

REGISTERED NUMBER: 01687590 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
ESAB HOLDINGS LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Income Statement</b>	<b>6</b>
<b>Other Comprehensive Income</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>

**ESAB HOLDINGS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS:**

K F Atkins  
A L Puckett  
D A Pryor  
M P Lehman  
W B Flexon  
C M Hix

**REGISTERED OFFICE:**

6th Floor  
322 High Holborn  
London  
WC1V 7PB

**COMPANY SECRETARY:**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

**REGISTERED NUMBER:**

01687590 (England and Wales)

**AUDITORS:**

Ernst & Young LLP, London, Statutory Auditor

**BANKERS:**

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

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their strategic report for the year ended 31 December 2016.

**REVIEW OF BUSINESS**

The company acts as a holding company for the companies as disclosed in the financial statements. The company's principle activities are to provide 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 2017.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company's ultimate parent company is Colfax Corporation as at 31 December 2016. From the perspective of the directors, the principal risks and uncertainties and financial risks of the company are integrated with those of the Colfax Corporation group and are not managed separately. Accordingly, the principal risks and uncertainties and financial risks of the Colfax Corporation group, which include those of the company, are discussed in the business and financial review contained in Colfax's annual report, which does not form part of this report. Similarly the Colfax Corporation central treasury department carries out the management of financial risks, and details are discussed in the annual report of Colfax Corporation.

**OPERATIONAL ACTIVITIES**

The company's key financial and other performance indicators during the year were as follows:

	<b>2016 £000</b>	<b>2015 £000</b>	<b>Change %</b>
Turnover	14,267	19,932	(28)
Operating Profit	345	5,683	(94)
Profit /(Loss) after tax	15,642	(3,573)	537

**ON BEHALF OF THE BOARD:**

  
.....  
K Atkins - Director

Date: 28 July 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their annual report and audited financial statements of ESAB Holdings Limited for the year ended 31 December 2016.

**DIVIDENDS**

No dividend was paid in the year (2015: None).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

A L Puckett  
D A Pryor  
M P Lehman  
W B Flexon  
K F Atkins

Other changes in directors holding office are as follows:

C M Hix - appointed 2 January 2017  
D K Wells - appointed 2 January 2017, resigned 5 May 2017  
C S Brannan - resigned 2 January 2017

**RESULTS**

The Profit for the year, after taxation, amounted to £15,642,000 (2015: Loss of £3,573,000). The retained profit for the year has been transferred to reserves.

**POST BALANCE SHEET EVENT**

In 31 May 2017, ESAB Holdings Limited purchased 100% of the share capital of HTP Beteiligungs AG for a consideration of €46,753,265 (£40.9 million). This company is registered in Switzerland and is the parent company of the TBI group, with subsidiary companies in Germany, France, Czech Republic and China.

**GOING CONCERN**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

The company's ultimate parent has confirmed that it will ensure that amounts due to group undertakings do not fall due unless sufficient funds are available from amounts due from group undertakings or other sources so that the company can continue to meet its obligations. Accordingly, these financial statements have been prepared on the going concern basis.

**ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

Colfax Corporation is the ultimate parent company.

**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.

**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.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**STATEMENT AS TO 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 aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditors of the Company.

**ON BEHALF OF THE BOARD:**



K Atkins - Director

Date: 28 July 2017

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESAB HOLDINGS LIMITED**

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2016 on pages six to twenty one which comprises the Income statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes 1 to 19. 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), including Financial Reporting Standard FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

### **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 Strategic Report, the Report of the Directors and Audited Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland; 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 based on the work undertaken in the course of the audit:

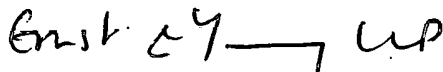
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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:

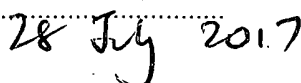
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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



James Hilditch (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory auditor, London

Date:



**ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>TURNOVER</b>	2	14,267	19,932
Administrative expenses		<u>(13,922)</u>	<u>(14,249)</u>
<b>OPERATING PROFIT</b>	5	345	5,683
Income from shares in group undertakings	6	345	7,557
Interest receivable and similar income	7	2,459	6,927
Amounts written off investments		32,646	(8,740)
Interest payable and similar charges	8	<u>(17,270)</u>	<u>(14,011)</u>
<b>PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		18,525	(2,584)
Tax on profit /(loss) on ordinary activities	9	<u>(2,883)</u>	<u>(989)</u>
<b>PROFIT /(LOSS) FOR THE FINANCIAL YEAR</b>		<u>15,642</u>	<u>(3,573)</u>

The notes form part of these financial statements



**ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>PROFIT /(LOSS) FOR THE YEAR</b>		15,642	(3,573)
<b>OTHER COMPREHENSIVE INCOME</b>		<u>32</u>	<u>71</u>
<b>TOTAL COMPREHENSIVE INCOME /(EXPENSE) FOR THE YEAR</b>		<u>15,674</u>	<u>(3,502)</u>

The notes form part of these financial statements

**ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**

**BALANCE SHEET  
31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Tangible assets	10	2,787	4,720
Investments	11	<u>679,393</u>	<u>646,747</u>
		<u>682,180</u>	<u>651,467</u>
<b>CURRENT ASSETS</b>			
Debtors	12	21,741	20,509
Cash in hand		<u>59</u>	<u>89</u>
		21,800	20,598
<b>CRÉDITORS</b>			
Amounts falling due within one year	13	<u>(364,335)</u>	<u>(347,983)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(342,535)</u>	<u>(327,385)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		339,645	324,082
<b>PENSION ASSET /(LIABILITY)</b>	15	<u>1</u>	<u>(110)</u>
<b>NET ASSETS</b>		<u>339,646</u>	<u>323,972</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	46,639	46,639
Share premium		-	352,068
Retained earnings		<u>293,007</u>	<u>(74,735)</u>
<b>SHAREHOLDERS' FUNDS</b>	18	<u>339,646</u>	<u>323,972</u>

The financial statements were approved by the Board of Directors on 28 July 2017 and were signed on its behalf by:

  
K Atkins - Director

The notes form part of these financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up Share Capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	46,639	(71,233)	352,068	327,474
<b>Changes in equity</b>				
Total comprehensive income	-	(3,502)	-	(3,502)
<b>Balance at 31 December 2015</b>	<u>46,639</u>	<u>(74,735)</u>	<u>352,068</u>	<u>323,972</u>
<b>Changes in equity</b>				
Capital reduction	-	352,068	(352,068)	-
Total comprehensive income	-	15,674	-	15,674
<b>Balance at 31 December 2016</b>	<u>46,639</u>	<u>293,007</u>	<u>-</u>	<u>339,646</u>

During the year, the company entered into a capital reduction program which resulted in £352,068,000 being transferred from the share premium account to the retained earnings account.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES**

**Basis of preparation**

ESAB Holdings Limited is a limited liability company incorporated at 6th Floor, 322 High Holborn, London, WC1V 7PB.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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, Colfax Corporation.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.
- related party disclosure.

**Turnover**

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

**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.

**Fixed assets impairment**

It is company policy to conduct a review for indicators of impairment prior to the year end. With fixed assets revaluations necessary to write assets down to ensure they are carried at the lower of cost and value to the business (higher of value in use and market value).

**Fixed asset investments**

Fixed asset investments are included at cost less provision for any impairment in value. The amount of any provision for impairment in value is determined by reference to the recoverable amount. Any provision for impairment in value will be released if the fixed asset investment demonstrates a sustained increase in the recoverable amount.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES - continued**

**Deferred tax**

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.

**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. 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.

**Going concern**

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

The company's ultimate parent has confirmed that it will ensure that amounts due to group undertakings do not fall due unless sufficient funds are available from amounts due from group undertakings or other sources so that the company can continue to meet its obligations. Accordingly, these financial statements have been prepared on the going concern basis.

**Related party transactions**

The Company is a wholly owned subsidiary undertaking of Colfax Corporation and accordingly has taken advantage of the exemption available in FRS 102 "Related party disclosures" not to disclose related party transactions which are eliminated on consolidation in the Colfax Corporation 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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES - continued**

**Pensions**

The company has applied the FRS 102 "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 15 includes contributions payable by the company to the fund.

**2. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

<b>Turnover</b>	<b>2016 £000</b>	<b>2015 £000</b>
Analysis of turnover by geographical market is as follows:-		
Europe	125	2,072
Rest of the World	14,142	17,860
	<u>14,267</u>	<u>19,932</u>

**3. STAFF COSTS**

	<b>2016 £'000</b>	<b>2015 £'000</b>
Wages and salaries	2,474	2,755
Social security costs	270	306
Other pension costs	<u>156</u>	<u>193</u>
	<u>2,900</u>	<u>3,254</u>

The average monthly number of employees during the year was as follows:

	<b>2016</b>	<b>2015</b>
Administration	<u>26</u>	<u>33</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

4. DIRECTORS' REMUNERATION

Salaries and other remuneration	2016 £000	2015 £000
Aggregate emoluments	84	76
Company contributions to defined contribution pension scheme	4	3
	<u>88</u>	<u>79</u>

Retirement benefits are accruing to one (2015: one) director under a money purchase scheme.

Highest paid director	2016 £000	2015 £000
Aggregate emoluments	88	79
	<u>88</u>	<u>79</u>

5. OPERATING PROFIT

Operating Profit is stated after Charging:-	2016 £'000	2015 £'000
Auditors' remuneration - audit services	(50)	(36)
Operating lease rentals - buildings	(380)	(380)
Tangible fixed assets - depreciation	(2,365)	(2,655)
Employee costs	(2,900)	(3,254)
Exceptional restructuring costs	(267)	(109)
Directors' remuneration	(88)	(79)

6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

Dividends received:	2016 £'000	2015 £'000
ESAB Africa Welding and Cutting (Pty) Ltd	280	217
ESAB Russia BV	-	7,285
ESAB India Limited	65	55
	<u>345</u>	<u>7,557</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Bank interest	3	-
Foreign exchange gain	<u>2,456</u>	<u>6,927</u>
	<u>2,459</u>	<u>6,927</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£'000	£'000
Interest payable to group undertakings	9,717	14,004
Foreign exchange loss	7,550	-
Retirement benefits: interest on scheme liabilities (note 15)	<u>3</u>	<u>7</u>
	<u>17,270</u>	<u>14,011</u>

9. TAXATION

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2016	2015
	£'000	£'000
Current tax:		
UK corporation tax	-	659
Overseas tax	2,883	989
Double taxation relief	<u>-</u>	<u>(659)</u>
Total current tax	<u>2,883</u>	<u>989</u>
Tax on loss on ordinary activities	<u>2,883</u>	<u>989</u>

UK corporation tax has been charged at 20.00%.



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**9. TAXATION - continued**

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £'000	2015 £'000
Profit /(Loss) on ordinary activities before tax	<u>18,525</u>	<u>(2,584)</u>
Profit /(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2015 – 20.25%)	3,705	(523)
Effects of:		
(Under) /over provided in prior years	497	-
Impairment of investments not taxable	(5,782)	1,770
Dividend non-taxable	(72)	(1,530)
Group relief surrender	1,313	-
Overseas tax	2,126	330
Group loans waived	(710)	62
Transfer pricing adjustments	588	660
Disallowed expenses	1,078	21
Deferred tax previously unrecognised	140	177
Difference between current and deferred tax rates	-	22
Total tax charge	<u>2,883</u>	<u>989</u>

**Factors affecting the tax Charge**

A number of changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement.

The Finance Act 2013, reduced the main rate of UK corporation tax from 21% to 20% from 1 April 2015. Finance (No. 2) Act 2015, substantively enacted on 26 October 2015, will reduce the rate to 19% from 1 April 2017. Finance Act 2016, substantively enacted on 6 September 2016, will further reduce the rate to 17% from 1 April 2020.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

10. TANGIBLE FIXED ASSETS

	Furniture and fittings £'000	Software £'000	Totals £'000
<b>COST</b>			
At 1 January 2016	107	15,272	15,379
Additions	-	432	432
At 31 December 2016	<u>107</u>	<u>15,704</u>	<u>15,811</u>
<b>DEPRECIATION</b>			
At 1 January 2016	96	10,563	10,659
Charge for year	11	2,354	2,365
At 31 December 2016	<u>107</u>	<u>12,917</u>	<u>13,024</u>
<b>NET BOOK VALUE</b>			
At 31 December 2016	<u>-</u>	<u>2,787</u>	<u>2,787</u>
At 31 December 2015	<u>11</u>	<u>4,709</u>	<u>4,720</u>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
<b>COST</b>	
At 1 January 2016	783,813
Additions	-
Investment disposal	(22,541)
At 31 December 2016	<u>761,272</u>
<b>PROVISIONS</b>	
At 1 January 2016	137,066
Provision for year	(32,646)
Investment disposal	(22,541)
At 31 December 2016	<u>81,879</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>679,393</u>
At 31 December 2015	<u>646,747</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**11. FIXED ASSET INVESTMENTS - continued**

Details of the company's principal investments are as follows:

<b>Name of company</b>	<b>Country of incorporation</b>	<b>Nature of business and operation</b>	<b>Interest in equity share capital</b>
Exelvia Netherlands BV	Netherlands	Holding company	100%
Exelvia Cyprus Limited	Cyprus	Holding company	100%
ESAB Group Russia Limited	England & Wales	Holding company	100%
ESAB Pensions Limited	England & Wales	Holding company	100%
ESAB Sweden Holdings AB	Sweden	Holding company	100%
ESAB Mor Kft	Hungary	Welding consumables	99%
ESAB India Limited	India	Welding consumables and equipment	37.31%*
ESAB Middle East LLC	United Arab Emirates	Welding consumables and equipment	49%
PT Esabindo Pratama Indonesia	Indonesia	Welding consumables and equipment	60%

\* 37.31% is directly held by the company with a further 36.41% held by Exelvia Group India BV. Which is an indirectly held wholly owned subsidiary of the company.

During the year, the ownership of ESAB KK (Japan) was transferred to Howden Group BV. The investment has been written off.

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.

In accordance with Section 401 of the Companies Act 2006, consolidated financial statements have not been prepared as the company is a wholly owned subsidiary of Colfax Corporation, a company incorporated in the United States of America.

Exelvia Netherlands BV is incorporated at Lansinkesweg 4, 7553 AE, Hengelo, Netherlands.

Exelvia Cyprus Limited is incorporated at 4th Floor, 12 Esperidon Street, 1087, Nicosia, Cyprus.

ESAB Group Russia Limited and ESAB Pensions Limited are incorporated at 6th Floor, 322 High Holborn, London, WC1V 7PB.

ESAB Sweden Holdings AB is incorporated at Box 8004, SE 40277, Göteborg, Sweden.

ESAB Mor Kft is incorporated at Teréz körút 55-57, Budapest, Hungary.

ESAB India Limited is incorporated at 3rd Main Road, Ambattur, Chennai 600 058, India.

ESAB Middle East LLC is incorporated at Plot No. S20134, Jebel Ali Free Zone (South), PO Box 8964, Dubai, United Arab Emirates.

PT Esabindo Pratama Indonesia is incorporated at Jl. Pulogadung No. 45 Kawasan Industri Pulogadung, Jakarta 13930, Indonesia.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Other debtors	168	132
Amounts due from group undertakings - interest free	21,505	19,937
Prepayments and accrued income	<u>68</u>	<u>440</u>
	<u>21,741</u>	<u>20,509</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.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Trade creditors	13,757	9,685
Other taxes and social security costs	111	111
Amounts owed to group undertakings - interest bearing	348,721	337,354
Accruals and deferred income	<u>1,746</u>	<u>833</u>
	<u>364,335</u>	<u>347,983</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 two percent.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2016	2015
Number:	Class:		£'000	£'000
46,639,001	Ordinary Shares	£1	<u>46,639</u>	<u>46,639</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**15. EMPLOYEE BENEFIT OBLIGATIONS**

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 31 March 2012 and updated to 31 December 2016 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.

<b>Change in benefit obligation</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>
Benefit obligation at beginning of year	2,104	2,303
Interest cost	3	7
Actuarial gain /(loss)	293	(126)
Benefits paid	(87)	(80)
<b>Benefit obligation at end of year</b>	<b>2,313</b>	<b>2,104</b>
 <b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	2,313	2,104
 <b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	1,994	2,048
Actuarial gain /(loss)	325	(55)
Employer contribution	87	86
Admin Expenses	(5)	(5)
Benefits paid	(87)	(80)
<b>Fair value of plan assets at end of year</b>	<b>2,314</b>	<b>1,994</b>
 <b>Funded status – Surplus /(deficit)</b>	<b>1</b>	<b>(110)</b>
 <b>Components of pension cost</b>		
Interest cost	3	7
Admin Expenses	5	5
<b>Total pension cost recognised in the profit and loss account</b>	<b>8</b>	<b>12</b>
 <b>Actuarial loss immediately recognised</b>	<b>(32)</b>	<b>(71)</b>
 <b>Total pension cost recognised in the statement of total recognised gains and losses</b>	<b>(32)</b>	<b>(71)</b>
 <b>Cumulative amount of actuarial losses immediately recognised</b>	<b>462</b>	<b>494</b>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

Plan scheme assets

The fair value of the scheme assets at the year-end were as follows:

Asset class:	Market Value 31 Dec 2016 (£'000's)
Equities	1,007
Index - Linked Gilts	345
Fixed interest Gilts	365
Corporate Bonds	582
Cash	15
Market Value	<u>2,314</u>

	2016 £000	2015 £000
Actual return on plan assets	<u>401</u>	<u>13</u>

Financial assumptions used:

	2016	2015
Discount rate	2.70%	3.70%
Salary increase rate	4.50%	4.30%
Rate of Inflation	3.50%	3.30%

Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. Bond returns are calculated by reference to the yields available on market indices. Equity and property returns allow for an element of additional outperforming above the yield on UK government securities.

Five year history (£'000)

	2016	2015	2014	2013	2012
Benefit obligation at end of year	2,313	2,104	2,219	1,957	1,894
Fair value of plan assets at end of year	<u>2,314</u>	<u>1,994</u>	<u>1,964</u>	<u>1,753</u>	<u>1,618</u>
Surplus /(deficit)	1	(110)	(255)	(204)	(276)
Difference between actual and expected return on scheme assets					
Amount (£'000)	76	68	183	47	54
Percentage of scheme assets	3%	3%	9%	3%	3%

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 £156,000 (2015: £193,000) represents contributions payable by the company to the funds. At 31 December 2016 there were £nil (2015: £nil) contributions outstanding.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**16. POST BALANCE SHEET EVENT**

In 31 May 2017, ESAB Holdings Limited purchased 100% of the share capital of HTP Beteiligungs AG for a consideration of €46,753,265 (£40.9 million). This company is registered in Switzerland and is the parent company of the TBI group, with subsidiary companies in Germany, France, Czech Republic and China.

**17. ULTIMATE PARENT COMPANY**

The company's shares are held by Cast Limited, its immediate parent company and controlling party at 31 December 2016. The company regards Colfax Corporation as its ultimate parent company and its ultimate controlling party at 31 December 2016. Colfax Corporation is listed on the New York Stock Exchange.

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 Colfax Corporation, a company incorporated in the United States of America at 31 December 2016. The consolidated financial statements of Colfax Corporation are available from Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701.

**18. 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 £10,853,000 (2015: £6,205,000) on behalf of its subsidiary undertakings.

**19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2016 £'000	2015 £'000
Profit /(Loss) for the financial year	15,642	(3,573)
Actuarial gains	<u>32</u>	<u>71</u>
<b>Net increase /(reduction) of shareholders' funds</b>	15,674	(3,502)
Opening shareholders' funds	<u>323,972</u>	<u>327,474</u>
<b>Closing shareholders' funds</b>	<u>339,646</u>	<u>323,972</u>