included in net debt	(843.2)	**339.9**	**(0.1)**	**(25.1)**	**(0.5)**	**(529.0)**	**(31.4)**	**(560.4)**
Financing derivatives	(9.2)	**18.7**	**-**	**-**	**(8.5)**	**1.0**	**-**	**1.0**
Contingent consideration	(3.4)	**-**	**-**	**-**	**-**	**(3.4)**	**-**	**(3.4)**
Other liabilities relating to financing activities	(12.6)	**18.7**	**-**	**-**	**(8.5)**	**(2.4)**	**-**	**(2.4)**
Total financing liabilities*	(1,140.3)	**(21.2)**	**(0.1)**	**(18.5)**	**(9.0)**	**(1,189.1)**	**1.1**	**(1,188.0)**

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

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 2017 £m		**Period ended 30 June 2018 £m**	Period ended 30 June 2017 £m
48.7	Sales of goods to related parties – joint ventures	**1.4**	26.7
0.5	Sales of services to related parties – joint ventures	**0.5**	0.1
0.2	Purchases of goods from related parties – joint ventures	**0.1**	0.2
0.3	Purchases of services from related parties – joint ventures	**0.1**	0.2
4.3	Amounts owed to related parties – group pension plans	**1.3**	1.8

16. Exchange rates

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

Year ended 31 December 2017		**Period ended 30 June 2018**	Period ended 30 June 2017
	Average rate (per £)		
1.29	US Dollar	**1.38**	1.26
1.68	Australian Dollar	**1.78**	1.67
1.14	Euro	**1.14**	1.16
1.67	Canadian Dollar	**1.76**	1.68
4.73	United Arab Emirates Dirham	**5.06**	4.62
835.52	Chilean Peso	**842.00**	830.80
17.15	South African Rand	**16.92**	16.63
4.11	Brazilian Real	**4.71**	4.00
75.17	Russian Rouble	**81.73**	73.00
	Closing rate (per £)		
1.35	US Dollar	**1.32**	1.30
1.73	Australian Dollar	**1.78**	1.69
1.13	Euro	**1.13**	1.14
1.69	Canadian Dollar	**1.73**	1.69
4.97	United Arab Emirates Dirham	**4.85**	4.78
832.26	Chilean Peso	**861.70**	863.50
16.76	South African Rand	**18.15**	16.98
4.48	Brazilian Real	**5.10**	4.30
77.86	Russian Rouble	**82.78**	76.92

17. Events after the balance sheet date

On 12 July 2018, the Group completed the acquisition of ESCO Corporation ('ESCO') for an Enterprise Value of US$1.3bn. In order to part fund the acquisition a placement of 16,699,763 ordinary shares was completed on 23 April 2018 raising £356.6m (net of fees). As part of the final consideration a further 16,779,861 ordinary shares were issued directly to ESCO shareholders on 12 July 2018. ESCO is the world's leading provider of ground engaging tools for surface mining and infrastructure. ESCO will operate as a new division of the Weir Group, and will be reported as a separate segment alongside Minerals and Oil & Gas.

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
31 July 2018

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 2018. 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 2018;
- 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
31 July 2018

(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 15.75p (2017: 15.0p). The dividend will be paid on 2 November 2018 to shareholders on the register on 12 October 2018.

Financial Calendar

Ex-dividend date for interim dividend
11 October 2018

Record date for interim dividend
12 October 2018
Shareholders on the register at this date will receive the dividend

Interim dividend paid
2 November 2018

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

Registered office and company number

1 West Regent Street
Glasgow
G2 1RW
Scotland

Registered in Scotland
Company number: SC002934