

# Oracle Danmark ApS

CVR-nr. 71 29 85 15

Metalbuen 66

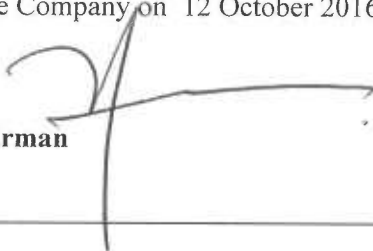
Ballerup 2750

Danmark

## Annual Report for 2015/16

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 12 October 2016

**Chairman**

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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 Oracle Danmark ApS for the financial year 1 June 2015 – 31 May 2016.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 1 June 2015 – 31 May 2016 and of the results of the Company's operations and cash flow for the financial year 1 June 2015 – 31 May 2016.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial position.

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

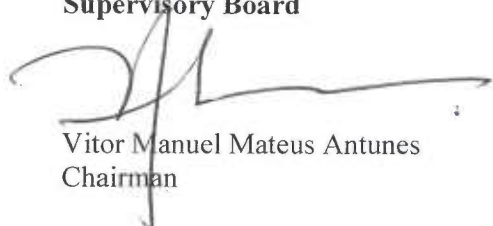
Ballerup, 12 October 2016

**Executive Board**



Kenneth Johansen

**Supervisory Board**



Vitor Manuel Mateus Antunes  
Chairman



Simon Allison



Hannah Knust

## **Independent Auditor's Reports**

**To the shareholders of Oracle Danmark ApS**

### **Independent auditors' report on the financial statements**

We have audited the financial statements of Oracle Danmark ApS for the financial year 1 June 2015 –31 May 2016, which comprise 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.

### **Auditor's 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 regulation. 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 audit 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 May 2016 and of the results of its operations and cash flows for the financial year 1 June 2015 – 31 May 2016 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, 12 October 2016

**Ernst & Young**

Godkendt Revisionspartnerselskab

Cvr no.: 30700228



Karsten Bøgel

state authorised public accountant

## Company Information

### **The Company**

Oracle Danmark ApS  
Metalbuen 66  
DK-2750 Ballerup

Telephone: 44808080  
Facsimile: 44808090  
Website: [www.oracle.com](http://www.oracle.com)

CVR No.: 71 29 85 15  
Financial period: 01 June – 31 May  
Incorporated: 16 November 1982  
Municipality of reg office: Ballerup

### **Supervisory Board**

Vitor Manuel Mateus Antunes, Chairman  
Simon Allison  
Hannah Knust

### **Executive Board**

Kenneth Johansen

### **Auditors**

**Ernst & Young**  
Ernst & Young P/S  
Godkendt Revisionspartnerselskab  
Osvold Helmuths Vej 4, Postboks 250  
2000 Frederiksberg

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

### Key figures

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK	DKK	DKK	DKK	DKK
	'000	'000	'000	'000	'000
<b>Income statements</b>					
Revenue	403,097	379,401	328,677	305,848	385,397
Gross profit/loss	280,657	267,487	231,897	223,156	247,023
Profit/loss before financial income and expenses	10,560	-1,274	-8,664	-14,404	-2,261
Net financials	-10,845	15,444	-2,878	-5,231	-2,025
Net profit/loss for the year	-1,255	6,100	-12,552	-19,381	-6,863
<b>Balance sheet</b>					
Investment in property, plant and equipment	130	118	0	377	39
Total assets	423,885	449,867	392,364	338,894	331,794
Net equity	48,514	49,769	43,669	33,884	53,264
Average number of employees	238	218	216	232	244

## Financial Highlights

	2015/16	2014/15	2013/14	2012/13	2011/12
	DKK	DKK	DKK	DKK	DKK
	'000	'000	'000	'000	'000
<b>Ratios</b>					
Gross margin	69.6%	70.5%	70.6%	73.0%	64.1%
Profit margin	2.6%	-0.3%	-2.6%	-4.7%	-0.5%
Return on assets	2.5%	-0.3%	-2.2%	-4.2%	-0.7%
Solvency ratio	11.4%	11.1%	11.2%	10.0%	16.0%
Return on equity	-2.6%	12.3%	-28.7%	-57.2%	-12.9%

The method for calculation of the financial highlights are in accordance with the guidelines from "Den Danske Finansanalytikers Forening"

The ratios have been prepared in accordance with the definitions stated under accounting policies.

As a consequence of the merger with Responsys Nordic ApS as of 1 June 2014 the comparatives have been restated as of 1 January 2014 when the companies were subject to common control.

# Management's Review

## Business activities and mission

The Company sells hardware and software engineered to work together in the cloud and in your data center from servers and storage, to database and middleware, through applications and related services such as technical support, education and consulting services. Oracle Danmark sells only software and hardware developed by Oracle Corporation in the shape of software licenses and hardware to distributors and directly to end users. The services are solely related to Oracle's software and hardware and are aimed at helping the customers obtain the highest benefit from their investment in Oracle's products. In essence the sale happens on the Danish market and only to private companies or the public sector.

All Oracle software products are web-based and include the Oracle database, middleware, development equipment and integrated ERP, CRM and Business Intelligence solutions. To this must be added specific industry solutions in medicine, retail, communications, finance and the public sector

All products are developed centrally by Oracle Corporation. In relation to the implementation of the products at customer sites, a set-up of software parameters or other program adjustments to the Oracle software might be necessary. It is Oracle's policy to sell and implement standard software and hardware in order to secure best technical support of the implemented software to the customers. Simultaneously, continuous improvement and development of the software and hardware products are carried out in order to meet customer demands.

## Business review

The income statement of the Company for 2015/16 shows a loss of DKK '000 1,255 (profit of DKK '000 6,100 for 2014/2015) and at 31 May 2016 the balance sheet of the Company shows equity of DKK '000 48,514 (DKK '000 49,769 at 31 May 2015).

The increased revenues that also drives the increase in gross profit, have been driven by the following LoBs: consulting (DKK '000 54,525 and 35,915 for 2015/16 and 2015/14 respectively), hardware (DKK '000 63,086 and 42,834 for 2015/16 and 2014/15 respectively), cloud (DKK '000 53,623 and 40,510 for 2015/16 and 2014/15 respectively) and support license (DKK '000 609,187 and 605,077 for 2015/16 and 2014/15 respectively). The above positive effects have been partially offset by a decrease in other LOBs, such as education (DKK '000 3,111 and 4,739 for 2015/16 and 2014/15 respectively), hardware support (DKK '000 43,844 and 49,209 for 2015/16 and 2014/15 respectively) and license (DKK '000 192,443 and 202,047 for 2015/16 and 2014/15 respectively).

Profit before financial income and expenses has been significantly increased driven by the aforementioned increase of the gross profit and by a reduction of amortization expenses (DKK '000 4,964 for 2015/16 and DKK '000 21,704 for 2014/15) due to the fact that last year SUN goodwill amortization that was terminated and new goodwill recognised coming from Micros is of a significant lower amount.

Compared to 2014/15 the result has been affected by a loss of DKK '000 26,809 due to foreign currency exchange rates from USD valuation (income DKK '000 15,534 2014/15, & loss DKK '000 11,280 2015/16). The foreign currency exchange loss is mainly due to USD valuation against DKK from operational contracts denominated in USD.



# Management's Review

## Outlook

In financial year 2016/17, Oracle's overall strategy is to continue to broaden its customer base while providing ever more value-add to its existing customers. Oracle is still offering fully integrated solutions that combine server and storage hardware with licensed software applications, with all components engineered to work together. Whilst also developing new lines of business such as software as a service and infrastructure as a service (cloud) to develop future revenues. Oracle sees this as a critical and unique competitive advantage, and is therefore targeting solid-to-substantial growth in its revenues and operating results in 2017 and beyond.

## Unusual events

The financial position of the Company at 31 May 2016 and the results of its activities and cash flows for the financial year 2015/16 have not been affected by any unusual events.

## Effect on the external environment

The Company does not have a significant impact on the external environment.

## Research and development activities

The Company does not hold local research and development activities.

## Net profit/loss for the year compared with previously expressed expectations

The Company has fulfilled previous announcements regarding expectations for revenue growth.

## Recognition and measurement uncertainties

During the year ended 31 May 2010, Oracle Danmark ApS lodged deposits totalling DKK '000 40,000 in respect of revised company tax assessments for the financial years 2003 and 2004, as a result of tax audits conducted by the Danish tax authorities into the taxable results for those years. In addition, during the year ended 31 May 2012, Oracle Danmark ApS lodged deposits totalling DKK '000 71,000 in respect of revised company tax assessments for the financial years 2005-2008 inclusive, as a result of tax audits conducted by the Danish tax authorities into the taxable results for those years. In August 2015, Oracle Danmark ApS made a payment on deposit for the Tax Audit financial year 2009 for an amount of DKK '000 31,000. These deposits are held as a balance sheet asset in the financial statements.

Oracle Danmark ApS vigorously disputes the basis of the revised company tax assessments and is currently engaged in discourse with the Danish tax authorities in this regard. The aforementioned deposits have been made under protest, not accepting liability and only to live up to legal requirements. The outcome of this case – whether via formal discourse and/or any potential future litigation – is uncertain.

Reference is made to note 14.

Except for the issue noted above, recognition and measurement in the Annual Report have not been subject to any uncertainty.

## Management's Review

### Knowledge resources

The Company does not possess knowledge resources critical to the future activities. Development- and research competencies are employed in the parent company.

### Subsequent Events

No evidence of material subsequent events at 12 October 2016.

### Unusual risks

The Company is not exposed to unusual risks beside ordinary risks within the industry normal risk of doing business.

### Corporate social responsibility

The company does not have separate policies in place regarding CSR and refer to Oracle Corporation's CSR policies for the entire group.

The report has been issued in 2014 and is still valid and applicable to Oracle Denmark and can be retrieved at the following link:

<http://www.oracle.com/us/corporate/citizenship/corporate-citizenship-report-2563684.pdf>

### Account of the gender composition

Oracle Denmark considers it a strength to have both genders represented in management, finding that this adds value to and contributes to the development of the business. In Oracle Denmark, there are equal opportunities for men and women and efforts are being made to reflect this at all managerial levels.

Oracle Denmark has drawn up a policy for the underrepresented sex with a view to ensuring a balanced representation of men and women at all managerial levels, based on the objective that neither men nor women should have a representation of less than 25% in top management. In 2016, Oracle Denmark has met their target with a representation of 25% women and 75% men and continues to focus on increasing the share of the under-represented gender.

Today, the supervisory board comprises 3 members, of whom one is a woman. This corresponds to 1/3 women.

To ensure a balanced representation of men and woman Oracle is developing programs such as:

#### **Oracle Women's Leadership (OWL)**

OWL is a leadership and professional development program that seeks to develop, engage and empower current and future generations of Oracle women leaders in order to foster an inclusive and innovative workforce. OWL engages more than 7,000 employees in 41 countries – including Denmark, representing more than 70 OWL communities.

## Management's Review

In Oracle Danmark, the local OWL committee arranges networking, training and social activities in order to enhance local female employees' leadership engagement.

### **Mentoring and Sponsorship**

Our competitiveness as a company ultimately depends on the talent of our people. Oracle has a mentoring programme that aims to strengthen employees' career development strategies and to retain, attract, develop, and maximize the capacity of Oracle's talent. Mentoring and sponsorship enable us to develop future generations of technical and managerial leaders in Oracle.

### **Recruitment**

Oracle has an Equal Employment Opportunity Policy and also provides best practices and recommendations for hiring managers.

## Income Statements 1 June - 31 May

	Note	2015/16 DKK'000	2014/15 DKK'000
<b>Revenue</b>	1	<b>403,097</b>	<b>379,401</b>
Other external expenses		-122,440	-111,914
<b>Gross profit</b>		<b>280,657</b>	<b>267,487</b>
Staff expenses	2	-264,003	-245,803
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-6,094	-22,958
<b>Profit/loss before financial income and expenses</b>		<b>10,560</b>	<b>-1,274</b>
Financial income	4	435	15,534
Financial expenses	5	-11,280	-90
<b>Profit/loss before tax</b>		<b>-285</b>	<b>14,170</b>
Tax on profit for the year	6	-970	-8,070
<b>Net profit/loss for the year</b>		<b>-1,255</b>	<b>6,100</b>

## Distribution of profit

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>Proposed distribution of profit/loss</b>		
Retained earnings	-1,255	6,100
	<u>-1,255</u>	<u>6,100</u>

## Balance Sheet 31 May

Assets	Note	2015/16 DKK'000	2014/15 DKK'000
Goodwill		13,244	18,207
<b>Intangible assets</b>	7	<b>13,244</b>	<b>18,207</b>
Other fixtures and fittings, tools and equipment		215	282
Leashold improvement		3,027	3,961
<b>Tangible assets</b>	8	<b>3,242</b>	<b>4,243</b>
<b>Fixed assets</b>		<b>16,486</b>	<b>22,450</b>
<b>Inventories</b>		<b>869</b>	<b>3,024</b>
Trade receivables		15,745	6,822
Contract work in progress	10	4,968	6,329
Receivables from group enterprises		2,230	3,670
Other receivables		2,105	2,449
Deferred tax assets		116	463
Income tax on deposit	9	141,935	111,007
Corporation tax		237	0
Deferred expenses	11	478	619
<b>Other assets</b>		<b>167,814</b>	<b>131,359</b>
<b>Cash at bank and in hand</b>		<b>238,716</b>	<b>293,034</b>
<b>Current assets</b>		<b>407,399</b>	<b>427,417</b>
<b>Assets</b>		<b>423,885</b>	<b>449,867</b>

## Balance Sheet 31 May

### Liabilities and equity

	<u>Note</u>	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
Share capital	12	11,000	11,000
Retained earnings		37,514	38,769
<b>Equity</b>		<u><b>48,514</b></u>	<u><b>49,769</b></u>
Trade payables		1,116	2,852
Payables to group enterprises		218,581	241,258
Corporation tax		0	7,098
Other payables		155,061	148,300
Deferred income	13	613	590
<b>Short-term liabilities</b>		<u><b>375,371</b></u>	<u><b>400,098</b></u>
<b>Liabilities</b>		<u><b>375,371</b></u>	<u><b>400,098</b></u>
<b>Liabilities and equity</b>		<u><b>423,885</b></u>	<u><b>449,867</b></u>
Contingent assets, liabilities and other financial obligations	14		
Fee to auditors appointed at the general meeting	15		
Related parties and ownership	16		

## Statements of Changes in Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	DKK'000	DKK'000	DKK'000
Equity at 1 June	11,000	38,769	49,769
Net profit/loss for the year	0	-1,255	-1,255
<b>Equity at 31 May</b>	<b><u>11,000</u></b>	<b><u>37,514</u></b>	<b><u>48,514</u></b>



## Notes to the Annual Report

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>1 Revenue</b>		
Net sales generated by Oracle Denmark ApS	67,111	61,412
Commission income	335,986	317,989
	<u><b>403,097</b></u>	<u><b>379,401</b></u>

Net sales are sold primarily on the Danish market. Segment information for geographic and product segment can be found in the consolidated balance sheet of Oracle Corporation, California, USA. The consolidated financial statement in which Oracle Denmark ApS is included can be found at <http://investor.oracle.com/financial-reporting/sec-filings/sec-filings-details/default.aspx?FilingId=11455077>

## 2 Staff expenses

Wages and salaries	245,279	228,055
Pensions	15,532	13,920
Other social security expenses	3,192	3,828
	<u><b>264,003</b></u>	<u><b>245,803</b></u>
<b>Average number of employees</b>	<u><b>238</b></u>	<u><b>218</b></u>

A portion of Management's salary is dependent on the year's results.

By reference to section 98b(3)(ii) of the Danish Financial Statement Act, remuneration to management is not disclosed.

## Notes to the Annual Report

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Goodwill	4,964	21,704
Other fixtures and fittings, tools and equipment	197	321
Leasehold improvements	933	933
	<u>6,094</u>	<u>22,958</u>
<b>4 Financial income</b>		
Other financial income	435	15,534
	<u>435</u>	<u>15,534</u>
<b>5 Financial expenses</b>		
Interest paid to group enterprises	5	0
Other financial expenses	11,275	90
	<u>11,280</u>	<u>90</u>

## Notes to the Annual Report

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>6 Tax for the year</b>		
Estimated income tax charge	-1,289	-8,260
Prior year adjustments for income tax	666	1
Change in provision for deferred tax	173	-367
Prior year adjustments for deferred tax	-520	557
	<u>-970</u>	<u>-8,070</u>
 <b>7 Intangible assets</b>		
		<u>Goodwill</u> DKK'000
Cost at 1 June		140,043
Cost at 31 May		<u>140,043</u>
Impairment losses and amortisation at 1 June		121,835
Amortisation for the year		4,964
Impairment losses and amortisation at 31 May		<u>126,799</u>
<b>Carrying amount at 31 May</b>		<u><b>13,244</b></u>

## Notes to the Annual Report

### 8 Property, plant and equipment

	Other fixtures and fittings, tools and <u>equipment</u> DKK'000	Leasehold <u>improvements</u> DKK'000
Cost at 1 June	14,116	14,563
Additions for the year	130	0
Disposals for the year	-1,066	0
Cost at 31 May	<u>13,180</u>	<u>14,563</u>
Impairment losses and depreciation at 1 June	13,834	10,603
Depreciation for the year	197	933
Accumulated depreciation and write-downs of disposals	-1,066	0
Impairment losses and depreciation at 31 May	<u>12,965</u>	<u>11,536</u>
<b>Carrying amount at 31 May</b>	<u><b>215</b></u>	<u><b>3,027</b></u>

## Notes to the Annual Report

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>9 Income taxes on deposit</b>		
Paid tax on account regarding ongoing legal tax case	141,934	111,007
	<u><b>141,934</b></u>	<u><b>111,007</b></u>

During the financial year 2009/10 Oracle Danmark ApS made 2 payments on deposit for the Tax Audits of financial years 2003 and 2004 for DKK 5.8 million and DKK 33.9 million, respectively. In the financial year 2011/12 Oracle Danmark ApS made a payment on deposit for the Tax Audit financial years 2005 to 2008 for an amount of 71 million DKK.

In August 2015, Oracle Danmark ApS made a payment on deposit for the Tax Audit financial year 2009 for an amount of 31 million DKK.

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>10 Contract work in progress</b>		
Sales price for work in progress	4,968	6,329
Contract work in progress, net	<u><b>4,968</b></u>	<u><b>6,329</b></u>
Recognised in the balance sheet as follows:		
Classified as work in progress under assets	4,968	6,329
	<u><b>4,968</b></u>	<u><b>6,329</b></u>

## Notes to the Annual Report

### 11 Deferred expenses

Deferred expenses consist of prepaid expenses concerning rent, insurance, and canteen (DKK '000 381, DKK'000 90 and DKK'000 9 respectively).

### 12 Equity

The share capital consists of 110,000 shares with a nominal value of DKK 100. No shares carry any special rights.

The share capital changes in the past 5 years have been as follows:

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000	<u>2013/14</u> DKK'000	<u>2012/13</u> DKK'000	<u>2011/12</u> DKK'000
Share capital at 1 June	11,000	11,000	11,000	11,000	11,000
<b>Share Capital at 31 May</b>	<b><u>11,000</u></b>	<b><u>11,000</u></b>	<b><u>11,000</u></b>	<b><u>11,000</u></b>	<b><u>11,000</u></b>

### 13 Deferred income

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
Consulting contracts	613	590
	<b><u>613</u></b>	<b><u>590</u></b>

## Notes to the Annual Report

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>14 Contingent assets, liabilities and other financial obligations</b>		

### Rental agreements and leases

The Company has entered into 2 leases covering the period until 2018 and 2020. The total obligation entered into amounts to DKK'000 12,717

12,717	9,089
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As of 31 May, 2011 the Company has entered into a number of leasing contracts for cars. The lease cover various periods up to 2019, and the total obligation entered into amounts to DKK'000 11,861

11,861	12,248
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### Other financial obligations

Oracle Danmark ApS received a tax assessment in 2009 from the Danish Tax Authorities ("SKAT") relating to fiscal years 2003 and 2004 which in 2010 has been expanded to the fiscal years 2005-2008. In 2015, the tax assessment has been expanded further to the financial year 2009. In these assessments, SKAT has asserted that the operating results of Oracle Danmark were insufficient, and that Oracle Danmark ApS should be entitled to a higher operating margin by applying different transfer pricing principles than those used in the applicable years. Oracle Danmark ApS disagrees with the position adopted by SKAT and has filed for Mutual Agreement Procedures between Ireland and Denmark to reach an agreement that eliminates double taxation. It is currently not possible to quantify either the expected outcome of this dispute or the expected assessment for subsequent years due to uncertainties surrounding the matter. However, since the terms of the relevant intercompany agreements require that the principal reimburse any final transfer pricing adjustment to Oracle Danmark, there should be no material exposure for Oracle Danmark in relation to this matter.

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
<b>15 Fee to auditors appointed at the general meeting</b>		
Fee for statutory audit	380	429
Fee for other assurance assignments	0	300
Fee for non-audit services	0	123
	<u>380</u>	<u>852</u>

# Notes to the Annual Report

## 16 Related parties and ownership

<b>Controlling interest</b>	<b>Basis</b>
Oracle Nederland B.V., De Meern, Holland	Parent company
Oracle Corporation, Californien, USA	Ultimate parent company

### **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:

Oracle Nederland B.V., De Meern, Holland

The financial statements for Oracle Denmark ApS are part of the consolidated financial statements for Oracle Corporation and may be obtained on web-page:

<http://investor.oracle.com/financial-reporting/sec-filings/sec-filings-details/default.aspx?FilingId=11455077>



# Accounting Policies

## Basis of Preparation

The Annual Report of Oracle Denmark ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Annual Report has been prepared under the same accounting policies as 2014/15.

The Annual Report for 2015/16 is presented in thousands of DKK

## Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

The takeover method is applied to the acquisition of new subsidiaries or activities which the Parent Company obtains control. Identifiable assets and liabilities in the acquired entities are recognised at the fair value at the time of acquisition. Provisions for restructuring costs relating to the acquired entity are recognised if the restructuring has been decided at the time of acquisition and is expected to be carried through. Allowance is made for the tax effect of revaluations of assets and liabilities. Any residual difference between the cost and the group's share of the fair value of the identifiable assets and liabilities is recognised as goodwill or negative goodwill.

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

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

# Accounting Policies

## 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.

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

## Income Statement

### Revenue

The Company's net sales include income from sale of software, service contracts and update right contracts etc. and commission thereon, cf. note 1 to the financial statements. Net sales also include sales from consulting services and education. Recognition of income from software sales requires a contract be signed by the customer, that the product be delivered (if delivery is required) and that payment take place within 6 months of delivery or that payment be currently due.

Income from service and update right contracts is accrued over the contract's lifetime. License and hardware sales are recognised when the risk is passed on to the buyer. The Company receives a share hereof as commission income.

Income from consulting services is recognized according to used time for Time & Material projects and according to the percentage of completion method for fixed price projects.

### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

## Accounting Policies

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on transactions denominated in foreign currencies as well as surcharges and refunds under the on-account tax scheme.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and 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

### Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5	years
Leasehold improvements	5-10	years

### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

## Accounting Policies

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value. Cost of goods for resale, raw materials and consumables consist of purchase price plus landing costs. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Receivables regarding fixed price contracts include tailoring software to customers.

### Cash

Cash comprises cash balances and bank balances

### Liabilities

Financial liabilities comprising amounts owed to credit institutions, trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost. Other liabilities are measured at net realisable value.

### 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

## Accounting Policies

is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

### **Deferred expenses**

Deferred expenses comprise prepaid expenses concerning the following year.

### **Equity**

#### *Dividend*

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

### **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.

### **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

## **Accounting Policies**

and expenses.

### **Deferred income**

Deferred income comprises payments received in respect of revenue to be earned in subsequent years.

### **Cash Flow Statement**

The financial statements does not contain a cash flow statement in accordance with the Danish Financial Statement Act section 86 (4). The company is included in the cash flow statement prepared for Oracle Corporation.

## Accounting Policies

### Financial highlights

#### Explanation of financial ratios

$$\frac{\text{Gross Profit} \times 100}{\text{Revenue}}$$

$$\frac{\text{Profit before Financials} \times 100}{\text{Revenue}}$$

$$\frac{\text{Profit before Financials} \times 100}{\text{Total Assets}}$$

$$\frac{\text{Equity at year end} \times 100}{\text{Total Assets}}$$

$$\frac{\text{Net Profit for the year} \times 100}{\text{Average Equity}}$$