

Texas Instruments Denmark A/S


Lyngby Hovedgade 4, 2800 Kongens Lyngby

CVR no. 20 53 16 73

Annual report 2016

Approved at the annual general meeting of shareholders on 31 May 2017

Chairman:

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Texas Instruments Denmark 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 of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

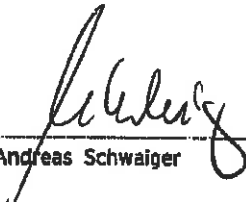
Lyngby, 31 May 2017
Executive Board:




Andreas Schwaiger

Board of Directors:

Lynn Clark
Chairman



Andreas Schwaiger



Klaus Wiesel

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

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

Lyngby, 31 May 2017
Executive Board:

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Andreas Schwaiger

Board of Directors:


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Lynn Clark
Chairman

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Andreas Schwaiger


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Klaus Weisel

Independent auditor's report

To the shareholders of Texas Instruments Denmark A/S

Opinion

We have audited the financial statements of Texas Instruments Denmark A/S for the financial year 1 January - 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2016 and of the results of the Company's 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 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 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, 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 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.

Independent auditor's report

- ▶ 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 note 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.

Statement on 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 our procedures, 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, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Lise Fagerlin Hammer
State Authorised Public Accountant


Karsten Faurholt
State Authorised Public Accountant

Management's review

Company details

Name	Texas Instruments Denmark A/S
Address, Postal code, City	Lyngby Hovedgade 4, 2800 Kongens Lyngby
CVR no.	20 53 16 73
Established	15 December 1997
Website	www.ti.dk
Telephone	+45 96 34 68 68
Board of Directors	Lynn Clark, Chairman Andreas Schwaiger Klaus Weisel
Executive Board	Andreas Schwaiger
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Citibank

Management commentary

Business review

Business activities and mission

The Company's activities include research and consultancy services related to the development of low-power radio systems and digital amplifiers. Moreover, the Company provides services in connection with the sale of graphic pocket calculators and other group products.

Texas Instruments Denmark A/S' reporting currency is USD, which is the functional currency of the Company. It is deemed relevant to use USD as the primary activities/balance sheet accounts consist of USD transactions.

Financial review

In 2016, the Company's revenue amounted to USD 3,816,175 against USD 3,687,305 last year. The income statement for 2016 shows a profit of USD 396,569 against USD 310,099 last year, and the balance sheet at 31 December 2016 shows equity of USD 24,466,388. Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 1 January - 31 December

Income statement

Note	USD	2016	2015
	Revenue	3,816,175	3,687,305
	Cost of sales	-153,906	-126,416
	Other operating income	1,299	0
	Other external expenses	-1,045,386	-1,172,073
	Gross margin	2,618,182	2,388,816
2	Staff costs	-2,340,788	-2,196,915
	Depreciation of property, plant and equipment	-2,473	-1,705
	Profit before net financials	274,921	190,196
3	Financial income	235,649	292,255
	Financial expenses	-4,893	-98,044
	Profit before tax	505,677	384,407
4	Tax for the year	-109,108	-74,308
	Profit for the year	396,569	310,099
	Recommended appropriation of profit		
	Retained earnings	396,569	310,099
		396,569	310,099

Financial statements for the period 1 January - 31 December

Balance sheet

Note	USD	2016	2015
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Plant and machinery	5,994	8,467
		<u>5,994</u>	<u>8,467</u>
	Financial assets		
	Other receivables	61,063	72,611
	Deferred tax assets	6,771	0
		<u>67,834</u>	<u>72,611</u>
	Total non-current assets	<u>73,828</u>	<u>81,078</u>
	Current assets		
6	Receivables		
	Receivables from group entities	25,226,026	24,641,829
	Corporation tax receivable	19,918	17,947
	Other receivables	31,122	3,774
		<u>25,277,066</u>	<u>24,663,550</u>
	Total Current assets	<u>25,277,066</u>	<u>24,663,550</u>
	TOTAL ASSETS	<u>25,350,894</u>	<u>24,744,628</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	226,958	226,958
	Retained earnings	24,239,430	23,842,861
	Dividend proposed	0	0
	Total equity	<u>24,466,388</u>	<u>24,069,819</u>
	Non-current liabilities		
	Deferred tax	0	44,350
	Total non-current liabilities	<u>0</u>	<u>44,350</u>
	Current liabilities		
	Bank debt	16,887	0
	Trade payables	38,888	49,202
	Other payables	828,731	581,257
	Total current liabilities	<u>884,506</u>	<u>630,459</u>
	Total liabilities	<u>884,506</u>	<u>674,809</u>
	TOTAL EQUITY AND LIABILITIES	<u>25,350,894</u>	<u>24,744,628</u>

- 1 Accounting policies
8 Contractual obligations and contingencies, etc.
9 Related parties

Financial statements for the period 1 January - 31 December

Statement of changes in equity

USD	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	226,958	23,532,762	38,759,720
Transfer through appropriation of profit	0	310,099	310,099
Dividend distributed	0	0	-15,000,000
Equity at 1 January 2016	226,958	23,842,861	24,069,819
Transfer through appropriation of profit	0	396,569	396,569
Equity at 31 December 2016	226,958	24,239,430	24,466,388

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Texas Instruments Denmark A/S for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Changes in accounting policies

Effective 1 January 2016, the Company has adopted act no. 738 of 1 June 2015. This implies the following change in the recognition and measurement:

1. In future, residual values of property, plant and equipment will be subject to annual reassessment. The Company has no significant residual values relating to property, plant and equipment. Consequently, the change is made with future effect only as a change in accounting estimates with no impact on equity.

Apart from the above change in accounting policy and new and changed presentation and disclosure requirements, which follow from act. no. 738 of 1 June 2015, the accounting policies are consistent with those of last year.

Reporting currency

The financial statements are presented in USD as the Company's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 7.05.

Foreign currency translation

Transactions denominated in currencies other than USD are translated into USD at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in currencies other than USD are translated into USD at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Income from the commission from the sale of goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of non-current assets.

Cost of sales

Cost of sales includes the direct costs incurred in generating the year's revenue.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates. The expected useful lives of the assets are as follows:

Plant and machinery	4-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, exchange gains and losses and refunds under the on-account tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Tax for the year includes withholding taxes.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of non-current assets

Every year, property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

USD	<u>2016</u>	<u>2015</u>
2 Staff costs		
Wages/salaries	2,148,494	2,040,939
Pensions	125,672	122,889
Other social security costs	22,011	17,747
Other staff costs	44,611	15,340
	<u>2,340,788</u>	<u>2,196,915</u>
Average number of full-time employees	<u>10</u>	<u>8</u>
3 Financial income		
Interest receivable, group entities	201,773	132,865
Other financial income	33,876	159,390
	<u>235,649</u>	<u>292,255</u>
4 Tax for the year		
Estimated tax charge for the year	162,360	133,292
Deferred tax adjustments in the year	-51,121	-43,201
Tax adjustments, prior years	-2,131	-15,783
	<u>109,108</u>	<u>74,308</u>
5 Property, plant and equipment		
USD		<u>Plant and machinery</u>
Cost at 1 January 2016		<u>349,193</u>
Cost at 31 December 2016		<u>349,193</u>
Impairment losses and depreciation at 1 January 2016		340,726
Depreciation		2,473
Impairment losses and depreciation at 31 December 2016		<u>343,199</u>
Carrying amount at 31 December 2016		<u>5,994</u>
6 Receivables		
Receivables from group entities include a group cash pool.		
7 Share capital		
The Company's share capital has remained USD 226,958 over the past 5 years.		

Financial statements for the period 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Other financial obligations

Rent commitment concerning a contract which is non-terminable until 1 July 2017 totals USD 181,190 (2015: USD 298,344).

Commitments under operating leases concerning cars and IT equipment up to two year total USD 31,465 (2015: USD 55,667).

9 Related parties

Texas Instruments Denmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Texas Instruments France SAS	65, quai Georges Gorse, 92100 Boulogne- Billancourt, France	Principal shareholder with controlling interest

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Texas Instruments Incorporated	USA	The consolidated financial statements can be obtained from the Company on request, or at the homepage of Texas Instruments