

ESAB ApS


Nordager 22, 6000 Kolding

Company reg. no. 10 24 47 14

Annual report

1 January - 31 December 2015

The annual report has been submitted and approved by the general meeting on the 10/6 2016



Jonathan Brent Bohmrich
Chairman of the meeting



Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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Management's report

The board of directors and the managing director have today presented the annual report of ESAB ApS for the financial year 1 January to 31 December 2015.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2015 and of the company's results of its activities in the financial year 1 January to 31 December 2015.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 1 June 2016

Managing Director

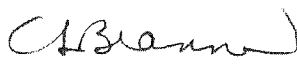


Jonathan Brent Bohmrich

Board of directors



Jonathan Brent Bohmrich
Chairman



Scott Charles Brannan



Sten Johan Magnus Wallin

The independent auditor's reports

To the shareholders of ESAB ApS

Independent auditors' report on the financial statements

We have audited the financial statement of ESAB ApS for the financial year 1 January to 31 December 2015, which comprise accounting policies used, profit and loss account, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

The management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

The audit has not resulted in any qualification.

The independent auditor's reports

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January to 31 December 2015 in accordance with the Danish Financial Statements Act.

Reports on other legal and regulatory requirements

Emphasis of matter paragraph on other matters

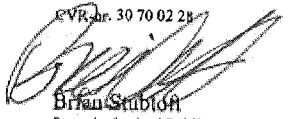
Without qualifying our opinion we note that the company does not comply with the Danish Bookkeeping Act with regards to archiving or access the bookkeeping records in Denmark. Management can be held liable for not complying with the Danish Bookkeeping Act.

Statement on the management's review

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the financial statements.

Frederiksberg, 1. June 2016

Ernst & Young, Godkendt Revisionspartnerselskab

EYR nr. 30 70 02 28

Brian Stublon
State Authorised Public Accountant

Company data

The company

ESAB ApS
Nordager 22
6000 Kolding

Company reg. no.: 10 24 47 14
Established: 26 June 1933
Domicile: Kolding
Financial year: 1 January - 31 December

Board of directors

Jonathan Brent Bohmrich, Chairman
Scott Charles Brannan
Sten Johan Magnus Wallin

Managing Director

Jonathan Brent Bohmrich

Auditors

Ernst & Young, Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
2000 Frederiksberg

Management's review

Principal activities

The main activity of the Company is sale of welding consumables and equipment for electric welding of metallic items. Delivery is furthermore made of automated welding equipment for cutting of metals by way of torch cutting and similar methods based on electric processes.

Development in activities and financial matters

The income statement for 2015 shows a profit of DKK 2.084.508 against DKK 2.128.772 last year and the balance sheet at 31 December 2015 shows equity of DKK 9.743.128.

Impact on the external environment

Purchasers of the Company's goods are primarily the shipbuilding and windmill industry and other manufacturing enterprises. The Company is therefore exposed to cyclical risks.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Profit and loss account 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Gross profit	9.750.336	10.904.724
1 Staff costs	<u>-6.975.866</u>	<u>-7.867.479</u>
Operating profit	2.774.470	3.037.245
2 Financial income	25.612	0
3 Financial expenses	<u>-12.771</u>	<u>-196.773</u>
Results before tax	2.787.311	2.840.472
4 Tax for the year	<u>-702.803</u>	<u>-711.700</u>
Results for the year	2.084.508	2.128.772
 Proposed distribution of the results:		
Allocated to results brought forward	<u>2.084.508</u>	<u>2.128.772</u>
Distribution in total	2.084.508	2.128.772

Balance sheet 31 December

All amounts in DKK.

<u>Note</u>	<u>2015</u>	<u>2014</u>
Assets		
Fixed assets		
Other receivables	77.493	77.493
Financial fixed assets in total	77.493	77.493
Fixed assets in total	77.493	77.493
Current assets		
Manufactured and commercial goods	1.895.567	1.364.671
Inventories in total	1.895.567	1.364.671
Trade debtors	17.353.696	16.851.761
Amounts owed by group enterprises	1.646.959	135.340
Deferred tax assets	270.052	440.469
Prepayments	18.845	25.334
Debtors in total	19.289.552	17.452.904
Cash and cash equivalents	1.079.216	744.661
Current assets in total	22.264.335	19.562.236
Assets in total	22.341.828	19.639.729

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2015</u>	<u>2014</u>
Equity			
5	Share capital	3.000.500	3.000.500
	Retained earnings	6.742.628	4.658.120
	Equity in total	9.743.128	7.658.620
Liabilities			
	Trade payables	620.411	848.247
	Payables to group entities	8.279.268	6.673.923
	Income taxes payable	532.386	785.299
	Other payables	3.166.635	3.673.640
	Short-term liabilities in total	12.598.700	11.981.109
	Liabilities in total	12.598.700	11.981.109
	Equity and liabilities in total	22.341.828	19.639.729

6 Contingencies

7 Related parties

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2014	3.000.500	2.529.348	5.529.848
Profit or loss for the year brought forward	<u>0</u>	<u>2.128.772</u>	<u>2.128.772</u>
Equity 1 January 2015	3.000.500	4.658.120	7.658.620
Profit or loss for the year brought forward	<u>0</u>	<u>2.084.508</u>	<u>2.084.508</u>
	<u>3.000.500</u>	<u>6.742.628</u>	<u>9.743.128</u>

Notes

All amounts in DKK.

	<u>2015</u>	<u>2014</u>
1. Staff costs		
Salaries and wages	6.157.119	7.014.687
Pension costs	775.341	780.976
Other costs for social security	43.406	71.816
	<u>6.975.866</u>	<u>7.867.479</u>
2. Financial income		
Foreign exchange gains	25.612	0
	<u>25.612</u>	<u>0</u>
3. Financial expenses		
Interest expenses, group entities	1.507	59.499
Other financial expenses	11.264	137.274
	<u>12.771</u>	<u>196.773</u>
4. Tax for the year		
Estimated tax charge for the year	532.386	785.299
Adjustment for the year of deferred tax	170.417	-73.381
Adjustment of tax for previous years	0	-218
	<u>702.803</u>	<u>711.700</u>
5. Share capital		
The share capital consists of 29 shares of 100.000 DKK, 1 shares of 99.000 DKK and 3 shares of 500 DKK.		

Notes

All amounts in DKK.

6. Contingencies

Contingent liabilities and other financial obligations

Other financial obligations

The company has entered into lease contracts for cars, printers and office rent. The total payments under the remaining terms of the contracts amount to 1.064.746 DKK.

Joint taxation

Howden Holdings ApS being the administration company, the company is subject to the Danish scheme of joint taxation and, as from the financial year 2012, unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

As from 1 July 2012, the company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with corporation tax and withholding tax is seen in the administration company's annual report. The total liability will be calculated after the presentation of this annual report. For the total liability please refer to this annual report.

7. Related parties

Ownership

According to the company's list of shareholders, the following shareholders own a minimum of 5 % of the voting rights or a minimum of 5 % of the share capital:

Exelvia International Holding BV, Lansinkesweg 4, Hengelo, 7553 AE, The Netherlands

The consolidated annual accounts may be ordered by contacting the ultimate parent company Colfax Corporation, Maryland, USA (www.colfaxcorp.com).

Accounting policies used

The annual report of ESAB ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, recognising a constant effective interest rate over the term. Amortised cost is stated at initial cost less any deduction and with additions/deductions of the accumulated amortisation of the difference between cost and nominal amount.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under financial income/financial expenses.

Accounting policies used

Receivables, payables, and other monetary items in foreign currency, which are not settled at the date of the balance sheet, are translated by using the closing rate. The difference between the closing rate and the rate at the time of establishment of the receivable or the payable is recognised in the profit and loss account under financial income/financial expenses.

The profit and loss account

Gross profit

The gross profit comprises the net turnover, cost of sale other external costs and other operating income.

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured net of all types of discounts/rabates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial expenses and financial income

Financial expenses and financial income include interest income, interest expenses, as well as allowances and surcharges under the advance-payment-of-tax-scheme. Financial expenses and financial income are recognised in the profit and loss account with the amounts concerning the financial year.

Tax for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation of the parent company and the Danish subsidiaries.

Accounting policies used

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses). Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

The balance sheet

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. In order to meet expected losses, writedown takes place at the net realisable value.

Prepayments

Prepayments recognised under assets comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable values.

Deferred tax are measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Accounting policies used

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.