

Company Registration No. 02337754 (England and Wales)

ATMEL U.K., LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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ATMEL U.K., LTD

COMPANY INFORMATION

Directors	S Cumming S Laub T Wu
Company number	02337754
Registered office	Floor 2 42-47 Minories London EC3N 1DX
Auditors	Eacotts Limited Grenville Court Britwell Road Burnham Buckinghamshire SL1 8DF
Business address	The Braccans London Road Bracknell Berkshire RG12 2XH
Bankers	Bank of America 2 King Edwards street London EC1A 1HQ

ATMEL U.K., LTD

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ATMEL U.K., LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2011

The directors present their report and financial statements for the year ended 31 December 2011

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

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future

Results and dividends

The results for the year are set out on page 5

The directors do not recommend a final dividend

Post balance sheet events

On 22 February 2012 amounts due to the parent company, Atmel Trading Company, of €14,000,000 was converted into 12,198,600 ordinary shares with par value of £1 each

Directors

The following directors have held office since 1 January 2011

S Cumming

S Laub

T Wu

Auditors

The auditors, Eacotts Limited, are deemed to be reappointed under section 487(2) of the Companies Act 2006

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

ATMEL U.K., LTD

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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

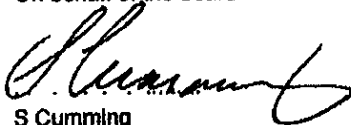
(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Post balance sheet event

On 22 February 2012 amounts due to the parent company, Atmel Trading Company, of €14,000,000 was converted into 12,199,600 shares with par value of £1 each

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



S Cumming

Director

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ATMEL U.K., LTD

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ATMEL U.K., LTD

We have audited the financial statements of Atmel U.K., Ltd for the year ended 31 December 2011 set out on pages 5 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

the information given in the directors' report is consistent with the financial statements

ATMEL U.K., LTD

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF ATMEL U.K., LTD

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Mr Martin Gatehouse ACA (Senior Statutory Auditor)
for and on behalf of Eacotts Limited**

27/9/12

**Chartered Accountants
Statutory Auditor**

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

ATMEL U.K., LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	1,835,489	1,735,558
Administrative expenses		(1,173,400)	(1,475,324)
Operating profit	3	662,089	260,232
Investment income	4	-	250,583
Other interest receivable and similar income	4	-	64,503
Profit on ordinary activities before taxation		662,089	575,318
Tax on profit on ordinary activities	5	-	-
Profit for the year	13	662,089	575,318

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

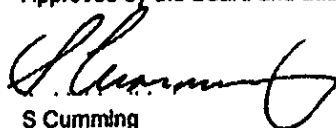
ATMEL U.K., LTD

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	7	46,688		-	
Investments	8	17,968,443		-	
		<u>18,015,111</u>			-
Current assets					
Debtors	9	1,611,498		418,285	
Cash at bank and in hand		1,160,156		1,666,345	
		<u>2,771,654</u>		<u>2,104,630</u>	
Creditors: amounts falling due within one year	10	(19,528,713)		(1,508,647)	
Net current (liabilities)/assets		<u>(16,757,059)</u>		<u>595,983</u>	
Total assets less current liabilities		<u>1,258,052</u>		<u>595,983</u>	
Capital and reserves					
Called up share capital	12	100,000		100,000	
Profit and loss account	13	1,158,052		495,983	
Shareholders' funds	14	<u>1,258,052</u>		<u>595,983</u>	

Approved by the Board and authorised for issue on



S Cumming
Director

Company Registration No. 02337754

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

11 Accounting 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

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).

Turnover represents amounts receivable for services net of VAT and trade discounts. Turnover is recognised when the services are provided to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Fixtures, fittings & equipment	20% straight line
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Fixed asset investments are stated at cost less provision for diminution in value.

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.

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.

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.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Atmel Corporation, a company incorporated in the USA, and is included in the consolidated accounts of that company.

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 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	2,959	-
	Fees payable to the company's auditor for the audit of the company's annual accounts	11,500	10,145
	and after crediting:		
	Profit on foreign exchange transactions	<u>(738,322)</u>	<u>(185,855)</u>
4	Investment income	2011	2010
		£	£
	Interest from group undertakings	-	250,583
	Bank interest	-	64,503
		<u>-</u>	<u>315,086</u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

5	Taxation	2011	2010
	Total current tax	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	662,089	575,318
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.50% (2010 - 28.00%)	175,448	161,089
	Effects of		
	Permanent differences	(120,725)	(3,640)
	Capital allowances	(15,978)	-
	Group relief (claimed)/surrendered for nil payment	(38,745)	(157,449)
		(175,448)	(161,089)
	Current tax charge for the year	-	-

If provision were to be made for deferred taxation on the basis of the full potential liability, the tax charge for the year would increase by £ 1,960 (2010 - £ 18,397)

The UK government has announced its intention to reduce the UK corporation tax rate to 22% by 1 April 2014. The reduction from 28% to 26% was substantively enacted on 29 March 2011 and came into effect on 1 April 2011. A hybrid rate of 26.5% therefore applies to current tax liabilities arising during the period.

A reduction from 26% to 25% was substantively enacted on 5 July 2011 and was intended to be effective from 1 April 2012. However a further reduction to 24% was announced in the Budget on 21 March 2012 and substantively enacted on 28 March 2012. It is this rate that will instead come into effect on 1 April 2012.

As the 24% rate had not been substantively enacted at the balance sheet date it has no effect on current or deferred tax liabilities in these accounts. However, as the 25% rate was substantively enacted at balance sheet date, this rate has been applied to the deferred tax assets/liabilities at the year end. However, as no deferred tax has been recognised this has no effect on these accounts.

6	Dividends	2011	2010
		£	£
	Ordinary final paid	-	7,317,906

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 January 2011	-
Additions	49,827
	<hr/>
At 31 December 2011	49,827
	<hr/>
Depreciation	
At 1 January 2011	-
Charge for the year	2,959
	<hr/>
At 31 December 2011	2,959
	<hr/>
Net book value	
At 31 December 2011	46,868
	<hr/> <hr/>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 2011	-
Additions	17,968,443
At 31 December 2011	17,968,443
Net book value	
At 31 December 2011	17,968,443

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or Incorporation	Class	Shares held %
Subsidiary undertakings			
Atmel Europe Sarl	France	Ordinary	100.00
Atmel Spain S A U	Spain	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
Atmel Europe Sarl	Marketing and selling semiconductors	265,272	(446,025)
Atmel Spain S.A U	Marketing and selling semiconductor	7,567,329	1,090,329

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

9 Debtors	2011	2010
	£	£
Amounts owed by parent and fellow subsidiary undertakings	1,344,429	289,557
Corporation tax	22,000	22,000
Other debtors	7,068	813
Prepayments and accrued income	238,013	105,915
	<u>1,611,498</u>	<u>418,285</u>
 10 Creditors: amounts falling due within one year	 2011	 2010
	£	£
Trade creditors	25,731	17,778
Amounts owed to parent and fellow subsidiary undertakings	19,291,820	1,285,981
Taxes and social security costs	65,878	52,442
Other creditors	17,438	13,232
Accruals and deferred income	127,846	139,214
	<u>19,528,713</u>	<u>1,508,647</u>
 11 Pension and other post-retirement benefit commitments		
Defined contribution		
	2011	2010
	£	£
Contributions payable by the company for the year	<u>34,330</u>	<u>38,511</u>
 12 Share capital	 2011	 2010
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2011	495,983
Profit for the year	662,069
	<u> </u>
Balance at 31 December 2011	<u>1,158,052</u>

14 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	662,069	575,318
Dividends	-	(7,317,906)
	<u> </u>	<u> </u>
Net addition to/(depletion in) shareholders' funds	662,069	(6,742,588)
Opening shareholders' funds	595,983	7,338,571
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>1,258,052</u>	<u>595,983</u>

ATMEL U.K., LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2011

15 Employees

Number of employees

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

	2011 Number	2010 Number
Technical	1	1
Selling and distribution	13	13
Marketing and administration	4	4
	<u>18</u>	<u>18</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,032,105	866,772
Social security costs	152,089	126,616
Other pension costs	34,330	36,511
	<u>1,218,524</u>	<u>1,129,899</u>

16 Control

The immediate parent company is Atmel Trading Company and the ultimate 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 ultimate 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.

17 Post balance sheet events

On 22 February 2012 amounts due to the parent company, Atmel Trading Company, of €14,000,000 was converted into 12,199,600 shares with par value of £1 each

18 Related party relationships and 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

ATMEL U.K., LTD
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2011

ATMEL U.K., LTD

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011		2010	
	£	£	£	£
Turnover				
Commissions		1,835,469		1,735,558
Administrative expenses				
Wages and salaries	1,032,105		986,772	
Employer's N I. contributions	152,089		126,616	
Staff pension costs	34,330		36,511	
Staff welfare	55,645		31,730	
Recruitment	15,535		35,894	
Training	400		2,150	
Premises costs	149,878		171,281	
Repairs and maintenance	9,318		7,643	
General administration expenses	197,982		86,338	
Travelling expenses	136,239		146,185	
Entertaining	729		672	
Legal and professional fees	-		14,984	
Audit fees	11,500		10,145	
Bank charges	1,277		1,795	
Loss / (profit) on foreign currency	(738,322)		(165,855)	
Staff welfare	1,547		-	
Sundry expenses	108,824		1,236	
Trade subscriptions	1,467		1,247	
Depreciation on FF & E	2,959		-	
		(1,173,400)		(1,475,324)
Operating profit		662,069		260,232
Other interest receivable and similar income				
Bank interest		-		64,503
Income from investments				
Inter group interest		-		250,583
Profit before taxation		662,069		575,318