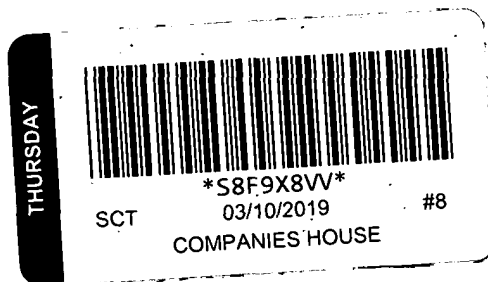


REGISTERED NUMBER: 01687590 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018
FOR
ESAB HOLDINGS LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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ESAB HOLDINGS LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

DIRECTORS:

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

REGISTERED OFFICE:

6th Floor
322 High Holborn
London
WC1V 7PB

REGISTERED NUMBER:

01687590 (England and Wales)

AUDITORS:

Ernst & Young LLP
G1 Building
5 George Square
Glasgow
G2 1DY
United Kingdom

BANKERS:

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

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their strategic report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The company acts as a holding company for the companies as disclosed in the financial statements. The company's principal activities are to provide management, administrative and technical services for companies within the Colfax Group. There are no planned change in its activities for the year to 31 December 2019.

PRINCIPAL RISKS AND UNCERTAINTIES

The company's ultimate parent company is Colfax Corporation as at 31 December 2018. 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:

	2018 £000	2017 £000	Change %
Turnover	61,270	67,505	(9)
Operating Profit	2,833	10,712	(74)
Loss after tax	11,951	66,417	82
Shareholders' funds	261,559	273,317	(4)

ON BEHALF OF THE BOARD:



K Atkins - Director

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report for the year ended 31 December 2018.

DIVIDENDS

No dividend was paid in the year (2017: None).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

K Atkins
D A Pryor
M P Lehman
W B Flexon

Other changes in directors holding office are as follows:

A L Puckett - resigned 21 February 2019

RESULTS

The loss for the year, after taxation, amounted to £11,951,000 (2017: Loss of £66,417,000). The retained loss for the year has been transferred to reserves. There are no planned changes in its activities for the year to 31 December 2019.

GOING CONCERN

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future as the company's ultimate parent has confirmed that it will provide support to ensure the company is able to meet its liabilities as and when they fall due for a period of at least 12 months from the date of the directors' report. Accordingly, these financial statements have been prepared on the going concern basis.

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 2018**

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

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

Opinion

We have audited the financial statements of ESAB Holdings Limited for the year ended 31 December 2018 which comprise of the Income Statement, the Balance Sheet, the Statement of other comprehensive income, the Statement of changes in equity and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Janie McMinn (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Glasgow, United Kingdom

Date: 2/10/19

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
TURNOVER	2	61,270	67,505
Administrative expenses		<u>(58,437)</u>	<u>(56,793)</u>
OPERATING PROFIT	4	2,833	10,712
Income from shares in group undertakings	5	7,659	68
Interest receivable and similar income	6	10	138
Movements in investment provision	7	(2,778)	(68,506)
Interest payable and similar expenses	8	<u>(16,619)</u>	<u>(9,488)</u>
(LOSS)/PROFIT BEFORE TAXATION		(8,895)	(67,076)
Tax on (loss)/profit	9	<u>(3,056)</u>	<u>659</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(11,951)</u>	<u>(66,417)</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
(LOSS)/PROFIT FOR THE YEAR		(11,951)	(66,417)
OTHER COMPREHENSIVE INCOME			
Actuarial pension movement	16	233	88
Deferred Tax on pension movement		(40)	-
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>193</u>	<u>88</u>
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		<u>(11,758)</u>	<u>(66,329)</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**BALANCE SHEET
31 DECEMBER 2018**

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	10	4,306	3,014
Investments	11	<u>856,998</u>	<u>858,674</u>
		<u>861,304</u>	<u>861,688</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	12	15,474	23,737
Cash in hand		<u>13</u>	<u>498</u>
		15,487	24,235
CREDITORS			
Amounts falling due within one year	14	<u>(615,692)</u>	<u>(612,774)</u>
NET CURRENT LIABILITIES		<u>(600,205)</u>	<u>(588,539)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		261,099	273,149
PENSION ASSET	16	<u>460</u>	<u>168</u>
NET ASSETS		<u>261,559</u>	<u>273,317</u>
CAPITAL AND RESERVES			
Called up share capital	15	46,639	46,639
Retained earnings		<u>214,920</u>	<u>226,678</u>
SHAREHOLDERS' FUNDS		<u>261,559</u>	<u>273,317</u>

The financial statements were approved by the Board of Directors on 2 October 2019 and were signed on its behalf by:



K Atkins - Director

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up Share Capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2017	46,639	293,007	-	339,646
Changes in equity				
Total comprehensive income	<u>-</u>	<u>(66,329)</u>	<u>-</u>	<u>(66,329)</u>
Balance at 31 December 2017	<u>46,639</u>	<u>226,678</u>	<u>-</u>	<u>273,317</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>(11,758)</u>	<u>-</u>	<u>(11,758)</u>
Balance at 31 December 2018	<u>46,639</u>	<u>214,920</u>	<u>-</u>	<u>261,559</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES

Basis of preparation

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.

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

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 exemptions 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;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

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, Russia, China and Brazil. 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. 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 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 is normally provided as follows:

Software is depreciated 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 2018**

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 Comprehensive Income.

Pensions

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 income statement, whilst actuarial gains/losses are reflected in the Statement of Other Comprehensive Income. 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.

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.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future as the company's ultimate parent has confirmed that it will provide support to ensure the company is able to meet its liabilities as and when they fall due for a period of at least 12 months from the date of the directors' report. Accordingly, these financial statements have been prepared on the going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. ACCOUNTING POLICIES - continued

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 income statement on a straight-line basis over the lease term.

2. TURNOVER

The turnover and loss (2017 - loss) before taxation are attributable to the one principal activity of the company.

Turnover	2018 £000	2017 £000
Analysis of turnover by geographical market is as follows:-		
Europe	33,061	34,068
Rest of the world	28,209	33,437
	<u>61,270</u>	<u>67,505</u>
	=====	=====

3. EMPLOYEES AND DIRECTORS

	2018 £'000	2017 £'000
Wages and salaries	2,910	2,655
Social security costs	369	314
Other pension costs	<u>154</u>	<u>158</u>
	<u>3,433</u>	<u>3,127</u>

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

	2018	2017
Administration	<u>31</u>	<u>27</u>

	2018 £	2017 £
Directors' remuneration	<u>100,000</u>	<u>97,000</u>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018****4. OPERATING PROFIT**

Operating Profit is stated after Charging:-

	2018 £'000	2017 £'000
Auditors' remuneration - audit services	50	50
Operating lease rentals - buildings	380	380
Tangible fixed assets - depreciation	922	1,382
Employee costs	3,433	3,127
Exceptional restructuring costs	175	-
Directors' remuneration	100	97

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2018 £'000	2017 £'000
Dividends received:		
ESAB Africa Welding and Cutting (Pty) Ltd	396	-
EWAC Alloys Limited	1,575	-
ESAB India Limited	5,688	68
	<u>7,659</u>	<u>68</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Bank interest	1	2
Retirement benefits: expected return on plan assets (see note 16)	5	1
Foreign exchange gain	4	135
	<u>10</u>	<u>138</u>

7. MOVEMENTS IN INVESTMENT PROVISION

	2018 £'000	2017 £'000
Impairment of fixed asset investments	<u>2,778</u>	<u>68,506</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £'000	2017 £'000
Interest payable to group undertakings	16,619	9,451
Group loans waived	-	37
	<u>16,619</u>	<u>9,488</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

9. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2018 £'000	2017 £'000
Current tax:		
UK tax	586	645
Less double tax relief	<u>(586)</u>	<u>(645)</u>
	-	-
Overseas tax	<u>2,862</u>	<u>2,048</u>
Deferred tax:		
Origination and reversal of timing differences	676	(2,707)
Adjustments in respect of prior periods	<u>(482)</u>	<u>-</u>
Total deferred tax charge	<u>194</u>	<u>(2,707)</u>
Total tax on loss on income statement	<u>3,056</u>	<u>(659)</u>

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:

	2018 £'000	2017 £'000
(Loss) /profit before tax	<u>(8,895)</u>	<u>(67,076)</u>
(Loss) /profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19.25%)	(1,690)	(12,912)
Effects of:		
Impairment of investments not taxable	528	13,187
Dividend non-taxable	(1,455)	(13)
Difference between current and deferred tax rates	(84)	(159)
Group relief surrender	3,584	515
Overseas tax	2,149	1,132
Group loans waived	(13)	7
Transfer pricing adjustments	640	1,101
Disallowed expenses	(126)	366
Other permanent items	5	5
Deferred tax	-	(3,888)
Deferred tax - adjustments in respect of prior periods	<u>(482)</u>	<u>-</u>
Total tax charge /(credit)	<u>3,056</u>	<u>(659)</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. TAXATION - continued

Factors affecting the tax Charge

The Finance (No. 2) Act 2015, substantially enacted on 26 October 2015, reduced the corporate rate of income tax to 19% from 1 April 2017 and to 18% from 1 April 2020. Finance Act 2016, substantively enacted on 6 September 2016, reduced the rate to 17% from 1 April 2020.

10. TANGIBLE FIXED ASSETS

	Fittings £'000	Software £'000	Totals £'000
COST			
At 1 January 2018	-	17,291	17,291
Additions	-	2,214	2,214
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	19,505	19,505
DEPRECIATION			
At 1 January 2018	-	14,277	14,277
Charge for year	-	922	922
	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	15,199	15,199
NET BOOK VALUE			
At 31 December 2018	-	4,306	4,306
	<hr/>	<hr/>	<hr/>
At 31 December 2017	-	3,014	3,014
	<hr/>	<hr/>	<hr/>

11. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2018	1,009,059
Additions	1,102
	<hr/>
At 31 December 2018	1,010,161
PROVISIONS	
At 1 January 2018	150,385
Provision for year	2,778
	<hr/>
At 31 December 2018	153,163
NET BOOK VALUE	
At 31 December 2018	856,998
	<hr/>
At 31 December 2017	858,674
	<hr/>

ESAB HOLDINGS LIMITED (REGISTERED NUMBER: 01687590)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018****11. FIXED ASSET INVESTMENTS - continued**

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

Name of company	Country of incorporation	Nature of business and operation	Interest in equity share capital
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%
HTP Beteiligungs AG	Switzerland	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%
EWAC Alloys Limited	India	Welding consumables	100%

* 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.

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.

During the year, the company made a further investment into EWAC Alloys Limited INR 100m (£1.102 million).

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 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.

ESAB India Limited is incorporated at 3rd Main Road, Ambattur, Chennai 600058, India.

HTP Beteiligungs AG is incorporated at Seeberstrasse 11, Muttentz 4132, Switzerland.

EWAC Alloys Limited is incorporated at L&T House, Ballard Estate, Mumbai, Maharashtra, 400001, India.

During the year, an assessment of the carrying value of the investments was undertaken and a decision to impair to a value of £2,778,000.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Other debtors	504	637
Deferred tax asset	2,458	2,692
Amounts due from group undertakings - interest free	12,070	20,307
Prepayments and accrued income	<u>442</u>	<u>101</u>
	<u>15,474</u>	<u>23,737</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. DEBTORS: DEFERRED TAX ASSET

The deferred tax asset is made up as follows:

	2018 £'000	2017 £'000
Decelerated capital allowances	849	1,042
Pension costs	(44)	(12)
Tax losses	<u>1,653</u>	<u>1,662</u>
Net deferred tax asset	<u>2,458</u>	<u>2,692</u>

	2018 £'000	2017 £'000
At the beginning of the period	2,692	-
Deferred tax (charged) / credited to the income statement	(194)	2,707
Deferred tax (charged) / credited to other comprehensive income	<u>(40)</u>	<u>(15)</u>
At the end of the period	<u>2,458</u>	<u>2,692</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Trade creditors	2,148	10,127
Other taxes and social security costs	76	81
Amounts owed to group undertakings - interest bearing	610,865	599,614
Accruals and deferred income	<u>2,603</u>	<u>2,952</u>
	<u>615,692</u>	<u>612,774</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.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal Value: £1	2018 £'000	2017 £'000
Number:	Class:			
46,639,001	Ordinary Shares		<u>46,639</u>	<u>46,639</u>

16. 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 2018 and updated to 31 December 2018 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.

Change in benefit obligation	2018 £000	2017 £000
Benefit obligation at beginning of year	2,262	2,313
Loss on Curtailments	11	-
Actuarial (gain) /loss	(357)	93
Benefits paid	<u>(114)</u>	<u>(144)</u>
Benefit obligation at end of year	<u>1,802</u>	<u>2,262</u>
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	<u>1,802</u>	<u>2,262</u>
Change in plan assets		
Fair value of plan assets at beginning of year	2,430	2,314
Expected return on plan assets	5	1
Actuarial (loss) /gain	(124)	181
Employer contribution	71	87
Administration expenses	(7)	(9)
Benefits paid	<u>(113)</u>	<u>(144)</u>
Fair value of plan assets at end of year	<u>2,262</u>	<u>2,430</u>
Funded status - Surplus	<u>460</u>	<u>168</u>
Components of pension cost		
Loss on Curtailments	11	-
Expected return on assets	(5)	(1)
Administration expenses	<u>7</u>	<u>9</u>
Total pension cost recognised in the profit and loss account	<u>13</u>	<u>8</u>
Actuarial gain immediately recognised	<u>(233)</u>	<u>(88)</u>
Total pension cost recognised in the statement of other comprehensive income	<u>(233)</u>	<u>(88)</u>
Cumulative amount of actuarial losses immediately recognised	<u>141</u>	<u>374</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

16. EMPLOYEE BENEFIT OBLIGATIONS - continued

Plan scheme assets

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

	Market Value 31 Dec 2018 (£'000's)
Asset class:	
Equities	476
Index - Linked Gilts	871
Fixed interest Gilts	384
Corporate Bonds	509
Cash	22
	<u>2,262</u>
Market Value	<u>2,262</u>

	2018 £000	2017 £000
Actual return on plan assets	<u>(59)</u>	<u>408</u>

Weighted average assumptions used:

	2018	2017
Discount rate	2.82%	2.5%
Salary increase rate	4.49%	4.5%
Rate of Inflation	3.49%	3.5%

The expected return on assets has been calculated by reference to the market value of the 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 outperforming above the yield on UK government securities.

Five year history (£'000)

	2018	2017	2016	2015	2014
Benefit obligation at end of year	1,802	2,262	2,313	2,104	2,219
Fair value of plan assets at end of year	<u>2,262</u>	<u>2,430</u>	<u>2,314</u>	<u>1,994</u>	<u>1,964</u>
Surplus /(Deficit)	460	168	1	(110)	(255)
Difference between actual and expected return on scheme assets					
Amount (£'000)	65	109	76	68	183
Percentage of scheme assets	3%	5%	3%	3%	9%

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 £153,000 (2017: £158,000) represents contributions payable by the company to the funds. At 31 December 2018 there were £nil (2017: £nil) contributions outstanding.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. ULTIMATE PARENT COMPANY

The company's shares are held by Cast Limited, its immediate parent company and controlling party at 31 December 2018. The company regards Colfax Corporation as its ultimate parent company and its ultimate controlling party at 31 December 2018. 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 2018. 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 £9,465,000 (2017: £11,746,000) on behalf of its subsidiary undertaking.