

Registered number 5293427

ESAB GROUP RUSSIA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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ESAB GROUP RUSSIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Business review and principal activities

The results for the year are shown in the profit and loss account on page 5. The company carried out its business as a general commercial company during the year and no change is planned in its activities for the year to 31 December 2011.

Principal risks and uncertainties

The company's ultimate parent company is Charter International plc. From the perspective of the company, the principal risks and uncertainties are integrated with those of the Charter International plc group and are not managed separately. Accordingly, the principal risks and uncertainties of the Charter International plc group, which include those of the company, are discussed in the operating and financial review contained in the group's annual report for the year ended 31 December 2010, which does not form part of this report.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business. The development, performance and financial position of the Charter International plc group, are discussed in the operating and financial review contained in the group's annual report for the year ended 31 December 2010, which does not form part of this report.

Results and dividends

The loss for the year was RUR 2,048,000 (2009 profit of RUR 24,689,000). No dividends were paid or proposed in the year (2009 RUR nil). The retained loss for the year has been transferred to reserves.

Directors

The directors who held office during the year are given below:

Richard Beadle
Jane Hunt

Jane Hunt resigned as a director 14 March 2011. Richard Beadle resigned as a director 12 July 2011.

Kevin Atkins was appointed as a director 14 March 2011. Gerard Donald was appointed as a director 12 July 2011.

None of the directors of the company had any other interest in the shares of the company, the ultimate parent or any other group company as at 31 December 2010 (2009 none). None of the directors had a material interest in any significant contract to which the company, the ultimate parent or any other group company was a party during the year (2009 none).

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting standards and applicable law). 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

ESAB GROUP RUSSIA LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

Disclosure of information to Auditors

In accordance with Section 418 of the Companies Act 2006 in the case of each director in office at the date the directors' report is approved, that

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- he/she has taken all the steps that he/she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution covering their re-appointment will be proposed at the Annual General Meeting.

By order of the board



Jonathan Burton
Company Secretary

Registered Office
6th Floor, 322 High Holborn
London, WC1V 7PB

1 AUGUST 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESAB GROUP RUSSIA LIMITED

We have audited the financial statements of ESAB Group Russia Limited for the year ended 31 December 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Total Equity Shareholders' Funds and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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.

Opinion on financial statements

In our opinion the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

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

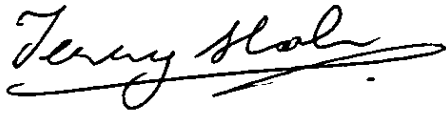
Matters on which we are required to report by exception

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

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

ESAB GROUP RUSSIA LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESAB GROUP RUSSIA LIMITED
(CONTINUED)**

A handwritten signature in black ink, appearing to read 'Terry Shah', with a long horizontal flourish extending to the right.

Terry Shah (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

12 AUGUST 2011

ESAB GROUP RUSSIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 RUR 000	2009 RUR 000
CONTINUING OPERATIONS			
Interest receivable and similar income	3	35,288	97,474
Interest payable and similar charges	4	(38,700)	(62,756)
Foreign exchange loss		-	(341)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,412)	34,377
Tax credit /(charge) on (loss) /profit on ordinary activities	5	1,364	(9,688)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	10	(2,048)	24,689

The company has no recognised gains and losses other than those recognised or included above
As a result 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 loss for the financial year stated above, and their historical cost equivalents


The notes on pages 8 to 11 form part of these financial statements

ESAB GROUP RUSSIA LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 RUR 000	2009 RUR 000
NON CURRENT ASSETS			
Debtors Amounts falling due after one year	6	-	13,600
CURRENT ASSETS			
Debtors Amounts falling due within one year	7	42,675	787,337
CURRENT LIABILITIES			
Creditors Amounts falling due within one year	8	<u>(12,254)</u>	<u>(768,468)</u>
NET ASSETS		<u>30,421</u>	<u>32,469</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	<u>30,421</u>	<u>32,469</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>30,421</u>	<u>32,469</u>

The financial statements on pages 5 to 11 were approved by the Board on 1 August 2011 and were signed on its behalf by


Kevin Atkins
 Director
 ESAB Group Russia Limited
 01 August 2011

Registered number 5293427

ESAB GROUP RUSSIA LIMITED

**RECONCILIATION OF MOVEMENT IN TOTAL EQUITY SHAREHOLDERS' FUNDS FOR THE
YEAR ENDED 31 DECEMBER 2010**

	2010 RUR 000	2009 RUR 000
(Loss)/profit for the financial year	(2,048)	24,689
Opening equity shareholders' funds	<u>32,469</u>	<u>7,780</u>
CLOSING EQUITY SHAREHOLDERS' FUNDS	<u>30,421</u>	<u>32,469</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 Principal accounting policies

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The financial statements are prepared in Russian Roubles ("RUR"), the local currency of the primary economic environment in which the company operates.

Related party transactions

The company is a wholly owned subsidiary undertaking of Charter International plc and accordingly has taken advantage of the exemption available in FRS 8 "Related party disclosures" not to disclose related party transactions which are eliminated on consolidation in the Charter International plc consolidated financial statements.

Foreign currencies

Monetary assets and liabilities denominated in foreign 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.

Cash flow statement

The ultimate parent company is Charter International plc and the cash flows of the company are included in the consolidated group cash flow statement of Charter International plc. Consequently the company is exempt under the terms of FRS 1 "Cash flow statements" (revised 1996) from publishing a cash flow statement.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Interest payable or receivable

Interest payable or receivable on amounts due to or from fellow group undertakings is calculated using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
(CONTINUED)**

2 Administration expenses

Directors' emoluments

The company's directors are employed and remunerated by a fellow group company and receive no emoluments in respect of their services to this company. Their services to this company and a number of other fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no emoluments are disclosed in this company's financial statements.

Employees

The company has no employees.

Auditors' Remuneration

The auditors' remuneration is borne by a fellow group company and has not been recharged to ESAB Group Russia Limited.

3 Interest receivable and similar income

	2010 RUR 000	2009 RUR 000
Interest receivable from fellow group undertakings	<u>35,288</u>	<u>97,474</u>

4 Interest payable and similar charges

	2010 RUR 000	2009 RUR 000
Interest payable to fellow group undertakings	<u>38,700</u>	<u>62,756</u>

5 Tax credit/(charge) on (loss)/profit on ordinary activities

	2010 £ 000	2009 £ 000
Current tax		
UK corporation tax on (loss)/profit of the year	955	(9,626)
Adjustment in respect of prior years	87	(62)
Foreign exchange gains not taxable	<u>322</u>	-
Tax credit/(charge) on (loss)/profit on ordinary activities	<u>1,364</u>	<u>(9,688)</u>

The tax assessed for the period is lower (2009 higher) than the standard rate of corporation tax in the UK of 28% (2009 28%). The differences are explained below.

There are no provided or unprovided deferred tax assets or liabilities (2009 RUR nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010
(CONTINUED)

	2010 RUR 000	2009 RUR 000
(Loss)/profit on ordinary activities before Current tax	<u>(3,412)</u>	<u>34,377</u>
(Loss)/profit on ordinary activities multiplied by UK corporation tax rate of 28% (2009 28%)	955	(9,626)
Effects of		
Adjustments to tax in respect of prior years	87	(62)
Foreign exchange gains not taxable	<u>322</u>	<u>-</u>
Tax credit/(charge) for the year	<u>1,364</u>	<u>(9,688)</u>

6 Debtors amounts falling due after one year

	2010 RUR 000	2009 RUR 000
Amount due from fellow group undertakings	<u>-</u>	<u>13,600</u>

The amount due from the fellow group company is unsecured and repayable annually over the 6-year term of the loan. The disclosed amount relates to principal falling due after one year. Interest is charged at the Central Bank of the Russian Federation refinancing rate.

7 Debtors amounts falling due within one year

	2010 RUR 000	2009 RUR 000
Amounts due from fellow group undertakings	<u>42,675</u>	<u>787,337</u>

RUR 12,677,000 (2009 RUR 7,463,000) of the amounts due from group undertakings is unsecured and repayable annually over the 6-year term of the loan. The disclosed amount relates to interest and principal falling due within one year. Interest is charged at the Central Bank of the Russian Federation refinancing rate.

RUR 29,998,000 (2009 RUR 779,874,000) of the amounts due from group undertakings is unsecured and repayable on demand. Interest is charged at 1% below the 3 month LIBOR rate for RUR.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

8 Creditors amounts falling due within one year

	2010 RUR 000	2009 RUR 000
Amount due to fellow group undertakings	-	754,849
Corporation tax	<u>12,254</u>	<u>13,619</u>
	<u>12,254</u>	<u>768,468</u>

The amount due to the fellow group company is unsecured and repayable on demand. Interest is charged at the Central Bank of the Russian Federation refinancing rate.

9 Called-up share capital

	2010 RUR	2009 RUR
Authorised, allotted and fully paid 100 ordinary shares of RUR 1 each	<u>100</u>	<u>100</u>

10 Reserves

	Profit and loss account RUR 000
At 1 January 2010	32,469
Loss for the year	<u>(2,048)</u>
At 31 December 2010	<u>30,421</u>

11 Ultimate parent company and controlling party

The company's shares are held by ESAB Holdings Limited, its immediate parent company and controlling party at 31 December 2010. The company regards Charter International plc as its ultimate parent company and its ultimate controlling party. The parent undertaking of the largest and smallest group of undertakings for which group financial statements are prepared and of which the company is a member is Charter International plc, a company incorporated in Jersey. Copies of its group financial statements are available from its head office at 27 Northwood House, Northwood Park, Santry, Dublin 9, Republic of Ireland.