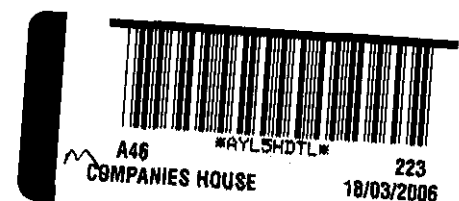


Registered number 1687590

ESAB HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2005



ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2005

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DIRECTORS AND ADVISORS

DIRECTORS

D Gawler (Non-Executive Chairman, resigned 6 December 2005)

J Templeman (Chief Executive Officer)

M Hannah

SECRETARY

D A Ives

AUDITORS

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

BANKERS

HSBC plc

City of London Corporate Office

PO Box 125

8 Canada Square

London E14 5XL

REGISTERED OFFICE

50 Curzon Street

London W1J 7UW

DIRECTORS' REPORT

The directors present their report and audited accounts of ESAB Holdings Limited for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The Company acts solely as a holding company for various subsidiaries within the ESAB Group. The Company provides management, administrative and technical services for companies within the ESAB Group. No change is planned in its activities for the year to 31 December 2006.

The financial statements have been prepared on a going concern basis. The financial position at the year end was considered satisfactory.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £11,453,000 (2004 – loss of £27,058,000).

During the year the company issued new shares, further details are given in note 15 of the financial statements.

The directors do not recommend the payment of a dividend (2004 - £Nil). The retained loss for the year has been transferred from reserves.

DIRECTORS AND THEIR INTERESTS

The directors of the Company are listed on page 1.

The interests of Mr D Gawler in the shares of the ultimate parent company, Charter plc, are disclosed in those accounts. Mr D Gawler had no interest in the shares of the Company or other group companies. Prior to his appointment as a director of the Company, Mr J Templeman was granted share options in the ultimate parent company under the Charter plc Unapproved Share Option Scheme. Options were granted at the current market price and are exercisable between three and ten years after the grant. 51,627 options were granted to Mr Templeman at an options exercise price of 158.9p per share, exercisable between 20th May 2005 and 19th May 2012. Details are disclosed as follows:

| | Options over ordinary shares of Charter plc | | |
|-------------|---|------------------------------|----------|
| | 01.01.05 | Exercised during the year | 31.12.05 |
| Name: | | | |
| J Templeman | 51,267 | 51,267 | 0 |

The gain on the exercise of these options, calculated on the difference between the options exercise price of 158.9p per share and the (market price of the shares on the date of exercise) was £123,723.

No other directors of the Company had any interest in the shares of the Company, the ultimate parent or any other group company as at 31 December 2005 (2004 - none). None of the directors had a material interest in any contract of significance to which the Company, the ultimate parent or any other group company was a party during the year (2004 - none).

EMPLOYEE INVOLVEMENT

Company policy requires that employees be kept up to date with the future of the Company through a wide range of internal communications and that employees' comments and ideas be taken into account when developing the business. The Company recognises the role of trade unions and union representatives in orderly staff consultation and there is regular communication.

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

Company policy is to find the best qualified person for each job and to make sure that training and promotion possibilities are open to all employees, regardless of sex, sexual orientation, disability, race, colour, religion, age, marital status, nationality or ethnic origin.

Applications for employment from disabled people are given full and fair consideration and such employees are reviewed when suitable opportunities arise. If an employee becomes disabled, arrangements are made, wherever possible, to continue employment and training.

DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss for that period. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 6 under Note 1 "Accounting policies". They also confirm that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.


STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all the steps they ought to have taken as directors, in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The Company has passed elective resolutions so that there is no requirement either to hold annual general meetings or to reappoint the auditors, PricewaterhouseCoopers LLP.

On behalf of the board



D A Ives
Secretary
6 March 2006

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

| | <i>Notes</i> | <i>2005</i> <i>£000</i> | <i>2004</i> <i>£000</i> |
|---|--------------|----------------------------|----------------------------|
| TURNOVER | | 12,770 | 3,116 |
| Administrative expenses | 2 | (17,386) | (15,812) |
| Other income | | 361 | - |
| | | ----- | ----- |
| LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION | 3-5 | (4,255) | (12,696) |
| INTEREST RECEIVABLE | | 313 | 55 |
| INTEREST PAYABLE | 6 | (12,533) | (14,749) |
| | | ----- | ----- |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (16,475) | (27,390) |
| Tax on loss on ordinary activities | 7 | 5,022 | 332 |
| | | ----- | ----- |
| RETAINED LOSS FOR THE FINANCIAL YEAR | 16 | (11,453) | (27,058) |
| | | ===== | ===== |

The Company has no recognised gains and losses other than the profits and losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalent.

All activities relate to continuing operations.

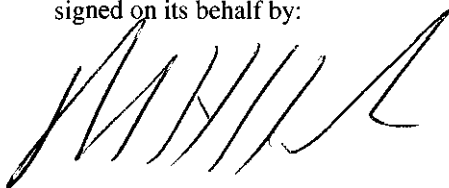
RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | <i>2005</i> <i>£000</i> | <i>2004</i> <i>£000</i> |
|---|----------------------------|----------------------------|
| Loss for the financial year | (11,453) | (27,058) |
| Net proceeds of issue of ordinary share capital (note 15) | 175,000 | - |
| Equity shareholders' funds as at beginning of financial year | 72,130 | 99,188 |
| | ----- | ----- |
| EQUITY SHAREHOLDERS' FUNDS AS AT END OF FINANCIAL YEAR | 235,677 | 72,130 |
| | ===== | ===== |

BALANCE SHEET
at 31 December 2005

| | Notes | 2005 £000 | 2004 £000 |
|--|-------|--------------|--------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 188 | 231 |
| Investments | 9 | 307,051 | 297,638 |
| | | ----- | ----- |
| | | 307,239 | 297,869 |
| CURRENT ASSETS | | | |
| Debtors - amounts falling due within one year | 10 | 23,727 | 43,660 |
| Debtors - amounts falling due after more than one year | 10 | 1,454 | 1,302 |
| Cash at bank | | - | - |
| | | ----- | ----- |
| | | 25,181 | 44,962 |
| CREDITORS: amounts falling due within one year | 11 | (38,642) | (78,927) |
| | | ----- | ----- |
| NET CURRENT LIABILITIES | | (13,461) | (33,965) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 293,778 | 263,904 |
| CREDITORS: amounts falling due after more than one year | 12 | (58,005) | (191,289) |
| PROVISIONS FOR LIABILITIES & CHARGES | 13 | (96) | (485) |
| | | ----- | ----- |
| NET ASSETS | | 235,677 | 72,130 |
| | | ===== | ===== |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 15 | 214,139 | 39,139 |
| Share premium account | 16 | 63,532 | 63,532 |
| Capital redemption reserve | 16 | 1,200 | 1,200 |
| Profit and loss account | 16 | (43,194) | (31,741) |
| | | ----- | ----- |
| EQUITY SHAREHOLDERS' FUNDS | | 235,677 | 72,130 |
| | | ===== | ===== |

The accounts on pages 4 to 14 were approved by the board of directors on 6 March 2006 and were signed on its behalf by:



M Hannah
Director

NOTES TO THE ACCOUNTS

at 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared on a going concern basis in accordance with the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom. The accounting policies have been consistently applied throughout the period.

Basis of preparation of accounts

These accounts contain information about ESAB Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group of companies. The Company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its wholly owned subsidiary undertakings are included by full consolidation in the financial statements of its ultimate parent undertaking, Charter plc.

Changes in accounting policies

The company has adopted FRS 17, 'Retirement benefits', FRS 21, 'Events after the balance sheet date', the presentation elements of FRS 25, 'Financial instruments: disclosure and presentation' and FRS 28 'Corresponding amounts' in these financial statements. The adoption of these standards represents a change in accounting policy.

The adoption of FRS 17, FRS 21, FRS 25 and FRS 28 has had no impact on the results for the year.

Turnover

Turnover comprises of the invoiced value of management fees to subsidiary undertakings excluding VAT. Turnover is recognised when the company has fulfilled its obligations to subsidiary undertakings and is entitled to receive consideration.

Foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated at the rate of exchange ruling on the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. All translation differences are taken to the profit and loss account.

Depreciation

Fixed assets are written off evenly over their expected useful economic lives. Depreciation is normally provided as follows:

| | |
|------------------------|-----------------------------|
| Furniture and fittings | 20 to 30 per cent per annum |
|------------------------|-----------------------------|

Fixed asset investments

Fixed asset investments are included at cost less provision for any impairment in value.

Operating leases

Costs in respect of operating leases are charged to the profit and loss on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS
at 31 December 2005

Deferred taxation

Deferred taxation is provided on the incremental liability approach in respect of timing differences giving rise to an asset or liability. Deferred taxation assets are recognised to the extent it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are not discounted.

Cash flow statement

The Company has taken advantage of the exemption available in the Financial Reporting Standard No. 1 (revised 1996) and has not prepared a cash flow statement. It is a wholly owned subsidiary undertaking of Charter plc, registered in England and Wales, which prepares a consolidated cash flow statement.

Related party transactions

The Company is a wholly owned subsidiary undertaking of Charter plc and accordingly has taken advantage of the exemption available in Financial Reporting Standard No. 8 not to disclose related party transactions which are eliminated on consolidation.

2. ADMINISTRATION EXPENSES

| | 2005 | 2004 |
|---|------|-------|
| | £000 | £000 |
| Administration costs include: | | |
| Costs related to restructuring of group | - | 3,376 |

3. OPERATING LOSS FROM CONTINUING OPERATIONS

| | 2005 | 2004 |
|---|-------|-------|
| | £000 | £000 |
| This is stated after charging: | | |
| Auditor's remuneration – audit services | (47) | (34) |
| – non-audit services - tax | (38) | (63) |
| – non-audit services - other | (220) | (81) |
| Operating lease rentals – buildings | (300) | (299) |
| – other | - | - |
| Tangible fixed assets – depreciation | (92) | (92) |

NOTES TO THE ACCOUNTS
at 31 December 2005

4. DIRECTORS' REMUNERATION

Salaries and other remuneration

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Salaries and benefits | 590 | 807 |
| Compensation for loss office | - | 524 |
| | ----- | ----- |
| Aggregate emoluments | 590 | 1,331 |
| | ===== | ===== |
| Company contribution to a defined benefits pension scheme | 29 | 38 |
| Company contribution to a money purchase pension scheme | - | - |

Amounts are accruing to 2 (2004:2) directors under a defined benefits scheme.

Highest paid director

| | | |
|--|-------|-------|
| Total emoluments and amounts (excluding shares receivable under long-term incentive schemes) | 363 | 327 |
| | ===== | ===== |
| Defined benefit pension accrued at the end of the year | 3 | 3 |
| | ===== | ===== |

The highest paid director has exercised share options during the year. Further information is disclosed in the Directors' report. The remuneration of the non-executive Chairman, Mr D.Gawler, is disclosed in the accounts of the ultimate parent company, Charter plc.

Two directors have received awards under the Charter Phantom Share Incentive Plan (the "Plan") in lieu of part of their bonus entitlement for 2004. The duration of the plan is three years and directors will receive cash payments under the Plan based on the Charter plc share price.

5. EMPLOYEE INFORMATION

| | 2005 £000 | 2004 £000 |
|-------------------------------|--------------|--------------|
| Aggregate amounts payable: | | |
| Wages and salaries | 5,639 | 4,722 |
| Social security costs | 947 | 727 |
| Other pension costs (note 17) | 265 | 224 |
| | ----- | ----- |
| | 6,851 | 5,673 |
| | ===== | ===== |

The average monthly number of persons (including executive directors) employed by the Company during the year was:

| | | |
|----------------|-------|-------|
| Administration | 87 | 65 |
| | ===== | ===== |

NOTES TO THE ACCOUNTS
at 31 December 2005

6. INTEREST PAYABLE

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Bank interest | 81 | 57 |
| Interest payable to group undertakings | 12,452 | 14,547 |
| Other | - | 145 |
| | <u>12,533</u> | <u>14,749</u> |

7. TAX ON LOSS ON ORDINARY ACTIVITIES

Current taxation:

The taxation credit is made up as follows:

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Based on the taxable loss for the year: | | |
| Corporation tax on ordinary activities at 30% | 4,096 | 332 |
| Adjustment in respect of prior periods | 926 | - |
| | <u>5,022</u> | <u>332</u> |

Factors affecting the tax credit for the year:

The tax credit for the year is lower (2004 lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

| | 2005 £000 | 2004 £000 |
|---|--------------|--------------|
| Loss on ordinary activities before tax | (16,475) | (27,390) |
| Loss on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%) | 4,943 | 8,217 |
| Movement on deferred tax not recognised | 146 | - |
| Non-Deductable expenses | (1) | - |
| Current year movement in deferred tax not recognised | (272) | - |
| Current year tax losses unable to be utilised | - | (7,885) |
| Capital allowances in excess of depreciation | 7 | - |
| Taxable income not included in Profit & Loss account | (727) | - |
| Adjustment in respect of prior periods | 926 | - |
| | <u>5,022</u> | <u>332</u> |

Deferred taxation

The company has an unrecognised deferred tax asset of £10,892,584 (2004: £10,500,000) arising from the allowable tax losses and timing differences on deductible expenditure. The asset in respect of the timing differences will be recoverable when the company disburses the accrued expenses and the company has sufficient future relevant taxable profits.

NOTES TO THE ACCOUNTS
at 31 December 2005

8. TANGIBLE FIXED ASSETS

Furniture and fittings:

| | |
|-----------------------------------|-------|
| Cost: | £000 |
| At 1 January 2005 | 376 |
| Additions | 49 |
| | ----- |
| At 31 December 2005 | 425 |
| | ----- |
| Depreciation: | |
| At 1 January 2005 | 145 |
| Charge to profit and loss account | 92 |
| | ----- |
| At 31 December 2005 | 237 |
| | ----- |
| Net Book Value: | |
| At 31 December 2005 | 188 |
| | ===== |
| At 31 December 2004 | 231 |
| | ===== |

9. INVESTMENTS

The Company's investments are made up as follows:

| | <i>Subsidiary undertakings</i> | <i>Total</i> |
|------------------|------------------------------------|--------------|
| | £000 | £000 |
| Cost: | | |
| 1 January 2005 | 297,638 | 297,638 |
| Additions | 9,413 | 9,413 |
| | ----- | ----- |
| 31 December 2005 | 307,051 | 307,051 |
| Net book value: | | |
| 1 January 2005 | 297,638 | 297,638 |
| | ===== | ===== |
| 31 December 2005 | 307,051 | 307,051 |
| | ===== | ===== |

Additions during the year represent an investment in ESAB Hungary Holdings Kft (a newly formed company in August 2005) for a sum £8,478,102, and a further £935,000 was invested in Exelvia Netherlands BV.

NOTES TO THE ACCOUNTS
at 31 December 2005

Details of the Company's investments are as follows:

| <i>Name of Company</i> | <i>Country of incorporation and operation</i> | <i>Nature of holding</i> | <i>Proportion held</i> |
|--------------------------------------|---|------------------------------|----------------------------|
| Subsidiary undertakings: | | | |
| Exelvia Netherlands BV | Netherlands | Ordinary shares | 100% |
| Esta Properties (UK) Limited | England & Wales | Ordinary shares | 100% |
| ESAB Limited | England & Wales | Ordinary shares | 100% |
| ESAB Treasury Limited | England & Wales | Ordinary Shares | 100% |
| ESAB Russia BV | Netherlands | Ordinary Shares | 100% |
| ESAB Group Russia Limited | England & Wales | Ordinary Shares | 100% |
| ESAB Hungary Holdings Kft | Hungary | Ordinary Shares | 99% |
| Hancock Cutting Machines Ltd | England & Wales | Ordinary Shares | 100% |
| Brinal Ltd | England & Wales | Ordinary Shares | 100% |
| Murex Welding Products Ltd | England & Wales | Ordinary Shares | 100% |
| Bilston Wire Mill Ltd | England & Wales | Ordinary Shares | 100% |
| Arcos Welding Products Ltd | England & Wales | Ordinary Shares | 100% |
| Filarc Welding Ltd | England & Wales | Ordinary Shares | 100% |
| Murex Welding Products (Ireland Ltd) | Ireland | Ordinary Shares | 100% |
| Murex Ltd | England & Wales | Ordinary Shares | 100% |
| ESAB Automation Ltd | England & Wales | Ordinary Shares | 100% |
| ESAB Hungary Limited | England & Wales | Ordinary Shares | 100% |
| ESAB Pensions Ltd | England & Wales | Ordinary Shares | 100% |

The business activities of the subsidiaries are to act as investment holding or dormant companies.

The Company retains legal title to 5,743,200 fully paid equity shares constituting 37.31% of the total paid up equity share capital of ESAB India Limited pending completion of the sale and transfer of these shares to Exelvia International Holdings BV which is also a wholly owned subsidiary of Charter plc, being the Company's ultimate holding company.

A full list of subsidiary undertakings will be annexed to the annual return filed with the register of companies.

In the opinion of the directors, the value of the Company's investments in subsidiary undertakings are not less than the amount at which they are included in the balance sheet.

NOTES TO THE ACCOUNTS
at 31 December 2005

10. DEBTORS

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Amount due from parent undertakings | - | 35,855 |
| Amount due from subsidiary undertakings | 17,910 | 6,458 |
| Amount due from associate undertaking | 27 | 29 |
| Amount due from group undertakings in relation to group relief | 5,368 | 332 |
| Other debtors | 422 | 986 |
| | <u>23,727</u> | <u>43,660</u> |
| Amounts falling due after more than one year: | | |
| Amount due from associate undertaking | <u>1,454</u> | <u>1,302</u> |

The amount due from associate undertaking is a loan due from ESAB India Limited, is unsecured, bears interest at a rate of 4.5% pa. and is repayable in five equal half yearly instalments, commencing on 1 July 2006.

Amounts due from both parent and subsidiary undertakings are unsecured, interest free and repayable on demand.

11. CREDITORS

| | 2005 £000 | 2004 £000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Bank overdraft | 64 | 3,583 |
| Trade creditors | 646 | 1,401 |
| Amount due to parent undertakings | - | 18,426 |
| Amounts due to subsidiary undertakings | 36,127 | 54,548 |
| Other taxes and social security costs | 143 | 87 |
| Accruals and deferred income | 1,512 | 819 |
| Other creditors | 150 | 63 |
| | <u>38,642</u> | <u>78,927</u> |

Amounts due to both parent and subsidiary undertakings are unsecured, interest free and repayable on demand.

12. CREDITORS

| | 2005 £000 | 2004 £000 |
|---|---------------|----------------|
| Amounts falling due after more than one year: | | |
| Amount due to parent undertakings | 58,005 | 191,289 |
| | <u>58,005</u> | <u>191,289</u> |

Amounts due to parent undertakings falling due after more than one year are unsecured and represent the drawn down element of a revolving credit facility charged at a commercial rate and repayable on maturity (5 years).

NOTES TO THE ACCOUNTS
at 31 December 2005

13. PROVISIONS FOR LIABILITIES AND CHARGES

| | <i>Restructuring</i> | <i>Total</i> |
|---------------------|----------------------|--------------|
| | <i>£000</i> | <i>£000</i> |
| At 1 January 2005 | 485 | 485 |
| Utilised | (520) | (520) |
| Provided | 131 | 132 |
| | <u>-----</u> | <u>-----</u> |
| At 31 December 2005 | 96 | 96 |
| | <u>=====</u> | <u>=====</u> |

The provision is expected to be utilised in the next year.

14. COMMITMENTS

The Company has annual commitments under operating leases expiring as follow:

| | <i>Land & Buildings</i> | <i>Land & Buildings</i> |
|-------------------|---------------------------------|---------------------------------|
| | <i>2005</i> | <i>2004</i> |
| | <i>£000</i> | <i>£000</i> |
| Within one year | - | - |
| Two to five years | 300 | 299 |
| After five years | - | - |
| | <u>=====</u> | <u>=====</u> |

15. SHARE CAPITAL

| | <i>Authorised</i> | | <i>Allotted, called up and fully paid</i> | |
|----------------------------|-------------------|--------------|---|--------------|
| | <i>2005</i> | <i>2004</i> | <i>2005</i> | <i>2004</i> |
| | <i>£</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Ordinary shares of £1 each | 214,139,210 | 40,339,210 | 214,139,210 | 39,139,210 |
| | <u>-----</u> | <u>-----</u> | <u>-----</u> | <u>-----</u> |
| Total share capital | 214,139,210 | 40,339,210 | 214,139,210 | 39,139,210 |
| | <u>=====</u> | <u>=====</u> | <u>=====</u> | <u>=====</u> |

During the year 175,000,000 ordinary shares were issued in settlement of inter company debt. The nominal value of these shares was £175,000,000 and the consideration received was £175,000,000. The purpose of the share issue was to recapitalise the company.

NOTES TO THE ACCOUNTS
at 31 December 2005

16. RESERVES

| | <i>Share Premium Account £000</i> | <i>Capital redemption reserve £000</i> | <i>Profit and loss account £000</i> | <i>Total £000</i> |
|----------------------------|---|--|---|-----------------------|
| At 1 January 2005 | 63,532 | 1,200 | (31,741) | 32,991 |
| Retained loss for the year | - | - | (11,453) | (11,453) |
| | ----- | ----- | ----- | ----- |
| At 31 December 2005 | 63,532 | 1,200 | (43,194) | 21,538 |
| | ===== | ===== | ===== | ===== |

17. PENSION ARRANGEMENTS

The Company participates in the ESAB Group UK Ltd Pension and Life Assurance Scheme, which is a defined benefit scheme. It is not possible to identify the share of the underlying assets and liabilities in the scheme relating to individual participating employers. As such, in accordance with FRS 17, the Company will account for its liability to the Fund, a multi-employer scheme, as if it were a defined contribution scheme. Thus no disclosure of the balance sheet position will be made and the charge to profit and loss under FRS 17 in future years will represent the actual contributions payable by the company.

18. CONTINGENT LIABILITIES

The Company is jointly and severally liable under a group VAT registration for which it is the nominated company. The Company has also given an unlimited guarantee in respect of bank facilities granted to the ultimate parent company and various group companies.

19. ULTIMATE PARENT UNDERTAKING

The Company's shares are held by Weldcure Limited, its immediate parent company at 31 December 2005. The Company regards Charter plc as its ultimate parent company and for the purpose of Financial Reporting Standard 8 (Related Party Disclosures), as its ultimate controlling party. The parent undertaking for the largest and smallest group of undertakings for which group accounts are prepared, and of which the Company is a member, is Charter plc, a company incorporated in England and Wales. Copies of its financial statements are available from the Company Secretary of Charter plc at its registered office: 52 Grosvenor Gardens, London SW1W 0AU.

Independent auditors' report to the members of ESAB Holdings Limited

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Reconciliation of movements in Equity Shareholders' funds, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

13 March 2006