TWG INVESTMENTS (NO. 4) LIMITED
Report and Financial Statements

1 January 2016

Registered No: SC197236

Company information

Registered No: SC197236

Directors

Christopher Palmer
Christopher Morgan

Company Secretary

Gillian Kyle

Auditors

Ernst & Young LLP
G1
5 George Street
Glasgow
G2 1DY

Bankers

HSBC Bank plc
2 Buchanan Street
Glasgow
G1 3LB

Registered Office

10th Floor
1 West Regent Street
Glasgow
G2 1RW
Scotland

Country of Incorporation

Scotland

Strategic report

The directors present their Strategic report on TWG Investments (No. 4) Limited ('the Company') for the 52 week period ended 1 January 2016.

Principal activities

The Company is principally engaged in the acquisition and retention of investments, rights or interests in other companies.

Business review

The Company did not trade during the period. The activities of the Company are not expected to change in future.

On 3 January 2015 the Company transitioned from previously extant UK GAAP to FRS 101 *Reduced Disclosure Framework* for both periods presented and has taken advantage of the disclosure exemptions allowed under this standard. The Company's parent undertaking, The Weir Group PLC, was notified of and did not object to the use of the disclosure exemptions from EU-adopted IFRS, provided by FRS 101. Details of the recognition or measurement differences arising on the adoption of FRS 101 are included in note 18 to the financial statements. The accounting policies which follow set out the policies that apply in preparing the financial statements for the 52 weeks ended 1 January 2016 ('2015') and the restated comparative information for the 52 weeks ended 2 January 2015 ('2014'). The Company has taken early adoption of SI2015/980 for presentational purposes in order to align with the financial statements of its ultimate parent company.

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

	2015	2014	
	£000	£000	Change
Profit (loss) for the period (before exceptional items)	7,901	563	1303%
Shareholders' funds	144,111	144,993	-1%

Profit for the period after exceptional items increased from £563,000 to £7,903,000. The Company's activities commenced during 2014 and 2015 reflects the first full year of results.

Financial risk management objectives & policies

The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are listed below. These risks are managed in accordance with Board approved policies.

Foreign exchange risk

As a result of the Company's business activities 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 which is Sterling. Foreign currency exposures are identified and managed directly by the Company within the policies and guidelines established by the Company's ultimate parent, The Weir Group PLC.

Credit risk

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and inter-company trading accounts.

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.

On behalf of the Board of Directors

Christopher Palmer
Director

6 June 2016

Directors' report

The directors present their report and the audited financial statements of TWG Investments (No. 4) Limited (Registered Number SC197236) ('the Company') for the 52 week period ended 1 January 2016.

Dividends
There were £8,785,000 dividends declared in the period (2014: £10,243,000).

Financial instruments
The Company's principal financial instruments are shown on the balance sheet. The principal financial risks to which the Company is exposed are outlined in the Strategic report.

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 contained in the Strategic report, as is the financial position of the Company. In addition, the Strategic report includes the Company's objectives, policies and processes for managing its capital, financial instruments and its financial risk management objectives and policies.

The Company is ultimately owned by The Weir Group PLC ('the Group') 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, 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

Directors
The directors of the company during the period and to the date of this report were:
Leslie McCall (resigned 7 April 2016)
Keith Ruddock (resigned 2 December 2015)
Christopher Palmer (appointed 7 April 2016)
Christopher Morgan (appointed 2 December 2015)

Directors' liabilities
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 ultimate parent company maintained directors and officers liability insurance throughout 2015 in respect of the Company's directors and officers.

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 they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors
The ultimate parent company's Annual General Meeting has recommended that PricewaterhouseCoopers LLP be appointed under section 485 of the Companies Act 2006 as the Company's auditor.

Statement of directors' responsibilities
The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

Gillian Kyle
Company Secretary

6 June 2016

Independent auditors' report
to the members of TWG Investments (No. 4) Limited

We have audited the financial statements of TWG Investments (No. 4) Limited for the 52 weeks ended 1 January 2016 which comprise the Income statement, the Balance sheet, the Statement of changes in equity and the related notes 1 to 18. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 in the Directors' report, 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 and express an opinion on 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 Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 1 January 2016 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; 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, based on the work undertaken in the course of the audit:
- the information given in the Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or Directors' report.

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.

Ernst & Young LLP

James Nisbet (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow
6 June 2016

Income statement
for the 52 weeks ended 1 January 2016

		52 weeks ended 1 January 2016			52 weeks ended 2 January 2015		
	Notes	Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000	Before exceptional items & intangibles amortisation £000	Exceptional items & intangibles amortisation (note 4) £000	Total £000
Operating profit (loss)		(883)	2	(881)	(1,958)	-	(1,958)
Income from shares in group undertakings		9,758	-	9,758	2,963	-	2,963
Finance costs	6	(7,996)	-	(7,996)	(2,807)	-	(2,807)
Finance income	7	7,022	-	7,022	2,365	-	2,365
Profit (loss) on ordinary activities before tax		7,901	2	7,903	563	-	563
Tax on profit (loss) on ordinary activities	8	-	-	-	-	-	-
Profit (loss) for the period		7,901	2	7,903	563	-	563

The Company's results for the current and the prior period were earned from continuing operations.

The result reported above includes all income and expenses for the period.

Balance sheet
at 1 January 2016

	Notes	2015 £000	2014 £000
ASSETS			
Non-current assets			
Investments	9	165,918	165,918
Total non-current assets		165,918	165,918
Current assets			
Trade & other receivables	10	129,637	124,380
Cash & short-term deposits	11	1	-
Total current assets		129,638	124,380
Total assets		295,556	290,298
LIABILITIES			
Current liabilities			
Trade and other payables	13	(723)	(716)
Total current liabilities		(723)	(716)
Non-current liabilities			
Financial liabilities	12	(150,722)	(144,589)
Total non-current liabilities		(150,722)	(144,589)
Total liabilities		(151,445)	(145,305)
NET ASSETS		144,111	144,993
Capital & reserves			
Share capital	14	137,032	137,032
Retained earnings		7,079	7,961
TOTAL EQUITY		144,111	144,993

On behalf of the Board of Directors

Christopher Palmer

Director

6 June 2016

Statement of changes in equity
for the 52 weeks ended 1 January 2016

	Share capital £000	Retained earnings £000	Total equity £000
At 3 January 2014	-	7,641	7,641
Result for the period	-	563	563
Issue of share capital	147,032	-	147,032
Reduction in share capital	(10,000)	10,000	-
Dividends	-	(10,243)	(10,243)
At 2 January 2015	**137,032**	**7,961**	**144,993**
Result for the period	-	7,903	7,903
Dividends	-	(8,785)	(8,785)
At 1 January 2016	**137,032**	**7,079**	**144,111**

The dividends paid during the period were £8,785,000 (£0.0641 per share).

Notes to the financial statements
for the 52 week period ended 1 January 2016

1. Authorisation of financial statements and statement of compliance with FRS 101
The financial statements of TWG Investments (No. 4) Limited for the 52 weeks ended 1 January 2016 were authorised for issue by the Board of Directors on 6 June 2016 and the balance sheet was signed on the Board's behalf by Christopher Palmer.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values have been presented in thousands (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of The Weir Group PLC. The results of the Company are included in the consolidated financial statements of The Weir Group PLC which are publically available.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Basis of preparation
The Company transitioned from the previously extant UK GAAP to FRS 101 for both periods presented. Transition reconciliations showing all material adjustments under IFRS 1 are disclosed in note 18. The accounting policies which follow set out the policies which apply in preparing the financial statements for the 52 weeks ended 1 January 2016 ('2015'), the comparative information is provided for the 52 weeks ended 2 January 2015 ('2014').

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraphs 45(b) and 46-52 of IFRS 2 *Share-based Payment*, because the share based payment arrangement concerns the instruments of the Weir Group PLC;
- IFRS 7 *Financial Instruments: Disclosures*;
- paragraphs 91-99 of IFRS 13 *Fair Value Measurement*;
- IAS 7 *Statement of Cash Flows*;
- paragraph 38 of IAS 1 *Presentation of financial statements* comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16 *Property, Plant & Equipment*; and paragraph 118(e) of IAS 38 *Intangible Assets;*
- paragraph 17 of IAS 24 *Related Party Disclosures*; and
- IAS 24 *Related Party Disclosures* disclosure of related party transactions with a fellow wholly owned subsidiary in IAS 24 *Related Party Disclosures*.

For the 52 week period ended 1 January 2016 and previous periods, the Company has reported its financial statements to the week ending closest to the Company reference date of 31 December. For practical purposes, a decision has been made to alter the reporting basis to reflect a calendar year, with the next annual reporting date being 31 December 2016. This is not expected to significantly impact the reported results in 2016.

Judgements and key sources of estimation uncertainty
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. These estimates and assumptions are based on historical experience, information available at the time and other factors considered relevant.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation
Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the long term nature and complexity of existing contractual arrangements, differences arising between the actual results and the assumptions made or future changes to such assumptions could result in future adjustments to tax income and expense already recorded. Provisions are established based on reasonable estimates for possible consequences of audits by the tax authorities. Management judgement is required to determine the amount of such provisions, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Significant accounting policies
Exceptional items
Exceptional items are items of income and expense which, because of the nature, size and/or infrequency of the events giving rise to them, merit separate presentation to allow a better understanding of the elements of the Company's financial performance for the period and are presented on the face of the income statement to facilitate comparisons with prior periods and assessment of trends in financial performance. Exceptional items may include but are not restricted to: profits or losses arising on disposal or closure of businesses; the cost of significant business restructuring; significant impairments of intangible or tangible assets; adjustments to the fair value of acquisition related items such as contingent consideration and inventory; other items deemed exceptional due to their significance, size or nature; and the related exceptional taxation.

Foreign currency translation
Transactions denominated in foreign currencies are translated into the Company's functional currency at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the exchange rate ruling at the balance sheet date. Currency translation differences are recognised in the income statement.

Investments
Investments are held at historical cost less a provision for impairment when required.

Financial assets & liabilities
The Company's principal financial assets and liabilities, other than derivatives, comprise the following:
- short-term borrowings
- loans and fixed rate notes
- cash and short-term deposits
- trade receivables
- trade payables

A financial asset is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Cash at bank and in hand
Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are presented as current liabilities to the extent that there is no right of offset with cash balances.

Taxation
Current tax is the amount of tax payable or recoverable in respect of the taxable profit or loss for the period.

3. Revenues & expenses

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

	2015 £000	2014 £000
A reconciliation of revenue to operating profit (loss) is as follows		
Administrative expenses	(881)	(1,958)
Operating profit (loss)	(881)	(1,958)

	2015 £000	2014 £000
Operating profit (loss) is stated after charging (crediting)		
Exchange (gains) losses	883	1,958

Audit fees for the Company are borne by the ultimate parent company.

4. Exceptional items

	2015 £000	2014 £000
Recognised in arriving at operating profit (loss) from continuing operations		
Other	2	-
	2	-

The exceptional items in the period relate to a gain made on the dissolution of investment in The Weir Partnership, A Limited Partnership.

5. Staff costs & directors' remuneration

No management charges were paid to The Weir Group PLC during the period (2014: £nil) in connection with the services of the directors. No remuneration was paid to any director during the period (2014: £nil) in respect of their services to this Company. There were no employees during the period (2014: none).

6. Finance costs

	2015 £000	2014 £000
Interest payable to group undertakings	7,996	2,807
	7,996	2,807

7. Finance income

	2015 £000	2014 £000
Interest receivable from group undertakings	7,022	2,365
	7,022	2,365

8. Taxation

Tax charged in the income statement

	2015 £000	2014 £000
The tax charge (credit) is made up as follows		
UK corporation tax	-	-
Total income tax charge (credit) in the income statement	-	-

Factors affecting the tax charge for the period

The standard rate of tax for the period based on the UK standard rate of corporation tax is 20.25% (2014: 21.5%). The actual tax charge for the current period is set out in the following reconciliation.

	2015 £000	2014 £000
Result from continuing operations before income tax	7,903	563
Tax calculated at UK standard rate of corporation tax of 20.25% (2014: 21.5%)	1,601	121
Effect of		
Expenses not deductible for tax purposes	178	421
Dividends on preference shares included in finance costs	1,098	494
Non-taxable dividend income	(1,976)	(637)
Group relief	(1,564)	(177)
CFC Inclusion	663	(222)
Tax expense (income) in the income statement	-	-

9. Investments

Cost and net book value:	£000
At beginning and end of the period	165,918

At the period end, the Company held an interest in the following companies:

Legal name	Country of incorporation	Class of shares	Percentage of shares held	Ownership
TWG Overseas Finance S.a.r.l.	Luxembourg	Ordinary	50%	Direct

10. Trade and other receivables

	2015 £000	2014 £000
Amounts receivable from group undertakings	129,637	124,380
	129,637	124,380

All amounts are recoverable within one year.

Amounts receivable from group undertakings includes 66,571,231 cumulative redeemable preference shares held in TWG Overseas Finance S.a.r.l. which were acquired on 21 October 2014. Each preference share has a nominal value of US$1.

11. Cash and short-term deposits

	2015 £000	2014 £000
Cash	1	-
	1	-

12. Financial liabilities

	2015 £000	2014 £000
Amounts due are repayable as follows		
Non-current		
More than five years		
- preference shares	150,722	144,589
	150,722	144,589

At the period end there were 222,074,844 cumulative redeemable preference shares in issue, of which 155,503,613 were issued on 30 July 2014 and 66,571,231 were issued on 21 October 2014. Each preference share has a nominal value of US$1.

13. Trade and other payables

	2015 £000	2014 £000
Amounts owed to group undertakings	723	716
	723	716

Amounts owed to group companies are unsecured, interest free and repayable on demand.

14. Share capital

Allotted, called up and fully paid	2015 £000	2014 £000
137,032,752 Ordinary shares of £1.00 each	137,032	137,032
	137,032	137,032

15. Contingent liabilities

The Company has given a guarantee in relation to the overdraft and loan facilities extended to The Weir Group PLC and certain subsidiary companies. The net funds of the other companies party to these facilities at 1 January 2016 amounted to £1,660,000 (2014: net debt of £1,896,000).

16. Related party disclosures

The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

17. Ultimate group undertaking

The ultimate parent undertaking is The Weir Group PLC. The Company is included within these group accounts which are available to the public and may be obtained from The Weir Group PLC, 1 West Regent Street, Glasgow, G2 1RW.

18. Changes in accounting policies

For all periods up to and including the year ended 2 January 2015, the Company prepared its financial statements in accordance with previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 1 January 2016, are the first the Company has prepared in accordance with FRS 101.

Accordingly, the Company has prepared individual financial statements which comply with FRS 101 applicable for periods beginning on or after 4 January 2014 and the significant accounting policies meeting those requirements are described in the relevant notes.

In preparing the financial statements, the Company has started from an opening balance sheet as at 4 January 2014, the Company's date of transition to FRS 101, and made those changes in accounting policies and other restatements required for the first-time adoption of FRS 101.

No restatements have been identified as a result of this review.