

REGISTERED NUMBER 03609194 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
AIRGARE LIMITED**

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AIRGARE LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2012**

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AIRGARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012**

DIRECTORS

C S Brannan
A L Puckett
W B Flexon
M P Lehman
D A Pryor
R Clark
E A Raperport
G Rostron

REGISTERED OFFICE.

6th Floor, 322 High Holborn
London
WC1V 7PB

REGISTERED NUMBER.

03609194 (England and Wales)

AUDITORS.

Ernst & Young LLP

AIRGARE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of acting as an investment holding company and no change is planned in its activities in the year to 31 December 2013

REVIEW OF BUSINESS

The profit for the year, after taxation, was £341,024,000 (2011 Loss £(1,975,000))

The financial position at the year end was considered satisfactory

DIVIDENDS

Dividends of £342,119,000 were received from subsidiary undertakings and a dividend of £338,020,000 was paid during the year (2011 £Nil)

DIRECTORS

The directors who have held office during the period from 1 January 2012 to the date of this report are as follows

R A Careless - resigned 13 January 2012
J R Deeley - resigned 13 January 2012
J L Avery - resigned 29 June 2012
C S Brannan - appointed 13 January 2012
A L Puckett - appointed 13 January 2012
W B Flexon - appointed 5 March 2012
M P Lehman - appointed 5 March 2012
A J Stockwell - appointed 5 March 2012
D A Pryor - appointed 28 March 2012
R Clark - appointed 28 September 2012
E A Raperport - appointed 28 September 2012
G Rostron - appointed 28 September 2012

A J Stockwell ceased to be a director on 31 March 2013

PRINCIPAL RISKS AND UNCERTAINTIES AND FINANCIAL RISK MANAGEMENT

The company is a wholly owned subsidiary of Colfax Corporation. From the perspective of the company, the principal risks and uncertainties and financial risk management are aligned with the principal risks and uncertainties and financial risk management of Colfax Corporation and its subsidiaries. The principal risks and uncertainties and financial risk management of Colfax Corporation and its subsidiaries, which include those of the company, are discussed in the annual report of Colfax Corporation, which does not form part of this report.

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or financial position of the business. The development, performance and financial position of Colfax Corporation subsidiaries, which includes the company, are discussed in the annual report of Colfax Corporation which does not form part of this report.

AIRGARE LIMITED

REPORT OF THE DIRECTORS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISION

A L Puckett, C S Brannan, D A Pryor, M P Lehman, W B Flexon, A J Stockwell, R Clark, E A Raperport and G Rostron have been granted a qualifying third party indemnity, as defined in the Companies Act 2006, by the ultimate parent company, Colfax Corporation, to the extent permitted by law in respect of certain liabilities incurred as a result of their office in associated companies. They are indemnified against liability to third parties, excluding criminal liability and regulatory penalties and certain other liabilities. In addition, Colfax Corporation may pay the directors' legal costs as they are incurred, subject to reimbursement if the director is convicted, or if judgement is given against the director in an action brought against the company. Such indemnities survive the resignation of each director.

AUDITORS

PricewaterhouseCoopers LLP were the company's auditors until their resignation on 12 December 2012. Ernst & Young LLP were subsequently appointed to fill the position.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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.

AIRGARE LIMITED

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

ON BEHALF OF THE BOARD



R Clark - Director

Date

27 SEP 2013

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AIRGARE LIMITED

We have audited the financial statements of Airgare Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 14. 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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Report of the Directors and audited financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

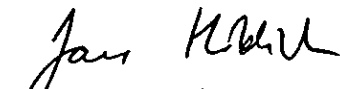
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



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

17 SEP 2013

Date

AIRGARE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	2012 £'000	2011 £'000
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT	2	-	-
Income from shares in group undertakings	3	342,119	-
Interest payable and similar charges	4	<u>(678)</u>	<u>(2,201)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		341,441	(2,201)
Tax on profit/(loss) on ordinary activities	5	<u>(417)</u>	<u>226</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>341,024</u></u>	<u><u>(1,975)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit the current year and the loss for the previous year

The notes form part of these financial statements

AIRGARE LIMITED

**BALANCE SHEET
31 DECEMBER 2012**

	Notes	2012 £'000	2011 £'000
FIXED ASSETS			
Investments	7	245,887	187,012
CURRENT ASSETS			
Debtors	8	820	1,236
CREDITORS			
Amounts falling due within one year	9	<u>(104)</u>	<u>(75,347)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>716</u>	<u>(74,111)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>246,603</u>	<u>112,901</u>
CAPITAL AND RESERVES			
Called up share capital	10	115	115
Share premium	11	245,583	114,885
Profit and loss account	11	<u>905</u>	<u>(2,099)</u>
SHAREHOLDERS' FUNDS	13	<u>246,603</u>	<u>112,901</u>

17 SEP 2013

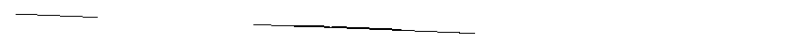
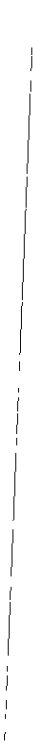
The financial statements were approved by the Board of Directors on
signed on its behalf by

and were



R Clark - Director

The notes form part of these financial statements



AIRGARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on the going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently throughout the financial year, is set out below.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year included in the profit and loss account and their historical cost equivalents.

Cash flow statement

The company is a wholly owned subsidiary of Colfax Corporation, and the cash flows of the company are included in the consolidated group cash flow statement. Consequently the company is exempt under the terms of FRS 1 (revised 1996) 'Cash flow statements' from publishing a cash flow statement.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Related party transactions

The company is a wholly owned subsidiary 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 financial statements.

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.

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. Impairment reviews are performed by the directors annually.

AIRGARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

2 OPERATING PROFIT

Directors' emoluments

The company's directors are employed and remunerated by a fellow subsidiary undertaking in respect of their services as a director of a number of group companies. No recharge is made to the company and it is not possible to make an accurate apportionment of their emoluments in respect of each of the group companies. Directors' emoluments are disclosed in the employing company's financial statements.

Employees

The company had no employees in the current or prior year.

Auditors' remuneration

Auditors' remuneration was borne by a fellow subsidiary undertaking in the current and prior year.

3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2012 £'000	2011 £'000
Dividends received - group undertakings	<u>342,119</u>	<u>-</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Interest payable - group undertakings	<u>678</u>	<u>2,201</u>

5 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	2012 £'000	2011 £'000
Current tax		
UK corporation tax	(166)	(583)
Adjustment in respect of previous years	<u>583</u>	<u>357</u>
Tax on profit/(loss) on ordinary activities	<u>417</u>	<u>(226)</u>

UK corporation tax has been charged at 24.50% (2011 - 26.50%)

AIRGARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2012****5 TAXATION - continued****Factors affecting the tax charge/(credit)**

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

	2012 £'000	2011 £'000
Profit/(loss) on ordinary activities before tax	<u>341,441</u>	<u>(2,201)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%)	83,653	(583)
Effects of Adjustment in respect of previous years	583	357
Fixed asset income not taxable	<u>(83,819)</u>	<u>-</u>
Current tax charge/(credit)	<u>417</u>	<u>(226)</u>

There are no recognised or unrecognised deferred tax assets or liabilities that are required to be disclosed in these financial statements

The tax assessed for the prior year was higher than the standard rate of corporation tax in the UK. The difference is explained above

A number of changes to the UK Corporation tax system were announced in the March 2013 UK Budget Statement. The Finance Act 2012, which received Royal Assent on 17 July 2012, reduced the main rate of corporation tax to 23% from 1 April 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 is expected to be included in the Finance Bill 2013. A further reduction in the main rate of 1% to 20% from 1 April 2015 is proposed. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

6 DIVIDENDS

	2012 £'000	2011 £'000
Ordinary dividend	<u>338,020</u>	<u>-</u>

AIRGARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

7 FIXED ASSET INVESTMENTS

	Shares in group undertaking £'000
COST	
At 1 January 2012	187,012
Additions	245,887
Disposals	<u>(187,012)</u>
At 31 December 2012	<u>245,887</u>
NET BOOK VALUE	
At 31 December 2012	<u>245,887</u>
At 31 December 2011	<u>187,012</u>

Interests in principal subsidiary undertakings

During the year the company bought 100% of the issued ordinary B share capital of CAST Limited, a company incorporated in England and Wales, whose principal activity is that of an investment holding company

During the year the company sold its 100% shareholding in Howden Holdings Limited, a company incorporated in England and Wales, whose principal activity is that of an investment holding company, at par value to a fellow group undertaking as part of a group reorganisation process

The directors believe that the carrying value of the investments is supported by their underlying net assets

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

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Corporation tax - group relief	<u>820</u>	<u>1,236</u>

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £'000	2011 £'000
Amounts owed to group undertakings	<u>104</u>	<u>75,347</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest is charged at LIBOR plus 1%

AIRGARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	2012 £'000	2011 £'000
115,003 (2011 - 115,001)	Ordinary shares		115	115

2 Ordinary shares of £1 were issued during the year for cash of £130,698,063

11 RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2012	(2,099)	114,885	112,786
Profit for the year	341,024		341,024
Dividends	(338,020)		(338,020)
Cash share issue	-	130,698	130,698
At 31 December 2012	905	245,583	246,488

12 CONTINGENT LIABILITIES

The company is a guarantor of the indebtedness incurred by Colfax UK Holdings Limited pursuant to that certain Credit Agreement, dated as of September 12, 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 January 13, 2012 and Second Amendment dated February 22, 2013. As at December 2012 the outstanding debt balance was \$637,975,000.

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £'000	2011 £'000
Profit/(loss) for the financial year	341,024	(1,975)
Dividends	(338,020)	-
New share capital subscribed	130,698	-
Net addition/(reduction) to shareholders' funds	133,702	(1,975)
Opening shareholders' funds	112,901	114,876
Closing shareholders' funds	246,603	112,901

AIRGARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2012

14 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's shares are held by Charter Consolidated Limited, its immediate parent company and controlling party at 31 December 2012. The company regards Colfax Corporation, which is listed on the New York Stock Exchange, as the Company's ultimate parent company and controlling party.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements for the year ended 31 December 2012 are prepared and of which the company is a member is Colfax Corporation, a company incorporated in the United States of America. Copies of its group financial statements are publicly available.