Linatex Limited

Report and Accounts

31 December 2010
Registered Number: 246713

Directors' Report

The directors present their report together with the audited financial statements of Linatex Limited (Registered Number 246713) for the 52 week period ended 31st December 2010,

Results and Dividends

The loss for the period amounted to £946,000 (2009 – profit of £701,000) The directors do not recommend the payment of a dividend for the year (2009 - £Nil)

Principal activities

The main activities of the Company continue to be the manufacture and distribution of high performance industrial rubber products and solids – liquids separation systems for mineral slurries

On 17 September 2010, the Company's ultimate parent company changed from Navis Asia Fund IV L P to The Weir Group PLC following the acquisition of the Linatex group of companies by The Weir Group PLC

Business Review

Linatex Limited is primarily an industrial Rubber business, producing rubber sheet, hoses, pumps and Engineered systems Linatex has been in existence for over 80 years and the directors of the Company pride themselves on customer service and quality within a niche market Linatex Limited is part of a global business, with the main manufacturing site in Malaysia Linatex Limited is at risk of material increases such as Latex and steel prices, although forward contracts and low cost sourcing are entered into by the main manufacturing site of the Group to reduce such risks

The company markets its products both in the UK and overseas A significant amount of European sales are through distributors

The company's key financial performance and other performance indicators during the period were as follows

	2010	2009	Change
	£'000	£'000	%
Turnover	11,882	11,379	+4%
Operating Profit	157	1,507	-90%
(Loss)/Profit for the financial year	(946)	701	-235%
Shareholders' funds	4,105	4,530	-9%
Current liabilities as % of current assets	128%	113%	-15%
Average number of employees	69	71	-3%

Directors' Report

Turnover increased by 4% during the year showing a moderate growth due to slight recovery of market conditions within the aggregate and core industries Recovery was more evident outside the UK

Operating profit decreased by 90% as a result of reduced margins, influenced by exchange movements, and increased administrative expense, mainly as a result of exchange losses compared to profits in 2010

A loss for the period, compared to a profit in 2009, was due to the above operating profit reduction and the exceptional items due to the purchase of Linatex Group of companies by the Weir Group PLC

Shareholders' funds reduced by £425K due to the decrease in retained earnings, the retained earnings being the profit on ordinary activities after tax and dividends paid

The total number of employees reduced by 3% as the company responded to market conditions and maintained this level through a modest recovery

Principal risks

Risk is inherent in our business activities and as a consequence of operating a sound risk management process the Company has identified the following principal risks and uncertainties, which it believes could have a materially adverse effect on its business, turnover, profit, assets, liquidity, resources and reputation The nature of risk is such that no list can be comprehensive and it is possible that other risks may arise, or that risks not currently considered material may become so in the future The Company's holding company, The Weir Group PLC, operates controls as described in its Directors' Report to mitigate against these risks

Product liability claims

The Company faces an inherent business risk of exposure to product liability and warranty claims in the event that a failure of a product results in, or is alleged to result in, bodily injury, property damage and consequential loss The Company's holding company maintains insurance coverage for product liability claims where possible For warranty claims not covered by insurance, warranty costs may be incurred which the Company may not be able to recover

Employee issues

Company performance depends on the skills and efforts of its employees and management team across all of its businesses The Company recognises that failing to attract new talent and retain existing expertise, knowledge and skills in operations, products and infrastructure areas such as information technology could have a negative impact on its business

Directors' Report

Health & safety

The Company operates in a number of demanding environments Safe working practices are extremely important to protect everyone on the Company's sites The Company has developed quality and safety processes within each of its businesses which are regularly audited by professional bodies and customers The Company operates long established working practices and controls to minimise damage and injury If the Company cannot maintain a safe place for all its employees to work this could result in a number of negative outcomes to the Company including

- fines and penalties,
- loss of key customers,
- exclusion from certain market sectors deemed important for future development of the business, and
- damage to reputation

Customer relationships and supply chain

The Company benefits from close commercial relationships with a number of key customers and suppliers The loss of any of these key customers or suppliers, or a significant worsening in commercial terms, could impact on the Company's results The Company devotes significant resources to supporting these relationships to ensure they continue to operate satisfactorily The Company subcontracts certain elements of the manufacturing process through supply chains external to the Company Any failure of the supply chain would represent a risk to the Company's ability to meet customer requirements and achieve its financial goals The Company strategy is to simplify the external supply chain, forge deeper strategic relationships with fewer but stronger suppliers The Company is also investing in its manufacturing facilities to enable it to improve productivity

Business continuity and disaster recovery

Risk of disablement of the Company's business critical systems at a key location is mitigated by data back-up designed to ensure that information can be recovered rapidly and independently of any disabled location In addition, I T disaster recovery plans are in place for each location in the event of disruption

Financial risk management objectives & policies

The Company's principal financial instruments comprise loans, cash and short-term deposits as well as financial derivatives The main purpose of these financial instruments is to manage the Company's funding and liquidity requirements The Company has other financial instruments such as trade receivables and trade payables which arise directly from its operations The principal financial risks to which the company is exposed are those relating to foreign currency, commodity price, credit, liquidity and interest rate risk

Foreign exchange risk

The Company sells its products in many countries with the result that it is exposed to transactional currency risk Transactional currency exposure arises when the Company enters into transactions denominated in currencies other than its functional currency Foreign exchange transaction exposures are identified and managed directly by the Company within the policies and guidelines established by the Company's holding company, The Weir Group PLC, which enters into foreign exchange hedging transactions on behalf of the Company in accordance with

Directors' Report

the policies and procedures The Company makes limited use of derivative financial instruments to hedge balance sheet translation exposures Transaction exposures are hedged where deemed appropriate and where they can be reliably forecast with the use of forward exchange rate contracts

Commodity price risk

The Company's exposure to raw material price risk is generally diminished by restricting bid validity to periods within those quoted by suppliers and by material price escalation clauses

Credit risk

The credit risk on liquid funds and derivative financial instruments is limited because the counter parties are banks with high credit-ratings assigned by international credit-rating agencies The Company's credit risk is primarily attributable to its trade receivables The Company is exposed to risk over a large number of countries and customers and there is no significant concentration of risk Where appropriate, the Company endeavours to minimise risk by the use of trade finance instruments such as letters of credit and insurance Credit worthiness checks are also undertaken before entering into contracts with new customers and credit limits are set as appropriate Due to long established relationships with the majority of customers, the Company does not consider there to be a significant credit quality issue The amounts presented in the balance sheet are net of allowance for doubtful receivables An allowance for impairment is made where there is an identifiable loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans

Interest rate risk

The Company's borrowings consist of inter group loans and these are at variable rates of interest Based on current levels of net debt, interest rate risk is not considered to be material

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review above as is the financial position of the Company In addition, the directors' report includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit risk and liquidity risk

The Company has considerable financial resources together with long-term business relationships with a number of customers and suppliers across different geographic areas and industries As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The Company is ultimately owned by The Weir Group PLC and it participates in the Group's centralised treasury arrangements and so shares banking facilities with its parent companies and fellow subsidiaries As a consequence, the Company depends, in part, on the ability of the Group to continue as a going concern The directors have considered the Company's funding relationship with The Weir Group PLC to date and have considered available relevant information relating to The Weir Group PLC's ability to continue as a going concern In addition,

Directors' Report

the directors have no reason to believe that The Weir Group PLC will not continue to fund the Company, should it become necessary, to enable it to continue in operational existence

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis in preparing the financial statements

Policy on payment of creditors

The Company agrees the length of payment terms with each of its suppliers Payment dates are then established according to the agreed date of delivery of goods or provision of services and receipt of correct invoice The average payment period for the company for 2010 was 73 days (2009 92 days)

Future developments

There are no significant plans to alter the business of the company

Directors

The directors of the Company who served during the period were as follows

N Bloy (Resigned 18 September 2010)
M Octoman (Resigned 18 September 2010)
Tan Chow Yin (Resigned 18 September 2010)
B Cooke
D Stephenson (Appointed 18 September 2010)
A Locke (Appointed 18 September 2010)

Directors' indemnities

The Company's Articles of Association contain a provision that every director or other officer shall be indemnified against all losses and liabilities which they may incur in the course of acting as directors (or officers as the case may be) permitted by the Companies Act 2006 (as amended) These indemnities are uncapped in amount The Company's holding company maintained directors and officers liability insurance throughout 2010 in respect of the Company's directors and officers

Charitable / Political Donations

The Company did not make charitable donations for the year ended 31 December 2010 (2009 £70) The Company did not make any political donations

Employment of disabled persons

The Company's policy in relation to the employment of disabled persons is as follows

- For employee recruitment, full consideration is given to job applications received from disabled persons, on the basis of their ability to perform the duties of the job Special training is given where appropriate
- Where an employee becomes disabled whilst employed by the company, retraining is given to perform a job identified as appropriate to the individual
- The policy for the training, career development and promotion of the disabled is the same as for other employees

Directors' Report

Employee relations

Within commercial confidence, information continues to be given to employees about the progress of the company and on matters of concern to them as employees Regular meetings are held to discuss matters affecting employees

Industrial relations during the year continued to be excellent

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Ernst & Young LLP were appointed during the period A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

David Stephenson
Director

20th September 2011

Statement of Directors' Responsibilities

The dırectors are responsıble for preparıng the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law the dırectors have elected to prepare the financıal statements ın accordance wıth Unıted Kıngdom Generally Accepted Accountıng Practıce (Unıted Kıngdom Accountıng Standards and applıcable law) Under company law the dırectors must not approve the financıal statements unless they are satısfied that they gıve a true and faır vıew of the state of affaırs of the company and of the profit or loss of the company for that perıod In preparıng these financıal statements, the dırectors are requıred to

- select suıtable accountıng polıcıes and then apply them consıstently,
- make ȷudgments and accountıng estımates that are reasonable and prudent,
- state whether applıcable UK Accountıng Standards have been followed, subȷect to any materıal departures dısclosed and explaıned ın the financıal statements,
- prepare the financıal statements on the goıng concern basıs unless ıt ıs ınapproprıate to presume that the company wıll contınue ın busıness

The dırectors are responsıble for keepıng adequate accountıng records that are sufficıent to show and explaın the company's transactıons and dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the company and enable them to ensure that the financıal statements comply wıth the Companıes Act 2006 They are also responsıble for safeguardıng the assets of the company and hence for takıng reasonable steps for the preventıon and detectıon of fraud and other ırregularıtıes

Independent auditors' report

to the members of Linatex Limited

We have audited the financial statements of Linatex Limited for the 52 weeks ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Ian James McDowall

Ian James McDowall (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
20 September 2011

Profit and Loss Account

for the 52 week period ended 31 December 2010

	Note	2010 £'000	2009 £'000
Turnover	2	**11,882**	11,379
Cost of sales		**(7,539)**	(6,513)
Gross profit		**4,343**	4,866
Distribution costs		**(833)**	(736)
Administrative expenses		**(4,408)**	(2,623)
Operating profit	3	**(898)**	1,507
Interest receivable and similar income	4	**1**	19
Interest payable and similar charges	5	**(215)**	(460)
(Loss)/profit on ordinary activities before taxation		**(1,112)**	1,066
Taxation on (loss)/profit on ordinary activities	7	**166**	(365)
(Loss)/profit on ordinary activities after taxation		**(946)**	701
(Loss)/profit for the financial year transferred to reserves	18	**(946)**	701

All amounts above relate to continuing operations There are no recognised gains or losses other than those shown in the profit and loss accounts above

The notes on pages 11 to 23 form part of these financial statements

Balance Sheet

at 31 December 2010

	Note	2010 £'000	2010 £'000	2009 £'000	2009 £'000
Fixed assets					
Goodwill	8	**182**		201	
Intangible assets	9	**550**		298	
Tangible assets	10	**216**		178	
Investments	11	**4,630**		4,630	
			5,578		5,307
Current assets					
Stocks	12	**2,061**		1,620	
Debtors	13	**2,539**		3,225	
Cash at bank and in hand		**494**		1,095	
			5,094		5,940
Current liabilities					
Creditors amounts falling due within one year	14	**(6,567)**		(6,717)	
Net current liabilities			**(1,473)**		(777)
Total assets less current liabilities			**4,105**		
Net assets			**4,105**		4,530
Capital and reserves					
Called up share capital	16		**1,000**		1,000
Profit and loss account	17		**3,105**		3,530
Equity shareholders' funds	18		**4,105**		4,530

Approved by the Board on 20th September 2011

David Stephenson
Director

The notes on pages 11 to 23 form part of these financial statements

Notes to the accounts

for the 52 week period ended 31 December 2010

1. Accounting policies

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable accounting standards

(b) Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction Assets and liabilities are translated into sterling at the rate of exchange ruling at the relevant balance sheet date, any exchange differences arising on translation of an investment denominated in a foreign currency and associated foreign currency borrowing thereon are included in the translation reserve Any other exchange differences on assets and liabilities arising thereon are included in the profit and loss account

(c) Deferred Tax

Deferred tax is provided using the full provision method Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future Resultant deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

(d) Depreciation

Plant and machinery and fixtures, fittings and equipment are depreciated over their estimated useful economic lives on a straight line basis Estimated useful lives of these assets are

Plant and machinery	4 – 20 years
Fixtures, fittings and equipment	3 – 10 years

(e) Leasing

Rental costs in respect of operating leases are charged against profit as they arise

(f) Goodwill

Goodwill arising on acquisitions is capitalised in the balance sheet and then amortised through the profit and loss account over its estimated useful life, up to a maximum of 20 years

Notes to the accounts

for the 52 week period ended 31 December 2010

(g) Development Expenditure

Development expenditure is capitalised if the product is technically feasible and the Company has resources to complete development The expenditure capitalised includes cost of materials and direct labour as incurred Capitalised development is stated at cost less accumulated amortisation and impairment losses, other development expenditure not meeting these criteria, and all research expenditure, is recognised in the profit and loss account

(h) Stocks

Stocks are stated at cost or net realisable value whichever is the lower Cost in the case of manufactured goods includes direct and overhead expenses attributable to manufacture

(i) Retirement Benefits

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

(j) Investment in Subsidiaries

Investments in subsidiary undertakings and associate are stated at cost less amounts written off

(k) Share-based payment transactions

The Linatex Group issues cash-settled share based payments (Senior Executive Rights Plan) to certain employees of the Group

For cash-settled share based payments, a liability equal to the portion of goods or services received is recognised at the current fair value of the corresponding liability incurred by the parent determined at each balance sheet date Until the liability incurred by the parent is settled, the subsidiary shall recognise any changes in the fair value of the liability in profit or loss and in the subsidiary's equity as adjustments to contributions from the holding company

The issue of rights by the Company to employees of the Group represents additional capital contributions

2. Turnover and segmental information

Turnover is based on the invoiced value from the sale of goods and services It excludes VAT and similar sales based taxes Turnover for goods and services is recognised when the significant risks and rewards of ownership are transferred to the customer This is when the goods have been despatched, title of the goods has passed and where the price is determinable and reflects the commercial substance of the transactions

Notes to the accounts

for the 52 week period ended 31 December 2010

3. (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)	2010	2009
	£'000	£'000
Staff costs (inc directors)		
Wages and salaries	2,154	2,255
Social security costs	245	272
Other pension costs	160	171
Goodwill amortisation	19	19
Depreciation	50	308
Hire charges for plant and machinery	9	10
Hire charges for other assets	493	460
Fees paid to auditors for audit of the Company's annual accounts	22	44
Fees paid to auditors for tax services	-	-
Group management charges	98	101
Cash settled share-based payment expenses	521	70
Foreign exchange losses/(gains)	152	(554)

The average number of employees during the period was 69 (2009 – 71)

4. Interest receivable and similar income

	2010	2009
	£'000	£'000
Interest receivable on bank deposits	1	19

5. Interest payable and similar charges

	2010	2009
	£'000	£'000
Interest payable to group undertakings	(198)	(419)
Interest payable on bank loans and overdrafts	(17)	(19)
Other re-financing charges	-	(22)
	(215)	(460)

Notes to the accounts

for the 52 week period ended 31 December 2010

6. Directors' emoluments

	2010	2009
	£'000	£'000
Directors' emoluments		
Aggregate emoluments	**111**	160

The aggregate emoluments of the highest paid director, excluding pension contributions, were £111,085 (2009 £160,464) The accrued pension entitlement of this director was £16,175 (2009 £15,612)

The number of directors who exercised share options in the year was Nil (2009 - nil)

Retirement benefits are accruing to one director (2009 – one) under a defined contribution scheme

7. Taxation on profit on ordinary activities

a) The taxation credit for the year comprises

	2010	2009
	£'000	£'000
Current tax		
UK corporation tax on profit for the period	**84**	-
Adjustments in respect of previous periods	**-**	-
Total current tax (see note b)	**84**	-
Deferred tax (see note 13)		
Origination and reversal of timing differences (ACA and other) and use of losses	**93**	(315)
Adjustment in respect of prior year	**7**	(50)
Impact of tax rate change	**(18)**	
Total deferred tax	**82**	(365)
Tax (charge)/credit on profit/(loss) on ordinary activities	**166**	(365)

A reduction in the UK Corporation tax rate of 2% from 1 April 2011, and by a further 1% per year from 1 April 2012 for three years, bringing the corporation tax rate down from 28% to 23% from 1 April 2014 was announced in the Budget of 23 March 2011, with the reduction to 26% enacted on 29 March 2011 The 27% was enacted in the Finance Act 2010 There is also a proposed reduction in the main and special rates of capital allowances to 18% and 8% respectively for accounting periods ending after 2012 These changes will affect the amount of future cash tax payments to be made by the company The proposed reduction to 23% is not expected to have a material impact

The tax assessed for the period is lower than the standard rate of corporation tax in the UK The differences are explained below

Notes to the accounts

for the 52 week period ended 31 December 2010

7 Taxation on profit on ordinary activities (continued)

b) Current tax reconciliation

	2010 £'000	2009 £'000
(Loss)/profit on ordinary activities before tax	**(1,112)**	**1,066**
(Loss)/profit on ordinary activities multiplied by standard rate in the UK 28% (2009– 28%)	311	(299)
Effects of		
Rate change	(18)	
Depreciation (in excess of)/less than capital allowances	(5)	(29)
Expenses not deductible for tax purposes	(129)	(15)
Current year tax losses carried forward on which deferred tax recognised		-
Other timing differences	(75)	28
Prior year tax losses utilised during the year	-	315
Current year tax (charge)/credit for the year	**84**	**nil**

8. Goodwill

	£'000
Cost	
At 1 January 2010 and 31 December 2009	**385**
Amortisation	
At 1 January 2010	184
Charge for the period	19
At 31 December 2010	**203**
Net book value	
At 31 December 2010	**182**
At 31 December 2009	201

Notes to the accounts

for the 52 week period ended 31 December 2010

9. Intangible assets

	Patents Cost	Development costs	Total
	£'000s	£'000	£'000
Cost			
At 1 January 2010	-	298	298
Additions	104	148	252
At 31 December 2010	**104**	**446**	**550**
Depreciation:			
At 1 January 2010	-	-	-
Charge for the period	-	-	-
At 31 December 2010	**-**	**-**	**-**
Net book value			
At 31 December 2010	**104**	**446**	**550**
At 31 December 2009	**-**	**298**	**298**

10. Tangible assets

	Plant & Machinery	Fixtures, Fittings & Equipment	Total
Cost	£'000	£'000	£'000
At 1 January 2010	1,894	206	2,100
Additions	107	-	107
Disposals	(22)	(22)	(44)
At 31 December 2010	**1,979**	**184**	**2,163**
Depreciation:			
At 1 January 2010	1,790	132	1,922
Charge for the period	38	12	50
Disposals	(14)	(11)	(25)
At 31 December 2010	**1,814**	**133**	**1,947**
Net book value			
At 31 December 2010	**165**	**51**	**216**
At 31 December 2009	104	74	178

Notes to the accounts

for the 52 week period ended 31 December 2010

11. Investments

Shares in subsidiary undertakings	**£'000**
At 1 January 2010 and	
At 31 December 2010	**4,630**

Principal investments in subsidiary undertakings are as follows

Name of Subsidiary Undertaking	**Nature of Business**	**Country of Incorporation**	**Proportion of Equity Held**
Linatex Africa (Pty) Ltd	Rubber Engineers	South Africa	100%
Wilkinmark Ltd	Holders of Trade Marks	England and Wales	100%
W P R Marks Ltd	Holders of Trade Marks	England and Wales	100%
Linatex Rubber Ltd	Investment Company	England and Wales	100%
Linatex UK Holding Ltd	Investment Company	England and Wales	100%
Linatex Chile Holdings Ltd	Investment Company	Chile	100%

The Company also indirectly owns a number of subsidiary undertakings The Company has taken advantage of the exemption under Section 410 (2) of the Companies Act 2006 and a complete list of subsidiary and associated undertakings will be attached to the next annual return of the Company to be filed at Companies House

On 1^{st} January 2011 the trade and assets of Linatex Africa (Pty) Ltd were transferred to Weir Minerals Africa (Pty) Ltd in exchange for 3,800,000 ordinary shares in Weir Minerals Africa (Pty) Ltd

In the opinion of the directors, the value of investments is not less than the value at which they are included in the balance sheet

Notes to the accounts

for the 52 week period ended 31 December 2010

12. Stocks

	2010	2009
	£'000	£'000
Raw materials	40	75
Finished goods and goods for resale	2,021	1,545
	2,061	1,620

Included within finished goods is consignment stock of £ 43,799 (2009 £79,753) Consignment stock is held by a third party and invoiced against usage

13. Debtors

	2010	2009
	£'000	£'000
Trade debtors	1,736	1,935
Amounts due from group undertakings	133	793
Other debtors	4	12
Prepayments and accrued income	179	80
Deferred tax	487	405
	2,539	3,225

The elements of deferred taxation are as follows

	2010	2009
	£'000	£'000
Differences between accumulated depreciation and capital allowances	129	169
Other timing differences	13	87
Tax losses	345	149
Deferred tax asset	487	405

Notes to the accounts

for the 52 week period ended 31 December 2010

13 Debtors (continued)

Movement in deferred taxation

	£'000
At 1 January 2010	405
Total charge for the period in the profit and loss	82
At 31 December 2010	**487**

14. Creditors: amounts falling due within one year

	2010	2009
	£'000	£'000
Trade creditors	337	302
Amounts due to group undertakings	5,344	5,468
Accruals and deferred income	845	734
Withholding taxation payable	-	62
Other creditors	41	151
	6,567	6,717

15. Pensions

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in an independently administered fund The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

16. Called up share capital

	Issued and fully paid	
	2010	2009
	£'000	£'000
1,000,000 Ordinary shares of £1 each	1,000	1,000

Notes to the accounts

for the 52 week period ended 31 December 2010

17. Reserves

	Capital Contribution £'000	Profit and loss account £'000	Total £'000
At 1 January 2010	282	3,248	3,530
Movement in the period	521	(946)	(425)
At 31 December 2010	**803**	**2,302**	**3,105**

18. Reconciliation of movements in shareholders' funds

	2010 £'000	2009 £'000
Opening shareholders' funds	**4,530**	3,759
(Loss)/Profit for the period	**(946)**	701
Credit in relation to share based payment	**521**	70
Closing shareholders' funds	**4,105**	4,530

All closing shareholders' funds are attributable to equity interests

19. Commitments

Commitments to pay operating lease rentals for the next year comprise

	2010 £'000	2009 £'000
Land and Building leases terminating		
More than five years	**431**	432
Other leases terminating.		
Within one year	**27**	9
Between two and five years	**50**	113
	77	122

Notes to the accounts

for the 52 week period ended 31 December 2010

20. Guarantees

Chile Charge on Deposit

In order to fund the acquisition of the Chilean business, a charge on deposit of £600,000 with the National Westminster Bank plc was put in place

HM Customs & Excise – Deferred Duty Guarantee

In order to secure a deferred duty account with HM Customs & Excise, Linatex have a bank guarantee in place with National Westminster Bank plc for £30,000

21. Share based payment transactions

On 7 January 2008, Linatex (H K) Limited ("Linatex HK") established a performance rights ("Rights") scheme, Senior Executive Rights Plan ("SERP"), that grants selected key management personnel (the "Participants") rights to shares in Linatex HK The Plan was paid in cash upon acquisition of Linatex group by Weir

The Rights vest progressively in tranches subject to annual corporate performance hurdles over a 5-year period The performance hurdles were for the five years from 2005 to 2009 In the event that targets were not achieved in a given year, the rights for that year would be carried forward for re-testing by allocating one-half to each of the next 2 years The SERP was to expire in 2015 The periods against which performance was tested in the current year include 2005 to 2009 financial years with the hurdles set by the Board of Directors The plan provided Participants with a choice of receiving a share or cash equivalent to the fair value of a share However there were clauses that require, at the discretion of management, that the shares be bought-back by Linatex HK for their cash-equivalent Management exercised their option and the Rights were settled in cash and no shares were issued

No issue price was payable to acquire the Rights, nor a subsequent exercise price needs to be paid for the shares under those Rights Vested Rights were subject to further conditions for them to be exercisable, and effectively Participants, until those conditions occur, and also provided they were still employed by the Group at that time, would not be able to realise any benefits arising from the Rights vested The maximum number of shares which could be issued in respect of the rights granted under this plan shall not exceed 5 73% of the share capital of Linatex HK, on a fully diluted basis Given those conditions, the SERPS was in substance a conditional bonus, with the Rights and share mechanism a means to index the bonus to the value of the underlying share in Linatex HK at the point in time when that condition occurs Number of rights vested for UK was 128

Notes to the accounts

for the 52 week period ended 31 December 2010

21. Share based payment transactions (continued)

Grant date	Number of instruments	Vesting conditions
Rights granted on 7 Jan 2008	171	Upon completion of required services and achievement of EBITDA and Return on Capital Employed ("ROCE") hurdles

The number of rights is as follows

	2010 No. of units
As at 1 January	171
Granted during the year	-
Lapsed during the year	
Buy-back during the year	128
As at 31 December 2010	0
Vested as at 31 December 2010	0

At 31 December 2010, the Company has recorded expenses of £521,000 (2009 £70,000) The intrinsic value of vested Rights was £802,000 The fair value of the rights is determined using the EBITDA multiples with reference to indicative market benchmarks and other various internal and external factors

The indicative valuation at 31 December 2010 was nil (2009 US$3,405) per share Linatex HK bought back all vested rights throughout the Group at US$9,424, totalling US$6,003,059

22. Related party transactions

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are wholly owned by The Weir Group PLC group

There have been no material transactions or balances at the year end with related parties that are not wholly owned by The Weir Group PLC group in the current or previous financial year

23. Cash flow statement

The ultimate parent undertaking has presented in its consolidated financial statements a group cash flow statement in which the cash flows of this company are included Accordingly the Company has taken advantage of the exemption under FRS1 to dispense with presenting its own cash flow statement

Notes to the accounts

for the 52 week period ended 31 December 2010

24. Ultimate parent company

The company is a subsidiary undertaking of The Weir Group PLC which is the ultimate parent company incorporated in the UK The accounts of The Weir Group PLC are available to the public and may be obtained from

The Weir Group PLC
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