

# Honeywell A/S

Strandvejen 70, DK-2900, Hellerup, Denmark

CVR- nr. 15 13 00 16

*Annual Report for 1 January - 31 December 2016*

*The Annual Report was  
presented and adopted at the  
Annual General Meeting of the  
Company on 11/12/2017.*

Jens Christian Jensen

Chairman

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# Management's Statement

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The Executive Board and Board of Directors have today considered and adopted the Annual Report of Honeywell A/S for the financial year 1 January - 31 December 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

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.

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

Copenhagen, <Date> 31/3/2017

## **Executive Board**

Allan Reinert

## **Board of Directors**



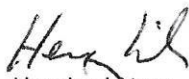
Jens Christian Jensen



Cheryl Heather Jame Lim



Allan Reinert



Henning Lotzen  
Staff Representative



Ole Betak  
Staff Representative

# Independent Auditor's Report

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To the owners of Honeywell A/S

## Opinion

We have audited the financial statements of Honeywell A/S for the financial year 1 January – 31 December 2016, which comprise the 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.

In our opinion, the financial statements give a true and fair view of the entity's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities 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 as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 misstatement, 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 and the additional requirements applicable in Denmark will always detect a 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# Independent Auditor's Report

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## Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, ~~dd-mm-yyyy~~

31/3 2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 96 35 56



Jan Larsen  
State Authorised Public Accountant

# Company Information

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## **The Company**

Honeywell A/S  
Strandvejen 70  
DK-2900 Hellerup

Telephone: +45 39 55 55 55  
Telefax: +45 39 55 55 51  
Website: [www.honeywell.dk](http://www.honeywell.dk)

CVR No.: 15 13 00 16  
Established: 27/09/1954

Financial period: 1 January - 31 December  
Municipality of reg. office: Gentofte

## **Board of Directors**

Cheryl Heather Jame Lim  
Jens Christian Jensen  
Allan Reinert  
Henning Lutzen  
Ole Betak

## **Executive Board**

Allan Reinert

## **Auditors**

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6,  
DK-2300 København

## **Lawyers**

Moltke-Leth  
Amaliegade, København K

## Financial Highlights

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Seen over a five-year period, the development of the Company is described by the following financial highlights:

<b>Key figures</b>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Profit/loss</b>					
Revenue	370,717	356,458	351,860	357,208	354,515
Ordinary operating profit	38,845	25,836	22,119	28,323	19,460
Operating Profit	38,845	25,836	29,407	36,542	27,611
Net financials	-582	-1,503	-1,442	-1,005	-628
Net profit/loss for the year	30,707	17,980	20,415	26,008	19,552
<b>Balance sheet</b>					
Fixed assets	650	252	6,098	11,958	17,879
Total Assets	335,608	281,870	251,704	236,458	216,192
Equity	241,513	210,806	192,748	172,034	146,165
<b>Financial ratios %</b>					
Gross margin	26.4%	28.3%	25.9%	27.3%	25.9%
Profit margin	10.5%	7.3%	8.4%	10.2%	7.8%
Return on assets	12.6%	9.7%	12.1%	16.2%	13.3%
Solvency ratio	72.0%	74.8%	76.6%	72.8%	67.6%
Return on equity	13.6%	8.9%	11.2%	16.3%	14.3%

*The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' recommendations and guidelines. For definitions, please see the accounting policies.*

# Management's Review

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## Principal activity

Honeywell A/S's of activities are marketing, sales, engineering, design, installation and service within building and industrial automation including supply of components.

## Financial review

The income statement of the Company for 2016 shows a profit of DKK 30,707k, and at 31 December 2016 the balance sheet of the Company shows equity of DKK 241,513k.

The Sales for 2016 was DKK 370,717k compared to DKK 356,458k for 2015. The sales has been increasing every year since 2009, but with a little decrease in 2014 and despite the missing economic growth it is back to 2008 level before the crisis which hurt many businesses hard.

The Operating Income for Honeywell A/S was DKK 38.8m. The result for 2016 represents DKK 30.7m compared to DKK 18m for 2015 and is at expected level. The development is mainly due to a change in the product mix. After the result of the year the solvency ratio is 72.0% compared to 74.8 % in 2015. Honeywell A/S has been 100% self-financing for a large number of years.

## Outlook

Honeywell represents the following Business Units, which all belong to Automation & Control Solutions (ACS) Sensing & Control (Components) includes activities in Norway, Sweden and Finland.

The products of the department are mainly used in durable consumer goods of which a very large part is re-exported worldwide.

Environmental and Combustion Controls (automation and solutions for smaller and middle sized buildings) includes sales activities in Norway, Sweden and Finland. Part of the result has been reached through a continuous development of the sales to system houses and through an extension of the distributor network.

The department has focused on the marketing of new products for protection of drinking water, including back flow preventer.

The department is Customer Service Center for the Nordic Countries as well as the Baltic Countries supporting the different countries in their native language from the office in Hellerup.

Honeywell Building Solutions deliver and service solutions to end users through own technicians and project Managers. The market is primarily larger buildings and/or complicated systems containing various solutions, primarily CTS-systems, burglar alarms, fire alarms, access control and video surveillance within building automation, integrated into one system.

Health, Safety and Environment (HSE) is a very important part of the activities of Building Automation, and the HSE Playbook lists month by month throughout the year the HSE activities, that are required in order to follow both the demands of Honeywell as well as the local laws. Near miss reporting is also a requirement for all employees.

## The past year and follow-up on development expectations from last year

The result for 2016 corresponds to the expectations.

## Basis of earnings

### Diversity

Honeywell A/S will ensure both for the Board and generally, that it is always the most qualified person that holds a given position. The performance of all employees and managers is measured by individual goals and managers on all levels are evaluated in 180 degrees measures, where the manager's manager and the manager's employees are reviewing the manager according to Honeywell's Global integrity and Compliance Program. The evaluation is used as basis for promotions in order that promotion happens based on performance and objective criteria.

It is Honeywell A/S' wish to enhance Diversity and create equal opportunities for everybody regardless of gender, age, ethnicity and political and religious persuasion. This ambition is rooted in Honeywell's Global Code of Conduct and policy that ensures an increased share of female in management.

When recruiting managers, Honeywell A/S will ensure that the share of female applicants on the "short-list" is the same as the share of female applicants. Honeywell A/S will also ensure to include at least one female candidate in the considerations for a promotion to a manager position. Honeywell A/S will also ensure that female managers will be offered membership of relevant network. The Board consists of 84% male and 16% female.

## External environment

Honeywell Int. is committed to be one of the leading companies within environmental control with regard to the running of own facilities as well as by delivering products and services that will help our customers improve the quality of the environment.



# Management's Review

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## **Corporate social responsibility**

Social responsibility is a part of Honeywell A/S's business strategy, and the company has always given top priority to the desire to act responsibly towards customers, staff, business connections and the external environment. Honeywell has prepared the statutory statement on social responsibility for the year 2016 in accordance with section 99a of the Danish Financial Statements Act. The statement can be viewed or downloaded at [www.honeywell.com](http://www.honeywell.com). Honeywell A/S Denmark is engaged in marketing, sales, engineering, design, installation and service within building and industrial automation including supply of components. Honeywell is strongly focused on developing its core business and meeting the strategic challenges in an economical and socially responsible way. For this reason, CSR work has always been a top priority for management, and it forms a natural part of the work of all employees in the company in Denmark. For Honeywell, CSR means taking responsibility for adding value which contributes to a positive development in society. Honeywell endorses the principles in the UN Global Compact and focuses on the following areas: Honeywell's products and services are developed and manufactured with consideration for the safety and health of users. In the production process, Honeywell must minimise environmental impacts and respect animal welfare.

## **Intellectual capital resources**

Honeywell A/S has 84 employees, who work in marketing, sales, engineering, design, installation and service within Building and Industrial Automation including supply of components.

The whole organisation continues the work to improve quality, including a higher degree of standardisation with Honeywell's similar organisations in other countries. All departments are certified according to ISO 9001: 2008. As part of Honeywell's international program Honeywell A/S is continuously investing in training of employees within Six Sigma. This has initiated new quality projects, which we expect will result in a positive return in the years to come. At year end 5 employees of Honeywell A/S has obtained Green belt certification.

## **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.

## **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.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Accounting Policies

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## Basis of accounting

Financial Statements of Honeywell A/S for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in *TDKK*.

With reference to section 86 of the Danish Financial Statements Act, Cash Flow Statement has not been prepared for the Company as it is included in the Consolidated Financial Statement of Honeywell International Inc. The Financial Statement for the Honeywell International Inc. Group can be obtained at [www.honeywell.com](http://www.honeywell.com)

## Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

## Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement.

## Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity 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, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values 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, whereas the ineffective portion is recognised in the income statement.

# Accounting Policies

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## Income Statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have been made before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Contract work in progress concerning equipment for the manufacturing of furniture is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

### Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Cost of sales also includes research and development costs that do not qualify for capitalisations well as amortisation of capitalised development costs. Furthermore, amortisation of goodwill is included to the extent that goodwill relates to production activities. Finally, provisions for losses on contract work are recognised.

### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Financial income and 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.

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the Danish subsidiaries in the Honeywell group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

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

## Balance Sheet

### Non-current assets

#### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight—line basis over its useful life, which is assessed at 10 years.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub—suppliers.

# Accounting Policies

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## Property, plant and equipment (continued)

Depreciation based on cost reduced by any residual value is calculated on a straight—line basis over the expected useful lives of the assets, which are:

Plant and machinery	6-18 years
Other fixtures and fittings, tools and equipment	5-15 years
IT equipment	3-5 Years
Leasehold improvements	5 years

Assets costing less than DKK 12,600 are expensed in the year of acquisition.

The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

## Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

## Current assets

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

### Contract work in progress

Contract work in progress is measured at the selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Prepayments and payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## Equity and liability

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

# Accounting Policies

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## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry—forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set- off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on- account taxation scheme are recognised in the income statement in financial income and expenses.

## Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## Prepayments from customers

Prepayments from customers comprises payments received from customers in advance.

## Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Definition of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit from operating activities} \times 100}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

# Income statement

for the year ended 31 December 2016

	Notes	2016	2015
		<i>TDKK</i>	<i>TDKK</i>
Revenue	1	370,717	356,458
Cost of sales	2	-272,690	-255,558
<b>Gross profit</b>		<b>98,027</b>	<b>100,900</b>
Distribution expenses	2	-50,106	-61,568
Administrative expenses	2	-9,076	-13,496
<b>Operating profit</b>		<b>38,845</b>	<b>25,836</b>
Financial income	3	2,777	2,506
Financial expenses	4	-3,359	-4,009
<b>Profit before tax</b>		<b>38,263</b>	<b>24,333</b>
Tax benefit/(expense) for the year	5	-7,556	-6,353
<b>Profit for the year</b>		<b>30,707</b>	<b>17,980</b>
Distribution of profit			
Proposed distribution of profit			
<b>Retained earnings</b>		<b>30,707</b>	<b>17,980</b>

# Balance sheet

at 31 December 2016

	Notes	<u>2016</u> TDKK	<u>2015</u> TDKK
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Other fixtures and fittings, tools and equipment	6	12	15
		<b>12</b>	<b>15</b>
<b>Financial assets</b>			
Deposits	7	237	237
<b>Total Investments</b>		<b>237</b>	<b>237</b>
Deferred tax asset- long term portion		401	0
<b>Total non-current assets</b>		<b>650</b>	<b>252</b>
<b>Current assets</b>			
<b>Inventories</b>			
		<b>1,549</b>	<b>3,523</b>
<b>Receivables</b>			
Trade receivables		53,957	51,705
Amounts owed by subsidiaries		264,694	210,175
Contract work in progress	8	744	772
Prepayments		1,197	0
Other receivables		1,158	1,338
Corporation tax		0	2,647
		<b>321,750</b>	<b>266,637</b>
<b>Cash at hand and in bank</b>		11,659	11,458
<b>Total current assets</b>		<b>334,958</b>	<b>281,618</b>
<b>Total assets</b>		<b>335,608</b>	<b>281,870</b>

# Balance sheet

at 31 December 2016

	Notes	2016 <i>TDKK</i>	2015 <i>TDKK</i>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		4,500	4,500
Retained earnings		237,013	206,306
		<b>241,513</b>	<b>210,806</b>
<b>Provisions</b>			
Provision for deferred tax	5	0	509
Other provisions		111	269
		<b>111</b>	<b>778</b>
<b>Current liabilities</b>			
Trade payables		4,285	5,412
Prepayments received from customers	8	904	1,681
Payables to group enterprises		60,648	37,920
Corporation tax		8,704	0
Other payables		17,615	23,323
Deferred income	9	1,828	1,950
<b>Total current liabilities</b>		<b>93,984</b>	<b>70,286</b>
<b>Total liabilities</b>		<b>94,095</b>	<b>71,064</b>
<b>Total equity and liabilities</b>		<b>335,608</b>	<b>281,870</b>
Contingent assets, liabilities and other financial obligations			
	10		
Fees to auditors appointed at the general meeting	11		
Related parties and ownership	12		



# Statement of changes in Equity

at 31 December 2016

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	<i>TDKK</i>	<i>TDKK</i>	<i>TDKK</i>
Equity at 1 January	4,500	206,306	210,806
Other comprehensive income	0	0	0
Net profit / loss for the year	0	30,707	30,707
<b>Equity at 31 December</b>	<b><u>4,500</u></b>	<b><u>237,013</u></b>	<b><u>241,513</u></b>
		<b>Number</b>	<b>Nominal Value</b>
			<i>TDKK</i>
Shares at DKK 7k		30	210
Shares at DKK 10k		429	4,290
			<b><u>4,500</u></b>

There have been no changes in the share capital during the last 5 years.

# Notes to the annual report

at 31 December 2016

## 1. Revenue

	<u>2016</u>	<u>2015</u>
	<i>TDKK</i>	<i>TDKK</i>
<b>Business Segments</b>		
Sensing and Control, S&C	124,011	104,576
Environment and combustion controls, ECC	246,706	251,882
	<u>370,717</u>	<u>356,458</u>
<b>Geographical</b>		
Denmark	176,072	160,578
Rest of the world	194,645	195,880
	<u>370,717</u>	<u>356,458</u>

## 2. Staff expenses

	<u>2016</u>	<u>2015</u>
	<i>TDKK</i>	<i>TDKK</i>
Wages and salaries	53,738	54,164
Pensions	3,201	3,222
Other social security expenses	329	585
	<u>57,268</u>	<u>57,971</u>
Cost of sales	57,268	57,971
Including remuneration to Executive Board and Board of Directors	990	1,570
Average number of employees	73	86

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

## 3. Financial income

	<u>2016</u>	<u>2015</u>
	<i>TDKK</i>	<i>TDKK</i>
Interest received from group enterprises	20	20
Other financial income	83	289
Exchange adjustments	2,674	2,197
	<u>2,777</u>	<u>2,506</u>

## 4. Finance expenses

	<u>2016</u>	<u>2015</u>
	<i>TDKK</i>	<i>TDKK</i>
Exchange adjustments, expenses	3,340	3,997
Other financial expenses	19	12
	<u>3,359</u>	<u>4,009</u>

## 5. Tax on profit / loss for the year

	<u>2016</u>	<u>2015</u>
	<i>TDKK</i>	<i>TDKK</i>
Current tax for the year	8,466	7,115
Deferred tax for the year	-910	-762
No on- account tax was paid during the financial year.	<u>7,556</u>	<u>6,353</u>

# Notes to the annual report

at 31 December 2016

## 5. Tax on profit/ loss for the year (continued)

	<b>2016</b>	<b>2015</b>
Deferred tax at 1 January	-509	-1271
Adjustment of the deferred tax charge for the year	910	762
Deferred tax at 31 December	<b>401</b>	<b>-509</b>
The deferred tax charge relates to:		
Equipment	60	80
Provision for bad debts	41	11
Warranties	-661	-600
Accrued restructuring costs	961	0
	<b>401</b>	<b>-509</b>
Deferred tax assets are expected to be set off within:		
0-1 year	961	0
1-5 years	101	90
> 5 years	-661	-599
	<b>401</b>	<b>-509</b>

## 6. Property, Plant and Equipment

	<b>Other fixtures and fittings, tools and equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<i>TDKK</i>	<i>TDKK</i>	<i>TDKK</i>
Cost at 1 January 2016	2,964	90	3,054
Cost at 31 December 2016	2,964	90	3,054
Impairment losses and amortization at 1 January 2016	2,949	90	3,039
Depreciation for the year	3	0	3
Impairment losses and Depreciation at 31 December 2016	2,952	90	3,042
<b>Carrying amount at 31 December 2016</b>	<b>12</b>	<b>0</b>	<b>12</b>

## 7. Financial assets

	<b>2016</b>
	<i>TDKK</i>
Cost at 1 January 2016	237
Additions for the year	0
Cost at 31 December 2016	<b>237</b>
<b>Carrying amount at 31 December 2016</b>	<b>237</b>

## 8. Contract work in progress

	<b>2016</b>	<b>2015</b>
	<i>TDKK</i>	<i>TDKK</i>
Selling price of production for the period	21,580	23,805
Payments received on account	-21,740	-24,704
	<b>-160</b>	<b>-899</b>
Recognised in the balance sheet as follows-		
Contract work in progress recognised in assets	744	772
Prepayments from customers	-904	-1,671
	<b>-160</b>	<b>-899</b>

# Notes to the annual report

at 31 December 2016

## 9. Deferred income

Deferred income pertains to pre-invoiced service contracts.

## 10. Contingent assets, liabilities and other financial obligations

	2016 TDKK	2015 TDKK
<b>Rental agreements and leases</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	8,369	3,812
Between 1 and 5 years	-	1,007
	<u>8,369</u>	<u>4,819</u>
<b>Lease obligations, period of non-terminability 12 months</b>	<u>-</u>	<u>2,791</u>

### Contingent liabilities

The company has guaranteed for the associated companies accounts with the bank regarding guarantees for TDKK 105,000 out of which TDKK 13,312 is utilized and regarding cash overdraft for TDKK 25,000. The parent company Honeywell International Inc. has agreed to cover this guarantee with the bank for TDKK 198,000.

## 11. Fee to auditors appointed at the general meeting

	2016 TDKK	2015 TDKK
Fees for a statutory audit of the financial statements	112	233
	<u>112</u>	<u>233</u>

## 12. Related parties and ownership

### Transactions

The company's related parties are Honeywell International Inc. and its subsidiaries. All transactions between the related parties are based on arms-length term. The type of transactions with the related parties can be specified as buying and selling of components, management fees, IT-service fees and loan.

### Consolidated Financial Statements

The Company is owned 100% by Pittway Technologica (Italien), which is owned by Honeywell S.L (Spain) group and Honeywell A/S is included in the Group Annual Report as a subsidiary. Honeywell S.L. (Spain) is owned by Honeywell International Inc.

The Group Annual Report of Honeywell International Inc. may be obtained at the following address:

Honeywell International Inc.

101 Columbia Rd

Morristown, NJ 07960

USA

Or on the home page [www.honeywell.com](http://www.honeywell.com).

## 13. Appropriation of profit/loss

	2016 TDKK	2015 TDKK
<b>Recommended appropriation of profit/loss</b>		
Dividend proposed for the year	0	0
Transferred to reserves under equity	30,707	17,980
	<u>30,707</u>	<u>17,980</u>