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Windmill Midco Limited

Report and Financial Statements

31 July 2013

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COMPANIES HOUSE

Directors

G W Chittick

R R R Davis

R George (appointed 19 September 2012)

I Jamieson (appointed 19 September 2012)

A G Meyersiek

P Smulders

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Registered Office

Fleming Way

Crawley

West Sussex RH10 9YX

Directors' report

The directors of Windmill Midco Limited ('the Company') present their report and financial statements for the year ended 31 July 2013. The Company was incorporated on 21 December 2011, the comparative information therefore discloses results for a seven month period.

Results and dividends

The Company generated a loss for the year of £286,000 (period ended 31 July 2012 – £987,000). The directors do not recommend a final dividend (2012 nil).

Principal activities and review of the business

Windmill Midco Limited is an intermediate parent undertaking that directly and indirectly holds investments in a number of subsidiaries. The Company's trading subsidiaries are engaged in the following:

- 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 indicators is loss before tax, which was £240,000 (2012 - £113,000) and arose due to interest payable exceeding interest receivable.

Principal risks and uncertainties

The directors consider the principal risks and uncertainties facing the Company to be broadly grouped as the potential for impairment of assets and financial instrument related risk.

Asset impairment risk

To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis and only lends to companies in the group within which it is a member. To date, all investments have had a strong year and are not exhibiting indicators of impairment. This is expected to continue for the foreseeable future.

Liquidity risk

Risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. To the best of the directors' knowledge there are no foreseeable constraints in discharging the company's obligations. Cash flow is regularly monitored using weekly and monthly reporting in addition to quarterly reforecast updates against the annual budget.

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.

Going concern

The directors 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 this reason they 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.

Directors

The directors who served the company during the year and subsequent to the year-end are set out on page 1.

Disclosure of information to the auditors

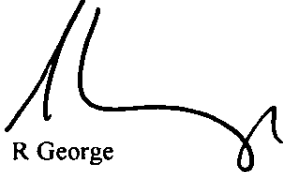
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's 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.

Directors' report (continued)

Re-appointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the AGM for reappointment of Ernst & Young LLP as auditor of the Company

By order of the Board



R George
Director



I Jamieson
Director

28 NOV 2013

Directors' responsibilities statement

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). 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 judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 auditors' report

to the members of Windmill Midco Limited

We have audited the financial statements of Windmill Midco Limited for the year ended 31 July 2013 which comprise the profit and loss account, statement of total recognised gains and losses, balance sheet and the related notes 1 to 16. 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 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 the 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 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Windmill Midco Limited (continued)

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

Andy Glover (Senior statutory auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London

28 NOV 2013

Profit and loss account

for the year ended 31 July 2013

		<i>Year ended 31 July 2013 £000</i>	<i>Period ended 31 July 2012 £000</i>
	<i>Notes</i>		
Interest receivable	5	8,467	3,984
Interest payable	6	(8,707)	(4,097)
Loss on ordinary activities before taxation		(240)	(113)
Tax on loss on ordinary activities	7	(46)	(874)
Loss for the financial year / period	13	(286)	(987)

The results for the current year and prior period arise solely from continuing operations

Statement of total recognised gains and losses

for the year ended 31 July 2013

There are no recognised gains or losses other than the loss for the year of £286,000 (period ended 31 July 2012 – £987,000)

Balance sheet

at 31 July 2013

	Notes	2013 £000	2012 £000
Fixed assets			
Investments	8	1,946	1,946
Current assets			
Debtors			
amounts falling due after one year	9	113,996	105,529
amounts falling due within one year	9	74	73
Cash at bank and in hand		2,800	2,800
		116,870	108,402
Creditors amounts falling due within one year	10	(921)	(874)
Net current assets		115,949	107,528
Total assets less current liabilities		117,895	109,474
Creditors amounts falling due after one year	11	(117,222)	(108,515)
Net assets		673	959
Capital and reserves			
Called up share capital	12	1,946	1,946
Profit and loss account	13	(1,273)	(987)
Shareholders' funds	13	673	959

The financial statements were authorised for and approved on behalf of the board of directors by



R George
Director



I Jameson
Director

28 NOV 2013

Notes to the financial statements

at 31 July 2013

1. Accounting policies

Basis of preparation

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

Group financial statements

As set out in note 16, the results of the Company are consolidated into the results of a parent undertaking which are publicly available. The Company is therefore exempt from the requirement to prepare consolidated 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

The directors 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 this reason they continue to adopt the going concern basis in preparing the financial statements.

Cash flow statement

In accordance with FRS 1 (Revised), the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Company is a wholly owned subsidiary and the results of the Company are consolidated into the results of its parent (as set out in note 16), which are publicly available.

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 that date that will result in an obligation to pay more, or 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 that 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.

Revenue recognition

Turnover represents amounts invoiced to fellow group companies for management services and is measured at the fair value of services rendered.

2. Revenue recognition

Interest income is recognised as interest accrues using the effective interest rate method.

3. Auditors' remuneration

Auditors' remuneration was borne by a fellow group company.

Notes to the financial statements (continued)

at 31 July 2013

4. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2012 – Nil). The directors receive remuneration from a fellow group undertaking, Volution Holdings Limited in respect of services to the Group of which the Company is a member. Total remuneration paid by the enlarged Group to directors of the Company (including pension scheme contributions) was £709,000 (2012 – £134,000). It is not possible to identify the proportion of this remuneration that relates to services to this Company.

5. Interest receivable

	<i>Year ended</i>	<i>Period ended</i>
	<i>31 July</i>	<i>31 July</i>
	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
On loans to group undertakings	<u>8,467</u>	<u>3,984</u>

6. Interest payable

	<i>Year ended</i>	<i>Period ended</i>
	<i>31 July</i>	<i>31 July</i>
	<i>2013</i>	<i>2012</i>
	<i>£000</i>	<i>£000</i>
On loan notes	<u>8,707</u>	<u>4,097</u>

Notes to the financial statements (continued)

at 31 July 2013

7. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	<i>Year ended 31 July 2013 £000</i>	<i>Period ended 31 July 2012 £000</i>
Current tax		
UK corporation tax on loss for the year	52	874
Total current tax (note 7(b))	52	874
Deferred tax		
Origination and reversal of timing differences (note 7(c))	(6)	-
Total deferred tax	(6)	-
Tax on loss on ordinary activities	46	874

(b) Factors affecting tax loss for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.67% (2012 – 25.33%). The differences are explained below

	<i>Year ended 31 July 2013 £000</i>	<i>Period ended 31 July 2012 £000</i>
Loss on ordinary activities before tax	(240)	(113)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.67% (2012 – 25.33%)	(57)	(29)
Interest not deductible for tax purposes	1,394	903
Group relief claimed for no payment	(1,285)	-
Current tax for the year (note 7(a))	52	874

Notes to the financial statements (continued)

at 31 July 2013

7. Tax (continued)

(c) Deferred tax

	2013 £000	2012 £000
At 1 August	-	-
Credit in the year (note 7(a))	6	-
At 31 July 2013	6	-

The deferred tax asset consists of other timing differences

8. Investments

	Subsidiary undertakings £000
At 1 August 2012 and 31 July 2013 (at cost)	1,946

The investment represents a 100% shareholding in Windmill Cleanco Limited, which is incorporated in England and Wales and has interests in the following companies

Company	Country of incorporation	Proportion of shares held	Nature of business
Indirect.			
Windmill Bidco Limited	England	100%	Holding company
Manrose Manufacturing Limited	England	100%	Air movement products
Volution Holdings Limited	England	100%	Holding company
Volution Limited	England	100%	Holding company
Torin Sifan Limited	England	100%	Air movement products
Anda Products Limited	England	100%	Unremunerated agent
Axia Fans Limited	England	100%	Dormant
Roof Units Limited	England	100%	Unremunerated agent
Torin Limited	England	100%	Unremunerated agent
Vent-Axia Limited	England	100%	Unremunerated agent
Vent-Axia Clean Air Systems Limited	England	100%	Unremunerated agent
Vent-Axia Group Limited	England	100%	Air movement products
Volution Holdings Sweden AB	Sweden	100%	Holding company
Fresh AB	Sweden	100%	Air movement products
Fresh Norge AS	Norway	100%	Air movement products
Fresh Shanghai Limited	China	100%	Air movement products

Notes to the financial statements (continued)

at 31 July 2013

8. Investments (continued)

During the year, the following companies, which the Company previously indirectly held a 100% interest in, were liquidated

Tradewinds Ventilation Limited	England	100%	Dormant
Vent-Axia Air Conditioning Limited	England	100%	Dormant
Vent-Axia Ventilation Limited	England	100%	Dormant
Sifan Systems Limited	England	100%	Unremunerated agent
Torin Holdings Limited	England	100%	Non trading
NCA Manufacturing Limited	England	100%	Dormant
Willow Plastics Limited	England	100%	Dormant
Volution Group Limited	England	100%	Holding company
Darwin Mezzanine Limited	England	100%	Holding company
Volution Finance (UK) Limited	England	100%	Holding company
Darwin Bond Limited	England	100%	Holding company

9. Debtors

	2013 £000	2012 £000
Amounts falling due within one year		
Amounts owed by group undertaking	-	5
Amounts owed by parent undertaking	68	68
Deferred tax asset (note 7(c))	6	-
	<u>74</u>	<u>73</u>
Amounts falling due after one year		
Amounts owed by group undertakings	<u>113,996</u>	<u>105,529</u>

Amounts owed by group undertakings (due after one year) represent amounts due from Windmill Cleanco Limited, which are due for repayment in 2021 and carry interest at 8% per annum compounded annually at 31 December

10. Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	<u>921</u>	<u>874</u>

11. Creditors: amounts falling due after one year

	2013 £000	2012 £000
Loan notes	<u>117,222</u>	<u>108,515</u>

Loan notes of £117,222,000 (2012 - £108,515,000) represent amounts due to R George, Windmill Holdings BV & Windmill Topco Limited (intermediate parent undertakings) and A Barden, C Lebeer and M Klepfisch (non-executive directors). The loan notes are unsecured, repayable in 2021 and carry interest at 8% per annum compounded annually at 31 December

Notes to the financial statements (continued)

at 31 July 2013

12. Issued share capital

<i>Allotted, called up and fully paid</i>	<i>No</i>	<i>2013 £000</i>	<i>No</i>	<i>2012 £000</i>
Ordinary shares of £1 each	1,945,507	<u>1,946</u>	1,945,507	<u>1,946</u>

During the prior period, 1,945,507 ordinary shares with a nominal value of £1 were allotted for cash at £1 each. The shares were fully paid.

13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £000</i>	<i>Profit and loss account £000</i>	<i>Total share- holders' funds £000</i>
Share capital issued during the period	1,946	-	1,946
Loss for the period	-	(987)	(987)
At 1 August 2012	<u>1,946</u>	<u>(987)</u>	<u>959</u>
Loss for the year	-	(286)	(286)
At 31 July 2013	<u>1,946</u>	<u>(1,273)</u>	<u>673</u>

14. Contingent liabilities

The Company acts as a co-guarantor for bank loans of £71,611,000 held by Windmill Bidco Limited (an intermediate parent undertaking) with GE Corporate Finance Bank SAS, London Branch on a joint and several basis with other Group undertakings. The Company also acts as a charger for this secured bank funding and, as such, is subject to a fixed and floating charge over its assets.

15. Related party transactions

The Company has taken advantage of the exemption available under FRS 8 not to disclose transactions with other wholly owned members of the Windmill Topco Limited Group ('the Group') as 100% of the Company's voting rights are controlled within the Group and the Group financial statements in which the Company is included are publicly available.

16. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Windmill Topco Limited. The parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Windmill Holdings BV, a company incorporated in the Netherlands. The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the Company is a member, is Windmill Topco Limited. Copies of the group financial statements of Windmill Topco Limited are available from Fleming Way, Crawley, West Sussex RH10 9YX.

The majority shareholder in Windmill Topco Ltd is Windmill Holdings BV, a Company incorporated in the Netherlands and indirectly owned by TowerBrook Investors III, L.P., TowerBrook Investors III Executive Fund, L.P. and TowerBrook Investors III (Parallel) L.P. ('the Funds'). Windmill Holdings BV is regarded as the direct controlling party of the Company and the Funds are regarded as the ultimate controlling parties of the Company.