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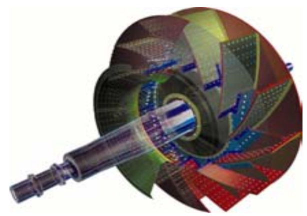


World market leading businesses providing excellence in technology and service

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David Gawler

Chairman and Chief Executive

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Six months ended 30 June		2005	2004	% change
		£m	£m	
Revenue		**495.9**	415.6	**+19%**
Adjusted operating profit [1]		**41.2**	24.0	**+72%**
Operating profit		41.2	23.6	+75%
Profit before tax		**44.4**	16.1	**+176%**
Profit attributable to equity shareholders		**27.7**	16.4	**+69%**
Net debt		**45.9**	82.2	**-44%**
Earnings: pence per share	Basic	**18.1**	12.2	**+48%**
	Adjusted [2]	**16.1**	9.3	**+73%**

1 before exceptionals (see note 3 of the Interim Report)

2 before exceptionals (see note 3 of the Interim Report) and gains and losses on retranslation of intercompany loan balances (included within net financing costs).

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Operating results (£m)

		1st half 2005		1st half 2004
ESAB		**347.7**		305.1
Howden		**147.8**		108.0
Demaco		**0.4**		2.5
Revenue		**495.9**		415.6
ESAB	*10.5%*	**36.6**	*7.8%*	23.7
Howden	*6.9%*	**10.2**	*3.0%*	3.2
Demaco		**(1.1)**		0.1
Central costs		**(4.5)**		(3.0)
Adjusted operating profit [1]		**41.2**		24.0
ESAB		**1.7**		1.4
Howden		**0.2**		0.5
Share of associates' post tax profits		**1.9**		**1.9**

1 before exceptional items

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Robert Careless

Finance Director

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IFRS Transition (£m)

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	Six months to 30.6.04	Year ended 31.12.04
Profit before tax		
UK GAAP	6.1	28.1
Post retirement benefits	2.4	5.4
Property revaluations on transition	(0.1)	(0.2)
Capitalised development costs	0.1	0.2
Goodwill	0.6	1.2
Reclassification of associates tax	(0.8)	(1.7)
	8.3	33.0
Items not relating to underlying performance:		
Exceptionals-goodwill on business disposals	6.0	6.0
Exceptionals-unauthorised payments in prior years	5.0	5.0
Loss on retranslation of interco loans	(3.2)	(3.0)
IFRS	16.1	41.0

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Earnings per share (pence)

	Six months to 30.6.04	Year ended 31.12.04
Basic earnings		
UK GAAP	3.6	10.4
Post retirement benefits	1.8	3.8
Property revaluations on transition	(0.1)	(0.1)
Capitalised development costs	0.1	0.1
Goodwill	4.9	5.0
Unauthorised payments arising in prior years	3.7	3.5
Gain/(loss) on retranslation of interco loans	(1.8)	(1.8)
IFRS	12.2	20.9
Adjusted earnings		
UK GAAP	7.5	16.0
Post retirement benefits	1.8	3.8
Property revaluations on transition	(0.1)	(0.1)
Capitalised development costs	0.1	0.1
IFRS	9.3	19.8
Average number of shares in issue (million)	134.9	142.7

2005 Interim Results (£m)

	Six months to 30.6.05	Six months to 30.6.04	Year ended 31.12.04
Revenue	**495.9**	415.6	870.4
Adjusted operating profit *(i)*	**41.2**	24.0	54.9
Exceptional items	**-**	(0.4)	(3.0)
Operating profit	**41.2**	23.6	51.9
Before retranslation of intercompany loan balances adjustment	**(3.5)**	(6.2)	(11.5)
Gain/(loss) on retranslation of intercompany loan balances	**4.8**	(3.2)	(3.0)
Net financing charge	**1.3**	(9.4)	(14.5)
Share of post tax profits of associates	**1.9**	1.9	3.6
Profit before tax	**44.4**	16.1	41.0
Tax on profit on ordinary activities			
Before taxation on exceptional items, gains/(losses) on intercompany loans and exceptional tax credit	**(10.8)**	(4.7)	(11.9)
Taxation on exceptional items	**-**	0.1	0.5
Taxation on gains/(losses) on intercompany loan balances	**(0.6)**	-	0.4
Exceptional tax credit	**-**	6.6	6.6
Tax charge	**(11.4)**	2.0	(4.4)
Profit after tax	**33.0**	18.1	36.6
Earnings per share Basic	**18.1 p**	12.2 p	20.3 p
Adjusted *(ii)*	**16.1 p**	9.3 p	19.8 p

(i) before exceptional items

(ii) before exceptional items and gain/(loss) on retranslation of intercompany loan balances

Earnings per share (pence)

	Six months to 30.6.05	Six months to 30.6.04	Year ended 31.12.04
Basic earnings	**18.1**	12.2	20.9
Items not relating to underlying performance:			
Exceptionals	**-**	(4.7)	(2.9)
(Gain)/loss on retranslation of interco loans	**(3.1)**	2.4	2.1
- Tax	**0.4**	-	(0.3)
- Minority interest	**0.7**	0.6	-
Adjusted earnings	**16.1**	9.3	19.8

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IFRS Transition (£m)

	30.6.04	31.12.04
Net assets		
UK GAAP	81.4	97.9
Post retirement benefits	(85.2)	(81.3)
Property revaluations on transition	15.1	15.6
Capitalised development costs	1.4	1.6
Goodwill	1.2	1.8
Deferred taxation	(2.1)	(2.1)
Other	(0.1)	0.2
IFRS	11.7	33.7

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Balance sheet (£m)

	1.1.04	30.6.04	31.12.04	**30.6.05**
Property, plant & equipment	119.6	111.1	111.3	**108.4**
Intangible assets	20.4	20.2	21.7	**22.7**
Investments in associates	27.9	20.7	22.1	**22.0**
Retirement benefit assets	1.5	2.1	2.6	**3.4**
Deferred income tax assets	8.7	6.4	12.2	**10.0**
Trade and other receivables	3.5	0.3	0.4	**0.4**
Non-current assets	181.6	160.8	170.3	**166.9**
Inventory	94.4	94.9	102.7	**116.6**
Trade and other receivables	209.7	225.0	237.4	**251.0**
Derivative financial instruments	-	-	-	**1.8**
Cash and cash equivalents	59.9	33.3	45.1	**37.2**
Current assets	364.0	353.2	385.2	**406.6**
Total assets	545.6	514.0	555.5	**573.5**
Funded by:				
Equity shareholders' funds	(69.1)	(8.8)	11.5	**55.8**
Minority interests	20.5	20.5	22.2	**26.5**
Total equity	(48.6)	11.7	33.7	**82.3**
Trade and other payables	169.1	186.6	214.0	**217.6**
Derivative financial instruments	-	-	-	**1.9**
Tax	30.9	17.8	22.1	**22.8**
Provisions	49.2	38.4	39.9	**35.2**
Retirement benefit obligations	148.6	144.0	134.4	**130.6**
Creditors and provisions	397.8	386.8	410.4	**408.1**
Gross debt	196.4	115.5	111.4	**83.1**
	545.6	514.0	555.5	**573.5**

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Cash flow and borrowings (£m)

	Six months to 30.6.05	30.6.04	Year ended 31.12.04
Operating profit pre exceptionals	**41.2**	**24.0**	**54.9**
Depreciation	**7.8**	7.9	16.4
Share based payments	**0.3**	-	0.4
Loss/(profit) on sale of fixed assets	**(0.4)**	0.1	0.2
Working capital	**(19.1)**	(3.4)	7.7
Provisions	**(4.2)**	(4.4)	(12.3)
Restructuring spend	**(4.2)**	(7.1)	(15.2)
Unauthorised payments		(4.2)	(4.4)
Cash flow generated from operations	**21.4**	12.9	47.7
Capital expenditure and acquisitions	**(8.0)**	(3.8)	(13.7)
Disposals	**2.3**	13.1	16.0
Financing costs	**(4.4)**	(7.9)	(13.3)
Tax paid	**(8.7)**	(6.3)	(11.7)
Dividends	**1.1**	(0.8)	(1.5)
Share issues	**19.1**	44.6	44.6
Net cash flow	**22.8**	51.8	68.1
New finance leases	**-**	-	(0.6)
Movement in interest payable accrual	**0.4**	-	-
Foreign exchange adjustments	**(1.2)**	2.5	2.7
Movement in net debt	**22.0**	54.3	70.2
Opening net debt	**(66.3)**	(136.5)	(136.5)
Adjustment in respect of adoption of IAS 39	**(1.6)**	-	-
Closing net debt	**(45.9)**	(82.2)	(66.3)

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Conclusions

- Share price has recovered from a low of 35p in January 2003 to the present price of £3.41, an increase of 874%.
- Current market capitalisation of £559 million (£96 million on 1.1.04).
- Underlying net debt which peaked at £260 million in 2001 had been reduced to only £45.9 million by 30 June 2005.
- Excellent results reflecting substantial improvement in sales, operating profits, operating margins and earnings per share.

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Prospects

- Esab, the welding and cutting business and Howden, the air and gas handling business, have both achieved strong growth in sales, operating profits and operating margins and are well positioned to make further progress.
- In the light of the first half results and strong trading to date, the Board now expects that the full year's results will be ahead of its previous expectations.