

Honeywell A/S

Strandesplanaden 110, Vallensbaek Strand, 2665, Denmark

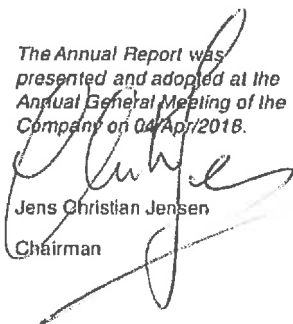
CVR- nr. 15 13 00 16

Annual Report for 1 January - 31 December 2017

*The Annual Report was
presented and adopted at the
Annual General Meeting of the
Company on 04 Apr/2018.*

Jens Christian Jensen

Chairman



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Management's Statement

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 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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, 4/Apr/2018

Executive Board



Alan Reinert

Board of Directors



Jens Christian Jensen



Flemming Appelgaard Pless



Alan Reinert



Henning Lützen
Staff Representative



Ole Bekke
Staff Representative

Independent Auditor's Report

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 2017, 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 2017 and of the results of its operations for the financial year 1 January – 31 December 2017 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

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.

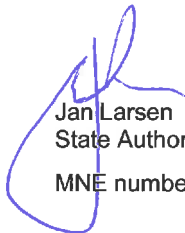
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 4 April 2018

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR-nr. 33 96 35 56



Jan Larsen
State Authorised Public Accountant

MNE number: 16541

Company Information

| | |
|---------------------------|--|
| The Company | <p>Honeywell A/S Strandesplanaden 110, 2665 Vallensbaek Strand, Denmark</p> <p>Telephone: +45 39 55 55 55 Telefax: +45 39 55 55 51 Website: www.honeywell.dk</p> <p>CVR No.: 15 13 00 16 Established: 27/09/1954</p> <p>Financial period: 1 January - 31 December Municipality of reg. office: Vallensbaek</p> |
| Board of Directors | <p>Flemming Aggergaard Pless Jens Christian Jensen Allan Reinert Henning Lützen Ole Betak</p> |
| Executive Board | <p>Allan Reinert</p> |
| Auditors | <p>Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6, DK-2300 København</p> |
| Lawyers | <p>Moltke-Leth Amaliegade, København K</p> |

Financial Highlights

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

| Key figures | 2017 | 2016 | 2015 | 2014 | 2013 |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| | <i>TDKK</i> | <i>TDKK</i> | <i>TDKK</i> | <i>TDKK</i> | <i>TDKK</i> |
| Profit/loss | | | | | |
| Revenue | 358,716 | 370,717 | 356,458 | 351,860 | 357,208 |
| Ordinary operating profit | 25,635 | 38,845 | 25,836 | 22,119 | 28,323 |
| Operating Profit | 25,635 | 38,845 | 25,836 | 29,407 | 36,542 |
| Net financials | -1,523 | -582 | -1,503 | -1,442 | -1,005 |
| Net profit/loss for the year | 17,702 | 30,707 | 17,980 | 20,415 | 26,008 |
| Balance sheet | | | | | |
| Fixed assets | 292 | 650 | 252 | 6,098 | 11,958 |
| Total Assets | 349,706 | 335,608 | 281,870 | 251,704 | 236,458 |
| Equity | 259,215 | 241,513 | 210,806 | 192,748 | 172,034 |
| Financial ratios % | | | | | |
| Gross margin | 26.6% | 26.4% | 28.3% | 25.9% | 27.3% |
| Profit margin | 7.1% | 10.5% | 7.3% | 8.4% | 10.2% |
| Return on assets | 7.5% | 12.6% | 9.7% | 12.1% | 16.2% |
| Solvency ratio | 74.1% | 72.0% | 74.8% | 76.6% | 72.8% |
| Return on equity | 7.1% | 13.6% | 8.9% | 11.2% | 16.3% |

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

Principal activity

Honeywell A/S's 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 2017 shows a profit of DKK 17,702k, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 259,215k.

The Sales for 2017 was DKK 358,716k compared to DKK 370,717k for 2016. The sales has been increasing every year since 2009, but with a little decrease in 2014 and 2017, 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 25.6m. The result for 2017 represents DKK 17.7m compared to DKK 30.7m for 2016 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 74.1% compared to 72.0 % in 2016. 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 Home and Building Technologies (HBT) 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.

Safety and Productivity Solution (S&PS) with 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 Vallensbæk.

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 2017 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 100% male in the current year and thus the above target was not fulfilled. However management is ambitious to achieve female Board membership in future.

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

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 2017 in accordance with section 99a of the Danish Financial Statements Act. The statement can be viewed or downloaded at 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 81 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 4 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

Basis of accounting

Financial Statements of Honeywell A/S for 2017 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 2017 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. Honeywell A/S will ensure that consolidated financial statement of Honeywell International Inc will be available to public before Honeywell A/S Denmark are being publicized.

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.

Accounting Policies

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 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 and administration.

Cost of sales also includes research and development costs that do not qualify for capitalisations well as amortisation of capitalised development costs.. 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.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

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

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 suppliers.

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:

| | |
|--|------------|
| 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.

Accounting Policies

Property, plant and equipment (continued)

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.

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.

Accounting Policies

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 2017

| | Notes | 2017 | 2016 |
|------------------------------------|-------|---------------|---------------|
| | | <i>TDKK</i> | <i>TDKK</i> |
| Revenue | 1 | 358,716 | 370,717 |
| Cost of sales | 2 | -263,260 | -272,690 |
| Gross profit | | 95,456 | 98,027 |
| Distribution expenses | | -57,731 | -50,106 |
| Administrative expenses | 2 | -12,090 | -9,076 |
| Operating profit | | 25,635 | 38,845 |
| Financial income | 3 | 1,823 | 2,777 |
| Financial expenses | 4 | -3,346 | -3,359 |
| Profit before tax | | 24,112 | 38,263 |
| Tax benefit/(expense) for the year | 5 | -6,410 | -7,556 |
| Profit for the year | | 17,702 | 30,707 |

Balance sheet

at 31 December 2017

| | Notes | 2017 <i>TDKK</i> | 2016 <i>TDKK</i> |
|--|-------|---------------------|---------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | | |
| Other fixtures and fittings, tools and equipment | 6 | 8 | 12 |
| | | 8 | 12 |
| Financial assets | | | |
| Deposits | 7 | 237 | 237 |
| Total Investments | | 237 | 237 |
| Deferred tax asset- long term portion | 5 | 47 | 401 |
| Total non-current assets | | 292 | 650 |
| Current assets | | | |
| Inventories | | | |
| | | 0 | 1,549 |
| Receivables | | | |
| Trade receivables | | 45,802 | 53,957 |
| Amounts owed by subsidiaries | | 291,007 | 264,694 |
| Contract work in progress | 8 | 1,349 | 744 |
| Prepayments | 9 | 1,094 | 1,197 |
| Other receivables | | 1,942 | 1,158 |
| | | 341,194 | 321,750 |
| Cash at hand and in bank | | 8,220 | 11,659 |
| Total current assets | | 349,414 | 334,958 |
| Total assets | | 349,706 | 335,608 |

Balance sheet

at 31 December 2017

| | Notes | 2017 <i>TDKK</i> | 2016 <i>TDKK</i> |
|--|-------|---------------------|---------------------|
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 4,500 | 4,500 |
| Retained earnings | | 254,715 | 237,013 |
| | | 259,215 | 241,513 |
| Provisions | | | |
| Other provisions | | 0 | 111 |
| | | 0 | 111 |
| Current liabilities | | | |
| Trade payables | | 3,595 | 4,285 |
| Prepayments received from customers | 8 | 1,477 | 904 |
| Payables to group enterprises | | 58,164 | 60,648 |
| Corporation tax | | 10,106 | 8,704 |
| Other payables | | 15,284 | 17,615 |
| Deferred income | 10 | 1,865 | 1,828 |
| Total current liabilities | | 90,491 | 93,984 |
| Total liabilities | | 90,491 | 94,095 |
| Total equity and liabilities | | 349,706 | 335,608 |
| Contingent assets, liabilities and other financial obligations | | | |
| | 11 | | |
| Fees to auditors appointed at the general meeting | 12 | | |
| Related parties and ownership | 13 | | |

Statement of changes in Equity

at 31 December 2017

| | Note | Share capital | Retained earnings | Total |
|--------------------------------|------|---------------|-------------------|----------------------|
| | | <i>TDKK</i> | <i>TDKK</i> | <i>TDKK</i> |
| Equity at 1 January | | 4,500 | 237,013 | 241,513 |
| Net profit / loss for the year | 14 | 0 | 17,702 | 17,702 |
| Equity at 31 December | | 4,500 | 254,715 | 259,215 |
| | | | Number | Nominal Value |
| | | | | <i>TDKK</i> |
| Shares at DKK 7k | | | 30 | 210 |
| Shares at DKK 10k | | | 429 | 4,290 |
| | | | | 4,500 |

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

Notes to the annual report

at 31 December 2017

1. Revenue

| | <u>2017</u> | <u>2016</u> |
|--|----------------|----------------|
| | <i>TDKK</i> | <i>TDKK</i> |
| Business Segments | | |
| Sensing and Control, S&C | 114,876 | 124,011 |
| Environment and combustion controls, ECC | 243,840 | 246,706 |
| | <u>358,716</u> | <u>370,717</u> |
| Geographical | | |
| Denmark | 168,597 | 176,072 |
| Rest of the world | 190,119 | 194,645 |
| | <u>358,716</u> | <u>370,717</u> |

2. Staff expenses

| | <u>2017</u> | <u>2016</u> |
|--|---------------|---------------|
| | <i>TDKK</i> | <i>TDKK</i> |
| Wages and salaries | 55,556 | 53,738 |
| Pensions | 3,182 | 3,201 |
| Other social security expenses | 325 | 329 |
| | <u>59,063</u> | <u>57,268</u> |
| Cost of sales | 59,063 | 57,268 |
| Including remuneration to Executive Board and Board of Directors | 1,190 | 990 |
| Average number of employees | 81 | 73 |

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>2017</u> | <u>2016</u> |
|--|--------------|--------------|
| | <i>TDKK</i> | <i>TDKK</i> |
| Interest received from group enterprises | 18 | 20 |
| Other financial income | 72 | 83 |
| Exchange adjustments | 1,733 | 2,674 |
| | <u>1,823</u> | <u>2,777</u> |

4. Finance expenses

| | <u>2017</u> | <u>2016</u> |
|--------------------------------|--------------|--------------|
| | <i>TDKK</i> | <i>TDKK</i> |
| Exchange adjustments, expenses | 3,332 | 3,340 |
| Other financial expenses | 14 | 19 |
| | <u>3,346</u> | <u>3,359</u> |

5. Tax on profit / loss for the year

| | <u>2017</u> | <u>2016</u> |
|--|--------------|--------------|
| | <i>TDKK</i> | <i>TDKK</i> |
| Current tax for the year | 6,056 | 8,466 |
| Deferred tax for the year | 354 | -910 |
| | <u>6,410</u> | <u>7,556</u> |
| Deferred tax at 1 January | 401 | -509 |
| Adjustment of the deferred tax charge for the year | -354 | 910 |
| Deferred tax at 31 December | <u>47</u> | <u>401</u> |

Notes to the annual report

at 31 December 2017

5. Tax on profit / loss for the year (Continued):-

The deferred tax charge relates to:

| | | |
|-----------------------------|-----------|------------|
| Equipment | 45 | 60 |
| Provision for bad debts | 2 | 41 |
| Warranties | 0 | -661 |
| Accrued restructuring costs | 0 | 961 |
| | <u>47</u> | <u>401</u> |

Deferred tax assets are expected to be set off within:

| | | |
|-----------|-----------|------------|
| 0-1 year | 0 | 961 |
| 1-5 years | 47 | 101 |
| > 5 years | 0 | -661 |
| | <u>47</u> | <u>401</u> |

6. Property, Plant and Equipment

| | Other fixtures and fittings, tools and equipment TDKK | Leasehold Improvements TDKK | Total TDKK |
|--|--|--------------------------------|-----------------|
| Cost at 1 January 2017 | 2,964 | 90 | 3,054 |
| Cost at 31 December 2017 | 2,964 | 90 | 3,054 |
| Impairment losses and amortization at 1 January 2017 | 2,952 | 90 | 3,042 |
| Depreciation for the year | 4 | 0 | 4 |
| Impairment losses and Depreciation at 31 December 2017 | 2,956 | 90 | 3,046 |
| Carrying amount at 31 December 2017 | <u>8</u> | <u>0</u> | <u>8</u> |

7. Financial assets

| | 2017 TDKK |
|--|-------------------|
| Cost at 1 January 2017 | 237 |
| Additions for the year | 0 |
| Cost at 31 December 2017 | <u>237</u> |
| Carrying amount at 31 December 2017 | <u>237</u> |

8. Contract work in progress

| | 2017 TDKK | 2016 TDKK |
|--|--------------|--------------|
| Selling price of production for the period | 22,086 | 21,580 |
| Payments received on account | -22,214 | -21,740 |
| | <u>-128</u> | <u>-160</u> |
| Recognised in the balance sheet as follows - | | |
| Contract work in progress recognised in assets | 1,349 | 744 |
| Prepayments from customers | -1,477 | -904 |
| | <u>-128</u> | <u>-160</u> |

9. Prepayments

Prepayments include rent paid in advance.

10. Deferred income

Deferred income pertains to pre-invoiced service contracts.

Notes to the annual report

at 31 December 2017

11. Contingent assets, liabilities and other financial obligations

| | 2017 TDKK | 2016 TDKK |
|-----------------------|--------------|--------------|
| Building lease | | |
| Within 1 year | 0 | 3,715 |
| | 0 | 3,715 |
| Car lease | | |
| Within 1 year | 3,485 | 4,654 |
| Between 1 and 5 years | 874 | 0 |
| | 4,359 | 4,654 |
| | 4,359 | 8,369 |

Contingent liabilities

There has been no contingent liabilities during the year.

12. Fee to auditors appointed at the general meeting

| | 2017 TDKK | 2016 TDKK |
|--|--------------|--------------|
| Fees for a statutory audit of the financial statements | 112 | 112 |
| | 112 | 112 |

13. 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 S.r.l (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.

14. Appropriation of profit/loss

| | 2017 TDKK | 2016 TDKK |
|---|---------------|---------------|
| Recommended appropriation of profit/loss | | |
| Dividend proposed for the year | 0 | 0 |
| Transferred to reserves under equity | 17,702 | 30,707 |
| | 17,702 | 30,707 |

15. Contractual obligations and contingencies, etc.

The Company is jointly taxed with all other Danish companies in the Honeywell group. As a consolidated entity, the Company has unlimited and joint liability together with the other companies under joint taxation for Danish corporation tax and withholding tax on dividends, interest and royalties within the jointly taxed companies.