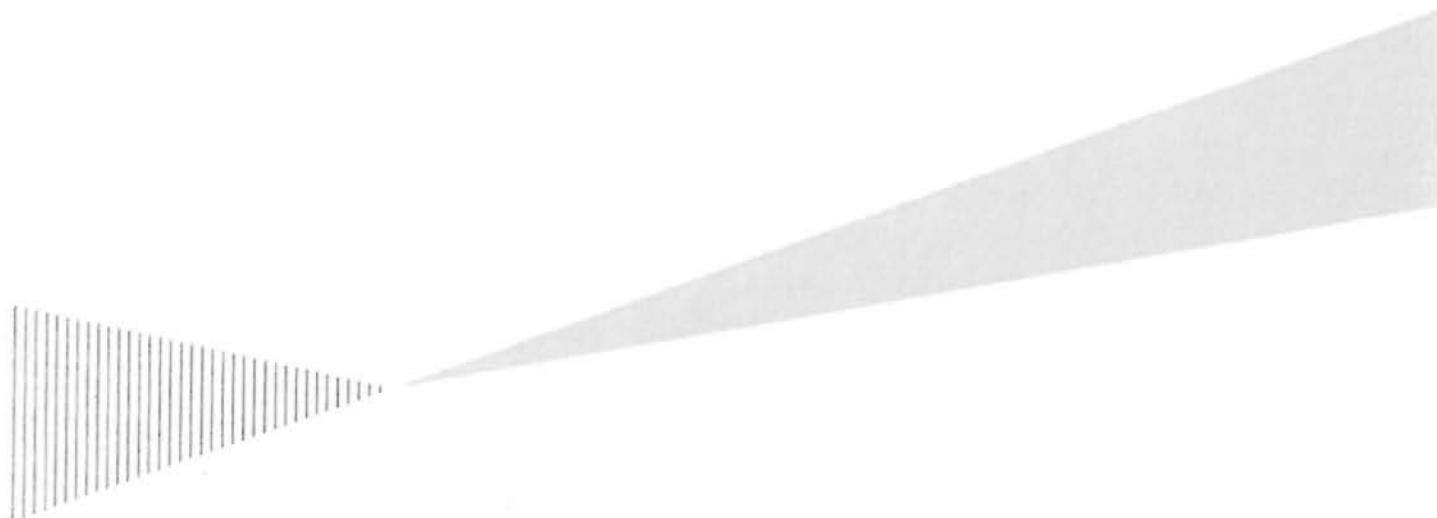


Intel Mobile Communications Denmark ApS

Alfred Nobels Vej 25, 9220 Aalborg Øst

CVR no. 33 16 31 50



Annual report 2015

Approved at the annual general meeting of shareholders on 27 May 2016

Chairman:

PETER LANGSTED



Building a better
working world



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Intel Mobile Communications Denmark ApS 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 development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend the adoption of the annual report at the annual general meeting.

Aalborg, 27 May 2016
Executive Board:



Nicholas John Hudson

Jonathan Laurence Weeks

Tiffany Doon Silva

David John Miles

Per Hartmann Christensen



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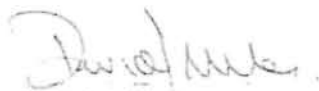
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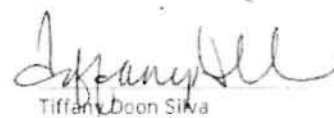
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Aalborg, 27 May 2016
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Tiffany Doon Silva

David John Miles

Per Hartmann Christensen

Independent auditors' report

To the shareholders of Intel Mobile Communications Denmark ApS

Independent auditors' report on the financial statements

We have audited the financial statements of Intel Mobile Communications Denmark ApS for the financial year 1 January - 31 December 2015, 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.

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 according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor considers 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, 27 May 2016

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR No. 30 70 02 28



Hans Peter Poulsen
state authorised public accountant



Jan Krarup Mortensen
state authorised public accountant



Management's review

Company details

Name	Intel Mobile Communications Denmark ApS
Address, Postal code, City	Alfred Nobels Vej 25, 9220 Aalborg Øst
CVR No.	33 16 31 50
Registered office	Aalborg
Financial year	1 January - 31 December
Executive Board	Nicholas John Hudson Jonathan Laurence Weeks Tiffany Doon Silva David John Miles Per Hartmann Christensen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P O Box 250, 2000 Frederiksberg, Denmark



Management's review

Financial highlights

DKKt	2015 12 months	2014 12 months	2013 12 months	2012 12 months	2010/11 15 months
Key figures					
Revenue	289,441	267,024	284,177	278,302	231,186
Operating profit	26,507	24,276	25,830	26,783	21,007
Net financials	8,366	4,634	-3,387	1,653	-656
Profit/loss for the year	27,073	21,638	17,032	21,579	15,252
Balance sheet					
Total assets	244,824	185,799	185,002	210,374	235,749
Equity	145,125	118,084	94,976	78,135	56,404
Financial ratios in %					
Operating margin	9.2 %	9.1 %	9.1 %	9.6 %	9.1 %
Gross margin	78.5 %	78.9 %	68.1 %	70.1 %	78.8 %
Return on assets	12.3 %	13.1 %	13.1 %	12.0 %	8.9 %
Current ratio	155.8 %	149.3 %	92.9 %	90.3 %	77.2 %
Solvency ratio	59.3 %	63.6 %	51.3 %	37.1 %	23.9 %
Return on equity	20.6 %	20.3 %	19.7 %	32.1 %	27.0 %
Employees					
Average number of employees	196	175	171	173	199



Management's review

Operating review

The Company's business review

The object of the company is to perform research and development of electronic components, electronic systems and software.

Recognition and measurement uncertainties

Recognition and measurement in the annual report have not been subject to any material uncertainty.

Unusual matters having affected the financial statements

The financial position at 31 December 2015 of the company and the results of the activities for the financial year 2015 have not been affected by unusual effects.

Financial review

In 2015, the company's revenue came in at DKK 289,441 thousand against DKK 267,024 thousand last year. The income statement for 2015 shows a profit of DKK 27,073 thousand against a profit of DKK 21,638 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 145,125 thousand.

Knowledge resources

Focusing on products and productivity Intel Mobile Communications Denmark ApS is a company employing numerous engineers and technicians.

Special risks

The company's revenue is USD.

Research and development activities

The company performs research and development of electronic components, electronic systems and software.

Post balance sheet events

As a result of a worldwide corporate restructure, the sites in Aalborg and Nørresundby will be closed end of June 2017. Business groups are now in the process of considering the impact to the employees.

Outlook

The result for 2016 is expected to be in line with the result obtained in 2015.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK'000	2015	2014
	Revenue	289,441	267,024
	External expenses	-62,154	-56,355
	Gross profit	227,287	210,669
2	Staff costs	-156,303	-140,115
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-44,477	-46,245
	Other operating expenses	0	-33
	Operating profit	26,507	24,276
3	Financial income	8,370	4,637
4	Financial expenses	-4	-3
	Profit before tax	34,873	28,910
5	Tax for the year	-7,800	-7,272
	Profit for the year	27,073	21,638
	Proposed profit appropriation		
	Retained earnings	27,073	21,638
		27,073	21,638



Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	ASSETS		
	Non-current assets		
6	Intangible assets		
	Goodwill	0	7,321
		0	7,321
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	87,395	75,406
		87,395	75,406
8	Investments		
	Other receivables	2,071	1,971
		2,071	1,971
	Total non-current assets	89,466	84,698
	Current assets		
	Receivables		
	Receivables from group entities	141,416	85,238
	Deferred tax assets	5,679	5,484
	Income taxes receivable	740	0
	Other receivables	7,523	10,379
		155,358	101,101
	Total current assets	155,358	101,101
	TOTAL ASSETS	244,824	185,799



Financial statements for the period 1 January - 31 December

Balance sheet

Notes	DKK'000	2015	2014
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	85	85
	Share premium account	42,506	42,538
	Retained earnings	102,534	75,461
	Total equity	145,125	118,084
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	38,112	15,285
	Payables to group entities	17,138	4,899
	Income taxes payable	0	9,891
	Other payables	44,449	37,640
		99,699	67,715
	Total liabilities other than provisions	99,699	67,715
	TOTAL EQUITY AND LIABILITIES	244,824	185,799

- 1 Accounting policies
- 10 Contractual obligations and contingencies, etc.
- 11 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2015	85	42,538	75,461	118,084
Share issue	0	-32	0	-32
Profit/loss for the year	0	0	27,073	27,073
Equity at 31 December 2015	85	42,506	102,534	145,125



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Intel Mobile Communications Denmark ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

The accounting policies applied by the company are consistent with those of last year.

Omission to present a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Intel Mobile Communications GmbH.

Reporting currency

The financial statements are presented in Danish kroner.

Currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into Danish kroner 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

The compensation model used by Intel Mobile Communications GmbH for all its affiliated group companies, including Intel Mobile Communication Denmark ApS, is a cost plus 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.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of fixed assets.

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.

Staff costs also include costs related to the share based compensation programs. The equity program is recognized under equity and the cash based program is recognized under accrued costs.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment of intangible assets and property, plant and equipment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Goodwill is amortised over the expected economic life, measured by reference to an assessment of, among other factors, the nature, earnings and market position of the acquired entity as well as the stability of the industry and the dependence on key staff.

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:

Goodwill	5 years
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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:

Other fixtures and fittings, tools and equipment	2-4 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 fixed assets

Intangible assets, property, plant and equipment and investments in subsidiaries and associates are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation. Impairment tests are conducted in respect of individual assets or groups of assets generating separate cash flows when there is indications of impairment. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount. As for group of assets, impairment losses are first recognised in respect of goodwill and thereafter proportionately in respect of the other assets.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. Provisions are made for bad debts on the basis of objective evidence that a receivable or a group of receivables are impaired. Provisions are made to the lower of the net realisable value and the carrying amount.

Non-current receivables includes deposits and is presented as investments.

Cash and cash equivalents

Cash comprises cash balances and bank balances.

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 and deferred tax assets 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 and deferred tax assets 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 and deferred tax assets is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax and deferred tax assets is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax and deferred tax assets is expected to crystallise as current tax. Changes in deferred tax and deferred tax assets 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.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other liabilities are measured at net realisable value.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets} \times 100}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2015	2014
2 Staff costs		
Wages/salaries	150,693	132,952
Other social security costs	3,007	2,642
Other staff costs	2,603	4,521
	<u>156,303</u>	<u>140,115</u>
Average number of full-time employees	<u>196</u>	<u>175</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to management is not disclosed.		
3 Financial income		
Interest receivable, group entities	149	59
Exchange gain	8,129	4,578
Other financial income	92	0
	<u>8,370</u>	<u>4,637</u>
4 Financial expenses		
Interest expenses, group entities	4	0
Other interest expenses	0	3
	<u>4</u>	<u>3</u>
5 Tax for the year		
Estimated tax charge for the year	8,134	9,891
Deferred tax adjustments in the year	-195	-2,595
Tax adjustments, prior years	-139	-24
	<u>7,800</u>	<u>7,272</u>
6 Intangible assets		
DKK'000		<u>Goodwill</u>
Cost at 1 January 2015		<u>36,605</u>
Cost at 31 December 2015		<u>36,605</u>
Impairment losses and amortisation at 1 January 2015		29,284
Amortisation/depreciation in the year		7,321
Impairment losses and amortisation at		<u>36,605</u>
Carrying amount at 31 December 2015		<u>0</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2015	177,377
Additions in the year	51,739
Disposals in the year	-4,197
Cost at 31 December 2015	<u>224,919</u>
Impairment losses and depreciation at 1 January 2015	101,971
Amortisation/depreciation in the year	37,165
Amortisation/depreciation and impairment of disposals in the year	-1,612
Impairment losses and depreciation at 31 December 2015	<u>137,524</u>
Carrying amount at 31 December 2015	<u>87,395</u>

8 Investments

DKK'000	<u>Other receivables</u>
Cost at 1 January 2015	1,971
Additions in the year	100
Cost at 31 December 2015	<u>2,071</u>
Carrying amount at 31 December 2015	<u>2,071</u>

DKK'000	<u>2015</u>	<u>2014</u>
9 Share capital		
The share capital consists of the following:		
85,000 shares of DKK 1.00 each	<u>85</u>	<u>85</u>
	<u>85</u>	<u>85</u>

The Company's share capital has remained DKK 85 thousand over the past 5 years.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Other financial obligations

Other rent and lease liabilities:

Rent and lease liabilities	9,979	12,657
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Rent and lease liabilities include a rent obligation totalling DKK 9.804 thousand in interminable rent agreements with remaining contract terms of 2 years and 10 months. Furthermore, the company has liabilities under operating leases for cars and IT equipment, totalling DKK 175 thousand, with remaining contract terms between 2 months and 4 years.

11 Related parties

Intel Mobile Communications Denmark ApS' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Intel Deutschland GmbH	Germany	Participating interest
Intel Corporation Inc.	USA	Ultimate parent company

Related party transactions not carried through on normal market terms

The company's revenue is comprised of the same compensation model used by Intel Deutschland GmbH for all its affiliated companies. The compensation model is a cost plus method.