

Company Registration No. 2337754 (England and Wales)

ATMEL U.K., LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

FRIDAY



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ATMEL U.K., LTD

COMPANY INFORMATION

Directors	P Reutens S Laub T Wu
Secretary	EPS Secretaries Limited
Company number	2337754
Registered office	Lacon House Theobalds Road London WC1X 8RW
Auditors	Eacotts Limited Grenville Court, Britwell Road Burnham Buckinghamshire SL1 8DF
Business address	The Braccans London Road Bracknell Berkshire RG12 2XH
Bankers	National Westminster Bank Plc 66 High Street Maidenhead Berkshire SL6 1QA

ATMEL U.K., LTD

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12

ATMEL U.K., LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the year ended 31 December 2007.

Principal activities and review of the business

The principal activity of the company continued to be that of marketing and selling semiconductors supplied by its ultimate parent company.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

Directors

The following directors have held office since 1 January 2007:

P Reutens

S Laub

T Wu

Auditors

Eacotts Limited are deemed to be re-appointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

ATMEL U.K., LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

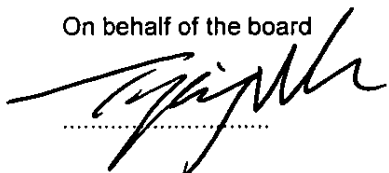
Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



TSUNG-CHING WU Feb 13, 2009.

ATMEL U.K., LTD

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF ATMEL U.K., LTD

We have audited the financial statements of Atmel U.K., Ltd for the year ended 31 December 2007 set out on pages 5 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ATMEL U.K., LTD

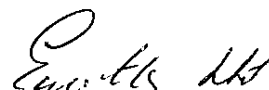
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF ATMEL U.K., LTD

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Eacotts Limited
Chartered Accountants
Registered Auditor

Grenville Court, Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Date 25/2/09

ATMEL U.K., LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	2007 £	2006 £
Turnover	2	2,114,088	2,284,817
Administrative expenses		(2,038,192)	(2,427,811)
Operating profit/(loss)	3	75,896	(142,994)
Other interest receivable and similar income	4	5,013	14,443
Interest payable and similar charges	5	(346)	(84)
Profit/(loss) on ordinary activities before taxation		80,563	(128,635)
Tax on profit/(loss) on ordinary activities	6	-	(24,177)
Profit/(loss) for the year	11	80,563	(152,812)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

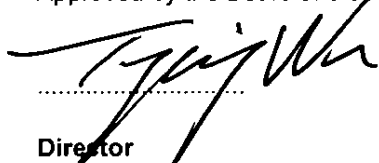
ATMEL U.K., LTD

BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
Current assets					
Debtors	7	4,011,036		4,359,270	
Cash at bank and in hand		604,081		11,409	
		<u>4,615,117</u>		<u>4,370,679</u>	
Creditors: amounts falling due within one year	8	<u>(839,039)</u>		<u>(675,164)</u>	
Total assets less current liabilities		<u>3,776,078</u>		<u>3,695,515</u>	
Capital and reserves					
Called up share capital	10	100,000		100,000	
Profit and loss account	11	3,676,078		3,595,515	
Shareholders' funds	12	<u>3,776,078</u>		<u>3,695,515</u>	

Approved by the Board and authorised for issue on Feb 13, 2009


Director

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a wholly owned subsidiary of Atmel Corporation and its results are included in the consolidated financial statements of that company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Leasehold	10% straight line on leasehold buildings
Plant and machinery	20%-33% straight line
Fixtures, fittings & equipment	20% straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2007**

3	Operating profit/(loss)	2007	2006
		£	£
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	-	6,299
	Loss on disposal of tangible assets	-	32,545
	(Profit) / Loss on foreign exchange transactions	58,996	-
	Operating lease rentals		
	- Plant and machinery	(596)	23,566
	- Other assets	168,070	167,201
	Auditors' remuneration	18,632	11,360
	Remuneration of auditors for non-audit work	-	1,890
		<u> </u>	<u> </u>
4	Investment income	2007	2006
		£	£
	Bank interest	5,013	14,443
		<u> </u>	<u> </u>
		5,013	14,443
		<u> </u>	<u> </u>
5	Interest payable	2007	2006
		£	£
	On bank loans and overdrafts	346	84
		<u> </u>	<u> </u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2007**

6	Taxation	2007	2006
		£	£
	Current tax charge	-	-
	Deferred tax		
	Deferred tax	-	24,177
		<u></u>	<u></u>
	Factors affecting the tax charge for the year		
	Profit/(loss) on ordinary activities before taxation	80,563	(128,635)
		<u></u>	<u></u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 0.00%)	24,169	-
		<u></u>	<u></u>
	Effects of:		
	Non deductible expenses	98,334	-
	Tax losses utilised	(30,598)	-
	Group losses utilised	(91,905)	-
		<u></u>	<u></u>
		(24,169)	-
		<u></u>	<u></u>
	Current tax charge	-	-
		<u></u>	<u></u>

The company has estimated losses of £ 834,174 (2006 - £ 936,168) available for carry forward against future trading profits.

No provision for the potential deferred tax asset of £233,569 has been made as there is uncertainty about the timing of recoverability of the above tax losses.

7	Debtors	2007	2006
		£	£
	Amounts owed by parent and fellow subsidiary undertakings	3,950,146	4,321,014
	Other debtors	48,155	23,820
	Prepayments and accrued income	12,735	14,436
		<u></u>	<u></u>
		4,011,036	4,359,270
		<u></u>	<u></u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2007**

8 Creditors: amounts falling due within one year	2007	2006
	£	£
Bank loans and overdrafts	8,564	21,775
Trade creditors	4,203	6,783
Amounts owed to parent and fellow subsidiary undertakings	548,739	417,134
Taxes and social security costs	41,005	42,623
Other creditors	12,914	-
Accruals and deferred income	223,614	186,849
	<u>839,039</u>	<u>675,164</u>

9 Pension and other post-retirement benefit commitments

Defined contribution

	2007	2006
	£	£
Contributions payable by the company for the year	<u>38,261</u>	<u>35,284</u>

10 Share capital	2007	2006
	£	£
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	3,595,515
Profit for the year	<u>80,563</u>
Balance at 31 December 2007	<u>3,676,078</u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2007**

12 Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit/(Loss) for the financial year	80,563	(152,812)
Opening shareholders' funds	3,695,515	3,848,327
Closing shareholders' funds	<u>3,776,078</u>	<u>3,695,515</u>

13 Financial commitments

At 31 December 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2008:

	Land and buildings		Other	
	2007	2006	2007	2006
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	12,865
Between two and five years	-	-	-	13,313
In over five years	101,430	42,263	-	-
	<u>101,430</u>	<u>42,263</u>	<u>-</u>	<u>26,178</u>

14 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2007	2006
	Number	Number
Technical	2	2
Selling and distribution	14	16
Marketing and administration	4	6
	<u>20</u>	<u>24</u>

Employment costs

	2007	2006
	£	£
Wages and salaries	1,000,408	987,945
Social security costs	136,183	150,370
Other pension costs	38,261	35,284
	<u>1,174,852</u>	<u>1,173,599</u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

15 Control

The immediate parent company is Atmel Corporation, a company incorporated in the United States of America which is the only company to consolidate these financial statements. Copies of the parent company's consolidated financial statements may be obtained from the Secretary, Atmel Corporation, 2325 Orchard Parkway, San Jose, CA95131, United States of America.

There is no ultimate controlling party of the company.

16 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.