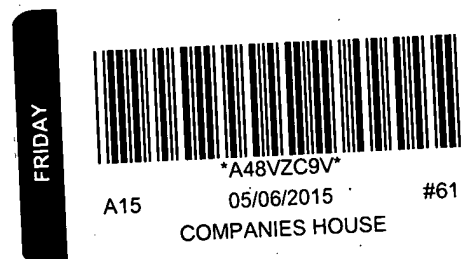


Registered number 01687590

ESAB HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014



ESAB HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS For the year ended 31 December 2014

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ESAB HOLDINGS LIMITED

DIRECTORS AND ADVISORS

DIRECTORS

Charles Scott Brannan
Daniel Pryor
Anne Lynne Puckett
William Flexon
Mark Paul Lehman
Kevin Atkins (appointed 2 February 2015)
Robin Clark (resigned 30 November 2014)
Thomas Murray (resigned 21 November 2014)

INDEPENDENT AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

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

REGISTERED OFFICE

TMF Corporate Administration Services
5th Floor
6 St Andrew Street
London
EC4A 3AE

ESAB HOLDINGS LIMITED

STRATEGIC REPORT

The directors present their strategic report of ESAB Holdings Limited for the year ended 31 December 2014.

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company acts as a holding company for the companies as disclosed under note 11 of the financial statements. The company's principal 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 2015.

OPERATIONAL ACTIVITIES

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

	2014 £000	2013 £000	Change %
Turnover	17,819	13,149	36%
Operating Profit /(Loss)	166	(12,754)	101%
Loss after tax	(39,820)	(26,505)	(50%)

During the year, turnover from Sweden was increased by £5,665,000, all relates to prior years, which is ESAB trade mark revenue due from ESAB AB.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's ultimate parent company is Colfax Corporation as at 31 December 2014. 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.

On behalf of the board



Kevin Atkins
Director
ESAB Holdings Limited

Date 29 May 2015.

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 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £39,820,000 (2013: Loss of £26,505,000).

No dividend was paid in the year (2013: None). The retained loss for the year has been transferred to reserves.

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 5 of the financial statements.

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 intermediate 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 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.

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.

ESAB HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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.

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.

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



Kevin Atkins
Director
ESAB Holdings Limited

Date 29 May 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESAB HOLDINGS LIMITED

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet and the 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).

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's 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 Directors' Responsibilities Statement 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 Annual Report and Financial Statements to identify material inconsistencies with the audited financial statement 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 2014 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S 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.

Ernst & Young LLP

James Hilditch (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date *1 June 2015*

ESAB HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2014

	Notes	2014 £000	2013 £000
TURNOVER	2	17,819	13,149
Administrative expenses		(17,653)	(25,903)
OPERATING PROFIT /(LOSS)	3	166	(12,754)
Income from shares in group undertakings	4	56	431
Impairment of investments	11	(32,121)	(4,484)
Interest receivable and similar income	7	4,323	173
Interest payable and similar charges	8	(9,163)	(7,815)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(36,739)	(24,449)
Tax charge on loss on ordinary activities	9	(3,081)	(2,056)
LOSS FOR THE FINANCIAL YEAR	16	(39,820)	(26,505)

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

	2014 £000	2013 £000
Loss for the financial year	(39,820)	(26,505)
Actuarial loss (note 17)	(156)	(10)
Currency adjustments on foreign currency investments	12,333	4,401
TOTAL RECOGNISED LOSSES FOR THE YEAR	(27,643)	(22,114)

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2014 £000	2013 £000
Loss for the financial year	(39,820)	(26,505)
Actuarial loss (note 17)	(156)	(10)
Exchange adjustment	12,333	4,401
Repaid dividend (note 16)	-	22,236
Net change in shareholders' funds	(27,643)	122
Opening shareholders' funds	355,117	354,995
CLOSING SHAREHOLDERS' FUNDS	327,474	355,117

ESAB HOLDINGS LIMITED

BALANCE SHEET AT 31 DECEMBER 2014

	Notes	2014 £000	2013 £000
NON CURRENT ASSETS			
Tangible assets	10	6,519	8,135
Investments	11	648,126	680,247
		<u>654,645</u>	<u>688,382</u>
CURRENT ASSETS			
Debtors - amounts falling due within one year	12	26,060	34,639
Cash at bank and in hand		164	194
		<u>26,224</u>	<u>34,833</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(353,140)	(367,894)
NET CURRENT LIABILITIES		<u>(326,916)</u>	<u>(333,061)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>327,729</u>	<u>355,321</u>
PENSION DEFICIT	17	(255)	(204)
NET ASSETS INCLUDING PENSION DEFICIT		<u>327,474</u>	<u>355,117</u>
CAPITAL AND RESERVES			
Called up share capital	15	46,639	46,639
Share premium account	16	352,068	352,068
Profit and loss account – Accumulated Deficit	16	(71,233)	(43,590)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>327,474</u>	<u>355,117</u>

The financial statements on pages 7 to 21 were approved by the board of directors.



Kevin Atkins
Director
ESAB Holdings Limited

Date 29 May 2015

Registered number 01687590

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

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, Colfax Corporation.

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 intermediate 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.

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, Sweden, Middle East and USA. 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. 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.

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 at the rate of 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 2014

1 ACCOUNTING POLICIES (continued)

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 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.

Cash flow statement

The ultimate parent company is Colfax Corporation as at 31 December 2014 and the cash flows of the company are included in the consolidated group cash flow statement of Colfax Corporation. Consequently the company is exempt under the terms of FRS 1 (revised 1996) "Cash flow statements" from publishing a cash flow statement.

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. ACCOUNTING POLICIES (continued)

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 8 "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.

2. TURNOVER

Analysis of turnover by geographical market is as follows:

	2014 £000	2013 £000
Europe	5,815	2,308
Rest of the World	12,004	16,506
Sweden	-	(5,665)
	<u>17,819</u>	<u>13,149</u>

3. OPERATING PROFIT /(LOSS)

	2014 £000	2013 £000
This is stated after (charging) /crediting:		
Auditors' remuneration – audit services	(31)	(31)
Other Professional services	(2)	(63)
Operating lease rentals – buildings (note 14)	(399)	(423)
Tangible fixed assets – depreciation (note 10)	(2,812)	(2,810)
Employee costs (note 6)	(5,207)	(7,058)
Exceptional restructuring costs	(201)	(908)
Directors' remuneration (note 5)	(254)	(119)

4. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2014 £000	2013 £000
Dividends received:		
ESAB India Limited	56	431
	<u>56</u>	<u>431</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. DIRECTORS' REMUNERATION

Salaries and other remuneration

	2014 £000	2013 £000
Aggregate emoluments	149	111
Company contributions to defined contribution pension scheme	12	8
Compensation for loss of office	93	-
	<u>254</u>	<u>119</u>

Retirement benefits are accruing to no directors (2013: none) under a defined benefit scheme and to one (2013: one) director under a money purchase scheme.

Highest paid director

	2014 £000	2013 £000
Aggregate emoluments	149	111
Compensation for loss of office	93	-
	<u>242</u>	<u>111</u>

6. EMPLOYEE INFORMATION

	2014 £000	2013 £000
Aggregate amounts payable:		
Wages and salaries	4,468	5,965
Social security costs	529	897
Other pension costs (note 17)	210	196
	<u>5,207</u>	<u>7,058</u>

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

Administration	<u>64</u>	<u>86</u>
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ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £000	2013 £000
Bank interest	4	6
Retirement benefits: expected return on plan assets (see note 17)	85	67
Group loans waived	2,500	100
Foreign exchange gain	1,734	-
	<u>4,323</u>	<u>173</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £000	2013 £000
Retirement benefits: interest on scheme liabilities (see note 17)	84	82
Interest payable to group undertakings	9,079	7,733
	<u>9,163</u>	<u>7,815</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. TAX ON LOSS ON ORDINARY ACTIVITIES

a) Analysis of charge in year

Current taxation:	2014 £000	2013 £000
UK corporation tax on loss for the year:	-	1,732
Overseas tax	(364)	(1,071)
Adjustment in respect of prior years	(2,663)	(2,771)
	<u>(3,027)</u>	<u>(2,110)</u>
Deferred taxation		
Current period	-	194
Prior period	(54)	(140)
	<u>(54)</u>	<u>54</u>
Total deferred taxation	<u>(54)</u>	<u>54</u>
Total tax on loss on ordinary activities	<u><u>(3,081)</u></u>	<u><u>(2,056)</u></u>

b) Factors affecting the tax charge for the year

The effective tax for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%). The differences are explained below.

	2014 £000	2013 £000
Loss on ordinary activities before tax	(36,739)	(24,449)
Loss on ordinary activities before tax multiplied by corporation tax 21.5% (2013: 23.25%)	7,899	5,684
Effects of:		
Depreciation in excess of capital allowances	(141)	(225)
Taxable income not included in profit and loss account	(1,704)	(2,235)
Adjustment in respect of prior years	(2,663)	(2,771)
Impairment of investments not taxable	(6,906)	(1,696)
Dividend non-taxable	12	100
Double taxation relief	364	249
Group relief surrendered	(62)	-
Overseas tax	(364)	-
Group loans waived	538	-
Non-deductible expenses	-	(75)
Trading Fx gain not included in the P&L	-	(70)
WHT – Not eligible for double tax relief	-	(1,071)
	<u>(3,027)</u>	<u>(2,110)</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

c) Deferred taxation

The movement on the deferred tax account is set out below:

	2014 £000	2013 £000
At 1 January	54	-
Charged to profit and loss account	(54)	54
	-----	-----
At 31 December (see note 12)	-	54
	=====	=====

d) 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, which received Royal Assent on 17 July 2013, reduced the main rate of corporation tax to 21% for the period 1 April 2014 to 31 March 2015 and to 20% from 1 April 2015.

No further legislative rate deductions are anticipated at this time.

10. TANGIBLE FIXED ASSETS

	Furniture & Fittings £000	Software £000	Total £000
Cost:			
At 1 January 2014	187	13,220	13,407
Additions	-	1,196	1,196
Disposals	(80)	-	(80)
	-----	-----	-----
At 31 December 2014	107	14,416	14,523
	-----	-----	-----
Accumulated depreciation:			
At 1 January 2014	143	5,129	5,272
Charge for the year	20	2,792	2,812
Disposals	(80)	-	(80)
	-----	-----	-----
At 31 December 2014	83	7,921	8,004
	-----	-----	-----
Net book value:			
At 31 December 2014	24	6,495	6,519
	=====	=====	=====
At 31 December 2013	44	8,091	8,135
	=====	=====	=====

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. INVESTMENTS

The company's investments are made up as follows:

	Subsidiary undertakings £000
Cost:	
1 January 2014	776,452
Additions	-

31 December 2014	776,452

Impairment:	
1 January 2014	96,205
Charge for the year	32,121

31 December 2014	128,326

Net book value:	
At 31 December 2014	648,126
	=====
At 31 December 2013	680,247
	=====

Details of the company's investments are as follows:

Name of company	Country of incorporation and operation	Nature of business	Interest in Equity Share Capital
Exelvia Netherlands BV	Netherlands	Holding company	100%
ESAB Russia BV	Netherlands	Holding company	100%
ESAB Group Russia Limited	England & Wales	Holding company	100%
ESAB Mor Kft	Hungary	Welding consumables	99%
Murex Welding Products (Ireland) Limited	Ireland	Dormant	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 Emirates	Welding consumables & equipment	49%
PT Esabindo Pratama Indonesia	Indonesia	Welding consumables & 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.

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. INVESTMENTS (continued)

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.

12. DEBTORS

	2014 £000	2013 £000
Amounts falling due within one year:		
Amounts due from group undertakings – interest free	25,180	31,083
Corporation tax – group relief	-	2,663
Deferred tax asset (note 9)	-	54
Other debtors	569	600
Prepayments and accrued income	311	239
	<u>26,060</u>	<u>34,639</u>

Interest free amounts due from group undertakings are unsecured and repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £000	2013 £000
Intercompany trade creditors	30,716	20,091
Amounts owed to group undertakings – interest free	-	2,500
Amounts owed to group undertakings – interest bearing	321,319	343,837
Other taxes and social security costs	175	588
Accruals and deferred income	930	878
	<u>353,140</u>	<u>367,894</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.

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

14. COMMITMENTS

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

	Land and buildings	Land and buildings
	2014 £000	2013 £000
Two to five years	399	423

15. CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid

	2014 £000	2013 £000
46,638,661 Ordinary shares of £1 each	46,639	46,639
Total share capital	46,639	46,639

16. RESERVES

	Share premium account £000	Profit and loss account £000	Total £000
At 1 January 2014	352,068	(43,590)	308,478
Retained loss for the financial year	-	(39,820)	(39,820)
Actuarial losses on pension scheme	-	(156)	(156)
Exchange Adjustment	-	12,333	12,333
At 31 December 2014	352,068	(71,233)	280,835

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. 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 31 March 2012 and updated to 31 December 2014 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.

	2014 £000	2013 £000
Change in benefit obligation		
Benefit obligation at beginning of year	1,957	1,894
Interest cost	84	82
Actuarial loss	340	57
Benefits paid	(78)	(76)
	<u>2,303</u>	<u>1,957</u>
Benefit obligation at end of year	<u>2,303</u>	<u>1,957</u>
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	<u>2,303</u>	<u>1,957</u>
Change in plan assets		
Fair value of plan assets at beginning of year	1,753	1,618
Expected return on plan assets	85	67
Actuarial gain	184	47
Employer contribution	104	97
Benefits paid	(78)	(76)
	<u>2,048</u>	<u>1,753</u>
Fair value of plan assets at end of year	<u>2,048</u>	<u>1,753</u>
Funded status – deficit	<u>(255)</u>	<u>(204)</u>
Components of pension cost		
Interest cost	84	82
Expected return on plan assets	(85)	(67)
	<u>(1)</u>	<u>15</u>
Total pension (return)/ charge recognised in the profit and loss account	<u>(1)</u>	<u>15</u>
Actuarial loss immediately recognised	<u>156</u>	<u>10</u>
Total pension cost recognised in the statement of total recognised gains and losses	<u>156</u>	<u>10</u>
Cumulative amount of actuarial losses immediately recognised	<u>919</u>	<u>763</u>

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. PENSION ARRANGEMENTS (continued)

Plan assets

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

Asset Category	2014	2013
Equities	39%	41%
Bonds	60%	58%
Other	1%	1%
	-----	-----
	100%	100%
	=====	=====

	£000	£000
Actual return on plan assets	268	114
	=====	=====

Weighted average assumptions used:

	2014	2013
Discount rate	4.4%	4.4%
Rate of compensation increase	4.6%	4.1%
Rate of inflation	3.6%	3.1%
Expected long-term return on plan assets	5.1%	4.5%

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:

	2014		2013	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	23.6	26.1	23.4	26.0
Member age 45 (life expectancy at age 65)	26.7	29.3	26.5	29.2

Five year history (£000)

	2014	2013	2012	2011	2010
Benefit obligation at end of year	2,303	1,957	1,894	1,734	1,551
Fair value of plan assets at end of year	2,048	1,753	1,618	1,451	1,374
	-----	-----	-----	-----	-----
Deficit	(255)	(204)	(276)	(283)	(177)
Difference between actual and expected return on scheme assets:					
Amount (£000)	183	47	54	(14)	36
Percentage of scheme assets	9%	3%	3%	(1%)	3%
Experience gains and (losses) on scheme liabilities:					
Amount (£000)	-	(33)	(57)	(22)	-
Percentage of scheme liabilities	-	(2%)	(3%)	(1%)	0%

ESAB HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. 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 £210,000 (2013: £196,000) represents contributions payable by the company to the funds. At 31 December 2014 there were £nil (2013: £nil) contributions outstanding.

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 £592,000 (2013: £6,412,000) on behalf of its subsidiary undertakings.

The company is a guarantor of the indebtedness incurred by Colfax UK Holdings Limited pursuant to that certain Credit Agreement, dated as of 12 September 2011, among Colfax Corporation, the company, Deutsche Bank AG New York Branch, as administrative agent, and the other lender parties thereto, and as amended by First Amendment dated 13 January 2012, Second Amendment dated 22 February 2013, Third Amendment dated 7 November 2013 and an incremental Amendment (Term A-1 Loan) dated 14 May 2014.

As at December 2014 the outstanding debt balance was £345,948,000 (\$539,420,000).

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's shares are held by Cast Limited, its immediate parent company and controlling party at 31 December 2014. The company regards Colfax Corporation as its ultimate parent company and its ultimate controlling party at 31 December 2014. 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 2014. The consolidated financial statements of Colfax Corporation are available from Colfax Corporation, 420 National Business Parkway, 5th Floor, Annapolis Junction, MD 20701.