

PIPELINE INDUCTION HEAT LIMITED

STRATEGIC REPORT, DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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PIPELINE INDUCTION HEAT LIMITED

COMPANY INFORMATION

Directors

C Allen (resigned 7 December 2021)
B C O Teixeira (appointed 7 December 2021)
A R Wynne Hughes
P J McShane
P N Lanigan (appointed 19 August 2022)
J I Mackay (appointed 19 August 2022)
F Castrec (appointed 19 August 2022)

Company secretary P N Lanigan

Registered number 01478556

Registered office

The Pipeline Centre
Farrington Road
Rossendale Road Industrial Estate
Burnley
Lancashire
BB11 5SW

Auditor

UHY Hacker Young Manchester LLP
Chartered Accountants & Statutory Auditor
St James Building
79 Oxford Street
Manchester
M1 6HT

PIPELINE INDUCTION HEAT LIMITED

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PIPELINE INDUCTION HEAT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review

2021 was another challenging year for Pipeline Induction Heat Limited with market activity continuing at a low level due to COVID and high pressure on profitability due to Global Supply Chain Volatility. The strategic objectives of the Company remain consistent to previous years. Investment in Technology and R&D continues to be at the forefront of the Company whilst investing in human capital and global footprint expansion/improvement.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as competitive, liquidity, credit, and currency risk. The company's principal financial instruments comprise intercompany balances between fellow group undertakings, the main purpose of which is to provide finance for its normal operations. The directors' consideration of the risks and uncertainties in this respect are outlined below.

Competitive risk

The company faces competition from other companies in all our geographical markets. The company policy is to maintain high levels of customer service and to build upon the strong supplier relationships.

Liquidity risk

The company policy is to ensure that sufficient liquidity is available to meet the foreseeable needs and to invest cash assets safely and profitably. Liquidity is achieved by overdraft and intercompany cashpool position.

Credit risk

The company policy is to minimise exposure to losses from defaulting customers. Credit terms are only granted to customers who satisfy credit worthiness procedures and in certain market sectors where appropriate credit insurance can be obtained. Credit limits are reviewed by finance department staff on a regular basis in conjunction with the debt ageing and collection history.

Currency risk

The company policy is to reduce currency exposure for particular projects by using the same currency for purchasing and selling the materials. Where this is not possible and the values are significant, forward contracts are agreed with our bank.

Key performance indicators

Due to the global industrial environment the turnover of the business has decreased slightly to £20,637,286 (2020: £20,673,510). The gross profit margin achieved was 7.29% (2020: 10.29%).

PIPELINE INDUCTION HEAT LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Directors' statement of compliance with their duty to promote the success of the company

This statement by the Board of Directors describes how they have approached their responsibilities under s172(1)(a) to (f) of the Companies Act 2006 in the financial year ending 31 December 2021.

The Directors promote the success of the company for the benefit of the sole shareholder and that of the shareholders of its ultimate parent (Stanley Black & Decker, Inc.) whilst taking into account, amongst other matters, the items headed up below.

Consequences of any decision in the long term

The business monitors and reviews strategic objectives, against long term growth plans. Regular reviews are held across key business areas including; financial performance, risks and opportunities, health and safety, human resources, and operations. The company's performance and progress are reviewed regularly at department and board meetings.

Interests of the company's employees

Employees are the company's main asset and their health and safety is the company's number one priority. This entails strict health and safety policies tailored with suitable and regular training programmes.

The company also strives to build and nurture a culture of inclusiveness where there is a deep sense of pride, passion, and belonging that transcends any role, and where all employees feel valued, heard, and positioned to do their best work every day.

There are also further details regarding employee interests in the sections "Employee involvement" and "Disabled employees" in the Directors' Report.

Business relationships with suppliers, customers, and others.

The company recognises the importance that stakeholders outside the business such as customers and suppliers add to our business and we work ethically together to ensure that our goals are met in a mutually beneficial fashion by negotiating contracts, agreeing payment terms in advance, and maintaining an open dialogue with suppliers and customers.

The impact of the company's operations on the community and environment.

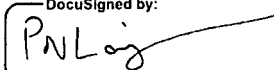
As an affiliate of Stanley Black & Decker, Inc, the Directors continue to promote the Organisation's Global Social Responsibility Goals to inspire makers and innovators to create a more sustainable world in alignment with the Stanley Black & Decker Group's purpose.

The Company believes corporations have a broader role to play in society building on our historical, deep focus on environment, health and safety, sustainability and community engagement. This role relates to helping solve the world's challenges, such as climate change, income inequality and workforce development.

Maintaining a reputation for high standards of business conduct.

The Company also supports bringing together the best of the best to create practical, meaningful products and services that make life easier - empowering people to do better, safer, more significant work. Innovation and excellence have powered Stanley Black & Decker, Inc's success, but equally knows there is more the organisation can do for the world and those who make it. Across our business, we're investing in breakthrough innovation and digital excellence, striving for outperformance and increasing our focus on social responsibility.

This report was approved by the board on 14 April 2023 and signed on its behalf.

DocuSigned by:

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P N Lanigan
Director

PIPELINE INDUCTION HEAT LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

Principal activity

The principal activity of the company continued to be the provision of specialist coating services to the oil and gas pipeline industry.

Results and dividends

The loss for the year, after taxation, amounted to £1,990,397 (2020: loss £1,820,661).

No dividends were paid during the year.

Directors

The directors who served during the year were:

A Wynne Hughes
C Allen
B C O Teixeira (appointed 7 December 2021)
P J McShane

Future developments

On 28 June 2022 the company's ultimate parent company, Stanley Black & Decker, Inc., announced it had signed a definitive agreement for the sale of its Stanley Oil and Gas business to Pipeline Technique Limited, a leading provider of solutions to the energy industry. On 19 August the transaction closed successfully thereby changing the company's ultimate parent company.

Research and development activities

The company continues to invest in research and development necessary to provide innovative support to its clients. The company has a proven track record in its field and will strive to build on this to provide safe, practical solutions demanded by the industry in the continued challenging environment of existing and new markets.

Employee involvement

The company places great value on its employees and their involvement in aspects of the company's business. The company has continued its established practice of keeping employees fully informed on matters which affect them, including the performance of the company. This is achieved through a variety of regular formal and informal meetings, briefings and newsletters. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Further involvement is being encouraged through the continuing development of cross functional working groups.

PIPELINE INDUCTION HEAT LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular qualifications, aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or alternative positions and to provide reasonable adjustments and appropriate training to achieve this aim.

UK Streamlined Energy and Carbon Reporting

As an affiliate of Stanley Black & Decker, Inc, the Directors continue to promote the Organisation's commitment to environmental sustainability, particularly with regard to climate, waste and water.

The Organisation's 2030 targets of becoming better than carbon neutral (carbon positive), achieving zero waste to landfill and ensuring sustainable water use across our operations continues to reflect our long-standing commitment to make a lasting, positive change for our communities and the world.

Sustainability is a fundamental part of the Stanley Black & Decker, Inc's culture, as demonstrated through support of and alignment with the UN Sustainable Development Goals. We work actively toward cleaner water, minimizing waste generation and landfilling, and reducing our greenhouse gas emissions to lessen climate risk and find climate opportunity. More specifically, where possible, the Company sources all of its property related electricity from renewable sources.

The table shows the company's operational energy and carbon footprint, according to the (SECR) framework.

	2021	2020
Energy consumption used to calculate emissions: kWh	1,274,255	1,724,049
Emissions from combustion of gas tCO ₂ e (Scope 1)	130	119
Emissions from combustion of fuel tCO ₂ e (Scope 1)	18	224
Total gross tCO ₂ e based on above	148	343
Intensity ratio: tCO ₂ e/£m	7	16

Qualifying third party indemnity provisions

The company benefits from a global indemnity policy which protects its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

PIPELINE INDUCTION HEAT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Going concern

Notwithstanding a loss for the year of £1,990,397 (2020: £1,820,661), the financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons.

In August 2022 Pipeline Induction Heat Limited was acquired by Pipeline Technique Ltd, a company ultimately owned by Blue Water Energy LLP, a specialist international private equity fund specializing in energy. In order to assess the going concern of the Company, the going concern of the full group requires consideration.

The directors of PTL UK Topco Limited, the Group parent undertaking, manages the Group strategies and risk on a consolidated basis, rather than at the individual entity level. Following the acquisition of the company, its forecasts have been included within this group. Similarly, the financial and operating performance of the business is assessed at a group level.

The directors of the Group have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. In addition, the directors have also prepared a forecast including severe but plausible downside scenarios and these forecasts show the Group is expected to have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the signing of these financial statements.

The group has a strong order book and is forecasting revenues of \$245m and EBITDA of \$24m for 2023. The parent entity, PTL Guernsey Limited, has continued to support the Group and has provided financial support with a fixed term loan in place that is not due for repayment until 22 May 2024, a period in excess of 12 months from the signing of these financial statements.

As per the Group forecasts, the company going forward will, if required, rely on funding from intermediate parent companies within the Group. The directors believe the ultimate parent company, PTL UK Topco Limited, has the ability to provide financial support to the Company for the foreseeable future.

Consequently, the directors are confident that both the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

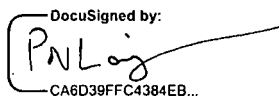
In February 2022, a number of countries (including the US, UK, and those within the EU) imposed new sanctions against certain entities and individuals with links to Russia. Announcements of potential sanctions have been made following military operations initiated on 24 February 2022. The company and group does not have significant exposure related to the current events in Ukraine, including as a result of the sanctions imposed on Russia by various governments and the European Union.

On 19 August 2022, CRC-Evans International LLC, PIH Holdings Limited and CRC Netherlands BV with their subsidiaries (together the oil and gas interests of Stanley Black & Decker Inc) were purchased by Pipeline Technique Limited.

PIPELINE INDUCTION HEAT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

This report was approved by the board on 14 April 2023 and signed on its behalf.

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P N Lanigan
Director

PIPELINE INDUCTION HEAT LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements 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;
- 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 to 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.

PIPELINE INDUCTION HEAT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIPELINE INDUCTION HEAT LIMITED

Opinion

We have audited the financial statements of Pipeline Induction Heat Limited (the 'company') for the year ended 31 December 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period or at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant section of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion of the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

PIPELINE INDUCTION HEAT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIPELINE INDUCTION HEAT LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry and sector, control environment and business performance,
- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance,
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and

PIPELINE INDUCTION HEAT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PIPELINE INDUCTION HEAT LIMITED

- the matters discussed among the audit engagement team and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

Our procedures to respond to risks identified included the following:

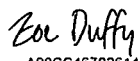
- agreeing the financial statement disclosures to underlying supporting documentation;
- auditing the risk of management override including the testing of journals and adjustments for appropriateness;
- reviews for significant transactions outside of the normal course of business;
- reviews of meeting minutes; and
- enquiries with management.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone that the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Zoë Duffy BFP FCA (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young Manchester LLP

14-Apr-2023

Date:

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

PIPELINE INDUCTION HEAT LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	20,637,286	20,673,510
Cost of sales		(19,133,014)	(18,546,234)
Gross profit		1,504,272	2,127,276
Administrative expenses		(3,679,834)	(3,421,104)
Other operating income	5	40,964	197,157
Operating loss	6	(2,134,598)	(1,096,671)
Interest receivable and similar income	10	157,135	-
Interest payable and similar expenses	11	-	(1,515)
Loss before tax		(1,977,463)	(1,098,186)
Tax on loss	12	(12,934)	(722,475)
Loss for the financial year		(1,990,397)	(1,820,661)

There were no recognised gains and losses for 2021 or 2020 other than those included in the income statement.

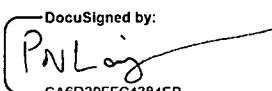
The notes on pages 14 to 29 form part of these financial statements.

PIPELINE INDUCTION HEAT LIMITED
REGISTERED NUMBER: 01478556

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	8,034,378	9,360,825
		<u>8,034,378</u>	<u>9,360,825</u>
Current assets			
Stocks	14	7,529,437	7,070,172
Debtors: amounts falling due after more than one year	15	801,775	1,603,552
Debtors: amounts falling due within one year	15	13,341,056	10,741,706
Cash at bank and in hand	16	1,638	234,107
		<u>21,673,906</u>	<u>19,649,537</u>
Creditors: amounts falling due within one year	17	(14,433,050)	(11,744,731)
Net current assets		<u>7,240,856</u>	<u>7,904,806</u>
Total assets less current liabilities		<u>15,275,234</u>	<u>17,265,631</u>
Net assets		<u><u>15,275,234</u></u>	<u><u>17,265,631</u></u>
Capital and reserves			
Called up share capital	19	600	600
Share premium account	20	298,400	298,400
Other reserves	20	400	400
Profit and loss account	20	14,975,834	16,966,231
		<u><u>15,275,234</u></u>	<u><u>17,265,631</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 April 2023.

DocuSigned by:

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P N Lanigan
 Director

PIPELINE INDUCTION HEAT LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	600	298,400	400	16,966,231	17,265,631
Comprehensive expense for the year					
Loss for the year	-	-	-	(1,990,397)	(1,990,397)
At 31 December 2021	600	298,400	400	14,975,834	15,275,234

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	600	298,400	400	18,786,892	19,086,292
Comprehensive expense for the year					
Loss for the year	-	-	-	(1,820,661)	(1,820,661)
At 31 December 2020	600	298,400	400	16,966,231	17,265,631

PIPELINE INDUCTION HEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Pipeline Induction Heat Limited is a private company limited by shares and incorporated in England and Wales. The registered office is The Pipeline Centre, Farrington Road, Rossendale Road Industrial Estate, Burnley, Lancashire, BB11 5SW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

In line with section 33.1A of FRS 102, disclosures are not given of transactions with fellow wholly owned group companies.

In accordance with s401 of the Companies Act 2006, the company is exempt from the requirement to prepare and deliver group accounts. Financial information within these financial statements is presented about the company as an individual and not its group. Details of the ultimate parent undertaking, which draws up group accounts, are disclosed in the notes to the financial statements.

Going concern

Notwithstanding a loss for the year of £1,990,397 (2020: £1,820,661), the financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons.

In August 2022 Pipeline Induction Heat Limited was acquired by Pipeline Technique Ltd, a company ultimately owned by Blue Water Energy LLP, a specialist international private equity fund specializing in energy. In order to assess the going concern of the Company, the going concern of the full group requires consideration.

The directors of PTL UK Topco Limited, the Group parent undertaking, manages the Group strategies and risk on a consolidated basis, rather than at the individual entity level. Following the acquisition of the company, its' forecasts have been included within this group. Similarly, the financial and operating performance of the business is assessed at a group level.

The directors of the Group have prepared cashflow forecasts for a period of at least 12 months from the date of approval of these financial statements. In addition, the directors have also prepared a forecast including severe but plausible downside scenarios and these forecasts show the Group is expected to have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the signing of these financial statements.

The group has a strong order book and is forecasting revenues of \$245m and EBITDA of \$24m for 2023. The parent entity, PTL Guernsey Limited, has continued to support the Group and has provided financial support with a fixed term loan in place that is not due for repayment until 22 May 2024, a period in excess of 12 months from the signing of these financial statements.

As per the Group forecasts, the company going forward will, if required, rely on funding from intermediate parent companies within the Group. The directors believe the ultimate parent company, PTL UK Topco Limited, has the ability to provide financial support to the Company for the foreseeable future.

Consequently, the directors are confident that both the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of

PIPELINE INDUCTION HEAT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

the financial statements and therefore have prepared the financial statements on a going concern basis.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Stanley Black & Decker, Inc as at 1 January 2022 and these financial statements may be obtained from 1000 Stanley Drive, New Britain, CT 06053.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.3 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Government grants

Grants received during the year are accounted for under the accruals model, as permitted by Section 24 of FRS 102. Those grants received were of a revenue nature and are recognized in the Statement of Comprehensive Income in the same period as the related expenditure. Any amounts receivable at the year end have been included in debtors as accrued income.

2.5 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.7 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

2.8 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the lease term.

2.9 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.12 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold land and buildings	- up to 15 years
Plant and machinery	- up to 15 years
Fixtures, fittings and equipment	- up to 15 years
Computer equipment	- up to 15 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income Statement.

2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.17 Financial instruments (continued)

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income Statement.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Judgements

In the process of applying the Group's accounting policies management considered there to be no key sources of judgement in preparing these financial statements.

Estimates and assumptions

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Project revenue recognition

Where a service contract is only partially completed at the balance sheet date, turnover represents the value of the service provided to date based on contractual milestones or an estimate of the proportion of the contract that is complete. Invoices are raised to customers in line with contractual performance.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Service revenue	16,071,426	15,676,371
Fellow affiliate company	4,565,860	4,997,139
	<u>20,637,286</u>	<u>20,673,510</u>

In the opinion of the directors it would be seriously prejudicial to the company to disclose its geographical analysis of turnover.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

5. Other operating income

	2021 £	2020 £
Other operating income	40,964	197,157
	<u>40,964</u>	<u>197,157</u>

During the year the company benefitted from the UK Government's "Job Retention Scheme" which allowed employers to claim a proportion of the salary of qualifying staff up to certain thresholds. The company has received a total of £40,464 (2020: £197,517) during the year and this is included in the figure for other operating income in the Income Statement.

6. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	1,778,786	1,851,418
Loss on disposal of tangible fixed assets	12,845	10,473
Exchange differences	3,240	6,240
Operating lease rentals	224,309	219,619
Defined benefit contribution cost	354,873	333,610
	<u>3,373,053</u>	<u>3,421,360</u>

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	30,000	29,600
	<u>30,000</u>	<u>29,600</u>
Fees payable to the Company's auditor and its associates in respect of:		
Other services relating to taxation	6,750	6,200
	<u>6,750</u>	<u>6,200</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

8. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	8,205,211	7,161,443
Social security costs	609,581	650,368
Cost of defined contribution scheme	354,873	333,610
	<u>9,169,665</u>	<u>8,145,421</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Operational	92	75
Other	25	41
	<u>117</u>	<u>116</u>

9. Directors' remuneration

Directors' remuneration was paid by fellow group companies as the Directors of the company are also Directors of other group undertakings.

Although they carried out qualifying services for each company, the Directors do not believe that it is practical to apportion their remuneration between companies.

Aggregate emoluments paid in respect of qualifying services were £899,685 (2020: £869,779).

During the year benefits were accruing to 3 directors (2020: 3) in respect of defined contribution pension schemes. The highest paid director received remuneration of £478,502 (2020: £441,110).

The value of the company's contributions to a defined contribution pension scheme in respect of the highest paid director were £13,751 (2020: £27,501).

10. Interest receivable and similar income

	2021 £	2020 £
Interest receivable from group companies	157,135	-
	<u>157,135</u>	<u>-</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

11. Interest payable and similar charges

	2021	2020
	£	£
Interest payable to group companies	-	1,515
	<u>-</u>	<u>1,515</u>
	<u><u>-</u></u>	<u><u>1,515</u></u>

12. Taxation

	2021	2020
	£	£
Foreign tax		
Foreign tax on income for the year	59,307	735,819
	<u>59,307</u>	<u>735,819</u>
Total current tax	<u>59,307</u>	<u>735,819</u>
Deferred tax		
Charge/(Credit) current year	(46,373)	(13,344)
Total deferred tax	<u>(46,373)</u>	<u>(13,344)</u>
Taxation on loss on ordinary activities	<u>12,934</u>	<u>722,475</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(1,977,463)</u>	<u>(1,098,186)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(375,718)	(208,655)
Effects of:		
Expenses not deductible for tax purposes	1,498	1,916
Prior year adjustment	(376)	-
Adjustments to tax charge in respect of prior periods	-	(143,552)
Other timing differences leading to an increase (decrease) in taxation	(14,774)	-
Double taxation relief	59,307	735,819
Group relief	598,066	471,844
Rate change	(255,069)	(134,897)
Total tax charge for the year	<u><u>12,934</u></u>	<u><u>722,475</u></u>

Factors that may affect future tax charges

The Finance Act 2021 increased the main rate of UK corporation tax to 25% effective from 1 April 2023. Given that this was substantively enacted on 24 May 2021 (i.e. before the Balance Sheet date), these changes have been reflected in the measurement of deferred tax balances at the year end. Where deferred tax balances are anticipated to unwind prior to 1 April 2023, these continue to be recognised at the current rate of UK corporation tax of 19%. Where deferred tax balances are anticipated to unwind after 1 April 2023, these have been recognised at 25%.

Deferred tax

The company has recognised a deferred tax asset of £1,062,789 (2020: £1,016,416) as detailed in note 18 which it is expected will be utilised in the coming years. This has been calculated at the 25% corporation tax rate that was substantively enacted at the balance sheet date (2020: 19%).

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2021	904,039	29,165,984	170,726	30,240,749
Additions	-	465,184	-	465,184
Disposals	(69,790)	(751,135)	-	(820,925)
Transfers between classes	8,402	(37,270)	28,868	-
At 31 December 2021	842,651	28,842,763	199,594	29,885,008
Depreciation				
At 1 January 2021	848,542	19,864,980	166,402	20,879,924
Charge for the year on owned assets	9,417	1,748,576	20,793	1,778,786
Disposals	(69,790)	(738,290)	-	(808,080)
Transfers between classes	-	(6,462)	6,462	-
At 31 December 2021	788,169	20,868,804	193,657	21,850,630
Net book value				
At 31 December 2021	54,482	7,973,959	5,937	8,034,378
At 31 December 2020	55,497	9,301,004	4,324	9,360,825

14. Stocks

	2021 £	2020 £
Raw materials and consumables	3,149,617	3,097,624
Long term contract balances	4,379,820	3,972,548
	<u>7,529,437</u>	<u>7,070,172</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

15. Debtors

	2021 £	2020 £
Due after more than one year		
Trade debtors	801,775	1,603,552
	<u>801,775</u>	<u>1,603,552</u>

	2021 £	2020 £
Due within one year		
Trade debtors	9,666,280	5,431,957
Amounts owed by group undertakings	2,062,896	2,472,691
Other debtors	397,715	1,586,311
Prepayments and accrued income	140,952	172,204
Tax recoverable	10,424	62,127
Deferred taxation (note 18)	1,062,789	1,016,416
	<u>13,341,056</u>	<u>10,741,706</u>

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,638	234,107
	<u>1,638</u>	<u>234,107</u>

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,400,436	1,999,829
Amounts owed to group undertakings	5,634,204	2,765,211
Other taxation and social security	1,139,812	746,362
Accruals and deferred income	6,258,598	6,233,329
	<u>14,433,050</u>	<u>11,744,731</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

18. Deferred taxation

	2021 £
At beginning of year	1,016,416
Charged to the profit or loss	46,373
At end of year	<u>1,062,789</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Decelerated capital allowances	1,059,184	1,025,459
Short term timing differences	3,605	(9,043)
	<u>1,062,789</u>	<u>1,016,416</u>

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
600 (2020: 600) ordinary shares of £1.00 each	<u>600</u>	<u>600</u>

20. Reserves**Share premium account**

Share premium includes any premiums received on issue of share capital after the deduction of any transaction costs.

Other reserves

Other reserves are reserves provided for by the articles of association.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses.

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

21. Contingent liabilities

At the year end there were bank guarantees outstanding, being performance and advanced payment guarantees, in respect of several of the company's contracts amounting to £2,286,599 (2020: £1,453,440).

22. Capital commitments

As at 31 December 2021 the company had capital commitments for expenditure contracted for but not provided in these financial statements of £55,743 (2020: £Nil).

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Land and buildings		
Not later than 1 year	220,950	204,750
Later than 1 year and not later than 5 years	590,950	766,000
	<u>811,900</u>	<u>970,750</u>

24. Related party transactions

The company has taken advantage of the exemption available in accordance with section 33 'Related Party Disclosures', paragraph 33.1A, not to disclose transactions entered into between two or more members of a group, as the company is a wholly owned subsidiary undertaking of the group to which is party to the transaction.

	2021 £	2020 £
Amounts owed by other group undertakings	1,716,892	2,472,691
Amounts owed to parent undertaking	346,004	-
Amounts owed to other group undertakings	(1,559,629)	(2,030,909)
Amounts owed to parent undertaking	<u>(4,074,575)</u>	<u>(734,302)</u>

PIPELINE INDUCTION HEAT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

25. Post balance sheet events

In February 2022, a number of countries (including the US, UK, and those within the EU) imposed new sanctions against certain entities and individuals with links to Russia. Announcements of potential sanctions have been made following military operations initiated on 24 February 2022. The company and group does not have significant exposure related to the current events in Ukraine, including as a result of the sanctions imposed on Russia by various governments and the European Union.

On 19 August 2022, CRC-Evans International LLC, PIH Holdings Limited and CRC Netherlands BV with their subsidiaries (together the oil and gas interests of Stanley Black & Decker Inc) were purchased by Pipeline Technique Limited.

26. Controlling party

The company is a wholly owned subsidiary of P I H Holdings Limited, a company incorporated in the United Kingdom. On 19 August 2022 the company's ultimate parent company changed to PTL Geurnsey Limited. The ultimate controlling party is BWE GP II Limited as general partner of BWE General Partner II, L.P. as general partner of Blue Water Energy Fund II, L.P.

The largest and smallest group in which the results of the company are consolidated is that of Stanley Black & Decker, Inc., a company incorporated in the United States. Consolidated accounts are available from Stanley Black & Decker, Inc. at the address below:

Stanley Black & Decker, Inc.
1000 Stanley Drive
New Britain
CT 06053
United States