

Texas Instruments Denmark A/S

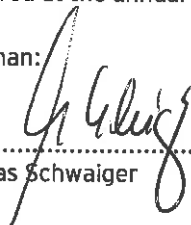
Lyngby Hovedgade 4, 2800 Kongens Lyngby

CVR no. 20 53 16 73

Annual report 2015

Approved at the annual general meeting of shareholders on 20 June 2016

Chairman:


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Andreas Schwaiger

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Texas Instruments Denmark A/S for the financial year 1 January - 31 December 2015.

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

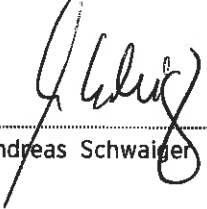
In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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, 20 June 2016

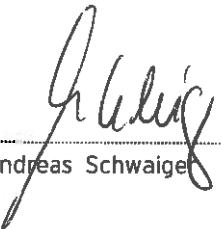
Executive Board:




Andreas Schwaiger

Board of Directors:

Lynn Clark
Chairman



Andreas Schwaiger



Klaus Weisel

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Texas Instruments Denmark A/S for the financial year 1 January - 31 December 2015.

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 Company's financial position at 31 December 2015 and of the results of the Company's operations for the financial year 1 January - 31 December 2015.

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, 20 June 2016
Executive Board:

Andreas Schwaiger

Board of Directors:



Lynn Clark
Chairman

Andreas Schwaiger

Klaus Weisel

Independent auditors' report

To the shareholders of Texas Instruments Denmark A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Texas Instruments Denmark A/S for the financial year 1 January - 31 December 2015, which comprise an 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.

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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 20 June 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28


Lissen Fagerlin Hammer
State Authorised Public Accountant


Peter Andersen
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 Osvold Helmut's Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Citibank

Operating review

The Company's 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 2015, the company's revenue came in at USD 3,687,305 against USD 5,164,525 last year. The income statement for 2015 shows a profit of USD 310,099 against a profit of USD 582,656 last year, and the balance sheet at 31 December 2015 shows equity of USD 24,069,819.

Expenses incurred in connection with research and development activities are recognized in the income statement.

Post balance sheet events

No significant events have occurred subsequent to the financial year.

Financial statements for the period 1 January - 31 December

Income statement

Note	USD	2015	2014
	Revenue	3,687,305	5,164,525
	Cost of sales	-126,416	-126,695
	Other external expenses	-1,172,073	-1,242,049
	Gross profit	2,388,816	3,795,781
2	Staff costs	-2,196,915	-3,391,468
	Depreciation of property, plant and equipment	-1,705	-1,646
	Operating profit	190,196	402,667
3	Financial income	292,255	513,192
	Financial expenses	-98,044	-56,581
	Profit before tax	384,407	859,278
4	Tax for the year	-74,308	-276,622
	Profit for the year	310,099	582,656
	Proposed profit appropriation		
	Proposed dividend recognised under equity	0	15,000,000
	Extraordinary dividend distributed in the year	0	65,000,004
	Retained earnings/accumulated loss	310,099	-79,417,348
		310,099	582,656

Financial statements for the period 1 January - 31 December

Balance sheet

Note	USD	2015	2014
	ASSETS		
	Non-current assets		
5	Property, plant and equipment		
	Plant and machinery	8,467	2,607
		<u>8,467</u>	<u>2,607</u>
	Investments		
	Other receivables	72,611	81,427
		<u>72,611</u>	<u>81,427</u>
	Total non-current assets	<u>81,078</u>	<u>84,034</u>
	Current assets		
6	Receivables		
	Receivables from group enterprises	24,641,829	39,832,818
	Corporation tax receivable	17,947	0
	Other receivables	3,774	35,024
		<u>24,663,550</u>	<u>39,867,842</u>
	Total current assets	<u>24,663,550</u>	<u>39,867,842</u>
	TOTAL ASSETS	<u>24,744,628</u>	<u>39,951,876</u>
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	226,958	226,958
	Retained earnings	23,842,861	23,532,762
	Dividend proposed	0	15,000,000
	Total equity	<u>24,069,819</u>	<u>38,759,720</u>
	Provisions		
	Deferred tax	44,350	87,551
	Total provisions	<u>44,350</u>	<u>87,551</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	49,202	62,987
	Corporation tax payable	0	363,046
	Other payables	581,257	678,572
		<u>630,459</u>	<u>1,104,605</u>
	Total liabilities other than provisions	<u>630,459</u>	<u>1,104,605</u>
	TOTAL EQUITY AND LIABILITIES	<u>24,744,628</u>	<u>39,951,876</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>Dividend proposed</u>	<u>Total</u>
Equity at 1 January 2015	226,958	23,532,762	15,000,000	38,759,720
Profit/loss for the year	0	310,099	0	310,099
Dividend distributed	0	0	-15,000,000	-15,000,000
Equity at 31 December 2015	<u>226,958</u>	<u>23,842,861</u>	<u>0</u>	<u>24,069,819</u>

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 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in USD as the entity's most significant transactions are settled in USD. At the balance sheet date, the DKK/USD exchange rate was 6.83.

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 fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

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

Other external expenses

Other external expenses include the year's expenses relating to the entity'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 pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation of property, plant and equipment

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. The expected useful lives are as follows:

Plant and machinery	4-5 years years
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Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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, dividends declared from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

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.

Other taxes include 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. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

Receivables

Receivables are measured at amortised cost.

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

Equity

Proposed dividends

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value 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

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

USD	<u>2015</u>	<u>2014</u>
2 Staff costs		
Wages/salaries	2,040,939	3,114,799
Pensions	122,889	203,682
Other social security costs	17,747	33,475
Other staff costs	15,340	39,512
	<u>2,196,915</u>	<u>3,391,468</u>
3 Financial income		
Interest receivable, group entities	132,865	382,730
Other financial income	159,390	130,462
	<u>292,255</u>	<u>513,192</u>
4 Tax for the year		
Estimated tax charge for the year	133,292	523,839
Deferred tax adjustments in the year	-43,201	-247,217
Tax adjustments, prior years	-15,783	0
	<u>74,308</u>	<u>276,622</u>
5 Property, plant and equipment		
USD		<u>Plant and machinery</u>
Cost at 1 January 2015		341,628
Additions		7,565
Cost at 31 December 2015		<u>349,193</u>
Impairment losses and depreciation at 1 January 2015		339,021
Depreciation		1,705
Impairment losses and depreciation at 31 December 2015		<u>340,726</u>
Carrying amount at 31 December 2015		<u>8,467</u>

6 Receivables

Receivables from group entities include 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 298,344 (2014: USD 243,449).

Commitments under operating and finance leases concerning cars and IT equipment up to three year totals USD 55,667 (2014: USD 49,391).

9 Related parties

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

Information about consolidated financial statements

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

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Texas Instruments France SAS	65, quai Georges Gorse, 92100 Boulogne-Billancourt, France