

Registered number 01687590

ESAB HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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ESAB HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2011

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ESAB HOLDINGS LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

David Egan
Scott Brannan (appointed 13 January 2012)
Clayton Kiefaber (appointed 13 January 2012, resigned 5 March 2012)
Daniel Pryor (appointed 13 January 2012)
Anne Puckett (appointed 13 January 2012)
William Flexon (appointed 5 March 2012)
Mark Paul Lehman (appointed 5 March 2012)
Andrew Stockwell (appointed 25 April 2012)
Brendan Colgan (appointed 21 July 2011, resigned 12 January 2012)
James Deeley (resigned 13 January 2012)
Michael Foster (resigned 27 June 2011)

INDEPENDENT AUDITORS

Chartered Accountants and Registered Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BANKERS

HSBC plc
City of London Corporate Office
PO Box 125
8 Canada Square
London
E14 5HQ

REGISTERED OFFICE

6th Floor
322 High Holborn
London
WC1V 7PB

ESAB HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of ESAB Holdings Limited for the year ended 31 December 2011

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company acts as a holding company for various subsidiaries within the Colfax Group. The company provides management, administrative and technical services for companies within the Colfax Group. There is no planned change in its activities for the year to 31 December 2012.

On 13 January 2012 the shares of the company's ultimate parent company, Charter International Limited (formerly Charter International Plc, see note 19) were acquired by Colfax UK Holdings Limited.

KEY PERFORMANCE INDICATORS

The directors of ESAB Holdings Limited manage the ESAB Group's operations on a divisional basis. For this reason, the company's directors believe that using key performance indicators for the company is not necessary or appropriate for an understanding of the development, financial performance or financial position of the business of ESAB Holdings Limited. The development, financial performance and financial position of the ESAB Group, which includes this company, is discussed in the Charter International Limited annual report, which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's ultimate parent company is Charter International Limited as at 31 December 2011. From the perspective of the directors, the principal risks and uncertainties and financial risks of the company are integrated with those of the Charter International Limited group and are not managed separately. Accordingly, the principal risks and uncertainties and financial risks of the Charter International Limited group, which include those of the company, are discussed in the business and financial review contained in Charter's annual report, which does not form part of this report. Similarly the Charter International Limited central treasury department carries out the management of financial risks, and details are discussed in the annual report of Charter International Limited.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £53,041,000 (2010: £30,824,000).

The directors do not recommend the payment of a dividend (2010: £nil). The retained loss for the year has been transferred from reserves.

EVENTS SINCE THE YEAR END

DIRECTORS

The directors of the company who held office both during the year and up to the date of signing the financial statements are listed on page 1.

Details of directors' remuneration are included in note 4 of the financial statements.

ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Charter International Limited is the ultimate parent company and details of this company are included in note 19 of the financial statements.

EMPLOYEE INVOLVEMENT

Company policy requires that employees be kept up to date with the future of the company through a wide range of internal communications and that employees' comments and ideas be taken into account when developing the business.

ESAB HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

EQUAL OPPORTUNITIES AND EMPLOYMENT OF DISABLED PERSONS

Company policy is to find the best qualified person for each job and to make sure that training and promotion possibilities are open to all employees, regardless of sex, sexual orientation, disability, race, colour, religion, age, marital status, nationality or ethnic origin

Applications for employment from disabled people are given full and fair consideration and such employees are reviewed when suitable opportunities arise. If an employee becomes disabled, arrangements are made, wherever possible, to continue employment and training.

DIRECTORS' INDEMNITIES

Michael Foster and James Deeley were granted an indemnity by the ultimate parent company, Charter International Limited, to the extent permitted in law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, Charter International Limited may pay the directors' legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity survives the resignation of each director.

David Egan has been granted an indemnity by ESAB Group Inc, an associated company, to the extent permitted in law in respect of certain liabilities incurred as a result of his office in that company. He is indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, ESAB Group Inc may pay the director's legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity survives the resignation of the director.

Brendan Colgan was granted an indemnity by Anderson Group Inc, an associated company, to the extent permitted in law in respect of certain liabilities incurred as a result of his office in that company. He was indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, Anderson Group Inc may pay the director's legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company. This is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This indemnity survives the resignation of the director.

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 elected to prepare 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

- 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.

ESAB HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are each aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and each director has taken all the steps they 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.

On behalf of the board,



David Egan
Director
1st August 2012

ESAB HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Equity Shareholders' Funds, the Balance Sheet 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 3, 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

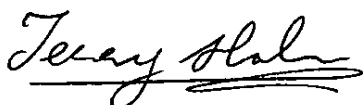
ESAB HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED (continued)

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



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

1/8/2012

ESAB HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £000	2010 £000
TURNOVER		19,913	20,183
Administrative expenses	2	(33,484)	(25,467)
		-----	-----
OPERATING LOSS	2	(13,571)	(5,284)
Income from shares in group undertakings	3	1,935	1,284
Impairment of investments	10	(35,153)	(22,941)
Interest receivable and similar income	6	93	206
Interest payable and similar charges	7	(6,751)	(4,885)
		-----	-----
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(53,447)	(31,620)
Tax on loss on ordinary activities	8	406	796
		-----	-----
LOSS FOR THE FINANCIAL YEAR	15	(53,041)	(30,824)
		=====	=====

All activities relate to continuing operations. There is no difference between the loss on ordinary activities before taxation and the retained loss for the financial year stated above, and their historical cost equivalent.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2011 £000	2010 £000
Loss for the financial year	(53,041)	(30,824)
Actuarial loss (note 16)	(180)	(73)
Capital contribution – share based payments	206	108
	-----	-----
TOTAL RECOGNISED LOSSES FOR THE YEAR	(53,015)	(30,789)
	=====	=====

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Loss for the financial year	(53,041)	(30,824)
Actuarial loss (note 16)	(180)	(73)
Capital contribution – share based payments	206	108
Redemption of preference shares	-	(1,040,180)
	-----	-----
Net change in shareholders' funds	(53,015)	(1,070,969)
Opening shareholders' funds	689,758	1,760,727
	-----	-----
CLOSING SHAREHOLDERS' FUNDS	636,743	689,758
	=====	=====

ESAB HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2011

	<i>Notes</i>	2011 £000	2010 £000
NON CURRENT ASSETS			
Tangible assets	9	9,322	5,532
Investments	10	319,874	355,027
Debtors - amounts falling due after more than one year	11	-	2,800
		329,196	363,359
CURRENT ASSETS			
Debtors - amounts falling due within one year	11	490,837	557,307
Cash at bank and in hand		388	543
		491,225	557,850
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(183,395)	(231,274)
NET CURRENT ASSETS		307,830	326,576
TOTAL ASSETS LESS CURRENT LIABILITIES		637,026	689,935
PENSION DEFICIT	16	(283)	(177)
NET ASSETS INCLUDING PENSION DEFICIT		636,743	689,758
CAPITAL AND RESERVES			
Called up share capital	14	646,639	646,639
Share premium account	15	63,532	63,532
Capital redemption reserve	15	1,200	1,200
Profit and loss account – Accumulated Deficit	15	(74,628)	(21,613)
TOTAL EQUITY SHAREHOLDERS' FUNDS		636,743	689,758

The financial statements on pages 7 to 21 were approved by the board of directors on 1st August 2012 and were signed on its behalf by



David Egan
Director
1st August 2012

Registered number 01687590

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on a going concern basis in accordance with the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and have been consistently applied throughout the period.

Basis of preparation

These financial statements contain information about ESAB Holdings Limited as an individual Company and do not contain consolidated financial information as the parent of a group of companies. The Company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its wholly owned subsidiary undertakings are included by full consolidation in the financial statements of its ultimate parent undertaking, Charter International Limited.

Share based payments

The ultimate parent company, Charter International Limited, operates both equity-settled and cash-settled share based compensation plans in which the Directors and senior management of ESAB Holdings can participate. The fair value of the employee services received in exchange for the participation in the plan is recognised as an expense in the income statement.

In the case of equity-settled plans the fair value of the employee service is based on the fair value of the equity instruments at the date of grant. This expense is spread over the vesting period of the instrument. The corresponding entry is credited to equity representing a capital contribution from Charter International Limited. The liability for social security costs arising in relation to the awards is re-measured at each reporting date based on the share price as at the reporting date and the elapsed portion of the relevant vesting periods to the extent it is considered probable that a liability will arise. Cash settled plans are measured on a similar basis except that the fair value of the liability is re-measured at each reporting date, with changes recognised in the income statement. For cash-settled plans the corresponding entry is included as a liability.

Turnover

Turnover is comprised of the invoiced value of management and license fees to subsidiary undertakings excluding VAT of which the majority originates from USA, Germany and Brazil. Turnover is recognised when the company has fulfilled its obligations to subsidiary undertakings and is entitled to receive consideration.

Foreign currencies

Monetary assets and liabilities denominated in overseas 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.

Fixed assets

Fixed assets are stated at historic purchase cost less accumulated depreciation or amortisation. Cost includes the original purchase price of the asset and the cost attributable to bringing the asset to its working condition for its intended use. Depreciation/amortisation is calculated to write off the cost of the fixed assets, less their residual values, over their expected useful lives using the straight-line basis. The expected useful lives of the assets of the business are reassessed periodically in the light of experience.

Depreciation/amortisation is normally provided as follows:

Office equipment, furniture and fittings - 20 to 30 per cent per annum

Software is amortised at the rate of 20 per cent per annum

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Research and development

Internal expenditure is expensed to the profit and loss account in the year in which it is incurred

Internal expenditure associated with developing or maintaining computer software is charged to the profit and loss account in the year in which it is incurred, except such costs that are directly associated with the production of identifiable and unique software products controlled by the company that are likely to generate benefits exceeding costs beyond one year. In this case costs are capitalised and amortised on a straight-line basis over their expected useful economic lives

Fixed asset investments

Fixed asset investments are recorded at cost less provision for impairment in value. The amount of any provision for impairment in value is determined by reference to the recoverable amount, and is performed by the directors on an annual basis. Any provision for impairment in value will be released if the fixed asset investment demonstrates sustained increase in the recoverable amount

Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Deferred taxation

Deferred income taxation liabilities are provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the balance sheet

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

Deferred income taxation is not provided on the unremitted earnings of subsidiaries where the timing of the reversal of the resulting temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future or where the remittance would not give rise to incremental tax liabilities or is otherwise not taxable

Pensions

The company has applied the amended FRS 17 "Retirement benefits" in these financial statements

The company participates in a defined benefit scheme. The scheme is funded by the company at rates determined by an independent actuary. The current service cost and net return on pension assets are included in the profit and loss account, whilst actuarial gains/losses are reflected in the statement of total recognised gains and losses. The market quoted assets of the scheme are measured at their bid values. The assets and liabilities of the scheme are held separately from those of the company

The company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge disclosed in note 5 includes contributions payable by the company to the fund

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Cash flow statement

The ultimate parent company is Charter International Limited as at 31 December 2011 and the cash flows of the company are included in the consolidated group cash flow statement of Charter International Limited. Consequently the company is exempt under the terms of FRS 1 (revised 1996) "Cash flow statements" from publishing a cash flow statement.

Related party transactions

The Company is a wholly owned subsidiary undertaking of Charter International Limited 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 Limited consolidated accounts.

Interest and dividends

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

Dividend distributions to the company's shareholders are recognised in the accounts in the period when paid. Dividends receivable are recognised when the company's right to receive payment has been established and is unconditional.

2 OPERATING LOSS

	2011 £000	2010 £000
This is stated after charging		
Auditors' remuneration – audit services	(68)	(84)
Other Professional services	(128)	(30)
Operating lease rentals – buildings	(466)	(423)
Tangible fixed assets – depreciation (note 9)	(1,457)	(974)
Impairment of investments (note 10)	(35,153)	(22,941)
Exchange losses on foreign currency transactions	(575)	(157)
Directors' remuneration (note 4)	(950)	(757)
Employee costs (note 5)	(13,358)	(11,535)
Exceptional restructuring costs	(3,815)	(1,793)

3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2011 £000	2010 £000
Dividends received		
ESAB India Limited	1,935	828
ESAB Hungary Limited	-	456
	<u>1,935</u>	<u>1,284</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

4. DIRECTORS' REMUNERATION

Salaries and other remuneration

	2011 £000	2010 £000
Aggregate emoluments	608	574
Payments under long term incentive plans	306	148
Company contributions to defined contribution pension scheme	36	35
	-----	-----
	950	757
	=====	=====

The emoluments of Michael Foster were paid by the parent company which makes no recharge to the company. Michael Foster was a director of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of Michael Foster. His total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

Retirement benefits are accruing to three (2010: three) directors under a defined benefit scheme and to five (2010: five) directors under a money purchase scheme.

Brief details of long-term incentive plans are set out below.

During 2011, four (2010: five) directors were entitled to participate in the Charter International Limited Long-Term Incentive Plan. Under this plan the directors have received conditional awards of shares in Charter International Limited, the vesting of which will be based on Charter International Limited's total shareholder return performance over a three year period beginning on the date of the grant of the award. Under this plan four directors (2010: three) received an award of shares, no director (2010: two) had awards that vested in the year and three directors (2010: none) had awards that lapsed in the year. 2011 awards were settled post year end.

One director (2010: one) has previously received awards under the Charter Phantom Share Incentive Plan (the "Plan") in lieu of part of their bonus entitlement for the years ended 2005, 2006 and 2007. The director will receive cash payments under the plan for a three year period beginning on the date of the grant of the award. The cash payment will be based on the Charter International Limited share price as at the date of vesting. Under this plan no director (2010: one) had awards that vested in the year.

One director (2010: two) is subject to the Charter Limited Phantom Restricted Share Plan ('PRSP') where the directors will receive cash payments under the plan at the end of the first and third years after the grant of the award with vesting dependent on the extent to which certain performance criteria relating to Charter International Limited's earnings per share are met. Under this plan no director (2010: one) received an award in the year.

Following the takeover by Colfax on 13 January 2012, the share based payment schemes above were settled in January 2012 and are no longer in existence.

ESAB HOLDINGS LIMITED

4. DIRECTORS' REMUNERATION (continued)

Highest paid director	2011 £000	2010 £000
Aggregate emoluments	293	284
Payments under long term incentive plans	135	50
	<u>428</u>	<u>334</u>
Defined benefit pension accrued at the end of the year	-	-

5. EMPLOYEE INFORMATION

Aggregate amounts payable	2011 £000	2010 £000
Wages and salaries	11,173	9,675
Social security costs	1,719	1,365
Other pension costs (note 16)	466	495
	<u>13,358</u>	<u>11,535</u>

The average monthly number of persons (including directors) employed by the company during the year was

Administration	104	108
----------------	-----	-----

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £000	2010 £000
Bank interest	6	6
Interest receivable from group undertakings	-	117
Retirement benefits expected return on plan assets (see note 16)	87	83
	<u>93</u>	<u>206</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £000	2010 £000
Retirement benefits interest on scheme liabilities (see note 16)	82	80
Interest payable to group undertakings	6,094	3,342
Foreign exchange loss	575	1,463
	<u>6,751</u>	<u>4,885</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of credit in year

Current taxation:

	2011 £000	2010 £000
UK corporation tax on profit for the year	2,660	766
Overseas tax	(910)	(399)
Double taxation relief	910	399
Adjustment in respect of prior years	546	830
Total current tax	3,206	1,596

Deferred taxation

Current period	(2,800)	(800)
Total tax on profit on ordinary activities	406	796

b) Factors affecting the tax credit for the year

The effective tax for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £000	2010 £000
Loss on ordinary activities before tax	(53,447)	(31,620)
Loss on ordinary activities before tax multiplied by corporation tax 26.5% (2010 28%)	14,164	8,854
Effects of		
Non-deductible expenses	(102)	-
Capital allowances in excess of depreciation	169	86
Taxable income not included in profit and loss account	(2,390)	(2,110)
Adjustment in respect of prior years	546	830
Impairment of investments not taxable	(9,316)	(6,424)
Dividend from UK companies	-	360
Dividend non-taxable	513	-
Foreign exchange loss matched against investments	(378)	-
Total current tax	3,206	1,596

c) Deferred taxation

The movement on the deferred tax account is set out below

	2011 £000	2010 £000
At 1 January	2,800	3,600
Charged to profit and loss account	(2,800)	(800)
At 31 December (see note 11)	-	2,800

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2011

9. TANGIBLE FIXED ASSETS

	Furniture & Fittings £000	Software £000	Total £000
Cost:			
At 1 January 2011	698	7,648	8,346
Additions	187	5,060	5,247
	-----	-----	-----
At 31 December 2011	885	12,708	13,593
	-----	-----	-----
Accumulated depreciation:			
At 1 January 2011	508	2,306	2,814
Charge for the year	189	1,268	1,457
	-----	-----	-----
At 31 December 2010	697	3,574	4,271
	-----	-----	-----
Net book value:			
At 31 December 2011	188	9,134	9,322
	=====	=====	=====
At 31 December 2010	190	5,342	5,532
	=====	=====	=====

10. INVESTMENTS

The company's investments are made up as follows

	Subsidiary undertakings £000
Cost:	
1 January 2011	379,166
Additions	-
Disposals	-

31 December 2011	379,166

Impairment:	
1 January 2011	24,139
Charge for the year	35,153

31 December 2011	59,292

Net book value:	
At 31 December 2011	319,874
	=====
At 31 December 2010	355,027
	=====

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

10. INVESTMENTS (continued)

Details of the company's investments are as follows

<i>Name of company</i>	<i>Country of incorporation and operation</i>	<i>Nature of business</i>	<i>Interest in Equity Share Capital</i>
Exelvia Netherlands BV	Netherlands	Holding company	100%
Esta Properties (UK) Limited	England & Wales	Dormant	100%
ESAB Limited	England & Wales	Dormant	100%
ESAB Treasury Limited	England & Wales	Dormant	100%
ESAB Russia BV	Netherlands	Holding company	100%
ESAB Group Russia Limited	England & Wales	Holding company	100%
ESAB Mor Kft	Hungary	Welding consumables	99%
Hancock Cutung Machines Limited	England & Wales	Dormant	100%
Murex Welding Products Limited	England & Wales	Dormant	100%
Arcos Welding Products Limited	England & Wales	Dormant	100%
Filarc Welding Limited	England & Wales	Dormant	100%
Murex Welding Products (Ireland Limited)	Ireland	Dormant	100%
Murex Limited	England & Wales	Dormant	100%
ESAB Automation Limited	England & Wales	Dormant	100%
ESAB Hungary Limited	England & Wales	Holding company	100%
ESAB Pensions Limited	England & Wales	Holding company	100%
ESAB Sweden Holdings AB	Sweden	Holding company	100%
ESAB KK	Japan	Welding consumables & equipment	100%
ESAB India Limited	India	Welding consumables & equipment	37 31% *
ESAB Africa Welding and Cutting (Pty) Ltd	South Africa	Welding consumables & equipment	100%
ESAB Middle East LLC	United Arabs Emurates	Welding consumables & equipment	49%

* 37 31% is directly held by the company with a further 18 3% held by Exelvia Group India BV, which is an indirectly held wholly owned subsidiary of the company On 3 April 2012, Exelvia Group India BV purchased a further 17 85% of ESAB India Limited

There were no additions or disposals in the current year

In the opinion of the directors, the value of the company's investments in subsidiary undertakings are not less than the amount at which they are included in the balance sheet

The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and all of its subsidiary undertakings (as listed above) are included by full consolidation in the financial statements of its ultimate parent undertaking, Charter International Limited

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

11. DEBTORS

	2011 £000	2010 £000
Amounts falling due within one year:		
Amounts due from group undertakings – interest free	34,223	11,428
Amounts due from group undertakings – interest bearing	452,287	545,008
Corporation tax – group relief	2,895	-
Other debtors	908	328
Prepayments and accrued income	524	543
	<u>490,837</u>	<u>557,307</u>
Amounts falling due after more than one year:		
Deferred tax asset (see note 8)	-	2,800
	<u>-</u>	<u>2,800</u>

Interest free amounts due from group undertakings are unsecured and repayable on demand. Interest bearing amounts due from group undertakings are unsecured, repayable on demand and interest is receivable at the relevant LIBOR rate minus one percent subject to a minimum of zero percent.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £000	2010 £000
Trade creditors	25,229	561
Amounts owed to group undertakings – interest free	2,599	7,960
Amounts owed to group undertakings – interest bearing	150,690	213,787
Corporation tax – group relief	-	6,230
Other taxes and social security costs	1,263	298
Accruals and deferred income	3,614	2,438
	<u>183,395</u>	<u>231,274</u>

Interest free amounts owed to group undertakings are unsecured and repayable on demand. Interest bearing amounts are unsecured, repayable on demand and interest is payable at LIBOR plus one percent.

13. COMMITMENTS

The Company has annual commitments under non-cancellable operating leases expiring as follows

	<i>Land and buildings</i> 2011 £000	<i>Land and buildings</i> 2010 £000
Two to five years	<u>466</u>	<u>423</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

14. CALLED UP SHARE CAPITAL

Authorised , allotted and fully paid

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
646,638,660 Ordinary shares of £1 each	646,639	646,639
Total share capital	646,639	646,639

15. RESERVES

	Share premium account £000	Capital redemption account £000	Profit and loss account £000	Total £000
At 1 January 2011	63,532	1,200	(21,613)	43,119
Retained loss for the financial year	-	-	(53,041)	(53,041)
Capital contribution –share based payments	-	-	206	206
Actuarial losses on pension scheme	-	-	(180)	(180)
At 31 December 2011	63,532	1,200	(74,628)	(9,896)

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

16. PENSION ARRANGEMENTS

The company participates in the ESAB Group UK Limited Pension and Life Assurance Scheme, which is a defined benefit scheme. An actuarial valuation was carried out on 5 April 2009 and updated to 31 December 2011 by a qualified independent actuary. The service cost has been calculated using the Projected Unit method. The scheme was closed to service accrual with effect from 31 March 2007.

	<i>2011</i> <i>£000</i>	<i>2010</i> <i>£000</i>
Change in benefit obligation		
Benefit obligation at beginning of year	1,550	1,423
Current service cost	-	-
Interest cost	82	80
Plan participants' contribution	-	-
Actuarial loss	166	109
Benefits paid	(64)	(61)
	-----	-----
Benefit obligation at end of year	1,734	1,551
	=====	=====
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	1,734	1,551
	=====	=====
Change in plan assets		
Fair value of plan assets at beginning of year	1,374	1,259
Expected return on plan assets	87	83
Actuarial (loss)/gain	(14)	36
Employer contribution	68	57
Benefits paid	(64)	(61)
	-----	-----
Fair value of plan assets at end of year	1,451	1,374
	=====	=====
Funded status – deficit	(283)	(177)
	=====	=====
Components of actuarial loss		
Interest cost	82	80
Expected return on plan assets	(87)	(83)
	-----	-----
Total pension credit recognised in the profit and loss account	(5)	(3)
	=====	=====
Actuarial loss immediately recognised	180	73
	=====	=====
Total pension cost recognised in the statement of total recognised gains and losses	180	73
	=====	=====
Cumulative amount of actuarial losses immediately recognised	652	472
	=====	=====

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

16. PENSION ARRANGEMENTS (continued)

Plan assets

The weighted average asset allocation at the year-end were as follows

Asset Category	2011	2010
Equities	37%	51%
Bonds	52%	39%
Other	11%	10%
	-----	-----
	100%	100%
	=====	=====
	£000	£000
Actual return on plan assets	7	11
	=====	=====

Weighted average assumptions used:

	2011	2010
Discount rate	5.40%	5.70%
Rate of compensation increase	4.60%	4.60%
Rate of inflation	3.60%	3.60%
Expected long-term return on plan assets	6.30%	6.60%

The expected return on assets has been calculated by reference to the market value of invested assets at the beginning of the accounting period. Bond returns are calculated by reference to the yields available on market indices. Equity and property returns allow for an element of additional outperformance above the yield on UK government securities.

Weighted average life expectancy for mortality tables used to determine benefit obligations at:

	2011		2010	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	22.7	25.8	22.5	25.6
Member age 45 (life expectancy at age 65)	26.9	30.1	26.7	29.9

Five year history (£000)

	2011	2010	2009	2008	2007
Benefit obligation at end of year	1,734	1,551	1,423	1,220	1,336
Fair value of plan assets at end of year	1,451	1,374	1,259	1,055	1,259
	-----	-----	-----	-----	-----
Deficit	(283)	(177)	(164)	(165)	(77)
Difference between actual and expected return on scheme assets					
Amount (£000)	(14)	36	148	(284)	(68)
Percentage of scheme assets	(1%)	3%	12%	(27%)	(5%)
Experience gains and (losses) on scheme liabilities					
Amount (£000)	(22)	-	-	-	-
Percentage of scheme liabilities	(2%)	0%	0%	0%	0%

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

16. PENSION ARRANGEMENTS (continued)

Defined contribution schemes

In addition to the defined benefit scheme discussed above, the company operates a defined contribution scheme. The assets of this scheme are held separately from those of the company in independently administered funds. The pension cost charge of £466,000 (2010 £495,000) represents contributions payable by the company to the funds. At 31 December 2011 there were £nil (2010 £nil) contributions outstanding.

17. CONTINGENT LIABILITIES

The company is jointly and severally liable under a group value added taxation registration for which it is the nominated company. The company has also given an unlimited guarantee in respect of bank facilities granted to the ultimate parent company and various group companies.

The company has also issued unsecured bank guarantees of £783,000 (2010 £873,000) on behalf of its subsidiary undertakings.

18. RELATED PARTIES

In 2006 the Company entered into an arms length consultancy agreement with Unipart Logistics Limited ("Unipart") for the provision of lean manufacturing consultancy services to the group. Mr John Neill, a non-executive director of Charter International plc, the ultimate parent company, is currently Deputy Chairman and Group Chief Executive of the Unipart Group of companies. The total charges paid to Unipart during the year were £599,000 (2010 £492,000). The amount payable at the year end and included in trade creditors was £43,000 (2010 £172,000).

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's shares are held by Weldcure Limited, its immediate parent company and controlling party at 31 December 2011. The company regards Charter International plc as its ultimate parent company and its ultimate controlling party until 13 January 2012. On 13 January 2012 Charter International plc was re-registered as a private limited company and renamed Charter International Limited, a wholly owned subsidiary of Colfax UK Holdings Limited. Colfax Corporation, which is listed on the New York Stock Exchange, became the Company's ultimate parent company and controlling party from 13 January 2012.

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 at 31 December 2011. Copies of its group financial statements are available from its head office at 322 High Holborn, London, WC1V 7PB, United Kingdom.

20. POST BALANCE SHEET EVENTS

Subsequent to Colfax Corporation becoming the company's ultimate parent company and controlling party on 13 January 2012, the company participated in an internal group restructuring that was carried out with a view to achieving operational and other efficiencies. This restructuring included internal transfers of

- certain inter-company receivables at carrying value,
- share capital of certain subsidiaries at, or above, the carrying value in the company's financial statements as at 31 December 2011 and
- share capital of certain fellow subsidiaries at, or above, the carrying value in the transferor's financial statements as at 31 December 2011.

The consideration for the transfer of share capital was satisfied by the allotment of share capital in the transferee company.