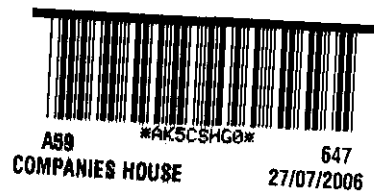


Leengate Welding Group Limited
Directors' Report and Financial Statements
for the year ended 30 September 2005



Hobsons
Chartered Accountants
Registered Auditors
Alexandra House
43 Alexandra Street
Nottingham
NG5 1AY

Leengate Welding Group Limited

Company information

Directors	R. C. Godley A. Robinson R. J. N Gearing P. J. Chapman R. Walker	Resigned 25 April 2005
Secretary	R. C. Godley & P. J. Chapman	
Company number	1538873	
Registered office	Redfield Road Lenton Nottingham NG7 2UJ	
Registered Auditors	Hobsons Chartered Accountants Alexandra House 43 Alexandra Street Nottingham NG5 1AY	
Bankers	National Westminster Bank plc Smiths Branch 16 South Parade Nottingham NG1 2JX	

Leengate Welding Group Limited

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Leengate Welding Group Limited

Directors' report for the year ended 30 September 2005

The directors present their report and the financial statements for the year ended 30 September 2005.

Principal activity and review of the business

The principal activity of the company in the year under review was the management and administration of its subsidiary companies.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

		Ordinary shares	
		30/09/05	01/10/04
R. C. Godley		-	-
A. Robinson	Resigned 25 April 2005	-	-
R. J. N Gearing		-	-
P. J. Chapman		-	-
R. Walker		-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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;
- 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 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.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information


Leengate Welding Group Limited

**Directors' report
for the year ended 30 September 2005**

Registered Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hobsons be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 19 July 2006 and signed on its behalf by

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above the printed name and title.

**R C Godley
Director**

Leengate Welding Group Limited

Independent auditors' report to the shareholders of Leengate Welding Group Limited

We have audited the financial statements of Leengate Welding Group Limited for the year ended 30 September 2005 set out on pages 4 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom 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 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 of the state of the company's affairs as at 30 September 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

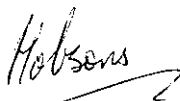
Hobsons

Chartered Accountants and Registered Auditors

Alexandra House

43 Alexandra Street

Nottingham NG5 1AY



25 July 2006

Leengate Welding Group Limited

**Profit and loss account
for the year ended 30 September 2005**

		Continuing operations	
		2005	2004
	Notes	£	£
Administrative expenses		(655,125)	(662,129)
Other operating income		459,863	673,546
Operating (loss)/profit	2	(195,262)	11,417
Investment income	3	359,793	117,775
Other interest receivable and similar income	4	155,078	155,357
Interest payable and similar charges	5	(525,855)	(480,959)
Loss on ordinary activities before taxation		(206,246)	(196,410)
Tax on loss on ordinary activities	8	50,407	(33,210)
Loss on ordinary activities after taxation		(155,839)	(229,620)
Retained profit brought forward		2,135,686	2,365,306
Retained profit carried forward		1,979,847	2,135,686

There are no recognised gains or losses other than the profit or loss for the above two financial years.

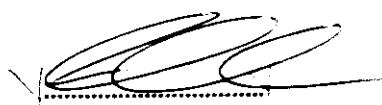
The notes on pages 7 to 17 form an integral part of these financial statements.

Leengate Welding Group Limited

**Balance sheet
as at 30 September 2005**

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		439,922		411,969
Investments	10		655,976		631,529
			<u>1,095,898</u>		<u>1,043,498</u>
Current assets					
Stocks	11	5,118		4,915	
Debtors	12	6,649,223		6,892,264	
Cash at bank and in hand		2,814,283		1,995,792	
		<u>9,468,624</u>		<u>8,892,971</u>	
Creditors: amounts falling due within one year	13	(2,874,269)		(2,090,377)	
Net current assets			<u>6,594,355</u>		<u>6,802,594</u>
Total assets less current liabilities			7,690,253		7,846,092
Creditors: amounts falling due after more than one year	14		(5,685,158)		(5,685,158)
Net assets			<u>2,005,095</u>		<u>2,160,934</u>
Capital and reserves					
Called up share capital	15		10,250		10,250
Share premium account	16		14,998		14,998
Profit and loss account	16		1,979,847		2,135,686
Equity shareholders' funds	17		<u>2,005,095</u>		<u>2,160,934</u>

The financial statements were approved by the Board on 19 July 2006 and signed on its behalf by


R. C. Godley
 Director

The notes on pages 7 to 17 form an integral part of these financial statements.

Leengate Welding Group Limited

**Cash flow statement
for the year ended 30 September 2005**

	Notes	2005 £	2004 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating (loss)/profit		(195,262)	11,417
Depreciation		27,434	39,356
(Increase) in stocks		(203)	390
Decrease in debtors		426,435	505,601
Increase in creditors		431,854	32,317
Net cash inflow from operating activities		<u>690,258</u>	<u>589,081</u>
Cash flow statement			
Net cash inflow from operating activities		690,258	589,081
Returns on investments and servicing of finance	22	(195,777)	(207,827)
Taxation	22	1,399	(1,055)
Capital expenditure	22	(55,386)	(38,606)
Acquisitions and disposals	22	(24,447)	(5,856)
		<u>416,047</u>	<u>335,737</u>
Financing	22	(5,273)	(9,961)
Increase in cash in the year		<u>410,774</u>	<u>325,776</u>
Reconciliation of net cash flow to movement in net funds (Note 23)			
Increase in cash in the year		410,774	325,776
Cash outflow from increase in debts and lease financing		5,273	9,961
		<u>416,047</u>	<u>335,737</u>
Change in net funds resulting from cash flows		416,047	335,737
Net funds at 1 October 2004		1,990,519	1,654,782
Net funds at 30 September 2005		<u>2,406,566</u>	<u>1,990,519</u>

Leengate Welding Group Limited

Notes to the financial statements for the year ended 30 September 2005

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	2% on cost
Fixtures, fittings and equipment	-	15% reducing balance
Motor vehicles	-	20% straight line new commercial vehicles/25% reducing balance other vehicles

1.3. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

Cost comprises purchase price or direct production cost together with attributable production and other overhead.

Net realisable value means estimated selling price less all further costs to completion and all costs to be incurred in marketing, selling & distribution.

1.6. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.7. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

2. Operating (loss)/profit	2005	2004
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation on leased assets	-	3,948
Depreciation on tangible fixed assets	27,700	31,457
Operating lease rentals		
- Land and buildings	16,121	14,496
- Motor vehicles	21,128	11,894
Auditors' remuneration	4,100	3,300
Auditors' remuneration from non-audit work	39,840	23,200
Exceptional items		
- Exceptional item - settlement of bank overdraft of subsidiary	-	17,406
	<u></u>	<u></u>
and after crediting:		
Profit on disposal of tangible fixed assets	266	(3,951)
Profit on foreign currencies	14,182	15,832
	<u></u>	<u></u>
Other non-audit services have been provided directly to subsidiary undertakings in 2005 for £16,320 (2004 £18,050).		
3. Income from investments	2005	2004
	£	£
Income from subsidiary undertakings	359,793	117,775
	<u></u>	<u></u>
Dividends of £175,000 have been received from subsidiary undertakings.		
4. Interest receivable and similar income	2005	2004
	£	£
Bank interest	155,078	155,357
	<u></u>	<u></u>
5. Interest payable and similar charges	2005	2004
	£	£
On amounts payable to group companies	484,969	431,330
On bank overdrafts	40,538	46,539
Hire purchase interest	150	636
On overdue tax	198	2,454
	<u></u>	<u></u>
	525,855	480,959
	<u></u>	<u></u>

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

6. Employees

Number of employees	2005 Number	2004 Number
The average monthly numbers of employees (including the directors) during the year were:		
Management	11	11
Employment costs	2005 £	2004 £
Wages and salaries	341,275	332,284
Social security costs	44,412	45,218
Other pension costs	33,053	21,882
	<u>418,740</u>	<u>399,384</u>

6.1. Directors' emoluments	2005 £	2004 £
Remuneration and other emoluments	199,616	184,685
Pension contributions	24,705	15,998
	<u>224,321</u>	<u>200,683</u>
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>3</u>	<u>3</u>

7. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £33,053 (2004 - £21,882).

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

8. Tax on loss on ordinary activities

Analysis of charge in period	2005	2004
	£	£
Current tax		
Adjustments in respect of previous periods	50	-
Amounts paid to subsidiary undertakings in respect of group relief		33,210
Amounts received from subsidiary undertakings in respect of group relief	(50,457)	-
	<u>(50,407)</u>	<u>33,210</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2005	2004
	£	£
Loss on ordinary activities before taxation	<u>(206,246)</u>	<u>(196,410)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (30 September 2004 : 30%)	(61,874)	(58,923)
Effects of:		
Expenses not deductible for tax purposes	2,867	2,154
Group dividends	(52,500)	-
Capital allowances for the period in excess of depreciation	(4,036)	218
Utilisation of tax losses and adjustments to previous periods	115,593	56,551
Group relief	(50,457)	33,210
Current tax charge for period	<u>(50,407)</u>	<u>33,210</u>

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

9. Tangible fixed assets	Land and buildings freehold £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2004	390,594	81,123	93,418	565,135
Additions	-	65,903	13,485	79,388
Disposals	-	(820)	(45,280)	(46,100)
At 30 September 2005	<u>390,594</u>	<u>146,206</u>	<u>61,623</u>	<u>598,423</u>
Depreciation				
At 1 October 2004	55,340	57,331	40,495	153,166
Charge for the year	10,401	7,315	9,984	27,700
On disposals	-	(615)	(21,750)	(22,365)
At 30 September 2005	<u>65,741</u>	<u>64,031</u>	<u>28,729</u>	<u>158,501</u>
Net book values				
At 30 September 2005	<u>324,853</u>	<u>82,175</u>	<u>32,894</u>	<u>439,922</u>
At 30 September 2004	<u>335,254</u>	<u>23,792</u>	<u>52,923</u>	<u>411,969</u>

Analysis of net book value of land and buildings:

	2005 £	2004 £
Freehold	307,782	314,610
Tenant's improvements to property	17,071	20,644
	<u>324,853</u>	<u>335,254</u>

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

Asset description	2005 Net book value £	2005 Depreciation charge £	2004 Net book value £	2004 Depreciation charge £
Motor vehicles	<u>-</u>	<u>-</u>	<u>11,845</u>	<u>3,948</u>

Leengate Welding Group Limited

Notes to the financial statements
for the year ended 30 September 2005

10. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 October 2004	631,529	631,529
Additions	24,447	24,447
At 30 September 2005	<u>655,976</u>	<u>655,976</u>
Net book values		
At 30 September 2005	<u>655,976</u>	<u>655,976</u>
At 30 September 2004	<u>631,529</u>	<u>631,529</u>

Leengate Welding Group Limited

Notes to the financial statements for the year ended 30 September 2005

10.1. Subsidiary Undertakings

Company and principal activity	Shares held Class	Shares held No. % age
Retail of welding equipment and materials		
Leengate Industrial & Welding Supplies (North East) Ltd	Ordinary £1	750 75
Industrial & Welding Managment Ltd	Ordinary £1	1,000 100
Leengate Industrial & Welding Supplies (Lincoln) Ltd	Ordinary £1	9,000 90
Leengate Industrial & Welding Supplies Ltd	Ordinary £1	9,000 90
Rock Industrial & Welding Supplies Ltd	Ordinary £1	7,470 75
Pennine Industrial & Welding Supplies Ltd	Ordinary £1	9,375 93.75
Cotswold Industrial & Welding Supplies Ltd	Ordinary £1	1 100
Welding Wires (Midlands) Ltd	Ordinary £1	1000 100
Leengate Industrial & Welding Supplies (Nottingham) Ltd	Ordinary £1	32,000 80
Future Industrial & Welding Supplies Ltd	Ordinary £1	200 100
Welder Equipment Hire Ltd (Dormant)	Ordinary £1	2 100
Proportioncharm Ltd (Dormant)	Ordinary £1	1 100
Leengate Welding Services Ltd (Dormant)	Ordinary £1	2 100
Leengate Industrial and Welding Supplies (Scotland) Ltd	Ordinary £1	750 75
Seabrook Industrial & Welding Supplies Ltd	Ordinary £1	1,000 100
W & G Welding Supplies Ltd	Ordinary £1	80 80
Leengate Industrial & Welding Supplies (Strathclyde) Ltd	Ordinary £1	2 100
3 Shires (Cutting & Welding Automated) Ltd	Ordinary £1	1 100
Wessex Industrial & Welding Supplies Ltd	Ordinary £1	1 100
Industrial & Welding Supplies (North West) Ltd	Ordinary £1	2 100
Sharp Times Ltd	Ordinary £1	950 95
Islebrood Ltd (Dormant)	Ordinary £1	1000 100
Subsidiary of Sharp Times Ltd		
Express Industrial & Welding Supplies Ltd	Ordinary £1	19,000 95
Hire, purchase and sale of welding equipment		
Leen Gate Hire Ltd	Ordinary £1	10,010 100
3 Shires Cutting & Welding Ltd	Ordinary £1	10,000 100
Service of welding equipment		
Welder Equipment Services Ltd	Ordinary £1	7,500 75
Gas and pipeline products		
Gas Instrument Services Ltd	Ordinary £1	8,425 84.25
Gaffney Industrial & Welding Supplies Ltd	Ordinary £1	80 80

All companies are registered in England & Wales.

11. Stocks	2005 £	2004 £
Computer consumables	5,118	4,915

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

12. Debtors	2005	2004
	£	£
Trade debtors	160	4,387
Amounts owed by group undertakings	6,616,679	6,871,422
Other debtors	32,384	16,455
	<u>6,649,223</u>	<u>6,892,264</u>
Amounts falling due after more than one year and included in debtors are:		
Amounts owed by group undertaking	<u>3,591,325</u>	<u>3,973,325</u>
13. Creditors: amounts falling due within one year	2005	2004
	£	£
Bank overdraft	407,767	-
Net obligations under finance leases and hire purchase contracts	-	5,273
Trade creditors	55,839	50,714
Amounts owed to group undertaking	2,391,209	1,968,431
Other taxes and social security costs	10,542	10,662
Other creditors	8,912	55,297
	<u>2,874,269</u>	<u>2,090,377</u>
14. Creditors: amounts falling due after more than one year	2005	2004
	£	£
Amounts owed to group undertakings	<u>5,685,158</u>	<u>5,685,158</u>
15. Share capital	2005	2004
	£	£
Authorised		
20,000 Ordinary shares of 1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid		
10,250 Ordinary shares of 1 each	<u>10,250</u>	<u>10,250</u>

Leengate Welding Group Limited

Notes to the financial statements for the year ended 30 September 2005

16. Equity Reserves	Share premium account £	Profit and loss account £	Total £
At 1 October 2004	14,998	2,135,686	2,150,684
Loss for the year		(155,839)	(155,839)
At 30 September 2005	<u>14,998</u>	<u>1,979,847</u>	<u>1,994,845</u>

17. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Loss for the year	(155,839)	(229,620)
Opening shareholders' funds	<u>2,160,934</u>	<u>2,390,554</u>
Closing shareholders' funds	<u>2,005,095</u>	<u>2,160,934</u>

18. Financial commitments

At 30 September 2005 the company had annual commitments operating leases as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiry date:				
Between one and five years	-	-	18,444	17,200
In over five years	<u>16,000</u>	<u>14,000</u>	<u>-</u>	<u>-</u>
	<u>16,000</u>	<u>14,000</u>	<u>18,444</u>	<u>17,200</u>

19. Contingent liabilities

The company has given National Westminster Bank plc guarantees to secure monies owed by subsidiary undertakings up to a maximum of £4,130,000.

The company has a contingent liability in respect of agreements entered into by certain subsidiary undertakings with the minority shareholders of those undertakings, whereby upon the death, retirement or termination of employment of those minority shareholders, the subsidiary or its parent company (Leengate Welding Group Limited) shall repurchase the shares at a price determined by the subsidiaries Articles of Association.

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

20. Related party transactions

The following transactions with related parties occurred during the year:

Management and administration charges of £387,500 (2004 £588,367) have been charged to subsidiary undertakings.

The company rents its freehold property to subsidiary undertakings. Rent receivable for the year amounted to £36,000 (2004 £31,000).

The company was charged interest on group borrowings of £484,969 (2004 £431,330).

At 30 September 2005 there were the following balances with related parties:

	2005	2004
Amounts due from subsidiary undertaking	£6,616,679	£6,870,802
Amounts due from fellow subsidiary undertakings	£Nil	£620
Amounts due to subsidiary undertakings	£123,745	£185,936
Amounts due to fellow subsidiary undertakings	£7,952,622	£7,467,653

21. Ultimate parent undertaking

Leengate Welding Group Ltd is a 100% subsidiary of Welding Products Holdings Limited, a company registered in England & Wales.

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

Leengate Welding Group Limited

**Notes to the financial statements
for the year ended 30 September 2005**

22. Gross cash flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	155,078	155,357
Interest paid	(525,855)	(480,959)
Dividends received	175,000	-
	<u>(195,777)</u>	<u>(325,602)</u>
Taxation		
Corporation tax paid	-	(1,055)
Corporation tax repaid	1,399	-
	<u>1,399</u>	<u>(1,055)</u>
Capital expenditure		
Payments to acquire tangible assets	(79,388)	(58,230)
Receipts from sales of tangible assets	24,002	19,624
	<u>(55,386)</u>	<u>(38,606)</u>
Acquisitions and disposals		
Payments on acquisition of group interests	(24,447)	(5,856)
	<u>(24,447)</u>	<u>(5,856)</u>
Financing		
Capital element of finance leases and hire purchase contracts	(5,273)	(5,274)
	<u>(5,273)</u>	<u>(5,274)</u>

23. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	1,995,792	818,491	2,814,283
Overdrafts	-	(407,767)	(407,767)
	<u>1,995,792</u>	<u>410,724</u>	<u>2,406,516</u>
Finance leases and hire purchase contracts	(5,273)	5,273	-
Net funds	<u>1,990,519</u>	<u>415,997</u>	<u>2,406,516</u>