Registered number 4569050

Torin Sifan Limited

Report and Financial Statements

31 July 2007

Registered No 4569050

Directors
S J Diamond
L F Rutter
K Sargeant

Secretary
S J Diamond

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

Registered office
Fleming Way
Crawley
West Sussex
RH10 9YX

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 July 2007

Results and dividends

The profit for the year was £727,000 (2006 - £368,000)

During the year, a dividend of £750,000 was declared and paid (2006 - £400,000) The directors do not recommend the payment of a further dividend

Principal activity and review of the business

The principal activity of the Company is the design, manufacture and distribution of a range of motors and components for use in air movement applications and gas boilers

Turnover for the year increased to £16,637,000 (2006 - £15,923,000) due to an encouraging uplift in demand for new DC motor products

The gross margin slipped following the change in sales mix and some pressure on material and energy costs, together with some inefficiencies arising from the closure of the Witney site (first detailed in the 2006 Directors' report)

The Company will continue to develop its existing activities and seek expansion opportunities to increase profitability, both organically and by acquisition

Research and development

The Company carries out research and development programmes to suit its particular market and product needs, offering customers application specific solutions to their air movement and gas boiler requirements

Directors

The directors who served during the period were as follows

S J Diamond (appointed 23 February 2007)
L F Rutter
K Sargeant

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties facing the Company currently include future interest rate levels affecting business confidence and the outlook for the U K public and private construction sectors which impacts demand for the group's products

Auditors

Ernst & Young LLP will remain as auditors to the Company by virtue of an elective resolution passed on 5 April 2004

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

S J Diamond
Director
7 November 2007

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent, and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985 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

Independent auditors' report

to the members of Tonn Sifan Limited

We have audited the Company s financial statements for the year ended 31 July 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses the Balance Sheet and the related notes 1 to 23 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985 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 auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Independent auditors' report

to the members of Torin Sifan Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 July 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

9 November 2007

Profit and loss account

for the year ended 31 July 2007

	Notes	2007 £000	2006 £000
Turnover	2	16,637	15,923
Cost of sales		(13,087)	(12 097)
Gross profit		3,550	3 826
Operating expenses - other		(2,539)	(2,599)
Operating expenses - exceptional reorganisation costs	3	(33)	(601)
Total operating expenses	3	(2,572)	(3,200)
Operating profit	4	978	626
Interest receivable	8	206	105
Profit on ordinary activities before tax		1,184	731
Tax on profit on ordinary activities	9	(457)	(363)
Profit for the year	20	727	368

Statement of total recognised gains and losses

There are no recognised gains and losses other than those disclosed in the profit and loss account above

Balance sheet

at 31 July 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Intangible assets	10	7,096	7,559
Tangible assets	11	2,290	2,353
Investment in subsidiaries	12	2,479	2,479
		11,865	12,391
Current assets			
Stocks	13	2,081	2,076
Debtors			
amounts falling due in more than one year	14	2,480	2,594
amounts falling due within year	14	2 839	2,466
Cash		1,257	1,096
		8 657	8,232
Creditors amounts falling due within one year	15	(2 749)	(2,810)
Net current assets		5,908	5,422
Total assets less current liabilities		17,773	17,813
Creditors amounts falling due in more than one year	15	(2,479)	(2,479)
Provisions for liabilities and charges	16	(232)	(249)
Net assets		15,062	15,085
Capital and reserves			
Called up equity share capital	19	5,000	5 000
Share premium	20	10,000	10,000
Profit and loss account	20	62	85
Shareholders' funds	20	15,062	15,085

K Sargeant
Director
7 November 2007

S J Diamond
Director
7 November 2007

Notes to the financial statements

at 31 July 2007

1. Accounting policies

Accounting convention

The financial statements of Torin Sifan Limited were approved for issue by the Board of Directors on 7 November 2007

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of preparation

The Company is exempt from the requirement to prepare group financial statements by virtue of section 228 of the Companies Act 1985 These financial statements therefore present information about the company as an individual undertaking

Statement of cash flows

A statement of cash flows has not been prepared as the Company is a wholly owned subsidiary of a parent which prepares consolidated financial statements available to the public

Depreciation

Depreciation is provided on all tangible fixed assets, except freehold land, at rates estimated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows

Freehold buildings	-	50 years
Plant and machinery	-	5 to 10 years
Fixtures, fittings, tools, equipment and vehicles	-	2 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Investments

Investments are included in the balance sheet at cost less amounts written off

The carrying values of investments in subsidiaries are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be fully recoverable

Goodwill

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis, normally over 20 years It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be fully recoverable

Notes to the financial statements

at 31 July 2007

1. Accounting policies (continued)

Research and development

Research and development expenditure, other than that re-chargeable to third parties is written off as incurred

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value and, in the case of work in progress and finished goods, includes the relevant proportion of overheads

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty The following criteria must also be met before revenue is recognised

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive tax, with the following exceptions

- Provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date Exchange differences arising in the ordinary course of business are included in the profit and loss account

Pension costs

The cost of providing defined contribution retirement pensions for employees charged in the profit and loss account represents the amounts payable by the Company for the financial year

Lease commitments

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term Provision is made for the cost of reinstatement work on leased properties where there is an obligation under the lease, and the costs can be reasonably estimated

Notes to the financial statements

at 31 July 2007

2. Turnover

Turnover, which comprises a single class of activity, represents the net amount invoiced to customers excluding value added tax and excluding sales of fixed assets The analysis of turnover by geographical area is as follows

	2007 *£000*	*2006* *£000*
UK	10,288	10,160
Overseas	6,349	5,763
Total continuing operations	16,637	15,923

3. Operating expenses

	2007 *£000*	*2006* *£000*
Distribution costs	689	720
Administrative expenses - other	1,850	1 879
Administrative expenses – exceptional reorganisation costs	33	601
	2,572	3,200

Exceptional reorganisation costs are discussed in the Directors' report

4 Operating profit

This is stated after charging

	2007 *£000*	*2006* *£000*
Depreciation of tangible fixed assets	305	375
Amortisation of intangible fixed assets	463	463
Operating lease rentals - land and buildings	87	152
- plant and machinery	23	23
Auditors' remuneration - audit services	20	20
Research and development expenditure	416	383

5. Directors' emoluments

No emoluments were paid or are payable to the directors in their capacity as directors of the Company

Notes to the financial statements

at 31 July 2007

6. Staff costs

	2007	*2006*
	£000	*£000*
Wages and salaries	3 745	3,592
Social security costs	330	325
Other pension costs	211	218
	4,286	4,135

	2007	*2006*
	No	*No*
The monthly average number of employees during the financial year was as follows		
Production	180	164
Sales and administration	59	60
	239	224

7. Pensions

The Company s employees who have elected to receive pension benefits are members of either a defined contribution pension scheme operated by Torin Limited, a subsidiary of the Company, or a defined contribution scheme operated by Volution Limited, a group company Under each scheme, contribution rates paid by the Company are fixed dependent upon the member's age and length of service

8 Interest receivable

	2007	*2006*
	£000	*£000*
Interest receivable on loans to group undertaking	199	104
Other interest receivable	7	1
	206	105

Notes to the financial statements

at 31 July 2007

9. Tax on profit on ordinary activities

(a) Analysis of charge in year

	2007 £000	2006 £000
Current tax		
UK corporation tax on the profit for the year	508	443
Adjustments in respect of the prior year	–	(4)
Total current tax (note 9(b))	508	439
Deferred tax		
Origination and reversal of timing differences	(51)	(76)
Total deferred tax (note 9(c))	(51)	(76)
Total tax charge for the year (note 9(a))	457	363

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £000	2006 £000
Profit on ordinary activities before tax	1,184	731
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	355	219
Effects of		
Expenses not deductible for tax purposes	139	148
Capital allowances in arrears of depreciation	–	45
Other timing differences	14	31
Adjustments in respect of the prior year	–	(4)
Current tax charge for the year (note 9(a))	508	439

(c) Deferred tax asset

	2007	2006
At 31 July 2006/2005	(25)	51
Deferred tax credit in profit and loss account	(51)	(76)
At 31 July 2007/2006	(76)	(25)
Consisting of		
Accelerated capital allowances	–	51
Other timing differences	(76)	(76)
At 31 July 2007/2006	(76)	(25)

The deferred tax asset is included in debtors (note 14)

Notes to the financial statements

at 31 July 2007

10. Intangible fixed assets

Intangible fixed assets represents goodwill on the acquisition of businesses during the period ended 2 August 2003

	Goodwill *£000*
Cost	
At 31 July 2007 and 2006	9,256
Amortisation	
At 1 August 2006	(1 697)
Charge for the year	(463)
At 31 July 2007	(2,160)
Net book value	
At 31 July 2007	7,096
At 1 August 2006	7,559

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years

11. Tangible fixed assets

	Freehold land and buildings *£000*	*Plant and machinery* *£000*	*Fixtures, fittings, tools equipment and vehicles* *£000*	*Total* *£000*
Cost				
At 1 August 2006	1,659	3,129	3,813	8,601
Additions	11	101	149	261
Disposals	–	(521)	(1 851)	(2,372)
At 31 July 2007	1,670	2,709	2 111	6,490
Depreciation				
At 1 August 2006	(262)	(2,461)	(3,525)	(6,248)
Charge for the year	(31)	(133)	(141)	(305)
Disposals	–	513	1,840	2,353
At 31 July 2007	(293)	(2,081)	(1,826)	(4,200)
Net book value				
At 31 July 2007	1,377	628	285	2,290
At 1 August 2006	1,397	668	288	2,353

Notes to the financial statements

at 31 July 2007

12. Investment in subsidiary undertakings

	£000
Cost	
At 31 July 2007 and 31 July 2006	2,479

Investments represent interests in the following subsidiary companies

Company	*Proportion of shares held*	*Nature of business*
Torin Limited	100%	Unremunerated agent
Sifan Systems Limited	100%	Unremunerated agent

13. Stocks

	2007	*2006*
	£000	*£000*
Raw materials and consumables	1,334	1,224
Work in progress	506	566
Finished goods and goods for resale	241	286
	2,081	2,076

The difference between the estimated replacement cost of stocks and the purchase price or production cost is not material

14 Debtors

	2007	*2006*
	£000	*£000*
Amounts falling due within one year		
Trade debtors	2,556	2,215
Amounts owed by other group undertakings	89	31
Prepayments and accrued income	118	195
Deferred tax (note 9(c))	76	25
	2,839	2,466
Amounts falling due in more than one year		
Amounts owed by other group undertakings	2,480	2,594

Notes to the financial statements

at 31 July 2007

15. Creditors

	2007 £000	2006 £000
Amounts falling due within one year		
Trade creditors	1,930	1,810
Amounts owed to group undertakings	509	439
Other creditors	220	471
Taxes and social security	90	90
	2,749	2,810
Amounts falling due in more than one year		
Amounts owed to subsidiary undertakings	2,479	2,479

Amounts owed to subsidiary undertakings have no fixed date for repayment

16. Provisions for liabilities and charges

	2006 £000	Charge £000	Utilisation £000	2007 £000
Service guarantees	149	67	(84)	132
Property dilapidations	100	–	–	100
	249	67	(84)	232

17 Capital commitments

	2007 £000	2006 £000
Amounts contracted	25	34

18. Obligations under operating leases

At 31 July 2007, the company had annual commitments as follows

	Land and buildings			Other
	2007 £000	2006 £000	2007 £000	2006 £000
Leases expiring				
Within one year	–	80	7	1
Within two to five years	–	–	14	26
After 5 years	3	3	–	–
	3	83	21	27

Notes to the financial statements

at 31 July 2007

19. Called up share capital

	Authorised, issued and fully paid	
	2007	*2006*
	£000	*£000*
5,000,000 ordinary shares of £1 each	5,000	5,000

20. Reconciliation of shareholders' funds and movement on reserves

	Ordinary share capital	*Share premium account*	*Profit and loss account*	*Total*
	£000	*£000*	*£000*	*£000*
At 31 July 2005	5,000	10,000	117	15,117
Profit for the year	–	–	368	368
Dividends paid	–	–	(400)	(400)
At 31 July 2006	5,000	10,000	85	15 085
Profit for the year	–	–	727	727
Dividends paid	–	–	(750)	(750)
At 31 July 2007	5,000	10,000	62	15,062

21. Contingent liabilities

The company guarantees bank loans of £86,395,000 (2006 -£122,500,000) held by Darwin Mezzanine Limited with Royal Bank of Scotland plc on a joint and several basis with other group companies The company also acts as a chargor for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets

22. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other members of the Darwin Equity Limited group, as over 90% of voting rights are controlled within the group and group financial statements in which the company is consolidated are publicly available

23. Parent undertaking and controlling party

The Company s immediate parent undertaking is Vent-Axia Group Limited The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Darwin Equity Limited Copies of the consolidated financial statements of Darwin Equity Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX

The ultimate parent undertaking and controlling party are disclosed in the financial statements of Darwin Equity Limited