

**ANNUAL REPORT**  
**for the year ended 31 December 1995**

Registered no 1687590

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**DIRECTORS AND ADVISORS**

**DIRECTORS**

R MacLeod

P G Dodd

J M Patey

D J A Gibson

L-E Andersson (appointed 13 January 1995; resigned 6 October 1995)

P Karlsson (appointed 13 January 1995)

A Backman (appointed 13 January 1995)

**SECRETARY**

D J A Gibson

**AUDITORS**

Coopers & Lybrand

Harman House

1 George Street

Uxbridge

Middlesex UB8 1QQ

**BANKERS**

National Westminster Bank plc

Bishopsgate Business Centre

PO Box 34

15 Bishopsgate

London EC2P 2AP

**SOLICITORS**

Gisby Harrison

Goffs Oak House

Goffs Lane

Cheshunt

Herts EN7 7HG

**REGISTERED OFFICE**

Hertford Road

Waltham Cross

Herts EN8 7RP

## **DIRECTORS' REPORT**

The directors present their report and accounts of ESAB Holdings Limited for the year ended 31 December 1995.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £3,665,000 [1994 - (£282,000)].

### **PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS**

The company acts as holding company for various subsidiaries whose principal activities are the manufacture, distribution and sale of welding and cutting products.

Both the level of profits and the year-end financial position were satisfactory and the directors expect that the present level of profits will continue.

### **EVENTS**

Those overseas subsidiaries acquired during 1994 were sold to Hobart Overseas Holdings Limited in July, 1995. The sale was at cost and was for a consideration of 39.3% of the shares in Hobart Overseas Holdings Limited. At 31 December 1995 the company's holding in Hobart Overseas Holdings Limited stood at 11%.

On 20 October 1995, Esta Fastighets AB sold all its shares in Esta Properties (UK) Limited to Esab Holdings Limited for the sum of £1.

### **DIRECTORS AND THEIR INTERESTS**

The directors of the company during the year ended 31 December 1995 were those listed on page 1.

No director of the company had any interest in the shares of the company, or any subsidiary, or any parent company or any fellow subsidiary, at 31 December 1995.

None of the directors had a material interest in any contract of significance to which the company was a party during the year.

### **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 confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

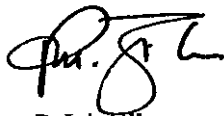
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**DIRECTORS' REPORT (cont.)**

**AUDITORS**

A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the Annual General Meeting.

On behalf of the board



**D J A Gibson**  
Director and Secretary

20 September 1996

**REPORT OF THE AUDITORS**  
**to the members of ESAB Holdings Limited**

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

**Respective responsibilities for directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

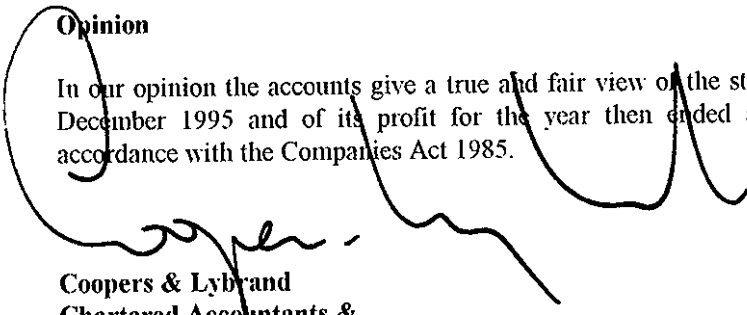
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**  
**Chartered Accountants &**  
**Registered Auditors**  
**London**  
20 September 1996

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1995

	<i>Notes</i>	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
<b>INCOME FROM INVESTMENTS</b>		7,283	68
<b>INTEREST</b>			
Received	4	1,172	97
		<u>8,455</u>	<u>165</u>
<b>SALE OF INVESTMENTS</b>			
Gain		-	149
		<u>-</u>	<u>-</u>
<b>PROFIT ON ACTIVITIES BEFORE TAXATION</b>		8,455	314
Tax on profit on activities	5	(1,690)	(32)
		<u>6,765</u>	<u>282</u>
<b>PROFIT AFTER TAXATION</b>			
<b>DIVIDENDS</b>			
Paid		(3,100)	-
		<u>3,665</u>	<u>282</u>
<b>PROFIT FOR THE YEAR</b>		<u>3,665</u>	<u>282</u>

The above results all arise from continuing activities.

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Profit for the financial year	3,665	282
Exchange differences on retranslation of net assets of associated undertaking	-	(531)
Exchange differences on conversion of Brazilian loan to Sterling	(1,607)	-
	<u>2,058</u>	<u>(249)</u>

**RECONCILIATION OF SHAREHOLDERS' FUNDS**

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Total recognised gains and losses	2,058	(249)
New share capital issued for acquisitions		94,268
	<u>2,058</u>	<u>94,019</u>
Total movements during the year	102,529	8,510
Shareholders' funds as at 1 January 1995		
	<u>104,587</u>	<u>102,529</u>
Shareholders' funds as at 31 December 1995		
	<u>104,587</u>	<u>102,529</u>

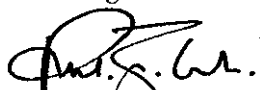
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalent.

# ESAB Holdings Limited

## BALANCE SHEET at 31 December 1995

	Notes	1995 £000	1994 £000
<b>FIXED ASSETS</b>			
Investments	6	73,908	73,908
<b>CURRENT ASSETS</b>			
Debtors - falling due within more than one year	7	54,356	52,882
<b>CREDITORS: amounts falling due within one year</b>	8	(23,677)	(24,261)
<b>NET CURRENT ASSETS</b>		30,679	28,621
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		104,587	102,529
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	39,139	39,139
Share premium account	10	63,532	63,532
Profit and loss account	10	716	(1,342)
Capital redemption reserve	10	1,200	1,200
<b>EQUITY SHAREHOLDERS' FUNDS</b>		104,587	102,529

The accounts on pages 5 to 11 were approved by the board of directors on 20 September 1996 and were signed on its behalf by:



**D J A Gibson**  
Director and Secretary

20 September 1996

**NOTES TO THE ACCOUNTS  
at 31 December 1995**

**1. ACCOUNTING POLICIES**

*Accounting convention*

The accounts are prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

Charter plc, the ultimate parent company have indemnified our subsidiary company, Esta Properties (UK) Limited against any diminution in the value of its investment in land and buildings for the period ended 31 December 1996.

*Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Differences on exchange arising from the retranslation of the opening net investment in associated companies are taken to reserves and are reported in the statement of total recognised gains and losses. All other differences are taken to the profit and loss account.

*Fixed asset investment*

Investments held as fixed assets are stated at cost less amount written off.

*Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable.

*Cash flow statement*

The company has taken advantage of the exemption available in the Financial Reporting Standard No. 1 (FRS1) 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 cash flow statement.

*Basis of preparation of accounts*

Consolidated financial statements incorporating Esab Holdings Limited and its subsidiaries are prepared by Charter plc and therefore consolidated financial statements of the company have not been prepared.

**2. OPERATING PROFIT**

The auditors' remuneration is borne and paid for by Esab Group (UK) Limited. The company has no employees.



**NOTES TO THE ACCOUNTS  
at 31 December 1995**

**3. DIRECTORS' REMUNERATION**

The remuneration paid to the directors of Esab Holdings Limited was paid via Esab Group (UK) Limited and it was for services performed for that subsidiary company.

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Emoluments (including pension contributions and benefits in kind)	384,585 =====	304,949 =====
Emoluments include:		
Emoluments of the chairman (excluding pension contributions)		
- to 30 September 1994	-	13,524
- 1 October 1994 - 31 December 1994	-	22,633
- 1 January 1995 - 31 December 1995	105,050	-
Emoluments of the highest paid director (excluding pension contributions)	130,792 =====	101,132 =====

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Nil - £5,000	3	2
£10,001 - £15,000	-	1
£20,001 - £25,000	-	1
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	1	-
£90,001 - £95,000	-	1
£100,001 - £105,000	-	1
£105,001 - £110,000	1	-
£130,001 - £135,000	1	-
	=====	=====

**4. INTEREST RECEIVABLE**

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
On loans wholly receivable within five years:		
Loans to group undertakings	1,172	97
	-----	-----
	1,172	97
	=====	=====

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
The taxation charge is made up as follows:		
Based on the taxable profit for the year:		
United Kingdom corporation tax at 33% (1994 - 33%)	(903)	(32)
Deferred taxation	-	-
Under-provision in prior years	(12)	-
Tax on Franked Investment Income	(775)	-
	-----	-----
	(1690)	(32)
	=====	=====

**NOTES TO THE ACCOUNTS**  
**at 31 December 1995**

**6. INVESTMENTS**

The company's investments are made up as follows:

	<i>Subsidiary undertakings £000</i>	<i>Associated undertaking £000</i>	<i>Investment in other group companies £000</i>	<i>Total £000</i>
Cost:				
At 1 January 1995	72,556	3,042	-	75,598
Addition	-	-	58,425	58,425
Disposal	(58,425)	-	-	(58,425)
	-----	-----	-----	-----
At 31 December 1995	14,131	3,042	58,425	75,598
Less: provision				
At 1 January 1995	513	1,177	-	1,690
Written off during the year	-	-	-	-
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At 31 December 1995	513	1,177	-	1,690
Net book value:				
At 1 January 1995	72,043	1,865	-	73,908
	-----	-----	-----	-----
At 31 December 1995	13,618	1,865	58,425	73,908
	=====	=====	=====	=====

Details of the company's investments are as follows (unless otherwise mentioned, all companies operate in the welding industry as principals):

<i>Name of company</i>	<i>Country incorporation and operation</i>	<i>Nature of holding</i>	<i>Proportion held</i>
Subsidiary undertakings:			
ESAB Group (UK) Limited	England & Wales	Ordinary shares	100%
*Murex Welding Products Limited	England & Wales	Ordinary shares	100%
*ESAB Pipelines Limited	England & Wales	Ordinary shares	100%
*ESAB Automation Limited	England & Wales	Ordinary shares	100%
*Hancock Cutting Machines Limited	England & Wales	Ordinary shares	100%
*Brinal Limited	England & Wales	Ordinary shares	100%
*Filarc Welding Limited	England & Wales	Ordinary shares	100%
Esab Group (Ireland) Limited	Ireland	Ordinary shares	100%
*ESAB Limited	England & Wales	Ordinary shares	100%
ESAB Pensions Limited	England & Wales	Ordinary shares	100%
Arcos Welding Products Limited	England & Wales	Ordinary shares	100%
Bilston Wire Mill Limited	England & Wales	Ordinary shares	100%
Esab Ges MbH	Austria	Ordinary shares	100%

\*Agency company acting on behalf of ESAB Group (UK) Limited.

**NOTES TO THE ACCOUNTS  
at 31 December 1995**

**6. INVESTMENTS (continued)**

Nederman Limited	England & Wales	Ordinary shares	100%
Esta Properties (UK) Limited	England & Wales	Ordinary shares	100%

Associated Undertaking: Esab India Limited	India	Ordinary Shares	37.3%
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Investment in other group companies: Hobart Overseas Holdings Ltd	England	Ordinary Shares	11%
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The following investments have been disposed in the period at cost for a consideration equal to 11% of the issued share capital of Hobart Overseas Holdings Ltd at 31 December 1995.

Esab Holdings Ltda	Brazil	Ordinary shares	100%
Esab Malaysia SDN BHD	Malaysia	Ordinary shares	70%
Esab Asia Pacific Pte. Ltd	Singapore	Ordinary shares	100%
Ph Nederman Ges mbH	Austria	Ordinary shares	100%

**7. DEBTORS**

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Amounts falling due within more than one year:		
Amount due from subsidiary undertakings	8,991	131
Amount due from parent undertakings	45,365	52,751
	<u>54,356</u>	<u>52,882</u>
	=====	=====

The above debtors have no fixed repayment terms. £9,530,000 of the amount due from parent undertakings bears interest at 7%.

**8. CREDITORS: amounts falling due within one year**

	<i>Group</i> <i>1995</i> <i>£000</i>	<i>Company</i> <i>1994</i> <i>£000</i>
Amount due to subsidiary undertakings	23,290	24,229
Current corporation tax	387	32
	<u>23,677</u>	<u>24,261</u>
	=====	=====

The amount due to subsidiary undertakings is not interest bearing and has no fixed repayment terms.

**NOTES TO THE ACCOUNTS**  
at 31 December 1995

**9. SHARE CAPITAL**

	<i>1995</i>	<i>Authorised</i>	<i>allotted, called up</i>	<i>and fully paid</i>
	<i>No.</i>	<i>1994</i>	<i>1995</i>	<i>1994</i>
	<i>No.</i>	<i>No.</i>	<i>£</i>	<i>£</i>
Ordinary shares of £1 each	36,166,710	36,166,710	36,166,710	36,166,710
Redeemable preference shares of £1 each	4,172,500	4,172,500	2,972,500	2,972,500
Total Share Capital	40,339,210	40,339,210	39,139,210	39,139,210

At the company's option, the redeemable shares may be redeemed at par.

**10. SHARE PREMIUM ACCOUNT AND RESERVES**

	<i>Share</i>	<i>Capital</i>	<i>Profit</i>
	<i>Premium</i>	<i>redemption</i>	<i>and loss</i>
	<i>Account</i>	<i>reserve</i>	<i>account</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 1995	63,532	1,200	(1,342)
Retained profit for the year			3,665
Exchange differences on Brazilian loan			(1,607)
	63,532	1,200	716

**11. CONTINGENT LIABILITIES**

The company is jointly and severally liable under a group VAT registration for which it is the nominated company. The company has guaranteed an overdraft facility of £1,500,000 in respect of a subsidiary company, Esab Group (UK) Limited. The company has also given an unlimited guarantee in respect of bank facilities granted to the ultimate parent company and various group companies.

**12. ULTIMATE PARENT UNDERTAKING**

The company's ultimate holding company is Charter plc, a company incorporated in England and Wales. Copies of Charter plc's accounts can be obtained from Charter plc, 7 Hobart Place, London SW1W 0HH.