

Company Registration No. 03710607

**TYCO THERMAL CONTROLS (UK)
LIMITED**

Report and Financial Statements

30 September 2011

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TYCO THERMAL CONTROLS (UK) LIMITED
2011 REPORT AND FINANCIAL STATEMENTS
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TYCO THERMAL CONTROLS (UK) LIMITED
2011 REPORT AND FINANCIAL STATEMENTS
OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S Lemmens
C Vermeulen
A Hampton
C Olin

SECRETARY

A Hampton

REGISTERED OFFICE

Victoria Road
Leeds
LS11 5UG

BANKERS

Barclays Bank PLC
PO Box 729
1 Capability Green
Luton
LU1 3US

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds

TYCO THERMAL CONTROLS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the audited financial statements for the period ended 30 September 2011

PRINCIPAL ACTIVITY

The company is involved in the project design, material supply and project execution for major oil and petrochemical developments both in the UK and the rest of the world. The company also designs, manufactures, markets and sells an extensive range of systems and products. These range from heating and wiring cables, self regulating heating cables, leak detection cables, measurement and monitoring systems and related products, and are sold to the Building, Infrastructure, Industrial, Nuclear, Aerospace and Power Generation markets worldwide.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The global recession continued to impact on sales in some of the company's key markets. Nonetheless there was an increase on the previous period at £19.0m (2010 £17.5m). Sales into the UK market at £10.9m (2010 £11.7m) were lower than the previous period primarily due to the continued economic downturn in the UK. This was offset by an increase in sales into other main European markets, with emerging markets in particular recording good growth, with sales of £3.6m (2010 £2.1m). Sales into Middle East and India increased to £2.9m (2010 £2.1m) primarily due to increased business in India. Sales into North and South America at £0.7m (2010 £0.9m) were down on the previous period although a significant increase in sales into the region is expected in 2012.

Trading conditions in all the company's markets remain challenging. Significant increases in key raw material prices, copper in particular, continue to place pressure on costs of some of the company's key products. However despite this fact and the continued need to maintain competitive pricing to meet customer expectations, the company was able to maintain or improve for certain products its gross margin percentages.

Operating profit for the period improved significantly to £2.2m as a result of the increased levels of sales and continued strong control over the company's costs. This result represents another strong performance for the period during a period of continued economic uncertainty in both UK and global markets. As in previous periods the company retains a very strong Balance Sheet position and cash flow performance was excellent. The company continues to be cash generative.

The profit for the period of £1,952,000 (2010 profit of £1,057,000) has been added to reserves.

The directors recommend the payment of a dividend of £4,000,000 (40.3p per ordinary share) (2010 nil).

Net assets decreased in the period from £13.3m to £11.3m, the movement being the retained profit that was transferred to reserves during the period, offset by the dividend paid.

The Tyco International Limited group manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Thermal Control division of Tyco International Limited, which includes the company, is discussed in the group's Annual Report which does not form part of this Report.

The directors consider the performance of the company as a whole, for the period under review to be satisfactory, and consider the prospects of the business to be reasonable.

Details of significant events since the balance sheet date are contained in note 20 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Credit risk

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

TYCO THERMAL CONTROLS (UK) LIMITED

DIRECTORS' REPORT

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

Cash flow risk

The company's sales are either in Sterling, USD or Euros so it has exposure to movements in foreign exchange rates. Forward exchange and spot rate contracts are taken out when considered necessary to assist in managing the company's risk.

Liquidity risk

The company is financed by interest bearing loans from its parent and has no third party debt. There is no third party interest rate exposure.

GOING CONCERN

The directors have undertaken a full and detailed review on the future financial position of the company. This review included consideration of the potential impact on the company of the continuing uncertainties in world economies and the risks this could present to the company's trading performance in both UK and export market and its overall profitability and financial strength. The directors acknowledge that trading conditions in both the UK and export markets will remain very competitive but expect that the company will continue to enjoy an acceptable level of sales growth. Despite the competitive environment and the resultant pressure on pricing the company expects to maintain overall margins at current levels through competitive purchasing and strong control of operating costs.

The directors do not anticipate any further reduction in sales of certain traditional Distribution products experienced in recent years and indeed are forecasting increased sales of these products due to the company's re-entry into the Indian market. There will be an increased drive through marketing and selling initiatives to build on the growth in sales of new products, such as underfloor heating products, which the company has enjoyed in the UK market in recent years.

The company's project based Tracer business is forecast to continue the strong performance recorded in recent years as are sales of speciality S2 products and in particular products for aerospace applications.

Strict control of costs will be a key objective of the company. The expected continued increase in raw materials prices, and in particular copper, due to high world wide demand, will continue to represent a challenge to the company in its efforts to control costs. The company expects that whilst raw material costs will increase the impact can be mitigated by competitive purchasing and the continuation of the current stringent controls on operating costs. These actions, coupled with improved manufacturing efficiencies, will ensure that gross margins are maintained at current levels with certain products recording increased margin.

The directors expect that trading conditions in all its markets will remain difficult with strong competition continuing to place pressure on prices.

The directors are confident that with the continued focus on excellent customer service, dedicated technical expertise in support of our products in our key markets and an excellent product range will provide a sound base for the stability and continued growth of the company. Continued commitment to the development of new products and applications will also be a key objective to ensure that the company remains as the market leader for many of its products.

The company retains a very strong balance sheet and continues to generate cash with further positive cash inflows forecast.

Following their review the directors are of the opinion that, when the above factors and objectives are taken into account, that the company has a strong base for future success.

The company is a member of the group cash pooling arrangements. The directors have given their consideration to any risk that this may represent to the company's ability to access funds on demand. Based on the current position of the group cash pool the directors do not consider this a risk.

The Directors have also made suitable enquiries, where possible, with regard to the future prospects of the wider group. The planned split of Tyco into three new and independent companies is not expected to have any detrimental impact on the company or its future performance.

TYCO THERMAL CONTROLS (UK) LIMITED

DIRECTORS' REPORT

GOING CONCERN (continued)

The Directors are of the opinion, based on the review they have undertaken and assurance given regarding the wider group, that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Details of the going concern considerations can be found in note 1 of the notes to the financial statements.

DIRECTORS INDEMNITIES

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

SUPPLIER PAYMENT POLICY

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the company at 30 September 2011 were equivalent to 34 days (2010: 32) days' purchases, based on the average daily amount invoiced by suppliers during the period.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons will, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through quarterly formal meetings, informal departmental meetings, company electronic magazines and websites. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. In addition, all eligible employees are entitled to participate in an annual bonus scheme which is determined, amongst other factors, by the overall profitability of the company. As a result of low employee participation the decision was made during the year to terminate the employee share scheme which had been running since 2004.

DIRECTORS AND THEIR INTERESTS

The directors who served during the period and up to the date of this report were as follows:

S Lemmens
C Vermeulen
A Hampton
C Olin

No director has a beneficial interest in the shares of the company or other subsidiaries of the ultimate parent company and no contracts exist other than service agreements with the company or other subsidiaries of the ultimate parent company in which the directors have an interest.

AUDITOR

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

- (1) so far as each of the directors is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) each of the directors has taken all the steps that he ought to have taken as a director in order to make themselves 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.

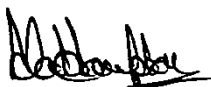
TYCO THERMAL CONTROLS (UK) LIMITED

DIRECTORS' REPORT

AUDITOR (continued)

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board



A Hampton
Director

27 April 2012

TYCO THERMAL CONTROLS (UK) LIMITED

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 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 TYCO THERMAL CONTROLS (UK) LIMITED

We have audited the financial statements of Tyco Thermal Controls (UK) Limited for the 53 week period ended 30 September 2011, which comprise of the Profit and Loss Account, the Balance Sheet and the related notes 1 to 21. 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 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 annual 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 30 September 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.

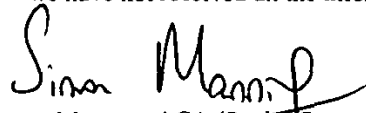
Opinion on other matter prescribed by the Companies Act 2006

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


Simon Manning ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Leeds, United Kingdom
30 April 2012

TYCO THERMAL CONTROLS (UK) LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 30 September 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	19,015	17,515
Net operating expenses	4	(16,859)	(16,200)
OPERATING PROFIT	5	2,156	1,315
Interest payable and similar charges	6	(91)	(81)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,065	1,234
Tax on profit ordinary activities	7	(113)	(177)
PROFIT FOR THE PERIOD	14	1,952	1,057

The company has no recognised gains or losses in either period other than the results shown above, and therefore no separate statement of total recognised gains and losses has been presented

All results derive from continuing operations

The accompanying notes are an integral part of profit and loss account

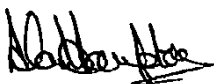
TYCO THERMAL CONTROLS (UK) LIMITED

BALANCE SHEET

As at 30 September 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	8	<u>156</u>	<u>284</u>
CURRENT ASSETS			
Stock	9	679	597
Debtors	10	17,499	19,999
Cash at bank and in hand		<u>276</u>	<u>45</u>
		18,454	20,641
CREDITORS. Amounts falling due within one year	11	<u>(7,330)</u>	<u>(7,597)</u>
NET CURRENT ASSETS		<u>11,124</u>	<u>13,044</u>
NET ASSETS		<u>11,280</u>	<u>13,328</u>
CAPITAL AND RESERVES			
Called up share capital	13	9,924	9,924
Profit and loss account	14	1,272	3,320
Share option reserve	14,15	<u>84</u>	<u>84</u>
SHAREHOLDERS' FUNDS	16	<u>11,280</u>	<u>13,328</u>

The financial statements of Tyco Thermal Controls (UK) Limited, company number 03710607, were approved by the board of directors on 27 April 2012 and signed on its behalf by



A Hampton

Director

The accompanying notes are an integral part of this balance sheet

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. They have all been applied consistently throughout the current and preceding period.

The financial statements are drawn up to the close of business on the Friday which is nearest to 30 September, as required by the company's parent company.

Basis of preparation

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

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Tyco International Limited and is included in the consolidated financial statements of Tyco International Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Tyco International Limited group, or investees of the Tyco International Limited group.

Going Concern

The directors have undertaken a full and detailed review on the future financial position of the company. This review included consideration of the potential impact on the company of the continuing uncertainties in world economies and the risks this could present to the company's trading performance in both UK and export market and its overall profitability and financial strength. The directors acknowledge that trading conditions in both the UK and export markets will remain very competitive but expect that the company will continue to enjoy an acceptable level of sales growth. Despite the competitive environment and the resultant pressure on pricing the company expects to maintain overall margins at current levels through competitive purchasing and strong control of operating costs.

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The directors expect that trading conditions in all its markets will remain difficult with strong competition continuing to place pressure on prices.

The directors are confident that with the continued focus on excellent customer service, dedicated technical expertise in support of our products in our key markets and an excellent product range will provide a sound base for the stability and continued growth of the company. Continued commitment to the development of new products and applications will also be a key objective to ensure that the company remains as the market leader for many of its products.

The company retains a very strong balance sheet and continues to generate cash with further positive cash inflows forecast.

Following their review the directors are of the opinion that, when the above factors and objectives are taken into account, that the company has a strong base for future success.

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

1. ACCOUNTING POLICIES (CONTINUED)

The company is a member of the group cash pooling arrangements. The directors have given their consideration to any risk that this may represent to the company's ability to access funds on demand. Based on the current position of the group cash pool the Directors do not consider this a risk.

The directors have also made suitable enquiries, where possible, with regard to the future prospects of the wider group. The planned split of Tyco into three new and independent companies is not expected to have any detrimental impact on the company or its future performance.

The directors are of the opinion that, based on the review they have undertaken and assurance given regarding the wider group, that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, or if hedged, at the forward contract rate.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All gains and losses arising are charged directly to the profit and loss account.

Tangible fixed assets

Tangible fixed assets together with any incidental expenses of acquisition are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery, computer equipment, fixture and fittings 10% to 33⅓%

Plant and machinery between 5% and 33%

Computer equipment between 20% and 33%

Fixtures and Fittings between 10% and 20%

Leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease terms.

Stocks

Stocks are valued on a first-in first-out basis at the lower of cost and net realisable value. Costs include all appropriate production overheads in bringing each product to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

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 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 Group'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 to the extent that, 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.

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

1. ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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

Share Based Payments

The company has applied the requirements of FRS 20 "Share based payments" In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 October 2006

Tyco International Limited ("the group") issues equity-settled and cash-settled share based payments to certain employees Equity-settled share based payments are measured at fair value at the date of the grant

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on managements' best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations

A liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date for cash-settled share based payments

Turnover

Turnover is recognised at the point that the goods sold arrive with the customer or when the risks and rewards of ownership are transferred as determined by the specific incoterms on each sale Revenue is stated net of value added tax and trade discounts

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value

Pension scheme arrangements

Since 9 March 2001, the company has operated a defined contribution scheme Pension contributions for this scheme are charged to profit and loss account as incurred

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account Excess progress payments are included in creditors as payments on account Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as long-term contract balances in stock

2. TURNOVER

Turnover which is stated net of value added tax, represents amounts invoiced to third parties The turnover is attributable to one continuing activity, as explained in the directors' notes

The split of turnover by geographical market is as follows

	2011 £'000	2010 £'000
United Kingdom	10,936	11,654
Rest of Europe	3,568	2,102
North and South America	685	854
Middle East and India	2,875	2,132
Asia and Australia	821	737
Africa	130	36
	<u>19,015</u>	<u>17,515</u>

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The emoluments of the directors were as follows

	2011 £'000	2010 £'000
Aggregate emoluments and benefits	75	63
Pension contributions	3	3
	<u>78</u>	<u>66</u>

Only one of the directors received emoluments from the company for services provided as a director of the company. The emoluments of the other directors, in both the current and prior period, are paid by other group entities located outside the United Kingdom. The company does not receive recharges for these directors as it is not possible to make an accurate apportionment of their emoluments in respect of services to the company.

	2011 No.	2010 No.
Average number of persons employed		
Production	7	7
Selling and distribution and administration	67	71
	<u>74</u>	<u>78</u>

Staff costs during the year (including directors)	2011 £'000	2010 £'000
Wages and salaries	3,450	3,315
Social security costs	308	296
Redundancy	58	-
Other pension costs	115	98
	<u>3,931</u>	<u>3,709</u>

4. NET OPERATING EXPENSES

	2011 £'000	2010 £'000
Change in stocks of finished goods and work in progress	(75)	(92)
Raw materials and consumables	11,962	9,374
Other external charges	143	154
Staff costs	3,931	3,709
Depreciation on tangible fixed assets	129	164
Other operating charges	769	2,891
	<u>16,859</u>	<u>16,200</u>

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £'000	2010 £'000
Deprecation of tangible assets	129	164
Operating lease rentals	110	112
Loss on disposal of fixed assets	-	5
Foreign exchange (gains) /losses	(38)	68

The analysis of auditor's remuneration is as follows

	2011 £'000	2010 £'000
Fees payable to the company's auditor for the audit of the company's financial statements	30	29

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000	2010 £'000
On long term loan from a group company	91	81

7. TAXATION

	2011 £'000	2010 £'000
Current tax		
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	113	177
Total deferred tax (note 12)	113	177
Tax on profit on ordinary activities	113	177

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2011 £'000	2010 £'000
Profit on ordinary activities before taxation	2,065	1,234
Tax on profit on ordinary activities at standard UK corporation tax rate of 27% (2010 28%)	558	346
Effects of		
Expenses not deductible for tax purposes	7	(1)
Accelerated capital allowances and other timing differences	(27)	(52)
Group relief received	(538)	(293)
Current tax charge for period	-	-

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

8. TANGIBLE FIXED ASSETS

Cost	Plant and machinery £'000	Computer equipment £'000	Fixtures and Fittings £'000	Total £'000
At 25 September 2010	541	253	308	1,102
Additions	1	-	-	1
Disposals	-	(154)	-	(154)
30 September 2011	542	99	308	949
Depreciation				
At 25 September 2010	341	235	242	818
Charge for period	84	13	32	129
Disposals	-	(154)	-	(154)
30 September 2011	425	94	274	793
Net book value				
At 30 September 2011	117	5	34	156
At 24 September 2010	200	18	66	284

9. STOCKS

	2011 £'000	2010 £'000
Raw materials and consumables	195	188
Work in progress	22	34
Finished goods	462	375
	679	597

In the opinion of the directors there is no material difference between the balance sheet value of stocks and their replacement cost

10. DEBTORS

Amounts falling due within one year:	2011 £'000	2010 £'000
Trade debtors	3,199	3,046
Amounts recoverable on contracts	171	592
Amounts owed by fellow subsidiary undertakings	13,415	15,420
Prepayments and accrued income	536	650
Deferred tax assets (note 12)	178	291
	17,499	19,999

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade creditors	971	955
Amounts owed to fellow subsidiary undertakings	368	692
Amounts owed to parent undertaking	5,000	5,000
Other taxation and social security	478	334
Accruals	487	467
Other creditors including payments received on account	27	149
	<u>7,330</u>	<u>7,597</u>

The amounts owed to parent undertakings are unsecured, have no fixed repayment date and carry interest rates of 3 months GBP LIBOR + 1.0%. The loan is revolving and renewed every 24 months.

12. DEFERRED TAX ASSET

	£'000
At 25 September 2010	291
Credited to profit and loss account	(113)
At 30 September 2011 (note 10)	<u>178</u>

	2011 £'000	2010 £'000
Deferred taxation assets provided in the financial statements comprises		
Depreciation in excess of capital allowances	178	291
Deferred tax assets	<u>178</u>	<u>291</u>

There are no unprovided deferred tax amounts in either the current or preceding period.

13. CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Authorised		
25,000,000 ordinary shares of £1 each (2010 25,000,000)	<u>25,000</u>	<u>25,000</u>
Allotted and fully paid		
9,924,000 ordinary shares of £1 each (2010 9,924,000)	<u>9,924</u>	<u>9,924</u>

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

14. RESERVES

	Share option reserve £'000	Profit and loss account £'000	Total £'000
At 25 September 2010	84	3,320	3,404
Profit for the financial period	-	1,952	1,952
Dividends paid	-	(4,000)	(4,000)
At 30 September 2011	84	1,272	1,356

A dividend of 40 3p per share has been paid in the period

15. SHARE PLANS

The company has applied the requirements of FRS 20 "Share based payments" In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 October 2006

Tyco International Limited ("the group") issues equity-settled and cash-settled share based payments to certain employees Equity-settled share based payments are measured at fair value at the date of the grant The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions Fair value is measured by use of the Black-Scholes pricing model The expected life used in the model has been adjusted, based on managements' best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations

A liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date for cash-settled share based payments

As an operating unit of Tyco International Limited, Tyco Thermal Controls (UK) Limited has no employee share plans Some Tyco Thermal Controls (UK) Limited employees participate in restricted and performance share award schemes and share option scheme administered by Tyco International Limited In addition, all employees of Tyco Thermal Controls (UK) Limited are entitled to participate in a savings related share option scheme The functional currency of Tyco International Limited shares is the US Dollar (USD) Therefore, all equity based payments are received by the individuals in USD For the purposes of the disclosures in this note USD values are presented, translated into pounds sterling as appropriate at the year end exchange rate of £1=USD 1 5790 (2010 £1 = USD 1 5664)

At 30 September 2011, all equity awards (restricted share awards and share options) held by Tyco Thermal Controls (UK) Limited employees were granted under the Tyco International Limited Stock and Incentive Plan (the "2004 Plan") or other Tyco equity incentive plans The 2004 Plan is administered by the Compensation and Human Resources Committee of the Board of Directors of Tyco, which consists exclusively of independent directors of Tyco and provides for the award of stock options, stock appreciation rights, annual performance bonuses, long-term performance awards, restricted units, restricted stock, promissory stock and other stock-based awards (collectively "Awards")

On 29 June 2007, Tyco completed the disposal of Covidien and Tyco Electronics formerly its Healthcare and Electronics businesses, in the form of a distribution to shareholders (the "Separation") Each Tyco shareholder received 25% of a common share of each of Covidien and Tyco Electronics for each Tyco common share Additionally, on the distribution date, Tyco, as approved by its Board of Directors, effected a reverse stock split of Tyco's common shares, at a split ratio of one for four All share and option data presented reflects the Separation and reverse stock split

Options have been granted to a number of employees to purchase common shares in Tyco International Limited at prices which are equal to or greater than the market price of such common shares on the date the option is granted Conditions of vesting are determined at the time of grant under the "2004 Plan" Options are generally exercisable in equal annual instalments over a period of three or four years and will generally expire 10 years after the date of grant

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

15. SHARE PLANS (continued)

The grant-date fair value of each option grant is estimated using the Black-Scholes option pricing model. The fair value is then amortised on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected volatility was calculated based on the historical volatility of Tyco's stock and implied volatility derived from exchange traded options. Post Separation, expected volatility was calculated based on an analysis of historic and implied volatility measures for a set of peer companies. The average expected life was based on the contractual term of the option and expected employee exercise and post-vesting employment termination behaviour. The risk-free interest rate is based on the US Treasury zero-coupon issues with a remaining term equal to the expected life assumed at the date of grant. The compensation expense recognized is net of estimated forfeitures. Forfeitures are estimated based on voluntary termination behaviour, as well as an analysis of actual option forfeitures. The weighted-average assumptions Tyco used in the Black-Scholes option pricing model are as follows:

	2011	2010
Expected stock price volatility	33%	60%
Risk free interest rate	1.30%	2.82%
Expected annual dividend per share	\$0.84	\$0.11
Expected life of options (years)	5.2	4.8

A summary of option activity in respect of options held by employees of Tyco Thermal Controls (UK) Limited as of 30 September 2011 and changes during the period then ended is presented below:

	Shares	2011 Weighted- average exercise price	Shares	2010 Weighted- average exercise price
Outstanding at beginning of period	6,415	\$29.32	6,415	\$29.32
Granted	nil	nil	nil	nil
Exercised	nil	nil	nil	nil
Expired	nil	nil	nil	nil
Forfeited	nil	nil	nil	nil
Outstanding at period close	6,415	\$44.26	6,415	\$29.32
Vested and unvested expected to vest at period close	6,415	\$44.26	6,415	\$29.32
Exercisable at period close	6,415	\$44.26	6,415	\$29.32

The options outstanding at 30 September 2011 had a weighted average exercise price of \$44.26 / £28.03 (2010: \$48.66 / £31.06). There were no options exercised or granted during the period (2010: nil).

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

15. SHARE PLANS (continued)

EMPLOYEE STOCK PURCHASE PLAN (SAYE)

Employees of Tyco Thermal Controls (UK) Limited are entitled to participate in the Tyco International Limited Savings Related Share Option Scheme (the "SAYE Plan"). Under the SAYE Plan, eligible employees are granted options to purchase shares at the end of three years of service at 85% of the market price at the time of grant. Options under the SAYE Plan are generally exercisable after a period of three years and expire six months after the date of vesting. All of the shares purchased under the SAYE Plan are purchased on the open market.

The SAYE Plan was approved on 3 November 1999 for a ten year period and has expired according to its terms on 3 November 2009. The International Benefits Oversight Committee has not approved any additional grants since the last annual grant on 9 October 2008, and it has not applied for approval of a replacement for the SAYE Plan at this time.

A summary of option activity in respect of employees of Tyco Thermal Controls (UK) Limited under the SAYE Plan at 30 September 2011 and changes during the period then ended is presented below:

		2011		2010
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
Outstanding at beginning of period	3,114	\$36.01	5,308	\$31.16
Granted	nil	nil	nil	nil
Exercised	(1,692)	\$37.22	(1,522)	\$21.46
Expired	(268)	\$36.87	(440)	\$28.92
Forfeited	nil	nil	(202)	\$35.87
Outstanding at period close	1,154	\$34.41	3,114	\$36.01
Vested and unvested expected to vest at period close	1,142	\$34.41	2,982	\$36.07
Exercisable at period close	nil	nil	nil	nil

The grant-date-fair value of each option grant is estimated using the Black-Scholes option pricing model. Assumptions for expected volatility, the average expected life, and the risk-free rate were made using the same methodology as previously described under Share Options.

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

15. SHARE PLANS (continued)

RESTRICTED SHARE AWARDS

Restricted share awards are granted by Tyco International Limited subject to certain restrictions. Conditions of vesting are determined at the time of grant under the 2004 Plan. All restrictions on the award will lapse upon normal retirement, death or disability of the employee.

For grants to employees of Tyco Thermal Controls (UK) Limited which vest based on certain specified performance criteria, the fair market value of the shares or units is expensed over the period of performance, once achievement of criteria is deemed probable. For grants to employees of Tyco Thermal Controls (UK) Limited that vest through the passage of time, the fair market value of the award at the time of the grant is amortised to expense over the period of vesting. The fair value of restricted share awards is determined based on the market value of Tyco International Limited's shares on the grant date. Restricted share awards generally vest after a period of three or four years, as determined by the Compensation Committee, upon attainment of various levels of performance that equal or exceed targeted levels, if applicable.

Recipients of restricted shares have the right to vote and receive dividends, whereas recipients of restricted units have no voting rights and receive dividend equivalents.

Also in connection with the Separation, Tyco employee restricted share awards and restricted stock units (collectively, "restricted share awards") were modified through the issuance of Covidien and Tyco Electronics restricted shares or the conversion to shares of the employer. Details of the impact are shown in the Tyco International Limited 2007 Annual Report.

Tyco International Limited amended the terms of performance based awards granted on 22 November 2005 to provide for vesting of the remaining awards without regard to the original performance measures. The original performance awards, which were previously adjusted to reflect the attainment of performance metrics in the 52 weeks ended 30 September 2006, were converted to time based restricted stock units of Tyco International Limited.

A summary of the status of Tyco International Limited's restricted share awards and performance shares in respect of employees of Tyco Thermal Controls (UK) Limited at 24 September 2010 and changes during the period then ended is presented in the tables below and has been adjusted to reflect the Separation and the one for four reverse stock split.

Non-vested Restricted Share Awards to employees of Tyco Thermal Controls (UK) Limited	2011		2010	
	Shares	Weighted-average grant-date fair value	Shares	Weighted-average grant-date fair value
Non-vested at beginning of period	627	\$36.96	966	\$39.13
Granted	9	\$37.29	17	n/a
Vested	(365)	\$39.26	(356)	\$42.92
Forfeited	nil	nil	nil	nil
Non-vested at period close	271	\$33.54	627	\$36.96

The restricted share awards granted during the period relate to Dividend Equivalent Units (DEU) which do not have a fair value associated with them and are excluded from the weighted-average values. The dividend is awarded based on the original award in which the fair value of that award takes into account the future DEU's.

The weighted-average grant-date fair value of restricted share awards granted during 2011 and 2010 was \$37.29 (£23.94) and \$33.75 (£21.55) respectively. The total fair value of restricted share awards vested during 2011 and 2010 was \$1.78 million (£1.14 million) and \$1.64 million (£1.05 million) respectively.

TYCO THERMAL CONTROLS (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 September 2011

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £'000	2010 £'000
Opening shareholders' funds	13,328	12,274
Profit for the period	1,952	1,057
Movement in share option reserve	-	(3)
Dividend	(4,000)	-
Closing shareholders' funds	11,280	13,328

17. FINANCIAL COMMITMENTS

Operating leases

At 30 September 2011 the company had the following annual commitments under non-cancellable operating leases expiring as follows

	2011		2010	
	Land and buildings £'000	Plant and machinery £'000	Land and buildings £'000	Plant and machinery £'000
Within one year	-	28	-	33
Between two and five years	-	5	-	4
After five years	80	-	80	-
	80	33	80	37

18. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The total pension costs for the year were £115,254 (2010 £98,174).

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties that are other wholly owned companies in the same group.

20. POST BALANCE SHEET EVENTS

Tyco Thermal Controls Limited operates as part of Tyco's Flow Control segment. On 19 September 2011, Tyco International Limited announced that its Board of Directors approved a plan to separate into three separate, publicly traded companies consisting of the North American residential security business, its flow control business, and its commercial fire and security business. The 2012 separation is expected to be completed by the end of the third calendar quarter of 2012, which is discussed in the Tyco International Limited 2011 Annual Report, which does not form part of this report.

21. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary undertaking of Tyco Holdings UK Limited, a company registered in England. Copies of the financial statements of Tyco Holdings UK Limited are available from Companies House, Crown Way, Cardiff, CF4 3UZ.

The ultimate parent company and the smallest and largest group for which financial statements are prepared is Tyco International Limited, a company incorporated in Switzerland. Copies of the group financial statements may be obtained from the Company Secretary, Tyco International Limited, Freier Platz 10, 8200 Schaffhausen, Switzerland.