

# ANNUAL REPORT 1992/93

Dansk Data Elektronik A/S



## THE MANAGEMENT

### ■ BOARD OF DIRECTORS

Erik Christoffersen,  
Attorney of the High Court (Chairman)  
Knud Arne Nielsen, M.Sc.  
Poul Laurits Hansen, M.Sc.  
Henrik Schröder, General Manager  
Eggert Schröder, M.Sc.\*  
Lars Skiveren, Electronic Engineer\*

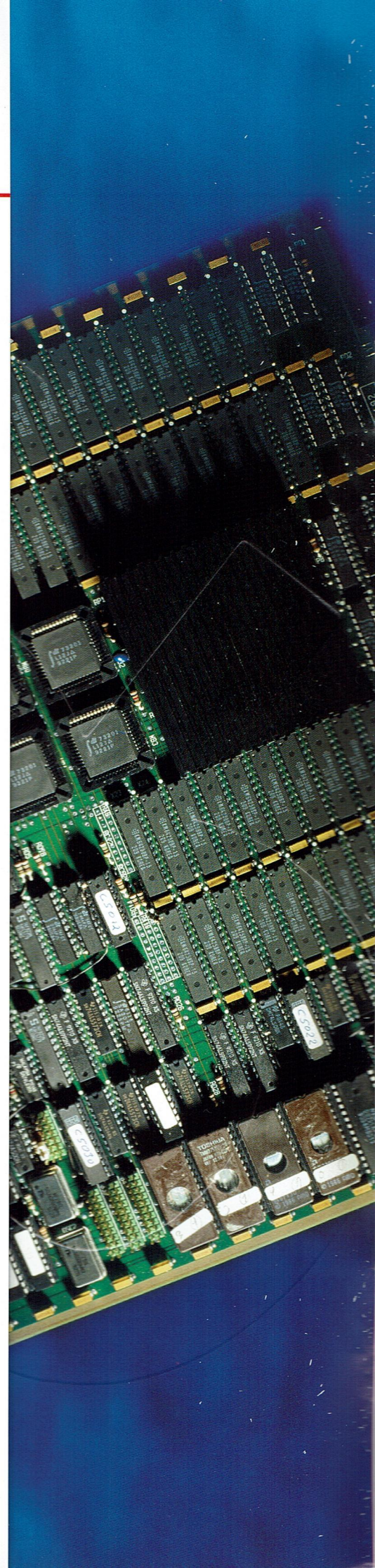
\*) = Representatives elected  
by the employees

### ■ MANAGEMENT:

Claus Erik Christoffersen,  
Managing Director  
Bo Öhrström, Deputy Managing Director  
Ole Lading

### ■ AUDITORS

Revisionsfirmaet P. J. Aarup  
State-Authorized Public Accountants  
Schöbel & Marholt Revisionsaktieselskab  
State-Authorized Public Accountants





# Dansk Data Elektronik A/S

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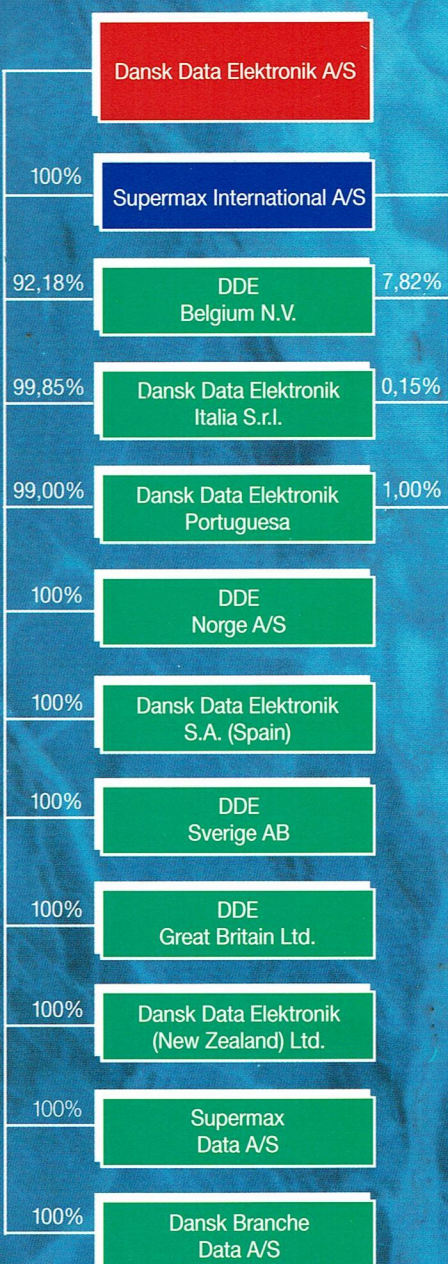
## ANNUAL REPORT & ACCOUNTS 1992/93



18th financial year  
A/S Registration No. 65.295

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## GROUP CHART



## THE GROUP'S FINANCIAL HIGHLIGHTS

Profit and loss account (DKKm):	1992/93	1991/92	1990/91	1989/90	1988/89
Turnover .....	325	416	415	399	359
Contribution margin .....	209	295	298	281	243
Profit/loss before financial items .....	(28)	11	4	38	37
Financial items, net .....	(10)	(5)	(1)	(1)	(1)
Extraordinary items .....	(3)	0	0	0	0
Profit/loss before tax .....	(40)	6	3	37	36
<b>Profit/loss for the year .....</b>	<b>(37)</b>	<b>4</b>	<b>0</b>	<b>27</b>	<b>17</b>

## Balance sheet:

Fixed assets .....	142	148	157	168	138
Current assets .....	134	198	182	209	174
<b>Total assets .....</b>	<b>276</b>	<b>346</b>	<b>339</b>	<b>377</b>	<b>312</b>

Share capital .....	62	62	62	50	36
Other capital and reserves .....	63	100	96	110	95
<b>Total capital and reserves .....</b>	<b>125</b>	<b>162</b>	<b>158</b>	<b>160</b>	<b>131</b>
Long-term debt and provisions .....	72	81	84	97	101
Short-term debt .....	79	103	97	120	80
<b>Total liabilities .....</b>	<b>276</b>	<b>346</b>	<b>339</b>	<b>377</b>	<b>312</b>

Average number of employees .....	468	525	542	456	402
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Ratios	1992/93	1991/92	1990/91	1989/90	1988/89
Contribution ratio .....	64%	71%	72%	70%	68%
Earning in DKK per share .....	(55)	6	0	39	27
Dividend in DKK per share .....	0	0	0	6	5
Return on investment .....	(10%)	3%	1%	10%	12%
Profit margin .....	(9%)	3%	1%	10%	10%

Liquidity ratio .....	170%	192%	188%	174%	217%
Share of capital and reserves .....	45%	47%	47%	43%	42%
Return on capital and reserves .....	(24%)	2%	0%	19%	13%
Equity value .....	202	261	255	259	211
Price adjusted for share issues .....	135	390	440	501	513
Price/equity value .....	0.7	1.5	1.7	1.9	2.4
Market value .....	84	242	273	418	410
Price earnings ratio .....	Neg.	69	1,509	13	19

The ratios have been calculated in accordance with the "Ratio Calculation Guide 1991" prepared by Finansanalytikerforeningen (The Association of Financial Analysts).

# ANNUAL REPORT FOR 1/5 1992 - 30/4 1993

## SUMMARY

In negative and disappointing markets, national as well as international, the group's turnover dropped by DKK 90 million to DKK 325 million.

The result for the year was a loss before tax of DKK 40.2 million, including costs of approx. DKK 7 million covering severance pay, an exchange loss of DKK 4.5 million on supplies of products to subsidiaries and extraordinary expenses of DKK 2.6 million.

Due to the unsatisfactory results of the group, the Board of Directors recommends that no dividend be declared.

During the financial year under review, comprehensive organisational changes and cost reductions were carried out. These actions have not yet had sufficient time to offset the effects of the decline in turnover, but they were so drastic that the results for 1993/94 will be positive, even with a level of turnover which is unchanged compared with 1992/93.

Otherwise, DDE adopted an offensive approach to the situation.

The product development work continued – and is being continued – at the same level as in previous years. In the financial year under review, product development costs totalled DKK 52 million. This amount was charged to the profit and loss account, which is in accordance with previous years' practice.

The development efforts resulted in, among other things, a new Supermax RISC Multiserver, which has attracted considerable international attention, being the first of its kind in the world.

As regards the market policy, DDE focused its efforts on establishing relations with distributors with the aim of selling Supermax hardware and basic software in new geographical areas. A number of agreements have already been entered into, and more are underway.

Thus, after the end of the financial year, a joint venture has been entered into with DDE's Indian manufacturer of Supermax hardware under licence, primarily for the Indian market. The Danish Industrialization Fund for Developing Countries (IFU) and DDE will each subscribe 25% of the share capital of the joint company.

After the end of the financial year, DDE has also entered into a distributor agreement with the German company, CROMEMCO G.m.b.H., concerning sales through the latter company and its subsidiaries and distributors in Germany, other European countries, the Middle East and Africa.

Sales of DDE's total solutions are still being handled from Denmark and have been successfully intensified, with the support of the group's subsidiaries and alliances with local partners.

The losses of the subsidiaries are expected to be eliminated in the 1993/94 financial year.

The changed market strategy is being implemented with a very modest effect on costs.

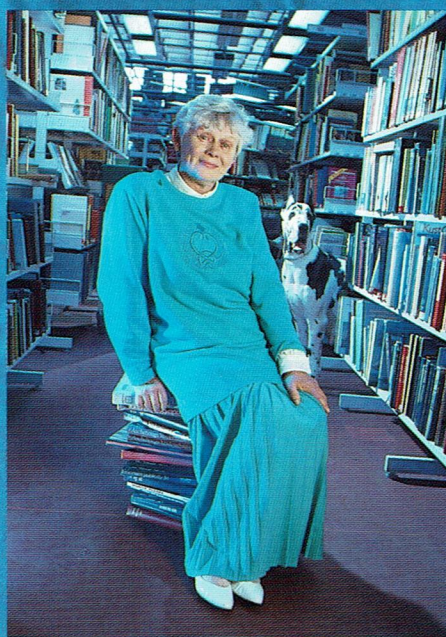
Software and services account for an increasing part of the group's turnover. This has a positive effect on the development of the contribution margin.

Capital and reserves represented 45% of the balance sheet total at the end of the financial year. The liquidity and solvency situation is still good.



*“IN TIMES OF  
ADVERSITY  
THEY SHOWED  
THEIR  
STRENGTH”*

*The 19 branch libraries and two mobile libraries of the Municipality of Aarhus have been linked in the largest fully integrated system in Denmark, with 4.5 million annual loans and 1 million records. With up to 10,000 daily loans, the Central Library at Aarhus has the largest number of borrowers in Scandinavia.*



*Grethe Torfing  
City Librarian,  
Libraries of the Municipality of  
Aarhus*

– You don't know your computer supplier until you have been on the verge of a breakdown.

– When we started developing the largest and most advanced library system in Denmark, we knew very well that problems would arise.

– But when the prototype of the DDE system suddenly had difficulty in coping with the load from 25,000 daily loans and the borrowers were queuing up, panic started to spread.

– Fortunately, we had not bought a system and a computer but a total solution on which we had influence

too. DDE resolutely put 60 technicians, systems developers and service staff to work on the problems and sent its emergency staff to Aarhus, who worked day and night to solve them. Every day we received a detailed report on the progress, and all the time we were confident that a solution would be found.

– Thanks to a wholehearted effort, DDE found the defects and both borrowers and employees were pleased with the new fully automatic system. Today the system is operating so perfectly that it has also become a host to the libraries of the Municipality of Odder. We feel that we have received excellent service and complete support.



*Mr Erik Christoffersen, Chairman of DDE, and Mr K.J. Divatia, Chairman of SEL, sealing the DDE/ORG joint venture agreement.*

## ACTIVITIES AND MARKETS

In 1992/93, market developments were very negative and disappointing, both in Denmark and internationally.

In a slightly declining market in Denmark, DDE consolidated its position as a market leader in medium-sized UNIX-systems, accounting for a share of just under forty per cent of all new supplies.

Despite the prevailing conditions in the markets in which DDE is operating – which are characterised by cuts, reluctance and postponement of planned investments – DDE's level of activity was very high in 1992/93.

DDE has elected to tackle the recession by pursuing a long-term strategy.

Costs have been drastically cut. At the same time, however, the efforts to develop products and markets have been increased.

At the international level, the efforts in the markets to establish close cooperation agreements concerning indirect sales of Supermax hardware and user software such as DDE's library applications have been intensified. In some markets, DDE has established joint ventures with local partners whose knowledge of the market and understanding of the cultural variations are of invaluable importance to DDE.

DDE's subsidiaries are still the basis for the marketing and implementation of the very complex total solutions.

Moreover, a strategically important agreement has been made with CROMEMCO G.m.b.H. concerning the marketing of the Supermax Multiserver in Germany and through CROMEMCO's companies in other countries in Europe, the Middle East and Africa. In connection with the agreement, DDE has acquired a minor shareholding in CROMEMCO and has obtained a seat on the Board of Directors.

In India where, for a number of years, the Supermax Multiserver has been manufactured under licence and has been successfully marketed by ORG Systems, DDE has, after the end of the financial year, together with the listed parent company of ORG Systems, Sarabhai Electronics Limited (SEL), established a joint company with the object of developing further the ongoing computer activities. For a number of years, ORG Systems has manufactured Supermax Servers under licence for the Indian market, and, in the previous financial year, its turnover amounted to more than DKK 30 million.

The management of the newly established company DDE-ORG is of the opinion that the company's solutions hold a substantial potential in India and nearby geographical areas. DDE-ORG has already entered into an agreement with an Arab company concerning the distribution of Danish-made Supermax Multiservers in Oman, Bahrain and the United Arab Emirates.



Mr Claus Erik Christoffersen, Managing Director of DDE, presenting the most powerful UNIX server in the world.

## HARDWARE

The costs of the research and development work carried out in the field of hardware and software during the financial year under review totalled DKK 52 million, which was charged to the profit and loss account. In the field of hardware, the main result of this substantial investment was the manufacture of the world's first MIPS R4000-based multi-CPU computer, the Supermax Multiserver R4000. The computer was launched in September 1992 in the Danish Pavilion at the Universal Exposition in Sevilla and attracted substantial international attention.

After the new version of the Supermax Multiserver had been released to the market in February 1993, the performance of the computer in operation was measured during the days up to the world's largest information technology fair,

CeBIT, at Hannover. These measurements showed that the performance of the Supermax Multiserver now exceeds that of all other existing UNIX servers. Due to the subsequent introduction at the CeBIT fair at Hannover where the measurement results could be tested on a Supermax Multiserver fully configured with eight R4000 processors, the CeBIT Fair became DDE's so far most successful fair.

To sum up, the favourable reception gives DDE high hopes for the 1993/94 sales of the Supermax Multiserver in the international markets where DDE will to a greater extent concentrate its efforts on the indirect sales channels and intensify the marketing of the Server, which is now very competitive.

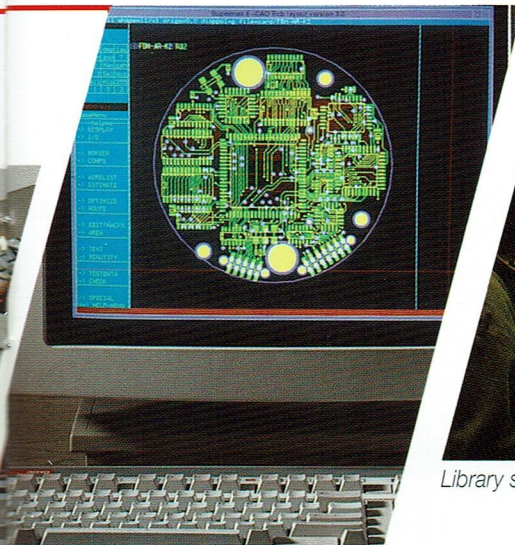
## TOTAL SOLUTIONS

A total solution from DDE consists of many elements, each of which makes great demands on the underlying know-how. The aim of a DDE solution is to enable the customer to optimize his operations with the aid of the solution, whether it is a public enterprise or a private enterprise. The most important element of a DDE solution is the application software, which is developed by DDE on the basis of a thorough knowledge of the segment's business situation and in close dialogue with the customer. Other elements in connection with the application software are the hardware platform, basic software, networks and the so-called 'soft' services such as analysis, systems integration, training, implementation, application support, hardware maintenance and documentation.

Three of DDE's solutions - the Euromax solution for newspapers and magazines, the Library solution and E-CAD for the electronics industry - distinguish themselves as the most internationally oriented ones, and they all performed well in 1992/93.

Considerable attention was aroused in newspaper circles when, following a very comprehensive evaluation of suppliers from the whole world, DDE's Euromax Division succeeded in obtaining the contract for a supply to the large Belgian newspaper publishers, VUM (Vlaamse Uitgeversmaatschappij N.V.). The supply consists of a completely new electronic prepress system for the production of, among other things, the two Belgian dailies, De Standaard and Het Nieuws-





Electronic Design Automation



Library solution

Euromax  
Prepress system



blad, with a total circulation of 330,000. The contract sum is approx. DKK 30 million and ensures the further development of DDE's newspaper solution.

Euromax 2000, which is the name of the new solution, will be actively marketed from the autumn of 1993, and its installation at VUM is expected to be completed at the beginning of 1994.

One of the most complex and, from an EDP point of view, most exciting new installations in 1992/93 was the library solution that DDE supplied to the libraries of the Municipality of Aarhus. The library, having the largest number of borrowers in Scandinavia, made great demands on response times for this 260-user installation with 37 loan places, 18 branches and 2 mobile libraries. The putting into operation of the system after - as was to be expected - some running-in difficulties was a great success for the library solution and DDE's support staff. In 1992/93, DDE was also chosen as a supplier by the Libraries of the Municipality of Copenhagen, initially as a lessor of an installation for recording the whole book stock of the Municipality's libraries.

In the Danish market, DDE's library solution now has a market share of no less than 60% as the system is also being marketed by one of DDE's most important partners, Kommunedata I/S (the Local Government Data Processing Centre).

Moreover, DDE's library solution has gained a position in the international markets, partly through orders in Britain and Spain and partly through distributor agreements with MARI in Britain and Istel in Spain. Both distributors have

high hopes for DDE's library applications in their respective markets, and the agreements are the first results of DDE's strategy for internationalization of application software through indirect sales channels. At the same time, these and other agreements are evidence that several of DDE's software packages are now so well-defined and complete that national, linguistic and cultural variations no longer prevent the spreading of the applications.

The Electronic Design Automation Section, EDA, continued the development of the Supermax E-CAD application, releasing two new versions featuring significant expansions of functions. The new versions were very well received by the market. Moreover, the integration of third-party products has strengthened the competitiveness of the solution in the electronics industry.

DDE succeeded in consolidating its position further as the Ericsson group's preferred supplier of PCB Layout systems, selling a considerable number of new workstations and upgradings of old ones.

The year also brought a breakthrough in the German market where a total of 38 EDA workstations were sold to the German firm of KE at Hannover. The firm is part of the Alcatel/SEL group, and the order was obtained in heavy competition with an American supplier.

With a strong range of products and good references, DDE's EDA solution is well equipped for making sales to the European electronics industry.

Universal Exposition EXPO '92, Sevilla  
The Danish Pavilion.



# “AT FIRST WE DID NOT RECKON WITH THE DANES”

*Vlaamse Uitgeversmaatschappij N.V. (V.U.M.) publishes the daily newspapers “De Standaard”, “Het Nieuwsblad” and “De Gentenaar” with a total circulation of 370,000 and is the largest newspaper group in Belgium. From 1 January 1994, the daily make-up of 100-200 newspaper pages will take place automatically using DDE’s electronic newspaper system, Euromax.*



*Mr G. Verdeyen  
Directeur Generaal,  
V.U.M., Belgium*

– Nobody reckoned with DDE when we asked 28 computer suppliers for an offer for a new electronic newspaper system. But we soon realised that we had to take the Danes seriously.

– If you invest DKK 30 million in EDP and reorganise your production, you have to think 10 years ahead. Therefore, we wanted a system which was so visionary and flexible that it could live up to the requirements of the future for speedy and efficient newspaper production.

– After comprehensive demonstrations it turned out that DDE was the only one which could supply a total newspaper solution in an open UNIX environment with the necessary software and capabilities of expansion.

– At the same time, the chemistry is right. DDE’s employees are very committed and professional people with a substantial knowledge of newspaper production.

– It will be a milestone for us when on 1 January 1994 we introduce electronic full-page make-up of ads, articles and photos in our three dailies. We expect a significant increase in productivity and quality and look forward to welcoming the future with our new Danish newspaper system.

## STRATEGY AIMED AT RESULTS

DDE's business is divided into three core activities.

First, DDE is one of Denmark's largest software houses. Based on our thorough knowledge of our customers' situation and the needs of the market segments, we have developed and implemented a number of computer solutions for the public and private sectors. In addition, with an efficient range of services we ensure that our customers can continuously be kept up-to-date. The application software is marketed both as an important component of one of DDE's total solutions and, through indirect channels, on many different hardware platforms all over the world.

Secondly, DDE is Denmark's only major hardware manufacturer and market leader in Scandinavia in the field of UNIX-based computer solutions by virtue of our Supermax Multiserver concept.

Thirdly, DDE is one of Denmark's largest suppliers of computer services ranging from organisational advice, consultancy services, training, software support and hardware service to facilities management.

The three core activities each have their own markets. However, due to its strength, DDE can also undertake the responsibility for a total solution ranging from hardware through systems integration to the development of solution applications and customer service.

### Optimising the customer's business

DDE's real product is neither hardware nor software but 'brainware'. We are able to help our customers because of the knowledge that is incorporated into our solutions and products. Knowledge with the sole purpose of optimising our customer's operations and business.

The new Supermax RISC Multiserver, which has gained considerable international attention, is characteristic of DDE's targeted technological development efforts because the unique data processing power is utilised to solve many different tasks in the customer's business. The Server family and its basic software have been developed to become important elements in the current trend within information systems, the so-called *downsizing* with the specific aim of taking over tasks from the former heavy, central mainframe environments.

DDE's applications are designed to create results at our customers. Therefore, the applications are developed in close dialogue with the customers. DDE's strategy has for many years been to develop and implement industry-specific solutions. And DDE's staff is composed in a way which ensures knowledge of the industries to be served by the individual solutions.

Today, DDE is actively marketing solutions in, for example, the following segments:

- *Waste management companies*
- *Newspaper and magazine publishers – Euromax*
- *Libraries*
- *Electronics industry – EDA*
- *Manufacturing industries – CIM*
- *Trade and service*
- *Local government*
- *Course and educational administration*
- *The postal, telecommunications and transport sector*
- *Central government*
- *The health sector*
- *Educational and scientific institutions.*

### Freedom for the customer

DDE has always believed in open, supplier-independent solutions. So, right from the start, DDE has focused on international standards and open technology, and we were the first European supplier to see the perspectives of the open operating system, UNIX. DDE's customers can always be sure that their investment in information technology will not become obsolete because our solutions can be fully integrated with other platforms and systems.

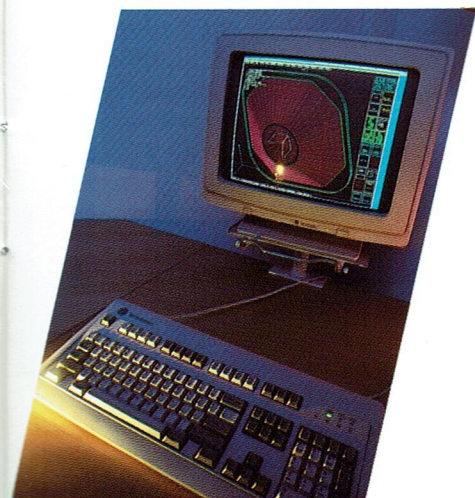
### Multi-level distribution strategy

For the most complex solutions like Euromax where it is necessary for DDE to have a subsidiary in the country concerned, the marketing efforts will continue to be made through the subsidiary.

DDE's international partner programme, which is used for indirect distribution of both the Server family and selected software products, has paved a very economical way to the enduser and will, in its most developed form, lead to the establishment of new joint ventures.

This multi-level distribution strategy will now be further intensified in the efforts to introduce DDE's unique computer solutions to the world.

CIM  
(Computer Integrated Manufacturing)



## ORGANISATION AND CHANGES

To enable DDE's organisation to adapt rapidly and at any time to the prevailing market conditions, a number of internal structural changes were introduced during the year under review.

The most important and most visible change was the grouping of the business into six divisions. The result is a much smaller group of executives with a better overview of the business. The top management now consists of three members.

One of the new divisions includes all departments engaged in services. This has increased the focus on the field representing the greatest growth potential in the 1990s. Today, the new division for services is equipped to offer a very wide and flexible range of customer-oriented services. The division employs 130 employees and is thus one of the largest of its kind in the Danish market.

The services of the division include:

- nation-wide hardware/software service
- operating tasks for customers, facilities management
- hotline support
- repairs of equipment
- nation-wide course and lecture activities
- data and software conversion.

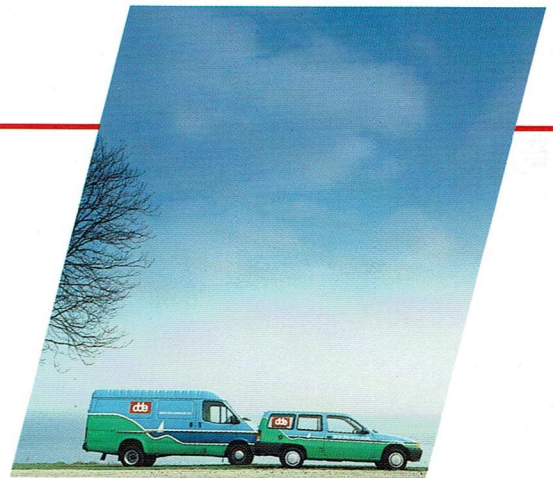
The services are supplied on many platforms and for different operating systems. Today, with its highly qualified staff who regularly attend an intensive training programme, the division is geared to meet all the challenges of the market.

## FINANCIAL SITUATION

The group's turnover amounted to DKK 325 million, which was much lower than expected.

As a result, the organisation has been restructured and the cost level adapted to the lower turnover. The full effect of these actions have not yet come through, for which reason the result was a loss of DKK 40.2 million before tax.

As anticipated, the results of the subsidiaries were a loss of DKK 11.9 million, which is almost a halving compared with the previous year. The operations of the subsidiaries are expected to balance in 1993/94.



As predicted, DDE managed to halve the total loss of the subsidiaries in relation to the financial year 1991/92. In addition to cuts in the number of persons employed by the subsidiaries, closer collaboration was established with the major customers in the countries in which DDE has subsidiaries. As a result, a number of rationalisation gains were achieved.

One of the reasons why DDE was able to carry through such drastic cost reductions was DDE's commitment to Total Quality Management. At the beginning of the financial year 1992/93, DDE was already in process of introducing Quality Management - ISO 9000. In the course of 1992/93, DDE's work procedures were described in formal procedures and instructions - a major step towards the certification that is expected to be achieved in the new financial year. In itself certification is just a formal milestone on the way to Total Quality Management.

For the group as a whole, rationalisations and structural changes led to a reduction in the number of staff, which is now 417 against 497 at the end of the previous financial year.

The reductions in staff and costs were made without changes in the level of research and development costs, being made primarily in the administration, production and by divisionalising the sales departments with resulting large-scale economies. On a group basis, the cost reduction was more than 25% during the period from the last quarter of the 1991/92 financial year to the beginning of the 1993/94 financial year. Severance pay amounting to DKK 7 million was charged to the profit and loss account.

Moreover, the consolidated result includes an exchange loss of DKK 4.5 million on supplies of products to subsidiaries as well as extraordinary expenses of DKK 2.6 million.

Direct research and development costs totalling DKK 52 million were charged to the profit and loss account.

Capital and reserves represented 45% of the balance sheet total at the end of the financial year. The liquidity and solvency situation is still good.

Due to the unsatisfactory results of the group, the Board of Directors recommends that no dividend be declared.

## OUTLOOK

DDE is well equipped for the growing demand for software solutions, partly because of DDE's investments during many years in the development of unique applications for selected market segments and partly because of the important orders and market positions that DDE has achieved for a number of these solutions.

Likewise, DDE is well prepared for the rising demand for services, having developed a very wide range of services. Further, as the biggest supplier of large UNIX-systems in Denmark, DDE has developed substantial know-how concerning the installation and operation of such systems.

Finally, it should be mentioned that, with the latest Supermax Multiserver, DDE is strongly

placed to acquire a share of the growth in the market for large servers. This market is affected positively by the fact that the number of PCs to be served is growing and that the switch away from mainframe technology increases the demand for much more powerful servers (downsizing). DDE has good possibilities of achieving a substantial increase in the international distribution of the Supermax Multiserver R4000.

Therefore, the Board of Directors anticipates a group turnover at the 1992/93 level, much lower total costs than in 1992/93, unchanged research and development costs and a zero result in the subsidiaries as well as a positive result for the group as a whole.

## PROPOSED TREATMENT OF LOSS

The Board of Directors recommends that the loss for the year, DKK 37,032,000, be covered through a transfer from other reserves.

## REGISTER OF SHAREHOLDERS

IN ACCORDANCE WITH S. 28 A(1)  
OF THE DANISH PUBLIC LIMITED  
COMPANIES ACT

Mr Claus Erik Christoffersen  
Mosehøjvej 32  
DK-2920 Charlottenlund

Mr Ole Lading  
Immortellevej 9 B  
DK-2950 Vedbæk

Mr Knud Arne Nielsen  
Fuglevadsvej 37  
DK-2800 Lyngby

Arbejdsmarkedets Tillægspension  
Kongens Vænge 8  
DK-3400 Hillerød

Pensionskassen for sygehjælpere,  
beskæftigelsesvejledere, plejere og  
plejehjemsassistenter  
c/o Pensam  
Jørgen Knudsens Vej 2  
DK-3520 Farum

Den Danske Bank Aktieselskab  
Holmens Kanal 2-12  
DK-1092 København K

# “THERE WERE PROS AND CONS”

*Scanvægt International A/S supplies weighing and sorting systems, process systems and advanced data capture systems to the European food industry. The company employs 330 persons at its headquarters at Aarhus and in 8 European subsidiaries.*



*Erik Steffensen  
Managing Director,  
Scanvægt International A/S*

– DDE did not have much experience from our industry at the time we decided to replace our computer system. However, we found it more important to get a partner that we could trust.

– Following a rapid expansion we had outgrown our computer system and decided that the time had come to link our administration, design and production in a fully integrated computer solution.

– We weighed the pros and cons and finally chose DDE which, as a total-system supplier, offered the best software and an open, standardised EDP environment. At the same time, they are competent and honest people with their feet on the ground and strong commitment.

– After two years of hard work, the system is today in full operation, and there is an extremely close relationship between Scanvægt's and DDE's employees. We feel we have got a partner instead of a supplier, and we are ready to reap the benefits in the form of improved control of orders, costs and production.

# ACCOUNTING POLICIES



The annual accounts include both the accounts of the group and of the parent company, Dansk Data Elektronik A/S. The consolidated accounts and the parent company accounts have been prepared in accordance with the Danish Company Accounts Act and Danish accounting guidelines.

The annual accounts have been prepared in accordance with accounting policies consistent with those of the 1991/92 annual accounts.

The accounting policies applied are in outline the following:

## BASIS OF CONSOLIDATION

The consolidated accounts include the companies in which the parent company or subsidiaries directly or indirectly hold 50% or more of the voting rights or, through a shareholding or agreements, have a controlling influence.

In connection with purchases of subsidiaries and associated companies the group goodwill, representing the difference between the cost and the equity value (capital and reserves) of the acquired company, is calculated at the time of acquisition in accordance with the group's accounting policies. Group goodwill is written off immediately in the year of acquisition via capital and reserves.

The consolidated accounts are prepared by combining the audited accounts of the parent company and the subsidiaries, adding up items of a uniform nature.

Newly acquired or newly established companies are included in the consolidated accounts from the date of acquisition. Companies sold or wound up are included in the consolidated accounts up to the date of sale or winding up.

The accounts which are used for consolidation purposes are prepared in accordance with the group's accounting policies.

The comparative figures are not adjusted for newly acquired or sold companies.

Intercompany turnover, profits, interest, dividends and accounts are eliminated. Participating interests are eliminated by the proportional share of the equity value of the subsidiaries.

## TRANSLATION OF AMOUNTS IN FOREIGN CURRENCIES

The annual accounts of foreign subsidiaries are translated into Danish kroner at the rates of exchange ruling at the balance sheet date. The exchange loss/gain arising on translation of the capital and reserves of these undertakings at the beginning of the financial year at the rates of exchange ruling at the end of the year is recorded directly under capital and reserves.

All debtors and debts denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

In respect of current assets and short-term debts, both realised and unrealised exchange gains and losses are included in the profit and loss account.

## PROFIT AND LOSS ACCOUNT

### Method of revenue recognition

Income is recognised according to the completed contract method. In the case of large contracts covering more than one financial year, contribution margins calculated on account on contracts are reported as income using the percentage of completion method.

### Share of results of subsidiaries

The share of the results of the subsidiaries is reported as income/expense in the parent company profit and loss account using the equity method. However, the share of the corporation tax of the subsidiaries is included under the item 'Tax on profit/loss for the year'.

### Research and development costs

Research and development costs are charged to the profit and loss account as they are incurred.

### Extraordinary items

Extraordinary items include income and expenses arising from activities other than ordinary activities, e.g. the sale of properties, subsidiaries or discontinuance of activities. Also income and expenses relating to previous financial years are included in this item.

## BALANCE SHEET

### Tax on profit/loss for the year

The parent company is jointly taxed with a number of Danish and foreign subsidiaries. The net tax on the joint taxation income is charged to the profit and loss account of the parent company.

Tax on profit/loss for the year includes both tax calculated on the taxable income for the year and any change in deferred tax.

### Intangible fixed assets

Leasehold improvements are valued at cost less depreciation. Depreciation is calculated according to the straight-line method over the terms of the lease.

Deposits are valued at cost.

### Tangible fixed assets

Tangible fixed assets are valued at cost plus revaluation and less depreciation.

Depreciation is provided on a straight-line basis over the expected useful economic lives of assets, which have been estimated as follows:

Buildings	20-50 years
Machinery and equipment	4 years
Motor vehicles	4 years

Assets at a cost not exceeding DKK 10,000 each are fully charged to the profit and loss account in the year of acquisition. In case of sale, removal or scrapping of assets, any losses or gains are included in the profit and loss account.

### Financial fixed assets

#### *Participating interests in subsidiaries*

In the parent company balance sheet, participating interests in subsidiaries are valued at equity value less intercompany profits on stocks and fixed assets. Participating interests in subsidiaries with negative capital and reserves are written down to zero and the negative balances are offset against the amounts due to the parent company from the individual undertakings. In subsidiaries whose negative balance exceeds the amount owed to the parent company, the remaining amount is included under provisions.

#### *Securities and participating interests*

Other securities and participating interests are valued at cost. However, writedowns are made in the case of any permanent diminution in value.

### Current assets

#### *Stocks*

Stocks are valued at cost without addition of wages and other production costs and after deduction in respect of obsolete stocks.

#### *Work in progress*

Work in progress is valued at direct costs incurred together with a proportion of the expected profit appropriate to the stage of completion. Amounts invoiced on account are deducted under assets.

#### *Trade debtors*

Trade debtors are valued individually and shown at the value which they are expected to obtain.

### Debt and provisions, etc.

#### *Deferred tax*

Deferred tax is calculated under the liability method at a tax rate of 38%. Deferred tax is provided in respect of all timing differences between the profits as stated in the accounts and as computed for taxation purposes.

No deferred tax is provided in respect of any differences that may arise between profits in foreign subsidiaries as stated in the accounts and as computed for taxation purposes when the Danish joint taxation income is calculated.

No deferred tax (permanent differences) is provided in the balance sheet. However, it is disclosed in the notes on deferred tax.

#### *Debt*

Debt is valued at nominal value.

#### *Guarantees:*

Guarantees furnished by the companies are shown in the notes under contingent liabilities and provision of security.



# PROFIT AND LOSS ACCOUNT



FOR THE YEAR ENDED 30/4 1993

	Note	GROUP		PARENT COMPANY	
		1992/93	1991/92	1992/93	1991/92
Net turnover		324,975	415,649	302,641	390,279
Contribution margin		209,038	295,299	188,419	276,702
Salaries incl. personnel costs	1	(161,068)	(184,271)	(147,162)	(165,657)
Production costs		(2,120)	(2,591)	(2,120)	(2,591)
Other expenses		(56,888)	(77,795)	(44,750)	(60,001)
		(220,076)	(264,657)	(194,032)	(228,249)
Profit/loss before depreciation and financial items		(11,038)	30,642	(5,613)	48,453
Depreciation	2	(16,501)	(19,520)	(14,911)	(17,282)
Profit/loss before financial items		(27,539)	11,122	(20,524)	31,171
Writedown, financial fixed assets	9	(1,202)		(1,202)	0
Financial items, net	3	(8,842)	(5,504)	(3,992)	(4,402)
Share of results of subsidiaries before tax	4	-	-	(11,865)	(21,151)
		(10,044)	(5,504)	(17,059)	(25,553)
Profit/loss before extraordinary items and tax		(37,583)	5,618	(37,583)	5,618
Extraordinary expenses	5	(2,623)	0	(2,623)	0
Profit/loss before tax		(40,206)	5,618	(40,206)	5,618
Tax on profit/loss for the year	6	3,174	(2,091)	3,174	(2,091)
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>(37,032)</b>	<b>3,527</b>	<b>(37,032)</b>	<b>3,527</b>

## BALANCE SHEET AT 30 APRIL 1993

### ASSETS

	Note	GROUP		DKK '000 PARENT COMPANY	
		1993	1992	1993	1992
Intangible fixed assets:	7				
Leasehold improvements		651	806	391	420
Deposits		480	663	343	383
		1,131	1,469	734	803
Tangible fixed assets:	8				
Land and buildings		113,407	115,701	113,407	115,701
Machinery and equipment		23,727	27,717	22,709	24,492
Motor vehicles		2,070	3,350	2,013	3,181
		139,204	146,768	138,129	143,374
Financial fixed assets:	9				
Participating interests in subsidiaries		-	-	30,643	24,948
Securities and participating interests		1,606	0	1,606	3
Loans to subsidiaries		-	-	0	828
		1,606	0	32,249	25,779
Total fixed assets		141,941	148,237	171,112	169,956
Stocks		21,141	27,685	19,835	26,280
Work in progress	10	3,963	0	252	0
		25,104	27,685	20,087	26,280
Debtors:					
Trade debtors		79,065	118,272	65,053	101,798
Subsidiaries		-	-	13,755	14,607
Other debtors		8,970	9,924	8,308	8,908
Prepayments		1,788	1,314	1,457	698
		89,823	129,510	88,573	126,011
Cash at bank and in hand	11	19,267	40,286	16,057	35,326
Total current assets		134,194	197,481	124,717	187,617
TOTAL ASSETS		276,135	345,718	295,829	357,573

## LIABILITIES

	Note	GROUP		DKK '000 PARENT COMPANY	
		1993	1992	1993	1992
Capital and reserves:	12				
Share capital		62,093	62,093	62,093	62,093
Share premium account		47	47	47	47
Revaluation reserve		5,098	5,098	5,098	5,098
Liquid reserve fund		53,472	53,472	53,472	53,472
Other reserves		4,236	41,033	4,236	41,033
<b>Total capital and reserves</b>		<b>124,946</b>	<b>161,743</b>	<b>124,946</b>	<b>161,743</b>
Provisions:					
Deferred tax	13	0	11,750	0	11,750
Provision for tax	13	7,896	0	7,896	0
		7,896	11,750	7,896	11,750
Long-term debt:	14				
Mortgage debt		63,580	66,044	63,580	66,044
Corporation tax		354	2,905	354	2,905
		63,934	68,949	63,934	68,949
Short-term debt:					
Mortgage debt		2,463	2,198	2,463	2,198
Trade creditors		59,858	82,777	57,527	77,867
Subsidiaries		-	-	26,069	22,638
Bank loans		751	3,855	231	298
Corporation tax		2,905	3,225	2,905	3,225
Accruals		13,382	11,221	9,858	8,905
		79,359	103,276	99,053	115,131
<b>Total debts</b>		<b>143,293</b>	<b>172,225</b>	<b>162,987</b>	<b>184,080</b>
<b>TOTAL LIABILITIES</b>		<b>276,135</b>	<b>345,718</b>	<b>295,829</b>	<b>357,573</b>
Contingent liabilities and provision of security	15				

## CONSOLIDATED CASH FLOW STATEMENT

	1992/93	DKK '000 1991/92
Cash flow from operations:		
Profit/loss for the year	(37,032)	3,527
Depreciation and writedown	17,703	19,520
Tax included in profit/loss for the year	(3,174)	2,091
Cash flow from profit/loss for the year	(22,503)	25,138
Corporation taxes paid	(3,230)	(21,278)
Change in stocks	2,581	5,385
Change in debtors	39,687	3,081
Change in creditors	(20,758)	13,997
Change in working capital	18,280	1,185
Cash flow from operations	(4,223)	26,323
Cash flow from investments:		
Invested in buildings	(333)	(1,848)
Invested in machinery and equipment etc.	(15,079)	(16,795)
Invested in financial fixed assets	(2,808)	0
Sale of fixed assets	6,329	7,420
Cash flow from investments	(11,891)	(11,223)
Cash flow from financing:		
Change in interest-bearing debt	(3,104)	2,378
Exchange adjustment	398	152
Repayments on mortgage debt	(2,199)	(2,181)
Cash flow from financing	(4,905)	349
The year's change in cash flow from operations, investment and financing	(21,019)	15,449
Cash at beginning of year	40,286	24,837
Cash at end of year	19,267	40,286

# NOTES



Note	GROUP		DKK '000 PARENT COMPANY	
	1992/93	1991/92	1992/93	1991/92
<b>1. Salaries incl. personnel costs:</b>				
Wages and salaries	156,974	170,326	145,511	156,712
Pension contributions	4,052	3,776	3,876	3,140
Social security costs	2,219	4,884	118	1,304
Other personnel costs	4,373	5,285	4,207	4,501
Transferred to work in progress	(6,550)	-	(6,550)	-
	<u>161,068</u>	<u>184,271</u>	<u>147,162</u>	<u>165,657</u>
The total remuneration to the Management, including resigned managers, and the Board amounted to:				
Management	5,600	5,549	5,600	5,549
Board of Directors	245	230	245	230
	<u>5,845</u>	<u>5,779</u>	<u>5,845</u>	<u>5,779</u>
Average number of employees				
	468	525	441	478
Number of full-time employees at end of financial year				
	417	497	388	450
<b>2. Depreciation:</b>				
Leasehold improvements	291	313	116	106
Buildings	2,627	2,614	2,627	2,614
Machinery and equipment	12,189	13,067	11,081	11,112
Motor vehicles	1,430	1,622	1,402	1,559
Loss/(profit) on sale of plant and equipment	(36)	1,904	(315)	1,891
	<u>16,501</u>	<u>19,520</u>	<u>14,911</u>	<u>17,282</u>
<b>3. Financial items, net:</b>				
Interest income, banks etc.	4,035	3,383	3,692	2,224
Interest income, subsidiaries	-	-	3,223	3,219
Interest expenses, banks etc.	(5,883)	(1,469)	(1,067)	(129)
Interest expenses, subsidiaries	-	-	(2,846)	(2,298)
Interest expenses, mortgage debt	(6,994)	(7,418)	(6,994)	(7,418)
	<u>(8,842)</u>	<u>(5,504)</u>	<u>(3,992)</u>	<u>(4,402)</u>

Note	GROUP		DKK '000 PARENT COMPANY	
	1992/93	1991/92	1992/93	1991/92
4. Share of results of subsidiaries before tax:				
Supermax International A/S			399	(338)
Supermax Data A/S			1,922	1,839
Dansk Branche Data ApS			522	499
DDE Belgium N.V.			2,541	(3,946)
DDE Great Britain Ltd.			(5,203)	(2,593)
DDE Norge A/S			(1,248)	(1,574)
Dansk Data Elektronik S.A. (Spain)			(5,267)	(4,947)
DDE Sverige AB			(3,112)	(6,080)
Dansk Data Elektronik Italia S.r.l.			(1,613)	(2,159)
Dansk Data Elektronik (New Zealand) Ltd.			(806)	(1,852)
Dansk Data Elektronik Portuguesa			0	0
			(11,865)	(21,151)
5. Extraordinary expenses:				
Adjustment relating to VAT and licences in previous years.				
6. Tax on profit/loss for the year:				
Current tax calculated on the year's expected taxable income (negative)	0	3,274	0	3,274
Current tax calculated on the year's expected taxable income in non-jointly taxed subsidiaries	354	-	354	-
The year's change in the provision for tax (net)	(3,854)	(666)	(3,854)	(666)
Adjustment of current tax in respect of previous years	5	(517)	5	(517)
Tax paid in New Zealand and India	321	0	321	0
	(3,174)	2,091	(3,174)	2,091
Tax paid in the financial year	3,230	21,278	3,230	21,278
7. Intangible fixed assets:				
	Leasehold improvements	Deposits	Leasehold improvements	Deposits
Cost 1/5 1992	2,983	663	2,162	383
Exchange adjustment	(97)	(35)	0	0
Year's additions	187	34	87	0
Disposals at cost	(29)	(182)	(29)	(40)
	3,044	480	2,220	343
Depreciation 1/5 1992	2,177	0	1,742	0
Exchange adjustment	(46)	0	0	0
Year's depreciation	291	0	100	0
Depreciation relating to disposals	(29)	0	(13)	0
Depreciation 30/4 1993	2,393	0	1,829	0
Book value 30/4 1993	651	480	391	343

Note	GROUP		DKK '000 PARENT COMPANY	
	Land & buildings	Machinery & equipment	Land & buildings	Machinery & equipment
8. Tangible fixed assets:				
Cost 1/5 1992	121,170	99,847	121,170	89,562
Exchange adjustment	0	(1,957)	0	0
Year's additions	333	14,858	333	13,842
Disposals at cost	0	(12,062)	0	(9,125)
Cost 30/4 1993	121,503	100,686	121,503	94,279
Revaluations 1/5 1992	5,098	0	5,098	0
Total revaluations	5,098	0	5,098	0
Depreciation 1/5 1992	10,567	72,130	10,567	65,070
Exchange adjustment	0	(1,104)	0	0
Year's depreciation	2,627	12,189	2,627	11,081
Depreciation relating to disposals	0	(6,256)	0	(4,581)
Depreciation 30/4 1993	13,194	76,959	13,194	71,570
Book value 30/4 1993	113,407	23,727	113,407	22,709

Property valuation:

The official cash valuation at 1/1 1993 amounted to DKK 86,545,000. Non-valued properties abroad are valued at purchase price, DKK 2.3 million.

	GROUP Motor vehicles	PARENT COMPANY Motor vehicles
Cost 1/5 1992	6,997	6,744
Exchange adjustment	(26)	0
Year's additions	475	475
Disposals at cost	(711)	(598)
Cost 30/4 1993	6,735	6,621
Depreciation 1/5 1992	3,647	3,563
Exchange adjustment	(7)	0
Year's depreciation	1,430	1,402
Depreciation relating to disposals	(405)	(357)
Depreciation 30/4 1993	4,665	4,608
Book value 30/4 1993	2,070	2,013

9. Financial fixed assets in parent company:	Participating interests in subsidiaries	Loans to subsidiaries	Securities and participating interests
Cost 1/5 1992	72,829	1,904	3
Year's additions	16,306	0	2,805
Disposals at cost	0	(1,904)	0
Cost 30/4 1993	89,135	0	2,808
Revaluations and writedowns 1/5 1992	(47,881)	(1,076)	0
Year's revaluations and writedowns	(10,611)	0	(1,202)
Reversal relating to disposals	0	1,076	0
Revaluations and writedowns 30/4 1993	(58,492)	0	(1,202)
Book value 30/4 1993	30,643	0	1,606

Additions to securities and participating interests represent investment in a minority holding in a Malaysian joint venture, which has been written down to the equity value at 30 April 1993.

DKK '000

Note

9. Financial fixed assets in parent company, *continued*:

Subsidiaries:	Share of ownership %	Capital in '000	Share of result before tax	Capital and reserves in subsidiaries
Supermax International A/S	100.0	500 DKK	399	1,286
Supermax Data A/S	100.0	1,500 DKK	1,922	19,765
Dansk Branche Data ApS	100.0	1,500 DKK	522	5,520
DDE Belgium N.V.	92.2	76,710 BEF	2,541	3,789
DDE Great Britain Ltd.	100.0	1,300 GBP	(5,203)	(6,183)
DDE Norge A/S	100.0	5,130 NOK	(1,248)	(2,113)
Dansk Data Elektronik S.A. (Spain)	100.0	44,500 ESB	(5,267)	(8,408)
DDE Sverige AB	100.0	100 SEK	(3,112)	(292)
Dansk Data Elektronik Italia S.r.l.	99.9	20,000 ITL	(1,613)	822
Dansk Data Elektronik (New Zealand) Ltd.	100.0	600 NZD	(806)	397
Dansk Data Elektronik Portuguesa	99.0		0	81
			(11,865)	14,664

Elimination of intercompany profit, stocks and plant and equipment (3,409)

Total share of equity value after deduction of intercompany profit 11,255

The share of equity value after deduction of intercompany profit is analysed as follows for accounting purposes:

Participating interests in subsidiaries with positive capital and reserves 30,643

Subsidiaries with negative capital and reserves:

Set off against amounts due from subsidiaries (19,388)

11,255

In addition, the wholly-owned subsidiary, Supermax International A/S, holds 7.8% of the capital in DDE Belgium N.V., 0.1% of the capital in Dansk Data Elektronik Italia S.r.l. and 1% of the capital in Dansk Data Elektronik Portuguesa.

	GROUP	PARENT COMPANY
10. Work in progress:		
Costs	8,689	8,200
Attributable profit	12,218	4,521
	20,907	12,721
Invoiced on account	(16,944)	(12,469)
Book value 30/4 1993	3,963	252

## 11. Cash at bank and in hand:

Of cash at bank and in hand in the parent company totalling DKK 16,057,000, DKK 12,258,000 is deposited in investment fund bank accounts.



## Note

## 12. Capital and reserves:

	Share- capital	Share premium account	Revalu- ation reserve	Reserves	Total
Balance 1/5 1992	62,093	47	5,098	94,505	161,743
Exchange adjustment of subsidiaries, capital and reserves at beginning of year				235	235
Loss for the year				(37,032)	(37,032)
Balance 30/4 1993	62,093	47	5,098	57,708	124,946
				1992/93	1991/92
Share capital:					
The company's share capital consists of:					
A-shares: 12 shares of DKK 1,000,000 each				12,000	12,000
B-shares: 500,930 shares of DKK 100 each				50,093	50,093
				62,093	62,093
Other reserves:					
Balance at 1/5 1992				41,033	49,835
Change of accounting policy concerning deferred tax 1/5 1992				0	(12,416)
				41,033	37,419
Exchange adjustment in respect of capital and reserves in subsidiaries at beginning of year				235	87
Applied in covering loss (1992/93)				(37,032)	3,527
Balance at 30/4 1993				4,236	41,033
13. Deferred tax:					
Balance at 1/5 1992				11,750	12,416
Year's change in provision for tax, net				(3,854)	(666)
Transferred to provision for tax				(7,896)	0
Balance at 30/4 1993				0	11,750

The taxation authorities have contested the validity of the company's application of investment fund capital on buildings and have expedited taxation of income reported on an accruals basis. In that respect a tax of DKK 7,896,000 has been assessed. The company has objected to this assessment but has nevertheless paid the amount, which is stated under debtors. As a result, a corresponding amount has been transferred from deferred tax to provision for tax.

Therefore, if the taxation authorities' claim is sustained, this will only result in an additional tax expense of approx DKK 1 million, see note 15.

The company has no deferred tax liability (permanent differences).

Note

14. Long-term debt:

Of total long-term debt of DKK 63,580,000, an amount of DKK 51,428,000 falls due for payment after 5 years.

15. Contingent liabilities and provision of security:

The parent company has concluded 4 lease agreements. The total amount of remaining rent is approx DKK 5,187,000. The group has concluded lease agreements where the total rent amounts to approx DKK 13.5 million.

The parent company has given guarantees amounting to DKK 10,125,000, which is analysed as follows:

Subsidiaries	DKK 263,000
Customers	DKK 8,830,000
Rent	DKK 1,032,000

No other guarantees have been furnished by the group.

The taxation authorities have contested the validity of the company's application of investment fund capital on buildings. The company has objected to this. If the taxation authorities' claim is sustained, this will result in an additional tax payment of approx DKK 1 million representing the difference between 38% and the tax rate at which the investment fund may be taxed.

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**AUDITORS' REPORT:**

We have audited the annual accounts and the consolidated accounts of Dansk Data Elektronik A/S for 1992/93.

The audit has been performed in accordance with generally accepted auditing principles and included such auditing procedures as we considered necessary.

The annual accounts of the parent company and the group have been prepared in conformity with the accounting requirements laid down by Danish legislation and the company's articles of association, and, in our opinion, the accounts give a true and fair view of assets and liabilities, the financial position and the results.

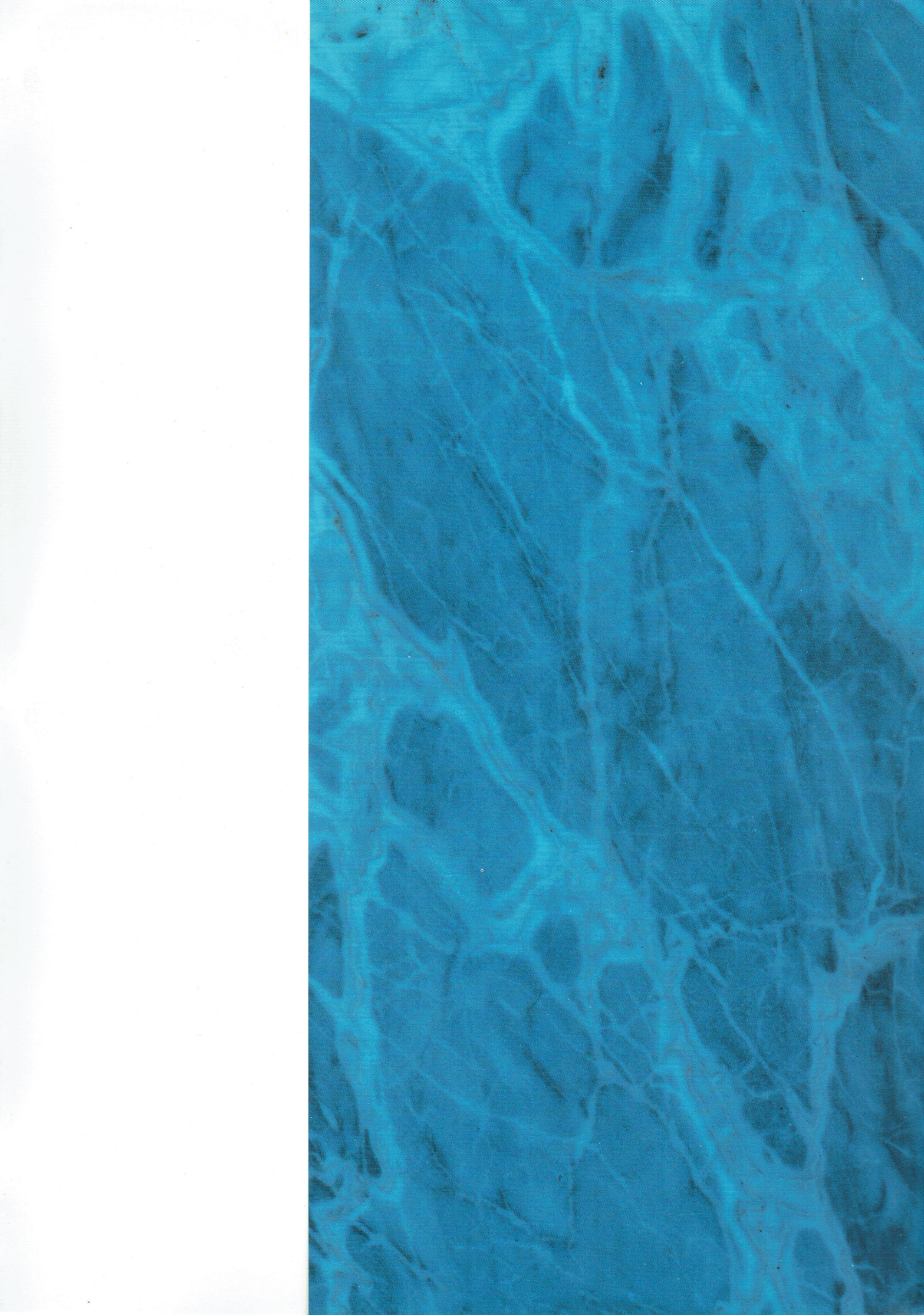
Copenhagen, 30 June 1993

SCHØBEL & MARHOLT  
REVISIONSAKTIESELSKAB

Bent Hansen P. E. Grüning  
State-Authorized Public Accountants

REVISIONSFIRMAET  
P. J. AARUP

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