ADI-Alarmsystem A/S

Baldershoj 13, DK-2635, Ishoj, Denmark

Annual Report for 1 January - 31 December 2015

CVR No. 10 50 88 94

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 29/06/2016.

Jens Christian Jensen

Chairman

Contents

Management’s Statement

The Executive Board and the Board of Directors have today discussed and approved the annual report of ADI-ALARMSYSTEM A/S for the financial year 1 January to 31 December 2015.

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

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 2015.

Further, in our opinion, the Management´s review gives a fair review of the development in the Company´s operations and financial matters and the results of the Company´s operations and financial position.

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

Copenhagen, 29.06.2016

Executive Board

Jens Otto Buur

Board of Directors

Jens Christian Jensen *Chairman*	Adrian Connell	Jens Otto Buur
Andrew Leigh Burke	Alex Jelstrup Alpjerg	

Independent Auditor's Report

To the owners of ADI-Alarmsystem A/S

Report on the financial statements

We have audited the interim financial reports of ADI-Alarmsystem A/S for the interim period 01.01.2015 - 31.12.2015, which comprise the accounting policies, income statement, balance sheet, statement of changes in equity and notes. The interim financial reports are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the interim financial reports

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the interim financial reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation of interim financial reports 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 Entity'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 the overall presentation of the interim financial reports.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the interim financial reports give a true and fair view of the Company's financial position at 31.12.2015 and of the results of its operations for the interim period 01.01.2015 – 31.12.2015 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the interim financial reports.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the interim financial reports.

Copenhagen, dd.mm.yyyy

Deloitte
Statsautoriseret Revisionspartnerselskab

CVR-nr. 33963556

Jan Larsen
State Authorised Public Accountant

Company Information

The Company	ADI-Alarmsystem A/S Baldershøj 13-15 DK-2635 Ishøj Telephone: +45 43245600 Telefax: +45 43245601 E-mail address: info.dk@adiglobal.com Website: www.adiglobal.com/dk CVR No.: 10 50 88 94 Accounting period: 1 January – 31 December Registered office. Ishøj, Denmark
Board of Directors	Jens Christian Jensen Adrian Connell Andrew Leigh Burke Alex Jelstrup Alpjerg Jens Otto Buur
Executive Board	Jens Otto Buur
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-2300 København

Management's Review

The Annual Report has been prepared under the same accounting policies as last year.

Principal activity

The Company's principal activities comprise trade in electronic safety and security products as well as design of electronic safety and security systems.

Financial review

The Company's income statement for 2015 shows a loss of DKK 6,053 thousand (2014: loss of DKK 3,844 thousand). Company's balance sheet at 31 December 2015 shows an equity of DKK negative 300 thousand (2014: positive DKK 5,753 thousand).

Outlook

An increase is expected in the safety and security market. This is expected to have a positive impact on the revenue and earnings of the Company.

Management expects a positive development of operating activities in 2016 compared to 2015, so that the company will restore equity over coming years.

Special risks – operating risks and financial risks

Price risks

The Company is not subject to any significant price risks.

Foreign currency risks

Due to activities abroad, profit, cash flows and equity are affected by the development in exchange rates for a number of currencies.

Interest rate risks

The Company does not have any significant interest-bearing debt and therefore the interest level will not have any significant impact on earnings. Accordingly, no interest-rate instruments are entered to hedge interest-rate risks.

Knowledge resources

The Company's business foundation states that all core products must be accompanied by Danish manuals and requires that customers must be able to obtain technical support, training, etc. according to need. This means high requirements as to knowledge resources among our employees.

To ensure the continuous ability to provide these services it is essential that the Company is able to recruit and retain employees with extensive professional qualifications in electronics and IT.

External environment

ADI-Alarmsystem A/S' activities do not include actual production and all waste disposal is made in accordance with the regulations of the respective local authorities.

Subsequent events

Management believes that all material information for evaluating the Company's financial position and profit/loss for the year appears from the financial statements. No events have occurred after the balance sheet date that may have a significant influence on the assessment of the Company's financial position at 31 December 2015.

Accounting Policies

Basis of accounting

The annual report of ADI-ALARMSYSTEM A/S for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act, with addition of a few provisions for class C enterprises.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. The financial statements for 2015 are presented in DKK thousand.

In accordance with section 112 (1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The Company is included in the consolidated financial statements of Honeywell International Inc.

Recognition and measurement

The financial statements are prepared on a historical cost basis.

Income is recognised in the income statement as earned. Furthermore, recognition is made of value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any predictable losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Danish kroner is the currency used for measuring. All other currencies are considered foreign currencies.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rate 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.

Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are measured at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Hedge accounting

Changes in the fair value of financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability as regards the risk hedged.

Changes in the fair value of financial instruments designated as and qualifying for as hedges of expected future transactions are recognised in equity under retained earnings as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, amounts previously deferred in equity are transferred from equity and recognised in the cost of the asset or liability, respectively. If the hedged transaction results in income or expenses, amounts deferred in equity are transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same items as the hedged transaction.

Changes in the fair value of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

Accounting Policies

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, revenue is not disclosed in the annual report.

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end.

Revenue is measured ex VAT and less discounts granted in relation to the sale.

A sale is considered completed when:

- delivery has taken place before the end of the financial year,
- a binding sales agreement has been entered into,
- the sales price has been determined, and payment has been received or it is reasonably certain that payment will be received.

Staff costs

Staff costs comprise wages and salaries as well as related costs.

Depreciation/amortisation and impairment losses

Depreciation, amortisation and impairment losses comprise depreciation for the year on property, plant and equipment, amortisation of intangible assets and impairment losses.

Other operating income and costs

Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on disposal of intangible assets and property, plant and equipment.

Financial income and financial expenses

Financial income and financial expenses comprise interest, financial expenses on finance leases, realised and unrealised exchange rate adjustments as well as value adjustment of securities.

Tax on profit for the year

Tax for the year, which includes the year’s current and deferred tax, is recognised in the income statement as regards the portion that relates to the net profit/loss for the year and is taken directly to equity as regards the portion that relates to entries directly in equity. The tax that is recognised in the income statement is classified as tax on the profit for the year and tax on extraordinary profits, respectively.

Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. As for own-manufactured assets, the cost includes direct and indirect expenses relating to labour, materials, components and sub-suppliers.

Interest expenses on loans raised specifically to finance the manufacture of property, plant and equipment are recognised in cost over the manufacturing period. All indirectly attributable borrowing costs are recognised in the income statement.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment 3-16 years.

Assets with a cost of less than DKK 12,800 are expensed in the year of acquisition.

Accounting Policies

Write-down of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

If this is the case, an impairment test is made in order to determine whether the recoverable amount is lower than the carrying amount, and a write-down is made to this lower value.

The recoverable amount for the asset concerned is made up as the higher of the net selling price and the net present value. If it is not possible to determine the recoverable amount for individual assets, the assets are assessed jointly in the smallest identifiable group of assets to determine a reliable recoverable amount.

Assets for which no separate value in use can be determinable, as the asset does not in itself generate any future cash flows, are subject to review for impairment together with the group of assets to which they belong.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost in accordance with the average cost method and the net realisable value.

The net realisable value of inventories is calculated as the expected selling price less selling costs and costs of completion. The net realisable value is calculated taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which in this context corresponds to nominal value less provisions for bad debts. Provisions for bad debts are made up by reference to an individual assessment of each account receivable and, as regards trade receivables, with a general provision based on the company's prior experience.

Exchange rate adjustments of long-term loans to group enterprises are taken to equity, as these loans are considered "equity" loans.

Prepayments

Prepayments include prepaid expenses regarding rent, insurance premiums, subscription fees and interest.

Equity

Dividends

Dividend proposed by the management to be distributed for the year is shown as a separate item under equity.

Provisions

Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

Deferred tax assets and liabilities

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, based on the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are measured at the expected value of their realisation; 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.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Accounting Policies

Current tax receivable and payable

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. Surcharges and refunds under the on-account tax scheme are recognised in the income statement as financial income and expenses.

Financial liabilities

Fixed-interest loans, such as mortgage loans and loans from credit institutions, are recognised at the time of borrowing at the proceeds received, net of transaction costs incurred. In subsequent periods, the loans are measured at amortised cost. Accordingly, the difference between the proceeds and the nominal value is recognised as interest expense in the income statement over the term of the loan.

Other liabilities are measured at amortised cost, which essentially corresponds to nominal value.

Deferred income

Deferred income recognised as liabilities comprises payments received concerning income in subsequent reporting years.

Cash flow statement

The Company is included in the consolidated financial statements of Honeywell International Inc. who also prepares a cash flow statement for the group. Accordingly, no separate cash flow statement has been prepared for the Company, see Section 86(4) of the Danish Financial Statements Act.

Income statement
for the year ended 31 December 2015

	Notes	2015 *TDKK*	2014 *TDKK*
Gross profit		**10,503**	**11,119**
Staff costs	1	-17,647	-15,255
Depreciation on property, plant and equipment and amortisation of intangible assets and impairment losses	5	-147	-227
Operating loss		**-7,291**	**-4,363**
Financial income	2	1	**4**
Financial expenses	3	-927	**-731**
Loss before tax		**-8,217**	**-5,090**
Tax for the year	4	-2,164	1,246
Loss for the year		**-6,053**	**-3,844**
Distribution of loss			
Proposed distribution of loss			
Retained earnings		-6,053	-3,844

Balance sheet

at 31 December 2015

Assets	Notes	2015 *TDKK*	2014 *TDKK*
Fixtures and fittings, tools and equipment		1,768	333
Property, plant and equipment	5	**1,768**	**333**
Investments in subsidiaries	6	10,863	10,863
Deposits		883	883
Investments		**11,746**	**11,746**
Non-current assets		**13,514**	**12,079**
Inventories		**17,977**	**14,142**
Trade receivables		14,456	12,598
Amounts owed by subsidiaries		5,234	1,546
Other receivables		719	268
Deferred tax asset		303	303
Income tax receivable		2,164	1,331
Prepayments and deferred income		208	267
Receivables		**23,084**	**16,313**
Cash at hand and in bank		3	90
Current assets		**41,064**	**30,545**
Assets		**54,578**	**42,624**

Balance sheet

at 31 December 2015

Equity and liabilities			
Share capital		1,501	1,501
Retained earnings		-1,801	4,252
Equity	7	**-300**	**5,753**
Other provisions	8	341	355
Provisions		**341**	**355**
Trade payables		14,636	11,728
Payables to group enterprises		32,619	19,644
Other payables		7,282	5,144
Current liabilities		**54,537**	**36,516**
Liabilities		**54,878**	**36,871**
Equity and liabilities		**54,578**	**42,624**

Contingent liabilities	9
Related parties and ownership	10

Notes to the annual report

at 31 December 2015

1. Staff expenses

	2015	2014
	TDKK	*TDKK*
Wages and salaries	16,539	14,273
Pensions	992	839
Other social security costs	116	143
	17,647	15,255
Average number of employees	28	25

Pursuant to Section 98 (b) (3) of the Danish Financial Statements Act, remuneration of the Executive Board has not been disclosed.

2. Financial income

Other financial income	1	4
	1	4

3. Financial expenses

Interest expense, group enterprises	243	285
Other financial expenses	82	159
Foreign exchange losses	602	287
	927	731

4. Tax on profit for the year

Current tax for the year	-1,897	-1,331
Adjustment of deferred tax for the year	-267	85
Total tax for the year (income)	-2,164	-1,246

No on-account tax was paid during the financial year.

5. Property, plant and equipment

	Fixtures and fittings, tools and equipment
Cost at 1 January	1,377
Additions during the year	1,583
Cost at 31 December	2,960
Depreciation, amortisation and impairment losses at 1 January	1,045
Depreciation and amortisation for the year	147
Impairment, depreciation and amortisation at 31 December	1,192
Carrying amount at 31 December	1,768
Depreciated over	3-16 Years

6. Investments in subsidiaries

	2015
	TDKK
Cost	
Balance at 1 January	25,912
Impairment losses	
Adjustment at 1 January	-15,049
Balance at 31 December	**10,863**

Name	*Registered office*	*2014 Financial Result*	*2014 Share capital*	*Voting shares and ownership*
Adi-Alarmsystem Sverige AB	Sweden	TSEK 2,970	TSEK 1,100	100%
Adi-Alarmsystem Finland OY (it is no longer a subsidiary)	Finland	TEUR -15	TEUR 2,008	100%

The equity and results are presented for the latest approved annual report. The share capital of ADI-Alarmsystem Finland OY was written off to DKK 0 in 2008.

7. Equity

	Share capital	Retained earnings	Total
	TDKK	*TDKK*	*TDKK*
Equity at 1 January 2015	1,501	4,252	5,753
Profit/loss for the year	0	-6,053	-6,053
Equity at 31 December 2015	1,501	-1,801	-300

The share capital consists of 3 shares at a nominal amount of DKK 500,000 and one share at a nominal amount of DKK 1,000. All shares rank equally.

The share capital has remained unchanged for the past five years.

8. Other provisions

Other provisions recognised as liabilities relate to provisions for warranties on products sold.

	2015	2014
	TDKK	*TDKK*
Other provisions	341	355
	341	**355**

9. Contingent liabilities

The Company has entered into lease contracts involving lease liabilities totalling TDKK 5 285 at 31 December 2015 (2014: TDKK 3,897).

The Company has entered into operating leases on which the lease payments for the remaining term amount to TDKK 978 at 31 December 2015 (2014: TDKK 1,055).

10. Related parties and ownership

The related parties of ADI-Alarmsystem A/S comprise the Honeywell Group.

Parties exercising control	Shareholding
ADI-Gardiner EMEA Ltd. 61 Southwark Street, 7th Fl. London SE1 OHL United Kingdom	Principal shareholder

10. Related parties and ownership (continued)

Consolidated financial statements

The Company is included in the consolidated financial statements of Honeywell International Inc.

The consolidated financial statements of Honeywell International Inc. can be obtained at the following address:

Honeywell International Inc.

101 Colombia Road,
P.O. Box 2245 Morristown,
NJ 07962-2245 USA

Ownership

The following shareholder is registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

The Company is wholly owned by Gardiner Group PIc. (UK) which is owned by Honeywell S.L (Spain) and the Company is included in the consolidated financial statements as a subsidiary. Honeywell S.L (Spain) is owned by Honeywell International Inc.