

# Stanley Nordic ApS

Smedeland 15, 2600 Glostrup

CVR no. 63 32 07 14

## Annual report 2015

Approved at the annual general meeting of shareholders on 4 July 2016

Chairman:



Michael Keldsen

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### Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Stanley Nordic ApS for the financial year 1 January - 31 December 2015.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 July 2016  
Executive Board:



Michael Keldsen  
Executive Board

## **Independent auditors' report**

To the shareholders of Stanley Nordic ApS

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Stanley Nordic ApS for the financial year 1 January - 31 December 2015, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

### ***Management's responsibility for the financial statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' responsibility***

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

### **Report on other legal and regulatory requirements**

#### **Emphasis-of-matter paragraph concerning other matters**

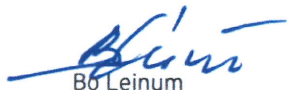
The Company's servers are located abroad. There is no on-line access from Denmark to the data, etc. preserved at the servers, which is contrary to the Danish Bookkeeping Act. As a result, the Executive Board may be held liable.

## Independent auditors' report

### Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 4 July 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28



Bo Leinum  
State Authorised Public Accountant

## Management's review

### Company details

Name	Stanley Nordic ApS
Address, Postal code, City	Smedeland 15, 2600 Glostrup
CVR No.	63 32 07 14
Established	20 June 1975
Registered office	Glostrup
Financial year	1 January - 31 December
Executive Board	Michael Keldsen, Executive Board
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	SEB Citibank

## Management's review

### Operating review

#### The Company's business review

In 2014, the Company divested the investment in the wholly-owned subsidiary, Scan Modul Byrum ApS, and at 31 December 2014 and 31 December 2015, the Company does not hold any investments and is considered a dormant company.

The Company has received legal claims following the divestment completed in October 2014.

Stanley Black and Decker's legal department in Europe, including the external legal advisors, has not found any valid ground for the claims, and consequently, no provisions have been made in the financial statements regarding the claims. See note 8 regarding contractual obligations and contingencies for further information.

#### Financial review

The income statement for 2015 shows a loss of DKK 423,555 against a loss of DKK 238,236,035 last year, and the balance sheet at 31 December 2015 shows equity of DKK 3,129,193 (2014: DKK -206,447,252).

The equity at 31 December 2015 is impacted by a group cash contribution from the parent company during 2015, which amounted to DKK 210 million.

#### Post balance sheet events

No significant events have occurred subsequent to the financial year.

#### Outlook

The Company was without activity at 31 December 2015.

It is the intention to close down the Company within a foreseeable future.

The liquidation will not be initiated before any legal disputes have been resolved.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK	2015	2014
	<b>Gross profit/loss</b>	-140,646	-138,573
	Income from investments in group enterprises	0	-239,683,619
2	Financial income	100,024	2,092,454
3	Financial expenses	-382,933	-429,272
	<b>Profit/loss before tax</b>	-423,555	-238,159,010
4	Tax for the year	0	-77,025
	<b>Profit/loss for the year</b>	-423,555	-238,236,035
	 <b>Proposed profit appropriation/distribution of loss</b>		
	Retained earnings/accumulated loss	-423,555	-238,236,035
		-423,555	-238,236,035



## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK	2015	2014
	<b>ASSETS</b>		
	Current assets		
	Receivables		
	Receivables from group enterprises	230,259,209	66,556,975
	Other receivables	322,467	626,406
		<u>230,581,676</u>	<u>67,183,381</u>
	<b>Total current assets</b>	<u>230,581,676</u>	<u>67,183,381</u>
	<b>TOTAL ASSETS</b>	<u>230,581,676</u>	<u>67,183,381</u>
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
5	Share capital	3,250,000	3,250,000
	Retained earnings	-120,807	-209,697,252
	<b>Total equity</b>	<u>3,129,193</u>	<u>-206,447,252</u>
	<b>Liabilities other than provisions</b>		
	Current liabilities other than provisions		
	Trade payables	369,072	93,928
	Payables to group enterprises	226,741,710	273,276,540
	Corporation tax payable	0	77,025
	Other payables	341,701	183,140
		<u>227,452,483</u>	<u>273,630,633</u>
	<b>Total liabilities other than provisions</b>	<u>227,452,483</u>	<u>273,630,633</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>230,581,676</u>	<u>67,183,381</u>

- 1 Accounting policies
- 6 Collateral
- 7 Contractual obligations and contingencies, etc.
- 8 Related parties

## Financial statements for the period 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	3,250,000	-209,697,252	-206,447,252
Profit/loss for the year	0	-423,555	-423,555
Contribution from parent	0	210,000,000	210,000,000
<b>Equity at 31 December 2015</b>	<b>3,250,000</b>	<b>-120,807</b>	<b>3,129,193</b>

In order to observe the Danish Companies Act, the parent company completed a group cash contribution during 2015 which amounted to DKK 210 million.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Stanley Nordic ApS for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in Danish kroner.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Monetary items denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

### Income statement

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross profit/loss'.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, realised and unrealised capital and exchange gains and losses on foreign currency transactions and surcharges and allowances under the advance payment of tax scheme, etc.

#### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

###### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

###### Cash at hand and in bank

Cash comprises bank balances which are subject to an insignificant risk of changes in value.

Balances in the group's cash pool scheme are not, due to the nature of the scheme, considered cash, but are recognised under 'Receivables from group entities'.

###### Grants without consideration in a group

Grants received from the parent company are recognised under 'Retained earnings in equity' in the balance sheet as a capital injection.

###### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

###### Other payables

Other payables are measured at net realisable value.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

DKK	2015	2014
<b>2 Financial income</b>		
Interest receivable, group entities	0	2,091,377
Other interest income	0	2,099
Other financial income	100,024	-1,022
	<u>100,024</u>	<u>2,092,454</u>
<b>3 Financial expenses</b>		
Other interest expenses	238,553	287,003
Exchange losses	78,137	142,271
Other financial expenses	66,243	-2
	<u>382,933</u>	<u>429,272</u>
<b>4 Tax for the year</b>		
Estimated tax charge for the year	0	77,025
	<u>0</u>	<u>77,025</u>

Estimated tax charge includes tax refunds for tax losses utilised between jointly taxed entities.

### 5 Share capital

The share capital of the Company is DKK 3,250,000 divided into 3,250 shares of DKK 1,000 each.

Analysis of changes in the share capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Opening balance	3,250,000	3,250,000	3,125,000	3,125,000	3,125,000
Capital increase	0	0	125,000	0	0
	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,250,000</u>	<u>3,125,000</u>	<u>3,125,000</u>

### 6 Collateral

The Company has not placed any assets or other as security for loans at 31/12 2015.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 7 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

During 2015, the Company has received two legal claims following the divestment of Scan Modul ApS completed in October 2014.

The buyer has made claims, under Dutch law, against the Company and against the chairman of the Executive Board for an amount of DKK 34.3 million (approx. USD 5,6 million).

The buyer claims reimbursement from the Company on a contractual basis, because the Company is a party to the Share Purchase Agreement (SPA), which, according to the buyer, has been breached.

Stanley Black and Decker's legal department in Europe, including the external legal advisors, has not found any valid ground for the claims, and consequently, no provisions have been made in the financial statements regarding the claims.

##### Joint taxation

The Company is jointly taxed with its Stanley Black & Decker sister companies in Denmark. Stanley Security Denmark ApS acts as management company. The Company is jointly and severally liable for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

#### 8 Related parties

Stanley Nordic ApS' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Stanley European Holdings B.V.	The Netherlands	Participating interest

##### Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent's consolidated financial statements</u>
Stanley Black & Decker Inc.	United States of America	1000 Stanley Drive 06053 New Britain Connecticut USA
Stanley European Holdings B.V.	The Netherlands	Martinus Nijhofflaan, 2 2624 ES Delft The Netherlands

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Stanley European Holdings BV	Martinus Nijhofflaan, 2 2624 ES Delft The Netherlands