

REGISTERED NUMBER: 03609194 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013
FOR
AIRGARE LIMITED**



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FOR THE YEAR ENDED 31 DECEMBER 2013**

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AIRGARE LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013**

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:

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

REGISTERED NUMBER:

03609194 (England and Wales)

AUDITORS:

Ernst & Young LLP

AIRGARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report for the year ended 31 December 2013.

REVIEW OF BUSINESS

The principal activity of the company in the year under review was that of acting as an investment holding company and no change is planned in its activities in the year to 31 December 2014.

The loss for the year, after taxation, was £(2,000) (2012: profit £341,024,000).

The financial position at the year end was considered satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

ON BEHALF OF THE BOARD:



R Clark - Director

Date:

29/9/2014

AIRGARE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

DIVIDENDS

In the prior year dividends of £342,119,000 were received from subsidiary undertakings and a dividend of £338,020,000 was paid during the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

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

Other changes in directors holding office are as follows:

A J Stockwell - resigned 31 March 2013

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

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 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.

AIRGARE LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013**

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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.

ON BEHALF OF THE BOARD:



.....
R Clark - Director

Date:

29/9/2014
.....

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 2013 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 pages three and four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report, Report of the Directors and audited financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

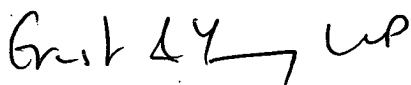
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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

Date: 29 September 2014

AIRGARE LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Notes	2013 £'000	2012 £'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>(2)</u>	<u>(678)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(2)	341,441
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>(417)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(2)</u></u>	<u><u>341,024</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 loss for the current year and the profit for the previous year.

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
FIXED ASSETS			
Investments	7	369,699	245,887
CURRENT ASSETS			
Debtors	8	714	820
CREDITORS			
Amounts falling due within one year	9	-	(104)
NET CURRENT ASSETS		<u>714</u>	<u>716</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>370,413</u>	<u>246,603</u>
CAPITAL AND RESERVES			
Called up share capital	10	115	115
Share premium	11	369,395	245,583
Profit and loss account	11	<u>903</u>	<u>905</u>
SHAREHOLDERS' FUNDS	13	<u>370,413</u>	<u>246,603</u>

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

29 September 2014 and



.....
R Clark - Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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 loss on ordinary activities before taxation and the loss 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

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

	2013 £'000	2012 £'000
Dividends received - group undertakings	<u>-</u>	<u>342,119</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Interest payable - group undertakings	<u>2</u>	<u>678</u>

5. TAXATION

Analysis of the tax charge

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

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax	-	(166)
Adjustment in respect of previous years	<u>-</u>	<u>583</u>
Tax on (loss)/profit on ordinary activities	<u>-</u>	<u>417</u>

UK corporation tax has been charged at 23.25% (2012 - 24.50%).

Factors affecting the tax charge

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	2013 £'000	2012 £'000
(Loss)/profit on ordinary activities before tax	<u>(2)</u>	<u>341,441</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24.500%)	-	83,653
Effects of:		
Adjustment in respect of previous years	-	583
Fixed asset income not taxable	<u>-</u>	<u>(83,819)</u>
Current tax charge	<u>-</u>	<u>417</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

5. TAXATION - continued

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 lower 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 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 reductions are anticipated at this time.

6. DIVIDENDS

	2013 £'000	2012 £'000
Ordinary dividend	-	<u>338,020</u>

7. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST	
At 1 January 2013	245,887
Additions	247,624
Disposals	<u>(123,812)</u>
At 31 December 2013	<u>369,699</u>
NET BOOK VALUE	
At 31 December 2013	<u>369,699</u>
At 31 December 2012	<u>245,887</u>

Interests in principal subsidiary undertakings

During the year the company participated in a group reorganisation program with fellow group undertakings. As part of this process the company purchased further ordinary B share capital issued by CAST Limited for consideration of £123,812,000. The company also purchased and subsequently disposed at par value interests in Soldex Holdings I LLC and Soldex Holdings II LLC.

On 17 April 2012 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.

On 17 April 2012 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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Amounts owed by group undertakings	548	-
Corporation tax - group relief	<u>166</u>	<u>820</u>
	<u>714</u>	<u>820</u>

Amounts owed by group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest is received at LIBOR minus 1% subject to a minimum of 0%.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Amounts owed to group undertakings	<u>-</u>	<u>104</u>

Amounts owed to group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest is charged at LIBOR plus 2%.

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2013 £'000	2012 £'000
115,004	ordinary	£1	<u>115</u>	<u>115</u>

1 ordinary share of £1 was issued during the year for cash of £123,812,374.

11. RESERVES

	Profit and loss account £'000	Share premium £'000	Totals £'000
At 1 January 2013	905	245,583	246,488
Deficit for the year	(2)		(2)
Cash share issue	<u>-</u>	<u>123,812</u>	<u>123,812</u>
At 31 December 2013	<u>903</u>	<u>369,395</u>	<u>370,298</u>

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 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 and Second Amendment dated 22 February 2013. As at December 2013 the outstanding debt balance was \$664,811,000 (£401,395,000).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2013

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
(Loss)/profit for the financial year	(2)	341,024
Dividends	-	(338,020)
New share capital subscribed	<u>123,812</u>	<u>130,698</u>
Net addition to shareholders' funds	123,810	133,702
Opening shareholders' funds	<u>246,603</u>	<u>112,901</u>
Closing shareholders' funds	<u>370,413</u>	<u>246,603</u>

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's shares are held by Charter Consolidated Limited, its immediate parent company and controlling party. 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 2013 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 at www.colfaxcorp.com.