Registered No 5841596

Darwin Bond Limited

Report and Financial Statements

31 July 2011

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 and financial statements for the year ended 31 July 2011

Results and dividends

The company generated a loss after tax for the year of £504,000 (2010 – £369,000) The directors do not recommend the payment of a dividend (2010 – nil)

Principal activity and review of the business

The company is an intermediate holding company providing funds to its subsidiary The Company also has indirectly owned subsidiaries that are engaged in

- the design, manufacture and distribution of unitary and systems ventilation products and equipment These include a number of respected brands in the ventilation industry, and
- the design, manufacture and distribution of a range of motors and components for use in air movement applications and gas boilers

The Company's key financial performance indicator during the year was as follows

	2011	*2010*	*Change*
	£000	*£000*	*%*
Profit before tax	2,450	2,416	1 4%

The pre-tax results of the company have remained stable There have been offsetting movements in interest receivable and interest payable due to variances in underlying loan balances and the continued compounding of interest

Future developments

The company will continue with its principal activity and expects future income to continue to cover its interest exposure

Going concern

As illustrated in the business review, the company has continued to generate a profit before tax despite having net liabilities The net liabilities mainly arise from the cost of servicing non-current interest bearing loans and borrowings, which are not repayable until maturity in 2016 All interest due on these interest-bearing loans and borrowings is also not payable until the maturity date and therefore causes no constraint to cash resources A cash flow forecast indicates the company will be able to meet its liabilities as and when they fall due for the foreseeable future

The directors also confirm that after making appropriate enquiries, they have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future

For the reasons explained above, the directors continue to adopt the going concern basis in preparing the financial statements The directors' responsibilities are set out on page 4 and should be read in conjunction with this statement

Principal risks and uncertainties

The directors consider the principal risk and uncertainty facing the Company to be liquidity risk (explained below) and any potential impairment of the company's investments (disclosed in note 7)

Liquidity risk is risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities Cash flow is regularly monitored using weekly and monthly reporting and the company is therefore aware of its financial commitments To the best of the directors' knowledge there are no foreseeable constraints in discharging obligations in the foreseeable future

Directors' report (continued)

Principal risks and uncertainties (continued)

The company also reviews its long term funding requirements in parallel with its long term strategy with an objective of aligning both in a timely manner

The company reviews the financial performance of its investments on a regular basis

Directors

The directors who served the company during the year were as follows

S J Diamond
L F Rutter
K Sargeant

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Auditors

Ernst & Young LLP will remain as auditors to the Company by virtue of an elective resolution passed on 7 November 2007

By order of the Board

S J Diamond
Secretary

18 OCTOBER 2011

Directors' responsibilities statement

The directors are responsible for preparing the Director s 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) 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, 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 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

Independent auditor's report

to the members of Darwin Bond Limited

We have audited the financial statements of Darwin Bond Limited for the year ended 31 July 2011 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 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

Respective responsibilities of directors and auditor

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 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 (APB'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 Directors' report 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 July 2011 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report (continued)

to the members of Darwin Bond Limited

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

Ernst & Young LLP

Julie Carlyle (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, (Statutory Auditor)
London

25 October 2011.

Profit and loss account

for the year ended 31 July 2011

	Notes	*2011* *£000*	*2010* *£000*
Interest receivable	4	13,134	11,547
Interest payable and similar charges	5	(10,684)	(9,131)
Profit on ordinary activities before taxation	2	2,450	2,416
Tax on profit on ordinary activities	6	(2,954)	(2,785)
Loss for the financial year	12	(504)	(369)

Statement of total recognised gains and losses

for the year ended 31 July 2011

There are no recognised gains or losses other than the loss for the year of £504,000 (2010 –£369,000)

Balance sheet
at 31 July 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investment in subsidiary undertakings	7	913	913
Current assets			
Debtors			
amounts falling due after more than one year	8	103,248	90,323
amounts falling due within one year	8	3,182	2,733
		106,430	93,056
Creditors amounts falling due within one year	9	(3,208)	(2,785)
Net current assets		103,222	90,271
Total assets less current liabilities		104,135	91,184
Creditors amounts falling due after more than one year	10	(104,672)	(91,217)
Net liabilities		(537)	(33)
Capital and reserves			
Called up share capital	11	913	913
Profit and loss account	12	(1,450)	(946)
Shareholders' funds	12	(537)	(33)

K Sargeant
Director

18 OCTOBER 2011

S J Diamond
Director

18 OCTOBER 2011

Notes to the financial statements

at 31 July 2011

1. Accounting policies

Basis of preparation

The financial statements of Darwin Bond Limited were approved for issue by the board of directors on 18 October 2011 The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking

Going Concern

As explained in the directors report, the company has continued to generate a profit before tax despite having net liabilities The net liabilities mainly arise from the cost of servicing non-current interest bearing loans and borrowings, which are not repayable until maturity in 2016 All interest due on these interest-bearing loans and borrowings is also not payable until the maturity date and therefore causes no constraint to cash resources A cash flow forecast indicates the company will be able to met its liabilities as and when they fall due for the foreseeable future

The directors also confirm that after making appropriate enquiries, they have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future For the reasons explained above, the directors continue to adopt the going concern basis in preparing the financial statements

Statement of cash flows

In accordance with FRS 1 (Revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own publicly available group financial statements

Investments

Investments are stated at cost less provision for any impairment in value The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

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 the balance sheet date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for deferred tax that would arise on remittance of retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not those taxable profits will be available 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

Notes to the financial statements (continued)

at 31 July 2011

1. Accounting policies (continued)

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

Revenue recognition

Interest income

Revenue is recognised as interest accrues using the effective interest rate method

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by repayments made in the period Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount

Finance costs of debts are allocated over the term of the debt as a constant rate on the carrying amount

2. Operating profit

Profit before tax is stated after charging

	2011	*2010*
	£000	*£000*
Auditors' remuneration - audit services	3	3

3. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2010 – nil) The directors are also directors of an intermediate parent undertaking, Volution Group Limited and receive emoluments from a fellow intermediate parent undertaking, Volution Holdings Limited in respect of services to the group Total emoluments paid by the enlarged Volution Group Limited group to the directors of the company (including pension scheme contributions) was £1,049,000 (2010 869,000) It is not possible to identify the proportion of these emoluments that relate to services to this company

4. Interest receivable

	2011	*2010*
	£000	*£000*
Interest receivable on amounts owed by group undertakings	13,134	11,547

Notes to the financial statements (continued)
at 31 July 2011

5. Interest payable and similar charges

	2011 £000	2010 £000
Interest payable on PIK notes	9,498	8,081
Interest payable on non QCB loan notes	880	772
Interest paid to parent company on loan	306	278
	10,684	9,131

Interest payable on PIK notes has been reduced by £2,929,000 (2010 – £2,733,000) to reflect an agreement with a previous bondholder to compensate the company for non-deductibility for tax purposes of a portion of the interest cost The corresponding receivable for the above is disclosed in note 8

6. Tax on profit on ordinary activities

(a) The tax charge is made up as follows

	2011 £000	2010 £000
Current tax		
UK corporation tax on the profit for the year	2,954	2,785
Adjustment in respect of prior year	253	–
Total current tax (note 6(b))	3,207	2,785
Deferred tax		
Origination and reversal of timing differences	(253)	–
Total deferred tax (note 6(c))	(253)	–
Tax on profit on ordinary activities	2,954	2,785

Notes to the financial statements (continued)

at 31 July 2011

6. Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 27 33% (2010 – 28%) The differences are explained below

	2011	*2010*
	£000	*£000*
Profit on ordinary activities before tax	2,450	2,416
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27 33% (2010 – 28%)	670	676
Effects of		
Interest not deductible for tax purposes	2,284	2,109
Adjustment in respect of prior year	253	–
Current tax charge for the year (note 6(a))	3,207	2,785

Interest not deductible for tax purposes relates to interest paid on PIK notes and unsecured non-QCB loan notes The underlying loans are presented in note 10

(c) Deferred tax asset

	2011	*2010*
	£000	*£000*
Deferred tax credit in the profit and loss account (note 6(a))	253	–
At 31 July	253	–

The deferred tax asset consists of other timing differences (2010 – nil)

Notes to the financial statements (continued)
at 31 July 2011

7. Investment in subsidiary undertakings

	2011	2010
	£000	£000
Cost		
At 31 July	913	913

The investment represents a 100% shareholding in Darwin Mezzanine Limited (a fellow intermediate holding company), which has interests in the following companies

Company	*Country of incorporation*	*Proportion of shares held*	*Nature of business*
Volution Holdings Limited	England	100%	Holding company
Manrose Manufacturing Limited	England	100%	Air movement products
Volution Limited	England	100%	Holding company
Vent-Axia Group Limited	England	100%	Air movement products
Torin Sifan Limited	England	100%	Air movement products
Anda Products Limited	England	100%	Unremunerated agent
Axia Fans Limited	England	100%	Dormant
NCA Manufacturing Limited	England	100%	Dormant
Roof Units Limited	England	100%	Unremunerated agent
Sifan Systems Limited	England	100%	Unremunerated agent
Torin Limited	England	100%	Unremunerated agent
Torin Holdings Limited	England	100%	Non Trading
Tradewinds Ventilation Limited	England	100%	Dormant
Vent-Axia Limited	England	100%	Unremunerated agent
Vent-Axia Air Conditioning Limited	England	100%	Dormant
Vent-Axia Clean Air Systems Limited	England	100%	Unremunerated agent
Vent-Axia Ventilation Limited	England	100%	Dormant
Willow Plastics Limited	England	100%	Dormant
Volution Finance (UK) Limited	England	100%	Non-trading

8. Debtors

	2011	2010
	£000	£000
Amounts falling due within one year		
Other debtors	2,929	2,733
Deferred tax asset (note 6(c))	253	–
	3,182	2,733
Amounts falling due after more than one year		
Amounts owed by group undertakings	103,248	90,323

Amounts owed by group undertakings represents loans to Darwin Mezzanine Limited The main terms of these loans are as follows

- £96,512,000 (2010 – £84,466,000), which has no fixed date for repayment and carries interest at 14 24% per annum compounded six monthly, and
- £6,736,000 (2010 – £5,857,000), which is repayable in 2016 and carries interest at 14 24% compounded quarterly

The company will not demand the loans be repaid within 12 months of the date of approving these financial statements

Notes to the financial statements (continued)

at 31 July 2011

9. Creditors: amounts falling due within one year

	2011	*2010*
	£000	*£000*
Amounts owed to group undertakings	3,208	2,785

10. Creditors: amounts falling due after more than one year

	2011	*2010*
	£000	*£000*
PIK Notes of £65,097,000 repayable in 2016	95,174	82,747
Unsecured non QCB loan notes of £3,337,000 repayable in 2016	6,736	5,857
Amounts owed to parent company	2,762	2,613
	104,672	91,217

The PIK notes and the non QCB loan notes are unsecured and are repayable in one instalment in 2016 Both loans carry interest at 14 24% per annum compounded quarterly

Amounts owed to the parent company represent a loan from the immediate parent company, Volution Group Limited There is no fixed date for repayment and interest is payable at 11 5% per annum compounded half-yearly on 31 January and 31 July It is not the directors intention to repay, in full, the intercompany loans outstanding as at 31 July 2011 within 12 months of the balance sheet date The directors have also received confirmation the loan will not be called within 12 months of the date of approving these financial statements

The fair value of each financial liability does not materially differ from the carrying value

11. Issued share capital

		2011		*2010*
Allotted, called up and fully paid	*No*	*£000*	*No*	*£000*
Ordinary shares of £1 each	912,700	913	912,700	913

Notes to the financial statements (continued)

at 31 July 2011

12. Reconciliation of shareholders' funds and movements on reserves

	Ordinary share capital £000	*Profit and loss account £000*	*Total share-holders' funds £000*
At 1 August 2009	913	(577)	336
Loss for the year	–	(369)	(369)
At 1 August 2010	913	(946)	(33)
Loss for the year	–	(504)	(504)
At 31 July 2011	913	(1,450)	(537)

13. Related party transactions

The company has taken advantage of the exemption available in FRS 8 not to disclose transactions with other wholly owned members of the Volution Group Limited group, as 100% of voting rights are controlled within the group and the group financial statements in which the company is consolidated are publicly available

14. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Volution Group Limited, which is 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 Copies of the consolidated financial statements of Volution Group Limited are available from the Company Secretary at Fleming Way, Crawley, West Sussex RH10 9YX

The group's immediate parent undertaking is the AAC UK Buy Out Fund LP, which is a limited partnership fund registered in England The majority investor in this fund is AAC Capital NEBO Fund 1 LP which is a limited partnership registered in Scotland

AAC Capital Partners (Guernsey) Limited (the general partner of AAC UK Buy Out Fund LP) is regarded as the direct controlling party of the company and AAC Capital Partners Holding BV (incorporated in the Netherlands) is regarded as the ultimate controlling party of the company

The financial statements of Volution Group Limited are not consolidated into the financial statements of any other entity