

Company Registration No. 03693883 (England and Wales)

VAULT- IC UK LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

TUESDAY



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26/06/2012
COMPANIES HOUSE

VAULT- IC UK LIMITED

COMPANY INFORMATION

Directors	A Bear R Detourniere
Company number	03693883
Registered office	20-22 Bedford Row London WC1 R4RS
Auditors	Eacotts Limited Grenville Court, Britwell Road Burnham Buckinghamshire SL1 8DF
Business address	The Maxwell Building Scottish Enterprise Technology Park East Kilbride Glasgow G75 0QR
Bankers	Bank of Scotland 41 Princess Mall East Kilbride Glasgow G74 1LA

VAULT- IC UK LIMITED

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VAULT- IC UK LIMITED

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 is the design, development and testing of integrated circuits for use in security and communications applications

We aim to present a balanced and comprehensive review of the development and performance of the year and its position at year end. Our review is consistent with the size and non complex nature of our business and is written in the context of the risks and uncertainties we face

The majority of our revenue is generated through inter-company billing of all site overhead costs to Inside Secure, SA in France subject to an inter-company transfer pricing agreement

Revenue in the year under review has fallen by £465,007 (7%) compared to 2010. The financial position of the company is in line with expectations and consistent with the size and complexity of the business

As for many businesses of our size, the business environment in which we operate continues to be challenging. The global market for our products is highly competitive and margins are tight. We are aware that any future developments of our business may be subject to unforeseen future events outside our control

Significant Items on the 2011 Accounts

1. During the year the company has settled the amounts due to Atmel group companies of £1.35m via Inside Secure S.A., its parent company. Inside Secure S.A. indemnify against any future claims made by Atmel group companies in connection to this

2. The legal liability to repay the Scottish Enterprise RSA grant of £300,000 remains with Vault-IC UK Limited and will remain on the balance sheet of Vault-IC UK Limited until the Scottish Government claim it. If Vault-IC UK settles the liability and the indemnity is invoked, Atmel Corporation shall pay Inside Secure S.A. the full value of the settled funds

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 2011

A Bear

R Detourniere

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

VAULT- IC UK LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

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,
- 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.

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.

On behalf of the board


R Detourniere
Director
19/6/2012

VAULT- IC UK LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VAULT- IC UK LIMITED

We have audited the financial statements of Vault- IC UK Limited for the year ended 31 December 2011 set out on pages 5 to 13. 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 loss 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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

VAULT- IC UK LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF VAULT- IC UK LIMITED

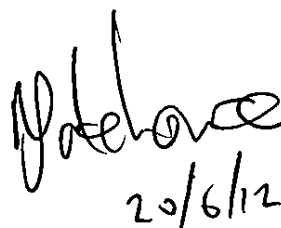
Matters on which we are required to report by exception

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**

**Chartered Accountants
Statutory Auditor**



Grenville Court, Britwell Road
Burnham
Buckinghamshire
SL1 8DF

VAULT- IC UK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	6,384,084	6,849,091
Cost of sales		(330,295)	(897,996)
Gross profit		6,053,789	5,951,095
Administrative expenses		(6,049,467)	(5,886,817)
Other operating income		19,458	110,629
Operating profit	3	23,780	174,907
Profit/loss on the termination of operations		-	(114,559)
		-	(114,559)
Profit on ordinary activities before interest		23,780	60,348
Other interest receivable and similar income	4	340	231,697
Interest payable and similar charges	5	(24)	(136,105)
Profit on ordinary activities before taxation		24,096	155,940
Tax on profit on ordinary activities	6	(201,083)	(496,259)
Loss for the year	14	(176,987)	(340,319)

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

VAULT- IC UK LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	8	1,552,705		2,014,920	
Current assets					
Debtors	9	1,459,058		2,206,963	
Deferred tax asset	9	892,760		1,093,843	
Cash at bank and in hand		429,276		1,136,762	
		<u>2,781,094</u>		<u>4,437,568</u>	
Creditors amounts falling due within one year	10	<u>(689,187)</u>		<u>(2,630,889)</u>	
Net current assets		<u>2,091,907</u>		<u>1,806,679</u>	
Total assets less current liabilities		<u>3,644,612</u>		<u>3,821,599</u>	
Provisions for liabilities	11				
		<u>3,644,612</u>		<u>3,821,599</u>	
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14	3,644,611		3,821,598	
Shareholders' funds	15	<u>3,644,612</u>		<u>3,821,599</u>	

Approved by the Board and authorised for issue on 19/16/12

R Detourniere
Director

Company Registration No 03693883

VAULT- IC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

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 and the consolidated financial statements of the parent company are publicly available

1.2 Turnover

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

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Land & buildings leasehold	5% straight line on leasehold building
Leasehold improvements	10% - 20% straight line
Fixtures, fittings & equipment	10% - 33 33% straight line

1.4 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.

1.5 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. Deferred tax asset is provided in full on the grounds that it is certain the company will make sufficient taxable profits to allow the deferred tax asset to be utilised in the foreseeable future.

1.6 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

Geographical market

	Turnover	
	2011 £	2010 £
Europe	6,384,084	6,849,091
	<u>6,384,084</u>	<u>6,849,091</u>

VAULT- IC UK LIMITED

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	937,767	666,273
	Loss on foreign exchange transactions	2,716	144,148
	Auditors' remuneration (including expenses and benefits in kind)	18,350	17,250
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Bank interest	52	11,484
	Other interest	288	220,213
		<u> </u>	<u> </u>
		340	231,697
		<u> </u>	<u> </u>
5	Interest payable	2011	2010
		£	£
	On amounts payable to group companies	-	136,105
	On bank loans and overdrafts	24	-
		<u> </u>	<u> </u>
		24	136,105
		<u> </u>	<u> </u>

VAULT- IC UK LIMITED

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

6	Taxation	2011	2010
		£	£
	Total current tax	-	-
	Deferred tax		
	Deferred tax credit current year	201,083	496,259
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	24,096	155,940
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	6,265	43,663
	Effects of		
	Non deductible expenses	53	145
	Capital allowances in excess of depreciation	(6,318)	(43,808)
		(6,265)	(43,663)
	Current tax charge for the year	-	-
7	Dividends	2011	2010
		£	£
	Ordinary interim paid	-	5,625,000

VAULT- IC UK LIMITED

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

8 Tangible fixed assets

	Land & buildings leasehold £	Leasehold improvements £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 January 2011	1,387,596	3,385,600	5,285,900	10,059,096
Additions	-	2,520	473,030	475,550
At 31 December 2011	1,387,596	3,388,120	5,758,930	10,534,646
Depreciation				
At 1 January 2011	838,311	2,313,740	4,892,123	8,044,174
Charge for the year	68,187	612,128	257,452	937,767
At 31 December 2011	906,498	2,925,868	5,149,575	8,981,941
Net book value				
At 31 December 2011	481,098	462,252	609,355	1,552,705
At 31 December 2010	549,285	1,071,860	393,775	2,014,920

Included in the depreciation charge above is £360,782 impairment loss in connection with the remaining net book value at the year end of a clean room which is no longer in use and will not be able to rent out

9 Debtors

	2011 £	2010 £
Amounts owed by parent and fellow subsidiary undertakings	1,289,630	423,986
Corporation tax	-	41,000
Other debtors	77,877	1,368,232
Prepayments and accrued income	91,551	373,745
Deferred tax asset (see note 11)	892,760	1,093,843
	<u>2,351,818</u>	<u>3,300,806</u>

VAULT- IC UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

10 Creditors amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	973	-
Trade creditors	168,030	107,074
Amounts owed to parent and fellow subsidiary undertakings	-	338,982
Taxes and social security costs	102,689	98,372
Other creditors	-	1,354,578
Accruals and deferred income	417,495	731,883
	<u>689,187</u>	<u>2,630,889</u>

11 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows

	2011 £
Balance at 1 January 2011	(1,093,843)
Profit and loss account	<u>201,083</u>
Balance at 31 December 2011	<u>(892,760)</u>

	2011 £	2010 £
Decelerated capital allowances	(852,686)	(1,093,843)
Tax losses available	<u>(40,074)</u>	<u>-</u>
	<u>(892,760)</u>	<u>(1,093,843)</u>

12 Pension and other post-retirement benefit commitments

Defined contribution

	2011 £	2010 £
Contributions payable by the company for the year	<u>148,080</u>	<u>145,457</u>

VAULT- IC UK LIMITED

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

13 Share capital	2011	2010
	£	£
Allotted, called up and fully paid		
1 Ordinary shares of £1 each	1	1
	<u> </u>	<u> </u>
 14 Statement of movements on profit and loss account		Profit and loss account £
Balance at 1 January 2011		3,821,598
Loss for the year		(176,987)
		<u> </u>
Balance at 31 December 2011		3,644,611
		<u> </u>
 15 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
Loss for the financial year	(176,987)	(340,319)
Dividends	-	(5,625,000)
	<u> </u>	<u> </u>
Net depletion in shareholders' funds	(176,987)	(5,965,319)
Opening shareholders' funds	3,821,599	9,786,918
	<u> </u>	<u> </u>
Closing shareholders' funds	3,644,612	3,821,599
	<u> </u>	<u> </u>
 16 Directors' remuneration	2011	2010
	£	£
Remuneration for qualifying services	133,491	136,764
Company pension contributions to defined contribution schemes	4,827	4,633
	<u> </u>	<u> </u>
	138,318	141,397
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2010 - 1)

VAULT- IC UK LIMITED

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

17 Employees

Number of employees

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

	2011 Number	2010 Number
Design and engineering	47	32
Administration	31	16
Manufacturing	-	30
	<u>78</u>	<u>78</u>

Employment costs

	2011 £	2010 £
Wages and salaries	3,382,310	3,153,856
Social security costs	372,319	388,608
Other pension costs	148,080	145,457
	<u>3,902,709</u>	<u>3,687,921</u>

18 Control

The ultimate parent company is Inside Secure S A, a company registered in France

Consolidate accounts which include the company's financial data are made available from the parent company Inside Secure S A at 41 Parc Club du Golf, 13856 Aix-en Provence, France

19 Related party relationships and transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose related party transactions as it is a wholly owned subsidiary and is included in the consolidated accounts of its parent company