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# ***UTC FS Denmark Holding A/S***

Industriholmen 17-19, DK-Hvidovre

## **Annual Report for 2018**

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CVR No 21 70 04 44

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
24/05 2019

Michael Keldsen  
Chairman of the General  
Meeting

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# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of UTC FS Denmark Holding A/S for the financial year 1 January - 31 December 2018.

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 2018 of the Company and of the results of the Company operations for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hvidovre, 24 May 2019

## **Executive Board**

Edgar Skjervold  
CEO

## **Board of Directors**

Michael Keldsen  
Chairman

Edgar Skjervold

Thomas Rønnebek

# Independent Auditor's Report

To the Shareholder of UTC FS Denmark Holding A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of UTC FS Denmark Holding A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## 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.

# Independent Auditor's Report

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting 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 these 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 scepticism 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 conclusions are 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

# Independent Auditor's Report

scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 24 May 2019

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Wright  
statsautoriseret revisor  
mne10053

Thomas Lauritsen  
statsautoriseret revisor  
mne34342

## Company Information

### **The Company**

UTC FS Denmark Holding A/S  
Industriholmen 17-19  
DK-Hvidovre

Telephone: + 45 36 86 96 00

CVR No: 21 70 04 44

Financial period: 1 January - 31 December

Municipality of reg. office: Hvidovre

### **Board of Directors**

Michael Keldsen, Chairman  
Edgar Skjervold  
Thomas Rønnebek

### **Executive Board**

Edgar Skjervold

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

### **Lawyers**

Gorrissen Federspiel  
Axeltorv 2  
DK - 1609 København V

### **Bankers**

Nordea  
Commercial Banking Sjælland  
Vesterbrogade 8  
DK - 0900 København C

# **Management's Review**

## **Key activities**

The object of the Company is to act as a holding company, to acquire and own shares and other securities and to carry out other related activities.

## **Development in the year**

The income statement of the Company for 2018 shows a profit of DKK 12,036,191, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 96,351,386.

The Company's result is significantly influenced by gain from the sale of the subsidiary GW Sprinkler A/S which resulted in a gain of DKK 11.1 million, and income from the share of the result in the subsidiary Autronica Fire and Security A/S of DKK 1.2 million.

Autronica Fire and Security A/S shows a result after tax for 2018 of DKK 1.2 million, which is a decrease of DKK 0.6 million compared to last year.

Management expect a result before income from investment in subsidiaries for the financial year 2019 similar to the result for 2018.

## **Subsequent events**

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



## Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Income from investments in subsidiaries	1	12.290.771	3.315.306
Other external expenses		-308.300	-260.938
<b>Gross profit/loss</b>		<b>11.982.471</b>	<b>3.054.368</b>
<b>Profit/loss before financial income and expenses</b>		<b>11.982.471</b>	<b>3.054.368</b>
Financial income	2	8.938	7.379
Financial expenses		-12.864	-2.356
<b>Profit/loss before tax</b>		<b>11.978.545</b>	<b>3.059.391</b>
Tax on profit/loss for the year	3	57.646	56.241
<b>Net profit/loss for the year</b>		<b>12.036.191</b>	<b>3.115.632</b>

## Distribution of profit

### Proposed distribution of profit

Extraordinary dividend paid	45.000.000	0
Retained earnings	-32.963.809	3.115.632
	<b>12.036.191</b>	<b>3.115.632</b>

## Balance Sheet 31 December

### Assets

	Note	2018 DKK	2017 DKK
Investments in subsidiaries	4	11.108.150	52.889.318
<b>Fixed asset investments</b>		<b>11.108.150</b>	<b>52.889.318</b>
<b>Fixed assets</b>		<b>11.108.150</b>	<b>52.889.318</b>
Receivables from group enterprises		85.000.283	76.300.233
Corporation tax		90.558	89.209
<b>Receivables</b>		<b>85.090.841</b>	<b>76.389.442</b>
<b>Cash at bank and in hand</b>		<b>418.158</b>	<b>148.935</b>
<b>Currents assets</b>		<b>85.508.999</b>	<b>76.538.377</b>
<b>Assets</b>		<b>96.617.149</b>	<b>129.427.695</b>

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>	<u>2018</u> DKK	<u>2017</u> DKK
Share capital		80.800.000	80.800.000
Retained earnings		<u>15.551.386</u>	<u>48.515.195</u>
<b>Equity</b>	<b>5</b>	<b><u>96.351.386</u></b>	<b><u>129.315.195</u></b>
Trade payables		<u>265.763</u>	<u>112.500</u>
<b>Short-term debt</b>		<b><u>265.763</u></b>	<b><u>112.500</u></b>
<b>Debt</b>		<b><u>265.763</u></b>	<b><u>112.500</u></b>
<b>Liabilities and equity</b>		<b><u>96.617.149</u></b>	<b><u>129.427.695</u></b>
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## Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	80.800.000	48.515.195	129.315.195
Extraordinary dividend paid	0	-45.000.000	-45.000.000
Net profit/loss for the year	0	12.036.191	12.036.191
<b>Equity at 31 December</b>	<b><u>80.800.000</u></b>	<b><u>15.551.386</u></b>	<b><u>96.351.386</u></b>

## Notes to the Financial Statements

	2018	2017
	DKK	DKK
<b>1 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries after tax	1.217.159	3.315.306
Gain on disposals of subsidiaries	11.073.612	0
	<u>12.290.771</u>	<u>3.315.306</u>
<b>2 Financial income</b>		
Interest received from group enterprises	8.938	7.379
	<u>8.938</u>	<u>7.379</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-57.651	-55.874
Adjustment of deferred tax concerning previous years	5	-367
	<u>-57.646</u>	<u>-56.241</u>
<b>4 Investments in subsidiaries</b>	2018	2017
	DKK	DKK
Cost at 1 January	106.809.085	106.809.085
Disposals for the year	-24.009.085	0
Cost at 31 December	<u>82.800.000</u>	<u>106.809.085</u>
Value adjustments at 1 January	-53.919.767	-49.335.073
Disposals for the year	13.510.758	0
Net profit/loss for the year	1.217.159	3.315.306
Dividend to the Parent Company	-32.500.000	-7.900.000
Value adjustments at 31 December	<u>-71.691.850</u>	<u>-53.919.767</u>
<b>Carrying amount at 31 December</b>	<u>11.108.150</u>	<u>52.889.318</u>

## Notes to the Financial Statements

### 4 Investments in subsidiaries (continued)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Autronica Fire and Security A/S	Hvidovre, Denmark	8.308.000	100%	11.108.150	1.217.159
				<u>11.108.150</u>	<u>1.217.159</u>

### 5 Equity

The share capital consists of 808,000 shares of a nominal value of DKK 100. No shares carry any special rights.

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

### 6 Contingent assets, liabilities and other financial obligations

#### Contingent liabilities

The Danish group companies are jointly and severally liable for the tax in the jointly taxed incomes etc of the Group, with Otis A/S as administration company. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, on royalty payments and tax on unearned income.

# Notes to the Financial Statements

## 7 Related parties

### Basis

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#### Controlling interest

UTC Fire & Security Luxembourg S.a.r.l. (Luxembourg)      Controlling shareholder

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Transactions with related parties solely comprise loans as well as management fee.

#### Ownership

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

UTC Fire & Security Luxembourg S.a.r.l.

#### Consolidated Financial Statements

The company is included in the consolidated report of the Parent Company United Technologies Corporation.

The consolidated report for United Technologies Corporation can be obtained at the following address:

<u>Name</u>	<u>Place of registered office</u>
United Technologies Corporation	United Technologies Corporation United Technologies Building Hartford, CT 06101 USA

# Notes to the Financial Statements

## 8 Accounting Policies

The Annual Report of UTC FS Denmark Holding A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The order of the items of the income statement differs from the format prescribed by the Danish Financial Statements Act as the order has been adjusted to the nature of the Company's activities.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of United Technologies Corporation, the Company has not prepared consolidated financial statements.

### Recognition and measurement

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, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

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.



# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Other external expenses

Other external expenses comprise administration costs, audit fees etc.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year and gain from disposals.

### Financial income and expenses

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 its wholly owned Danish subsidiary Autronica Fire and Security A/S as well as the other Danish companies in the United Technologies Corporation Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 8 Accounting Policies (continued)

### Balance Sheet

#### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

#### 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.

#### Equity

##### *Dividend*

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

#### 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

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