

Berrington UK

Financial statements for the year ended 30 November 2003
together with directors' and independent auditors' reports

Registered number: 3179466



Directors' report

For the year ended 30 November 2003

The directors present their annual report on the affairs of the company, together with the financial statements and independent auditors' report, for the year ended 30 November 2003.

Principal activities and business review

The principal activity of the company is that of a holding company.

Results and dividends

The profit for the year after tax was £9,144,000 (2002: loss £104,101,000). The directors do not recommend the payment of a dividend (2002: £nil).

Directors and their interests

The directors who served during the year were as follows:

| | |
|----------------|-----------------------------|
| C.M.D. Probert | (resigned 1 February 2003) |
| T.A. Lewis | (resigned 1 February 2003) |
| G Hudson | (appointed 1 February 2003) |
| G Udall | (appointed 1 February 2003) |
| E Ufland | (appointed 1 February 2003) |

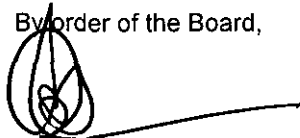
None of the directors had any interests in shares that require disclosure under Schedule 7 of the Companies Act 1985.

Auditors

The directors propose to reappoint Deloitte & Touche LLP as auditors for the ensuing year.

Clements House
14/18 Gresham Street
London
EC2V 7JE

By order of the Board,



G Hudson
Director

Date 23 April 2004

Statement of directors' responsibilities

30 November 2003

Directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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; 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 which 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 1985. They are also responsible for the system of internal control, 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
For the year ended 30 November 2003

To the Members of Berrington UK:

We have audited the financial statements of Berrington UK for the year ended 30 November 2003 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Accounting Policies and the related notes numbered 1 to 10. 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

As described in the Statement of Directors' Responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read the Directors' Report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 judgements 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Reading

Date 23 April 2004

Profit and loss account

For the year ended 30 November 2003

| | Notes | Continuing operations | |
|---|-------|--|--|
| | | Year ended 30 November 2003 £'000 | Year ended 30 November 2002 £'000 |
| Administrative expenses | | (19) | - |
| Administrative expenses – provision for impairment | 3 | - | (100,700) |
| Operating loss | | (19) | (100,700) |
| Intercompany interest receivable – exceptional | 4 | 12,180 | - |
| Intercompany interest receivable | | 5,600 | - |
| Intercompany interest payable | | (4,720) | (4,720) |
| Profit / (loss) on ordinary activities before taxation | 1 | 13,041 | (105,420) |
| Tax (charge) / credit on profit / (loss) on ordinary activities | 2 | (3,897) | 1,319 |
| Profit / (loss) on ordinary activities after taxation, being retained profit / (loss) for the financial year | | 9,144 | (104,101) |

There were no recognised gains or losses in either year other than the result for the year as shown above.
Accordingly, no statement of total recognised gains or losses is presented.

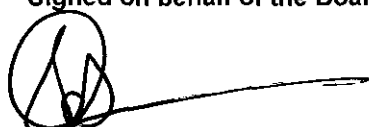
Balance sheet

30 November 2003

| | Notes | 2003 £'000 | 2002 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 3 | 166,050 | 58,300 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 4 | 17,780 | 2,348 |
| Debtors: amounts falling due after more than one year | 4 | 70,000 | 70,000 |
| | | 87,780 | 72,348 |
| Creditors: Amounts falling due within one year | 5 | (69,319) | (63,031) |
| Net current assets | | 18,461 | 9,317 |
| Total assets less current liabilities | | 184,511 | 67,617 |
| Creditors: Amounts falling due after more than one year | 6 | (159,000) | (159,000) |
| Net assets / (liabilities) | | 25,511 | (91,383) |
| Capital and reserves | | | |
| Called-up share capital | 7 | 500 | 500 |
| Share premium account | 8 | 19,792 | 19,792 |
| Capital contribution | 8 | 107,750 | - |
| Profit and loss account | 8 | (102,531) | (111,675) |
| Equity shareholders' funds / (deficit) | 9 | 25,511 | (91,383) |

Signed on behalf of the Board on

23 April 2004



G Hudson
Director

Statement of accounting policies

30 November 2003

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

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

Group financial statements

At the end of the year the company was a wholly owned subsidiary of ITW UK, a company incorporated in England and Wales, which prepares consolidated financial statements which are publicly available. Accordingly, the preparation of group financial statements is not required under the Section 228 of the Companies Act 1985. These financial statements disclose information about the company as an individual undertaking rather than as a group as a whole.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date. 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable and therefore 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 from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis.

Investments

Fixed asset investments are shown at cost, less any provision for impairment.

Cash flow statement

The results of the company are included in the consolidated accounts of Illinois Tool Works Inc., and these accounts include a consolidated cash flow statement and are available to the public. The directors have chosen to take advantage of the exemption set out in Financial Reporting Standard 1 (Revised) and have not presented a cash flow statement for the company.

Notes to the accounts

30 November 2003

1 Profit / (loss) on ordinary activities before taxation

Auditors' remuneration was borne by a fellow group company. The company had no employees during either financial year and the directors did not receive any remuneration from the company. No director received emoluments for services as a director of the company in either year. Three directors (2002: One) are also directors of ITW Limited, a fellow group company. ITW Limited paid the directors £184,800 (2002: £94,000) of emoluments and the directors accrued benefits under a defined benefit scheme. The directors' emoluments have not been apportioned between each fellow group company for which the directors acted.

2 Tax charge / (credit) on profit / (loss) on ordinary activities

The corporation tax charge / (credit) comprises:

| | 2003 £'000 | 2002 £'000 |
|--|---------------|----------------|
| Corporation tax | 3,912 | (1,416) |
| Adjustment to prior years' group relief receivable | (15) | 97 |
| | <u>3,897</u> | <u>(1,319)</u> |

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax (currently 30%) to the profit / (loss) before tax is as follows:

| | 2003 £'000 | 2002 £'000 |
|--|---------------|----------------|
| Tax on profit / (loss) on ordinary activities at standard UK corporation tax rate of 30% | 3,912 | (31,626) |
| Expenses not deductible for tax purposes | - | 30,210 |
| Adjustment to prior years' group relief receivable | (15) | 97 |
| | <u>3,897</u> | <u>(1,319)</u> |

There is no un-provided deferred tax at either year end.

Notes to the accounts

30 November 2003

3 Fixed asset investments

Investments in subsidiary undertaking:

| Cost | £'000 |
|--|-----------|
| At 1 December 2002 | 159,000 |
| Additions | 107,750 |
| At 30 November 2003 | 266,750 |
| Provision for impairment – beginning and end of year | (100,700) |
| Net book value | |
| At 30 November 2003 | 166,050 |
| At 30 November 2002 | 58,300 |

Principal subsidiaries

The company owns 100% of the issued share capital of ITW Limited, which is registered in England and Wales. ITW Limited manufactures and distributes a wide range of components to a wide range of businesses. These industries include the steel and plastic strapping, packaging, motor, consumer durables, canned drinks, construction and electronics industries.

During the year £107,750,000 was contributed by the company to ITW Limited, its subsidiary undertaking.

4 Debtors

| | 2003 £'000 | 2002 £'000 |
|--|---------------|---------------|
| Amounts falling due within one year: | | |
| Amounts due from group undertakings | 17,780 | - |
| Corporation tax | - | 2,348 |
| | 17,780 | 2,348 |
| Amounts falling due after more than one year: | | |
| 8% subordinated unsecured convertible stock 2099 | 70,000 | 70,000 |
| | 87,780 | 72,348 |

The 8% Loan Notes were subject to terms that effectively precluded the payment of interest, and no interest was therefore accrued. In August 2003 the terms of the notes were amended such that interest would be paid with cumulative effect from inception. An exceptional credit of £12,180,000 credit was recognised in 2003 for the cumulative amount to 30 November 2002.

Notes to the accounts

30 November 2003

5 Creditors: Amounts falling due within one year

| | 2003 £'000 | 2002 £'000 |
|--------------------------------------|---------------|---------------|
| Bank loans and overdraft (unsecured) | - | 53,463 |
| Amounts owed to group undertakings | 66,819 | 9,568 |
| Corporation tax | 2,496 | - |
| | <u>69,319</u> | <u>63,031</u> |

6 Creditors: Amounts falling due after more than one year

| | 2003 £'000 | 2002 £'000 |
|--|----------------|----------------|
| Non interest bearing unsecured loan notes 2005 | 100,000 | 100,000 |
| 8% unsecured promissory note 2005 | 59,000 | 59,000 |
| | <u>159,000</u> | <u>159,000</u> |

7 Called-up share capital

| | 2003 £'000 | 2002 £'000 |
|---|----------------|----------------|
| <i>Authorised</i> | | |
| 100,000,000 ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |
| <i>Called up, allotted and fully paid</i> | | |
| 500,000 ordinary shares of £1 each | <u>500</u> | <u>500</u> |

Notes to the accounts

30 November 2003

8 Movements in reserves

The movement on reserves during the year was as follows:

| | Capital contribution | Share premium account | Profit and loss account |
|----------------------|-------------------------|-----------------------------|----------------------------|
| | £'000 | £'000 | £'000 |
| At 1 December 2002 | - | 19,792 | (111,675) |
| Profit for the year | - | - | 9,144 |
| Capital contribution | 107,750 | - | - |
| At 30 November 2003 | <u>107,750</u> | <u>19,792</u> | <u>(102,531)</u> |

During the year a capital contribution of £107,750,000 was received from ITW UK.

9 Reconciliation of movements in equity shareholders' funds / (deficit)

| | 2003 £'000 | 2002 £'000 |
|--|-----------------|-----------------|
| Profit / (loss) for the year | 9,144 | (104,101) |
| Capital contribution received | <u>107,750</u> | <u>-</u> |
| Net movement in equity shareholders' funds | 116,894 | 12,718 |
| Opening equity shareholders' (deficit) / funds | <u>(91,383)</u> | <u>12,718</u> |
| Closing equity shareholders' funds / (deficit) | <u>25,511</u> | <u>(91,383)</u> |

10 Ultimate parent company

The company is a wholly owned subsidiary undertaking of ITW UK, a company incorporated in Great Britain and registered in England and Wales. The ultimate holding company and controlling party is Illinois Tool Works Inc., a company incorporated in Delaware, USA.

The smallest group in which the results of the company are consolidated is that headed by ITW UK. Copies of these financial statements are available from Clements House, 14/18 Gresham Street, London EC2V 7JE.

The largest group in which the results of the company are consolidated is that headed by the ultimate parent company. Copies of these financial statements are available from Illinois Tool Works Inc., 3600 West Lake Avenue, Glenview, Illinois, 60025, United States of America.

The company has taken advantage of the exemptions for disclosures of related party transactions available in Financial Reporting Standard No. 8 to wholly owned subsidiaries of companies with publicly available financial statements.