

TEKNEK LIMITED

Report and Financial Statements

For the 7 month period ended

31 December 2011

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TEKNEK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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TEKNEK LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C J Kennett	(resigned 08 July 2011)
S Hamilton	(resigned 08 July 2011)
C MacKillop	(resigned 08 July 2011)
S Mitchell	(resigned 08 July 2011)
G Hudson	(appointed 08 July 2011)
E Ufland	(appointed 08 July 2011)
O Barreto-Morley	(appointed 08 July 2011)
P Deakin	(appointed 08 July 2011)

REGISTERED OFFICE

River Drive
Inchinnan Business Park
Inchinnan
PA4 9RT

AUDITOR

Deloitte LLP
Chartered Accountants
Reading, United Kingdom

TEKNEK LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 7 month period ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was that of the distribution of film cleaning machines and components.

The directors are not aware, at the date of report, of any likely major changes in the company's activities in the next year.

REVIEW OF THE BUSINESS

The key financial highlights are as follows:

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £	Year ended 31 May 2010 £
Turnover	7,089,644	12,270,741	8,402,555
Turnover growth (pro rata)	-1%	46%	-2%
Profit before tax	1,316,802	1,824,318	512,862

The net assets of the company have increased from £632,895 at 31 May 2011, to £1,622,921 at 31 December 2011.

On 8 July 2011 the company was acquired by Illinois Tool Works Inc., a Fortune 200 global diversified industrial manufacturer.

Teknek Korea, the non-trading subsidiary which was formed earlier in 2011 is no longer required and is being liquidated, with the share capital due to return to the company.

POST BALANCE SHEET EVENT

The non-trading subsidiary Teknek Korea was liquidated and the share capital returned in March 2012.

DIVIDENDS

An interim dividend of £nil per share was paid on 31 December 2011 (year ended 31 May 2011: £2,150,000). The directors recommend that no final dividend be paid (year ended 31 May 2011: £nil).

DIRECTORS

The directors shown below have held office during the period from 1 June 2011 to the date of this report.

C J Kennett	(resigned 08 July 2011)
S Hamilton	(resigned 08 July 2011)
C MacKillop	(resigned 08 July 2011)
S Mitchell	(resigned 08 July 2011)
G Hudson	(appointed 08 July 2011)
E Ufland	(appointed 08 July 2011)
O Barreto-Morley	(appointed 08 July 2011)
P Deakin	(appointed 08 July 2011)

TEKNEK LIMITED

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, trade debtors and creditors and loans from group undertakings. The main purpose of these instruments is to finance the company's operations.

Loans from group undertakings are interest free and are under normal commercial terms.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

PRINCIPAL RISKS AND UNCERTAINTIES

Competitive pressure has increased in the market place and margins remain under pressure.

Goods are exported throughout the world and therefore the company is exposed to movements in exchange rates. The company seeks to manage this risk by means of appropriate treasury management.

In addition the directors seek to control overhead costs in order to maintain the profitability of the company.

ENVIRONMENTAL POLICIES

The company recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

GOING CONCERN

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the business review and the principal risks and uncertainties above. The company has substantial net assets and net current assets as set out in the balance sheet on page 7. Despite the current uncertain economic outlook, the company's forecasts show that the company will continue to generate a strong cashflow and profits. As a consequence the directors believe the company is well placed to manage its business risks successfully. In addition, as the company has access to a group banking facility, it consequently has sufficient cash resources to meet any reasonable foreseeable obligations. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

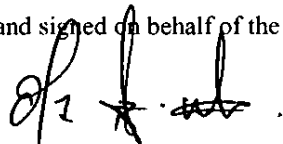
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor during the period. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

and signed on behalf of the Board.



O Barreto-Morley
Director

| August 2012

TEKNEK LIMITED

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 period. 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 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 AUDITOR'S REPORT TO THE MEMBERS OF TEKNEK LIMITED

We have audited the financial statements of Teknek Limited for the 7 month period ended 31 December 2011 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 19. 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, 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 December 2011 and of its profit for the period 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.

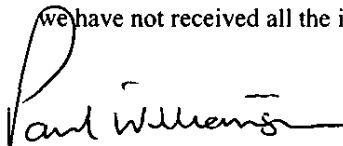
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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.



Paul Williamson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading, United Kingdom

1 August 2012

TEKNEK LIMITED

PROFIT AND LOSS ACCOUNT

7 month period ended 31 December 2011

	Note	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
TURNOVER	2	7,089,644	12,270,741
Cost of sales		(3,428,237)	(5,203,610)
Gross profit		3,661,407	7,067,131
Administrative expenses		(2,344,673)	(5,252,435)
OPERATING PROFIT	4	1,316,734	1,814,696
Interest receivable and similar income		68	29,075
		1,316,802	1,843,771
Interest payable and similar charges	5	-	(19,453)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,316,802	1,824,318
Tax charge on profit on ordinary activities	6	(362,775)	(532,149)
PROFIT FOR THE FINANCIAL PERIOD/ YEAR	19	954,027	1,292,169

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current period or previous year, accordingly, no statement of total recognised gains and losses has been presented.

TEKNEK LIMITED

BALANCE SHEET

31 December 2011

	Note	31 December 2011 £	31 May 2011 £
FIXED ASSETS			
Tangible assets	8	642,390	748,694
Investments	9	58,619	-
		<hr/>	<hr/>
		701,009	748,694
CURRENT ASSETS			
Stocks	10	297,010	333,907
Debtors	11	2,935,229	2,024,978
Cash at bank and in hand		465,998	7,978
		<hr/>	<hr/>
		3,698,237	2,366,863
CREDITORS: amounts falling due within one year			
	12	(2,812,325)	(2,482,662)
		<hr/>	<hr/>
NET CURRENT ASSETS		885,912	(115,799)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,586,921	632,895
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	15	2	2
Profit and loss account		1,586,919	632,893
		<hr/>	<hr/>
EQUITY SHAREHOLDER'S FUNDS	19	1,586,921	632,895
		<hr/>	<hr/>

The financial statements of Teknek Limited (registered number SC102874) were approved by the Board of Directors on 1 August 2012.

Signed on behalf of the Board of Directors



O Barreto-Morley
Director

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current period and preceding year in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The accounts have been prepared under the historical cost convention rules and in accordance with applicable United Kingdom Accounting Standards.

The company has taken advantage of s401 of the Companies Act 2006 allowing it not to prepare consolidated financial statements, as it is a wholly owned subsidiary of Illinois Tool Works Inc., which prepares consolidated financial statements, which are publicly available. Illinois Tool Works Inc. is incorporated in the state of Delaware, USA.

Going concern

The directors' have reviewed the key risks and uncertainties to which they believe the company is exposed, the company's ongoing financial commitments and the continuing availability of sufficient resources for the next twelve months and beyond. On the basis of this assessment the directors expect the company to have adequate resources to continue in operation for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. This is discussed in the Directors' Report.

Cashflow statement

The company is a wholly owned subsidiary undertaking of Illinois Tool Works Inc. The results of the company are included within the consolidated financial statements of Illinois Tool Works Inc., which are publicly available. Thus under the requirements of FRS1 (revised), no cash flow statement for the company has been produced.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost, net of depreciation and any provision for impairment.

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

Fixtures and fittings	-	15% on cost
Motor vehicles	-	25% on cost
Computer equipment	-	33% on cost

Leasehold property is depreciated over the term of the lease.

Fixed asset investments

Investments in subsidiary undertakings are stated at cost with provision being made where appropriate to recognise a permanent impairment in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials and direct labour appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Leasing and hire purchase obligations

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

The company provides pensions to employees through the Group Personal Pension Plan, a defined contribution pension scheme run by Standard Life. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. At the balance sheet date monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at that date. These translation differences are dealt with in the profit and loss account.

2. TURNOVER

Turnover represents the invoiced value, exclusive of VAT, of sales arising from the company's principal activity. The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
United Kingdom	465,621	609,073
Europe	3,376,535	5,691,410
Rest of the world	3,247,488	5,970,258
	<u>7,089,644</u>	<u>12,270,741</u>

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

3. STAFF COSTS

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Wages and salaries	1,523,386	1,994,932
Other pension costs	63,962	161,978
Social security costs	147,895	221,898
	<u>1,735,243</u>	<u>2,378,808</u>

The average monthly number of employees during the period/year was as follows:

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Selling and distribution	13	13
Administration	13	14
Production	47	49
	<u>73</u>	<u>76</u>

4. OPERATING PROFIT

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
This is shown after charging:		
Operating lease costs – rent of property	115,225	-
Operating lease costs - other	63,344	64,989
Depreciation - Owned assets	106,304	305,550
Auditor's remuneration – Audit	35,000	40,000
Auditor's remuneration – Other services	728	54,665
Loss on foreign exchange	3,016	76,944
Staff pension contributions	42,306	99,118
	<u>-</u>	<u>-</u>
Directors' remuneration	-	-
Directors' pension contributions to money purchase schemes	21,656	62,860
	<u>21,656</u>	<u>62,860</u>

No directors received emoluments for services as a director of the company. Four directors are also directors of ITW Limited, a fellow group company. ITW Limited paid the directors £396,680 in the period in which they were also directors of Teknek Limited. The directors' emoluments have not been apportioned between each fellow group company for which the directors acted and the directors do not feel that any amount should be allocated as group recharges. The emoluments of the highest paid director were £117,322.

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

5. INTEREST PAYABLE AND SIMILAR CHARGES

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Bank interest	-	19,453
	-	19,453

6. TAXATION

Analysis for the tax charge/(credit)

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Current tax:		
UK corporation tax	354,169	431,454
(Over)/under provision in previous years	-	(24)
Total current tax	354,169	431,430
Deferred tax	8,606	100,719
Tax charge on profit on ordinary activities	362,775	532,149

Factors affecting current period tax charge:

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Profit on ordinary activities before tax	1,316,802	1,824,318
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (Year ended 31 May 2011: 27.67%)	342,369	504,789
Effects of:		
Disallowed expenses and non-taxable income	7,942	47,547
Accelerated capital allowances	3,858	3,052
Other timing differences	-	8
Utilisation of tax losses	-	(123,862)
Other	-	(104)
Current tax charge	354,169	431,430

7. DIVIDENDS

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Interim	-	2,150,000

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

8. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost				
At 1 June 2011	1,184,517	25,940	171,969	1,382,426
Additions	-	-	-	-
At 31 December 2011	1,184,517	25,940	171,969	1,382,426
Accumulated depreciation				
At 1 June 2011	447,563	21,076	165,093	633,732
Charge for the period	100,026	3,783	2,495	106,304
At 31 December 2011	547,589	24,859	167,588	740,036
Net book value				
At 31 December 2011	636,928	1,081	4,381	642,390
At 31 May 2011	736,954	4,864	6,876	748,694

9. FIXED ASSET INVESTMENTS

	Investments in subsidiaries £
COST	
At 1 June 2011	-
Teknek Korea Capital	58,619
At 31 December 2011	58,619
NET BOOK VALUE	
At 31 December 2011	58,619
At 31 May 2011	-

As noted in the Directors' Report, Teknek Korea, the non-trading subsidiary which was formed earlier in 2011 is no longer required and is being liquidated, with the share capital due to return to the company.

10. STOCKS

	31 December 2011 £	31 May 2011 £
Raw materials	287,799	296,138
Finished goods	9,211	37,769
	297,010	333,907

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

11. DEBTORS

	31 December 2011 £	31 May 2011 £
Trade debtors	1,012,792	1,216,795
Amounts owed by group undertakings	1,639,571	712,278
Value added tax	182,857	82,701
Deferred tax asset (see Note 14)	3,791	12,397
Prepayments and accrued income	96,218	807
	<u>2,935,229</u>	<u>2,024,978</u>

12. CREDITORS

Amounts falling due within one year:

	31 December 2011 £	31 May 2011 £
Bank loans and overdrafts	1,895	-
Trade creditors	818,806	936,482
Amounts owed to group undertakings	564,081	495,394
Corporation tax	785,624	431,455
Social security and other taxes	74,484	76,295
Advance payments	209,348	-
Accruals and deferred income	358,087	543,036
	<u>2,812,325</u>	<u>2,482,662</u>

The following secured debts are included within creditors:

	31 December 2011 £	31 May 2011 £
Bank overdrafts	<u>1,895</u>	<u>-</u>

13. OPERATING LEASE COMMITMENTS

	31 December 2011 £	31 May 2011 £
Expiring:		
Within one year (other)	-	9,692
Within one year (land & property)	-	-
Between one and five years (other)	27,312	22,708
Between one and five years (land & property)	258,000	-
	<u>285,312</u>	<u>32,400</u>

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

14. DEFERRED TAX

	£
Balance at 1 June 2011	(12,397)
Utilisation of tax losses	8,606
	<hr/>
Balance at 31 December 2011	(3,791)
	<hr/>

15. CALLED UP SHARE CAPITAL

	31 December 2011 £	31 May 2011 £
Allotted, issued and fully paid:		
Number: Class:		
2 Ordinary	2	2
	<hr/>	<hr/>

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £63,962 (Year ended 31 May 2011: £161,978).

Included in accruals are contributions payable to the fund at 31 December 2011 of £15,646 (Year ended 31 May 2011: £16,361).

17. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's ultimate holding company for the period 1 June to 8th July 2011 was Teksaleco Limited, a company registered in Scotland.

The company's ultimate holding company for the period 8 July to 31 December 2011 was Illinois Tool Works Inc, a company which is incorporated in the state of Delaware, USA.

The only group in which the results of Teknek Limited are consolidated is that headed by Illinois Tool Works Inc. The consolidated financial statements of this group are available to the public and may be obtained from Illinois Tool Works Inc., 3600 West Lake Avenue, Glenview, Illinois 60025, United States of America.

18. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under Financial Reporting Standard 8 'Related Party Disclosures', from disclosing related party transactions with other entities that are part of the Illinois Tool Works Inc.

TEKNEK LIMITED

NOTES TO THE ACCOUNTS

7 month period ended 31 December 2011

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	7 month period ended 31 December 2011 £	Year ended 31 May 2011 £
Opening shareholder's funds	632,895	1,490,726
Profit for the financial period/year	954,026	1,292,169
Dividends	-	(2,150,000)
Closing shareholder's funds	1,586,921	632,895