REGISTERED NUMBER 831757

CHARTER CONSOLIDATED P.L.C.

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2001



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CHARTER CONSOLIDATED P.L.C.

REPORT OF THE DIRECTORS

FOR THE YEAR TO 31 DECEMBER 2001

Business and financial position

The company carried on its normal business as an investment holding company during the year and no change is planned in its activities in the year to 31 December 2002.

The results for the year are shown in the profit and loss account on page 2. Dividends paid in the year amounted to £Nil (2000 · £Nil).

The financial position at the year end was considered satisfactory.

Directors
Mr J W Herbert (resigned 25 April 2001)
N E Robson (resigned 30 June 2001)
P M Thwaite (resigned 30 September 2001)
D M Eilbeck (appointed 1 July 2001)
A R Yapp (appointed 1 October 2001)
Mr M J Glasscock

Charter plc · ordinary shares of 2p each

	31 December 2001		1 January 2001 or on date of appointment	
	Shares	Options	Shares	Options
D M Eilbeck	1,368	23,852	3,475	23,852
A R Yapp	2,543	17,565	2,543	17,565
M J Glasscock	13,140	37,261	13,140	26,469

No director has an interest in the shares of the company.

Ms Yapp and Mr Glasscock are entitled to receive shares under long term incentive schemes.

By order of the board

A. Yapp

A R Yapp
Company Secretary

Registered Office

7 Hobart Place
London, SW1W 0HH
1 March 2002

CHARTER CONSOLIDATED P.L.C.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 £000	2000 £000
CONTINUING OPERATIONS			
Administration costs	2	(1,396)	(1,427)
Exchange differences (net)		(657)	(3,638)
Losses on disposal of investments in subsidiary undertakings		-	(11,170)
Loans from fellow subsidiary undertakings waived		979	2,269
Dividends from subsidiary undertakings		-	1,960
Operating loss		(1,074)	(12,006)
Net interest (payable) / receivable	3	(481)	13,375
(Loss) / profit on ordinary activities before taxation		(1,555)	1,369
Tax on (loss) / profit on ordinary activities	4	532	(4,016)
Retained loss for the year	9	(1,023)	(2,647)

The notes on pages 6 to 9 form part of these financial statements.

CHARTER CONSOLIDATED P.L.C.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
	£000	£000
Loss for the financial year	(1,023)	(2,647)
Currency translation differences on foreign currency investments and related loans	1,759	6,357
Total recognised gains and losses for the year	736	3,710

CHARTER CONSOLIDATED P.L.C.

BALANCE SHEET AS AT 31 DECEMBER 2001

	Note	2001 £000	2000 £000
Fixed assets			
Investment in subsidiary undertakings	5	499,272	496,663
Current assets			
Debtors - amounts falling due within one year			
Other debtors		9	10
Amounts due from subsidiary undertakings	6	556,244	558,904
Cash at bank		298	280
		556,551	559,194
Creditors: amounts falling due within one year			
Amounts due to subsidiary undertakings	6	(712,557)	(711,008)
Corporation tax payable		(6,958)	(9,281)
Other creditors		(642)	(638)
		(720,157)	(720,927)
Net current liabilities		(163,606)	(161,733)
Net assets		335,666	334,930
CAPITAL AND RESERVES			
Called up share capital	7	2,122	2,122
Share premium account	9	3,713	3,713
Capital reserve	9	76,663	76,663
Revaluation reserve	9	4,176	4,176
Profit and loss account	9	248,290	247,554
Equity shareholders' funds		334,964	334,228
Non-equity shareholders' funds	8	702	702
Total shareholders' funds		335,666	334,930

These financial statements were approved by the board of directors on 1 March 2002

M. J. Glasscock

The notes on pages 6 to 9 form part of these financial statements.

CHARTER CONSOLIDATED P.L.C.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000
	£000	£000
Loss for the financial year	(1,023)	(2,647)
Dividends	-	-
	(1,023)	(2,647)
Other recognised gains and losses relating to the year	1,759	6,357
Net addition to shareholders' funds	736	3,710
Opening shareholders' funds	334,930	331,220
Closing shareholders' funds	335,666	334,930

CHARTER CONSOLIDATED P.L.C.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements are prepared 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.

(a) Basis of accounting
The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of foreign currency investments.

(b) Related party transactions
The company has taken advantage of the exemption in FRS8 from disclosing related party transactions with members of the Charter plc group.

(c) The transitional disclosures for FRS17 were mandatory for years ending on or after 22 June 2001. As the company has no employees no disclosure is required.

(d) FRS 18 became mandatory for years ending on or after 22 June 2001. The directors have reviewed the Company's existing policies and consider they are already consistent with this new standard.

(e) Cash flow

The company is a wholly owned subsidiary of Charter plc and the cash flows of the company are included in the consolidated group cash flow statement. Consquently the company is exempt, under the terms of FRS1 (Revised), from publishing a cash flow statement.

(f) Income from investments

Income from investments in subsidiary undertakings, including where applicable the imputed tax credit, is accounted for on a declared basis. No account is taken of investment income which is held in the country of origin pending approval for remittance from that country.

(g) Fixed asset investments

Fixed asset investments, including associated undertakings, are included at cost or revalued amount less provision for any permanent loss in value.

(h) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate ruling at the balance sheet date. Exchange gains or losses are included in profit on ordinary activities.

Differences arising from the retranslation of investments in subsidiaries and of currency borrowings used to finance or hedge such investments are taken to reserves and are reported in the statement of total recognised gains and losses.

2 Administration costs

(a) The company's directors are employed and remunerated by a subsidiary undertaking and they receive no emoluments in respect of their services to this company.

(b) Charter Central Services Limited makes a charge to the company for management and other services.

(c) The company has no employees.

(d) Auditors' remuneration is borne by a subsidiary undertaking.

NOTES TO THE FINANCIAL STATEMENTS

3 Net interest (payable) / receivable	2001 £000	2000 £000
Group interest receivable	-	13,822
Group interest payable	(483)	(427)
Other interest payable	-	(22)
Bank interest receivable	2	2
	(481)	13,375

4 Tax on profit on ordinary activities		
On loss for the period		
United Kingdom		
Corporation tax at 30% (2000 - 30%)	298	(3,962)
Prior year adjustment	234	(529)
Double tax relief	-	475
	532	(4,016)

5 Investments in subsidiary undertakings		
Cost opening balance	509,063	479,147
Additions	-	71,202
Disposals	-	(50,752)
Exchange adjustment	2,609	9,466
Cost closing balance	511,672	509,063
Provisions	(12,400)	(12,400)
	499,272	496,663

In accordance with Section 228 of the Companies Act 1985 group accounts are not prepared.

During the year an affiliated company took on foreign exchange positions to offset the company's exposure to exchange movements on its fixed asset investments. To enable this offset to operate effectively the company has established matching foreign exchange borrowings with its affiliate, translated at the exchange rate applying when the external foreign exchange positions were established.

The following are the principal operating subsidiary undertakings of the company, which are wholly owned.

Company	Country of incorporation or registration	Nature of business
The Esab Group Inc	USA	Welding consumables and equipment.
Howden Buffalo Inc	USA	Industrial and utility fans.

Howden Buffalo Inc was formerly known as The Howden Fan Company Inc.
The New Philadelphia Fan Co. has been merged into Howden Buffalo Inc.

The principal country of operation is the same as the country of incorporation or registration. A full list of subsidiary undertakings will be annexed to the annual return filed with the Registrar of Companies.

6 Amounts due to/from subsidiary undertakings

£45,000,000 of amounts due from subsidiary undertakings have fixed repayment terms, the remainder have no fixed repayment terms.

Amounts due to subsidiary undertakings have no fixed repayment terms.

7 Share capital	2001	2000
Authorised		
135,000,000 Ordinary shares of 2p each	£ 2,700,000	£ 2,700,000
Issued, called up and fully paid		
106,088,300 Ordinary shares of 2p each (2000 - 106,088,300)	£ 2,121,768	£ 2,121,768

8 Non-equity shareholders' funds		
Authorised		
135,000,000 Preferred shares of US$ 0.01 each	US$ 1,350,000	US$ 1,350,000
Issued, called up and fully paid		
106,088,300 Preferred shares of US$ 0.01 each	£ 701,874	£ 701,874

9 Reserves	Share premium account £000	Capital reserve £000	Revaluation reserve £000	Profit and loss account £000	Total £000
Opening balance	3,713	76,663	4,176	247,554	332,106
Currency translation differences on foreign currency investments and related loans	-			1,759	1,759
Retained profit for the year	-	-	-	(1,023)	(1,023)
Closing balance	3,713	76,663	4,176	248,290	332,842

10 Contingent liabilities

This Company, along with its ultimate holding company Charter plc, and certain fellow subsidiaries, has been named as a defendant in a number of asbestos-related actions in the United States on the basis that it is allegedly liable for the acts of a former subsidiary of Charter plc, Cape PLC. The Company contests the existence of any such liability. The issue went to trial in three cases involving the Company and certain of its subsidiaries between 1985 and 1987. In the first case, tried in Pennsylvania, after an adverse lower court decision the appeal court gave judgement in the Charter defendants' favour. In the second case, in New Jersey, judgement was also given for the Charter defendants. The third case, in South Carolina, was dismissed for lack of subject matter jurisdiction, without a decision having been rendered on the issue. During recent years, Charter and/or certain of its subsidiaries have been served in a number of cases in Mississippi and a few other states. Charter is seeking dismissals in these pending cases. Upon advice of counsel, Charter has settled some of the cases brought in Mississippi and Charter will continue to pursue dismissals in the remainder. The directors have received legal advice that the Company should be able to defend successfully the actions brought against it, but that uncertainty must exist as to the eventual outcome of the trial of any particular action. It is not practicable to estimate in any particular case the amount of damages which might ensue if liability were imposed on the Company. The litigation is reviewed each year and, based on that review and legal advice, the directors believe that the aggregate of any such liability is unlikely to have a material effect on the Company's financial position. In these circumstances the directors have concluded that it is not appropriate to make any provision in respect of such actions.

11 Ultimate parent company

The company is a subsidiary of Charter plc, its immediate controlling party.
The company regards Charter plc as its ultimate parent company and controlling party.
The parent undertaking of the largest and smallest group of undertakings for which group accounts are prepared and of which the company is a member is Charter plc, 7 Hobart Place, London SW1W 0HH, a company incorporated in the United Kingdom.
Copies of its group financial statements are available from its registered office in the United Kingdom.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which 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 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;

- 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.

Independent auditors' report to the members of Charter Consolidated plc

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit 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 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 at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London

1 March 2002