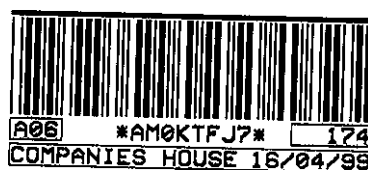


ROCK WELDING SUPPLIES LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 1998**

REGISTERED NUMBER: 2481967



ROCK WELDING SUPPLIES LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

Contents	Pages
Company information	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13
The following pages do not form part of the statutory financial statements	
Detailed profit and loss statement	14 - 15

ROCK WELDING SUPPLIES LIMITED

**COMPANY INFORMATION
AS AT 30 SEPTEMBER 1998**

DIRECTORS

M. J. Karkut
S. P. Evans
P. R. Davies
R. C. Godley

SECRETARY

R. C. Godley

REGISTERED OFFICE

Redfield Road
Lenton
Nottingham
NG7 2UJ

AUDITORS

Hobson Phillips & Sharpe
Chartered Accountants
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

PRINCIPAL BANKERS

National Westminster Bank plc
16 South Parade
Nottingham
NG7 2UJ

ROCK WELDING SUPPLIES LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 30 September 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review was that of retailers of welding equipment and materials.

On 8 October 1997 the majority shareholding of Leen Gate Welding Group Limited, the company's parent company, was acquired by Welding Products Holdings Limited.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £93,904.

The directors are satisfied with the results of the company.

DIRECTORS AND THEIR INTERESTS

M. J. Karkut held 1,250 £1 ordinary shares in Leen Gate Welding Group Limited, the company's parent company, for the full financial year.

R. C. Godley held 250 £1 ordinary shares in Leen Gate Welding Group Limited for the full financial year.

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

		Number of Shares	
		1998	1997
M. J. Karkut	Ordinary shares of £1 each	-	-
S. P. Evans	Ordinary shares of £1 each	1,245	1,245
P. R. Davies	Ordinary shares of £1 each	1,245	1,245
R. C. Godley	Ordinary shares of £1 each	-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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 for the prevention and detection of fraud and other irregularities.

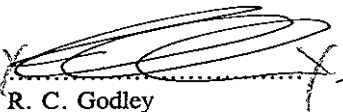
ROCK WELDING SUPPLIES LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Hobson Phillips & Sharpe, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:

A handwritten signature in dark ink, appearing to be 'R. C. Godley', written over a horizontal dotted line. The signature is stylized with loops and a long horizontal stroke.

R. C. Godley
Secretary

Date: 2.2.99

ROCK WELDING SUPPLIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 as to whether 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 of the state of affairs of the company as at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hobson Phillips & Sharpe
Chartered Accountants
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

Date signed: 15th March 1999

ROCK WELDING SUPPLIES LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

	Notes	1998 £	1997 £
TURNOVER		2,268,010	2,021,144
Cost of sales		1,736,001	1,564,979
GROSS PROFIT		532,009	456,165
Administrative expenses		396,457	333,962
OPERATING PROFIT	2	135,552	122,203
Investment income and interest receivable	3	4,706	-
Interest payable and similar charges	4	-	(360)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		140,258	121,843
Tax on profit on ordinary activities	7	(46,354)	(39,601)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		93,904	82,242

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

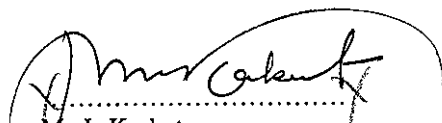
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 13 form part of these financial statements.

ROCK WELDING SUPPLIES LIMITED**BALANCE SHEET
AT 30 SEPTEMBER 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	8		115,446		95,950
CURRENT ASSETS					
Stocks	9	221,498		136,391	
Debtors	10	541,939		629,873	
Cash at bank and in hand		176,914		602	
		<u>940,351</u>		<u>766,866</u>	
CREDITORS: amounts falling due within one year	11	<u>(714,845)</u>		<u>(615,768)</u>	
NET CURRENT ASSETS			225,506		151,098
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>340,952</u>		<u>247,048</u>
CAPITAL AND RESERVES					
Called up share capital	14		9,960		9,960
Profit and loss account	17		<u>330,992</u>		<u>237,088</u>
TOTAL SHAREHOLDERS' FUNDS	18		<u>340,952</u>		<u>247,048</u>

Approved by the board of directors on 2.2.99 and signed on its behalf by:


M. J. Karkut
Director

The notes on pages 7 to 13 form part of these financial statements.

ROCK WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Property improvements	10% straight line
Plant and machinery	20% reducing balance
Fixtures and fittings	20% reducing balance
Computer	25% straight line
Motor vehicles	25% reducing balance

Freehold buildings are depreciated to write down the cost less estimated residual value over their remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their residual value is not less than their cost, no depreciation is charged as it is not material.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Pension costs

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

ROCK WELDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998****2. OPERATING PROFIT**

Operating profit	1998 £	1997 £
After charging:		
Depreciation of fixed assets	17,554	7,535
Depreciation of leased assets	-	3,141
Loss on disposal of tangible assets	1,817	308
Auditors' remuneration	2,800	2,700
Operating lease rentals		
Land and buildings	-	10,000

3. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998 £	1997 £
Interest received and receivable		
Bank interest	4,706	-

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Lease finance charges and hire purchase interest	-	360

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Staff costs		
Wages and salaries	150,150	138,077
Social security costs	15,348	11,799
Other pension costs	5,365	5,362
	170,863	155,238

	1998 No.	1997 No.
The average number of employees during the year was made up as follows:		
Management and sales	6	6

ROCK WELDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998****5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	1998 £	1997 £
Directors' emoluments		
Emoluments	111,964	100,352
Pension contributions to money purchase (defined contribution) schemes	3,610	3,430
	<u>115,574</u>	<u>103,782</u>
	1998 No.	1997 No.
During the year the following number of directors:		
Accrued benefits under money purchase (defined contribution) pension schemes	<u>2</u>	<u>2</u>
	1998 £	1997 £
Details of highest paid director's emoluments		
Emoluments	56,135	51,112
Company contributions to money purchase (defined contribution) pension schemes	1,805	1,715
	<u>57,940</u>	<u>52,827</u>

6. PENSION COSTS**Money purchase (defined contribution) pension scheme**

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £5,365 (1997:£5,362).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
UK corporation tax at 31% (1997 - 31%)	45,937	39,791
Adjustment in respect of prior years	417	(190)
	<u>46,354</u>	<u>39,601</u>

ROCK WELDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998****8. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
At 1 Oct. 97	67,293	5,650	8,390	55,120	136,453
Additions	-	-	2,887	51,629	54,516
Disposals	-	-	-	(38,370)	(38,370)
At 30 Sep. 98	67,293	5,650	11,277	68,379	152,599
Depreciation:					
At 1 Oct. 97	2,876	4,524	4,871	28,231	40,502
Charge for year	730	225	1,336	15,263	17,554
On disposals	-	-	-	(20,903)	(20,903)
At 30 Sep. 98	3,606	4,749	6,207	22,591	37,153
Net book value:					
At 30 Sep. 98	63,687	901	5,070	45,788	115,446
At 30 Sep. 97	64,417	1,126	3,518	26,889	95,950
				1998	1997
				£	£

Analysis of net book value of land and buildings:

Freehold	60,000	60,000
Property improvements	3,687	4,417
	<u>63,687</u>	<u>64,417</u>

**Included above are assets held under finance leases or
hire purchase contracts as follows:**

	1998	1997
	£	£
Net book values:		
Motor vehicles	-	9,422

9. STOCKS

	1998	1997
	£	£
Finished goods and goods for resale	<u>221,498</u>	<u>136,391</u>

ROCK WELDING SUPPLIES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998****10. DEBTORS**

	1998 £	1997 £
Trade debtors	533,481	609,541
Amounts owed by group undertakings	2,954	17,808
Other debtors	5,504	2,524
	<u>541,939</u>	<u>629,873</u>

11. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts	-	18,349
Net obligations under finance leases and hire purchase contracts	-	704
Trade creditors	461,983	396,599
Amounts owed to group undertakings	161,570	104,846
Corporation tax	45,937	39,656
Other taxes and social security costs	21,115	33,307
Other creditors	24,240	22,307
	<u>714,845</u>	<u>615,768</u>

Bank borrowings are secured by a charge over book debts.

12. BORROWINGS

	1998 £	1997 £
The company's borrowings are repayable as follows		
Up to one year and on demand	-	18,349

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998 £	1997 £
The company's net obligations are repayable as follows:		
Within one year or on demand	-	704
	-	704
Included in current liabilities	-	(704)
	-	-

ROCK WELDING SUPPLIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 1998

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS - (continued)

Obligations under finance leases and hire purchase contracts
are secured on the assets acquired

14. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
Ordinary shares of £1 each	20,000	20,000
Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	9,960	9,960

15. RELATED PARTY DISCLOSURES

The following transactions with related parties occurred during the year.

Related parties	Sales	Purchases	Management & Administration charges
Intermediate parent undertakings	£Nil	£Nil	£147,500
Fellow subsidiary undertakings	£30,086	£228,983	£Nil

All purchases and sales of goods to group companies are at cost.

At 30th September 1998 there were the following balances with related parties:

Amounts due from fellow subsidiary undertakings	£2,954
Amounts due to fellow subsidiary undertakings	£50,360
Amounts due to intermediate parent undertaking	£111,210

16. CONTINGENT LIABILITIES

The company has entered into an agreement with the minority ordinary shareholders whereby upon death, retirement or termination of employment of the shareholders the company (or its parent company) shall repurchase the ordinary shares at a price as determined by the Articles of Association.

ROCK WELDING SUPPLIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1998**

17. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Retained profit at 1 October 1997	237,088	154,846
Profit at 30 September 1998	93,904	82,242
Retained profit at 30 September 1998	<u>330,992</u>	<u>237,088</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	93,904	82,242
Opening shareholders' funds	247,048	164,806
Closing shareholders' funds	<u>340,952</u>	<u>247,048</u>
Represented by:-		
Equity interests	<u>340,952</u>	<u>247,048</u>

19. ULTIMATE PARENT COMPANY

The company is a 75% subsidiary of Leen Gate Welding Group Limited, a company registered in England and Wales.

The ultimate parent company is The BOC Group plc, a company registered in England and Wales.