

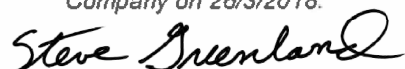
Elster-Instromet A/S

LÆSØVEJ 3 B, 9800 HJØRRING, Denmark

CVR- nr. 76403112

Annual Report for 1 January - 31 December 2017

*The Annual Report was
presented and adopted at the
Annual General Meeting of the
Company on 26/3/2018.*



Steve Greenland

Chairman

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Management statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Elster Instromet 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.

Hjørring, 26 Mar 2018

Executive Board


René Gårdsvig

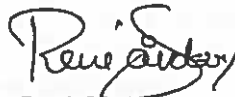
Board of Directors



Steve Greenland
Chairman



Paschal Morris
Director



René Gårdsvig
Director

Report on extended review of the financial statements

To the shareholder of Elster-Instromet A/S

Report on extended review of the financial statements

We have performed an extended review of the financial statements of Elster-Instromet A/S for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Aalborg, 26/3/2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No. (CVR): 33963556


Lars Birner Sorensen

State Authorised Public Accountant

Identification No.: MNE11671

Company Information

The Company Elster-Instromet A/S
Læsøvej 3B
DK—9800
Hjørring

Telephone: +45 9891 1055
Telefax: +45 9891 0767
Website: www.elster-instromet.dk
CVR No.: DK 76 40 31 12

Established: 02-11-1984
Financial period: 1 January - 31 December

Board of Directors Steve Greenland, Chairman
Paschal Morris
René Gårdsvig

Executive Board René Gårdsvig

Auditors Deloitte
Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. Sal
9000 Aalborg

Bankers Danske Bank A/S
Holmens Kanal 2
1092 København K

Management's review

Principal activity

To manufacture and market measuring, regulating and process equipment, etc. To design and build meter— and/ or regulator stations as well as complete process solutions such as burner and engine trains. To be able to make preventive maintenance and service of equipment delivered by us in the Nordic Countries. To hold the market responsibility for the entire Elster-Instromet Group's product programme in the Nordic Countries.

Financial review

The income statement of the Company for 2017 shows a profit of DKK 7,438K, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 29,405K.

The Operating Income for Elster Instromet A/ S was DKK 9.56m compared to DKK 12.18m for 2016. The gross profit for 2017 represents DKK 14.42m compared to DKK 17.35m for 2016 and is at expected level.

Events after the Balance Sheet Date.

No events have occurred after the balance sheet date which materially effects the assessment of the financial position of the Company

Accounting Policies

Basis of accounting

Financial Statements of Elster-Instromet A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Company's Articles of Association with addition of certain provisions for reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2017 are presented in *DKK*.

Recognition and measurement

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

Assets are recognized in the Balance Sheet, when it due to an earlier event is likely, that future economic benefits will flow to the Company, and the value of the asset can be reliably measured.

Commitments are recognized in the Balance Sheet, when the Company due to an earlier event has a legal or an actual commitment, and it is likely, at future economic benefits will flow out of the Company, and that the commitment can be reliably measured.

At the first recognition the assets and commitments are measured at costs. Measurement after the first recognition will take place as described at each item below.

At the recognition and measurement, predictable risks and losses are considered, which are obtained, before the Annual Report is prepared, and which confirms or refutes relations that exists at year end.

At the Income Statement, revenue is recognized as they are earned, while costs are recognized with the amounts that relates to the financial year.

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.

Income Statement

Revenue

Income from sale of trade and finished goods is recognised when delivery and transfer of risk to the buyer has taken place. Net revenue therefore comprises the value of goods and Services invoiced, less VAT and price reductions directly related to the sales and are measured at fair value of the fixed remuneration.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, revenue is not disclosed in the annual report. Gross Profit includes net turnover, change in inventories, cost of material and other external costs.

Percentage of completion method (POCM)

The company recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) the total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates. When the outcome of a construction cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of costs incurred that are expected to be recoverable.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

Accounting Policies

Contract revenue — Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they are capable of being reliably measured.

Contract costs — Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; costs of design, and technical assistance that is directly related to the contract.

The company's contracts are typically negotiated for the construction of a single asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function. In certain circumstances, the percentage of completion method is applied to the separately identifiable components of a single contract or to a group of contracts together in order to reflect the substance of a contract or a group of contracts.

Cost of material

Cost of material comprises cost of material of the financial year measured at costs, and adjusted for usual inventory write-downs.

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.

Other external expenses

Other external costs comprise costs, which concerns primary activities of the Company, including rents, off-ice costs, marketing costs etc.

Staff costs

Staff expenses comprises salaries and wages including social security, pensions etc. for employees of the Company.

Depreciation and impairment losses

Depreciation and impairment comprise depreciation and impairment for the year of property, plant and equipment, calculated on the basis of the fixed residual values and useful live periods for each single asset, performed impairment tests and from gain and losses from eventual sale of fixed assets.

Financial income and expenses

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

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

Tax on profit/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.

Balance Sheet

Non-current assets

Property, plant and equipment

Leasehold improvements are measured at cost less depreciation, which is made on a straight line basis over 3 years.

Property, plant and equipment are measured at cost less depreciation. Depreciation is made on a straight line basis over the expected useful lives of the assets, which are estimated at 3-10 years.

Accounting Policies

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.

Property, plant and equipment are written down to recoverable amount, if this is lower than the carrying amount.

Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation. If so, the asset is written down to its lower recoverable amount.

Write-down of non-current assets

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

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

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

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

Inventories

Inventories are measured at the lower of cost and net realisable value, where cost is based on the FIFO method.

Cost of goods for resale, raw materials and consumables includes landed cost.

The net realisable value of inventories is measured as the expected sales price less completion costs or incurred costs to effect the sale.

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

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

Other financial liabilities

Other financial liabilities are recognised at cost at the time of contracting the debt. Subsequently, it is stated at amortised cost, which in respect of short-term and non-interest bearing debt and in respect of floating-rate loans usually corresponds to nominal value.

Corporation Tax

Actual tax liabilities or actual tax receivables is recognized in the Balance Sheet as calculated tax of taxable income, adjusted for paid on account tax.

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.

Other financial liabilities

Other financial liabilities are recognised at cost at the time of contracting the debt. Subsequently, it is stated at amortised cost, which in respect of short-term and non-interest bearing debt and in respect of floating-rate loans usually corresponds to nominal value.

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.

Operating lease agreements

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

for the year ended 31 December 2017

	Notes	2017 DKK	2016 DKK
Gross profit		14,423,040	17,353,990
Staff expenses	1	(4,788,122)	(5,088,779)
Depreciation on property, plant and equipment	5	(76,562)	(90,096)
Operating profit		9,558,356	12,175,115
Financial income	2	484	170
Financial expenses	3	(49,851)	(103,006)
Profit before tax		9,508,989	12,072,279
Tax benefit/(expense) for the year	4	(2,071,463)	(2,679,991)
Profit for the year		7,437,526	9,392,288
Distribution of profit			
Proposed distribution of profit		0	0
Retained earnings		7,437,526	9,392,288

Balance sheet

at 31 December 2017

	Notes	2017 DKK	2016 DKK
Assets			
Non-current assets			
Property, plant and equipment			
Plant & machinery	5	335,359	406,417
Other fixtures and fittings, tools and equipment		0	5,502
		335,359	411,919
Total non-current assets		335,359	411,919
Current assets			
Inventories	6	2,255,128	2,872,209
Receivables			
Trade receivables		8,347,964	3,151,505
Work in progress	7	2,927,393	1,486,228
Amounts owed by subsidiaries		23,052,273	20,661,242
Other receivables		76,677	76,719
Prepayments		49,017	40,774
		34,453,324	25,416,468
Total current assets		36,708,452	28,288,677
Total assets		37,043,811	28,700,596

Balance sheet

at 31 December 2017

	Notes	2017 DKK	2016 DKK
Equity and liabilities			
Equity			
Share capital		900,000	900,000
Retained earnings		28,504,648	21,067,122
		29,404,648	21,967,122
Provisions			
Provision for deferred tax		308,237	30,529
Other provisions		137,106	63,260
		445,343	93,789
Current liabilities			
Trade payables		1,686,510	874,398
Payables to group enterprises		2,072,408	1,430,736
Corporation tax		1,810,252	2,587,067
Other payables	8	1,624,650	1,747,484
Total current liabilities		7,193,820	6,639,685
Total liabilities		7,639,163	6,733,474
Total equity and liabilities		37,043,811	28,700,596
Contingent assets, liabilities and other financial obligations			
Related parties and ownership	10		

Statement of changes in Equity

at 31 December 2017

	Share capital DKK	Retained earnings DKK	Total DKK
Equity at 1 January	900,000	21,067,122	21,967,122
Paid dividend	0	0	0
Net profit / loss for the year	0	7,437,526	7,437,526
Equity at 31 December	900,000	28,504,648	29,404,648

	Number	Nominal Value DKK
Shares at DKK 300,000	3	900,000
	3	900,000

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

Notes to the annual report

at 31 December 2017

1. Staff expenses

	<u>2017</u> <i>DKK</i>	<u>2016</u> <i>DKK</i>
Wages and salaries	3,660,792	4,130,662
Pensions	591,292	597,419
Other social security expenses	513,678	338,290
Other staff costs	<u>22,360</u>	<u>22,408</u>
	<u>4,788,122</u>	<u>5,088,779</u>
 Average number of employees	 9	 11

2. Financial income

	<u>2017</u> <i>DKK</i>	<u>2016</u> <i>DKK</i>
Other financial income	<u>484</u>	<u>170</u>
	<u>484</u>	<u>170</u>

3. Finance expenses

	<u>2017</u> <i>DKK</i>	<u>2016</u> <i>DKK</i>
Interest expense from group enterprise	0	2,928
Other financial expenses	<u>49,851</u>	<u>100,078</u>
	<u>49,851</u>	<u>103,006</u>

4. Tax on profit / loss for the year

	<u>2017</u> <i>DKK</i>	<u>2016</u> <i>DKK</i>
Current tax for the year	1,810,252	2,659,656
Deferred tax for the year	291,625	20,335
Current tax, prior year adjustment	(16,497)	0
Deferred tax, prior year adjustment	<u>(13,917)</u>	<u>0</u>
	<u>2,071,463</u>	<u>2,679,991</u>

5. Property, Plant and Equipment

	<u>Plant and machinery</u> <i>DKK</i>	<u>Other fixtures and fittings, tools and equipment</u> <i>DKK</i>	<u>Total</u> <i>DKK</i>
Cost at 1 January 2017	1,610,986	226,938	1,837,924
Cost at 31 December 2017	<u>1,610,986</u>	<u>226,938</u>	<u>1,837,924</u>
Impairment losses and Depreciation at 1 January 2017	1,204,569	221,434	1,426,003
Depreciation for the year	<u>71,058</u>	<u>5,504</u>	<u>76,562</u>
Impairment losses and Depreciation at 31 December 2017	1,275,627	226,938	1,502,565
Carrying amount at 31 December 2017	<u>335,359</u>	<u>0</u>	<u>335,359</u>

Notes to the annual report

at 31 December 2017

6. Inventories

	2017	2016
	DKK	DKK
Raw materials and consumables	2,255,128	2,872,209
	<u>2,255,128</u>	<u>2,872,209</u>

7. Work in progress

	2017	2016
	DKK	DKK
Work in progress	5,288,651	3,548,064
Pre invoicing of goods and services	(2,361,258)	(2,061,836)
	<u>2,927,393</u>	<u>1,486,228</u>

8. Other Payables

	2017	2016
	DKK	DKK
VAT and customs	272,848	452,716
Social payroll expenses	19,187	25,434
Computed holiday pay	996,269	850,150
Other Items	336,346	419,184
	<u>1,624,650</u>	<u>1,747,484</u>

9. Contingent assets, liabilities and other financial obligations

a) The Company has entered into a rental agreement, which covers the period until December 31, 2017, and can then be cancelled at 6 months notice. The present yearly obligation for this rental agreement amounts to DKK 155,579, and the grand total obligation amounts to DKK 155,579.

b) The Company has entered into lease contracts for operating equipment. The contracts covers the period until September 2018, and the total obligation amounts to DKK 33, 255.

c) The company has entered into Automobiles leasing agreement until December 31, 2020 for DKK 209,340.

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.

10. Related parties and ownership

Transactions

The direct and the ultimate Parent Companies, which prepare consolidated financial statements including the Company, are Elster GmbH, Steinern Strasse 19, D-55252 Mainz-Kastel, Germany, and Honeywell, Morristown, New Jersey, USA respectively.

The Company's related parties are Elster GmbH, Steinern Strasse 19, D-55252 Mainz-Kastel, Germany, in Germany and Honeywell, Morristown, New Jersey, USA . All transactions between the related parties are based on arms-length term.

Consolidated Financial Statements

The consolidated financial statements of these companies can be obtained at the following addresses:

Elster GmbH, Steinern Strasse 19, D-55252 Mainz-Kastel, Germany, Honeywell International, 101 Columbia Rd, PO Box 4000, Morristown, NJ 08962, USA

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital. Elster GmbH, Steinern Strasse 19, D-55252 Mainz-Kastel, Germany.