Intel Corporation (UK) Limited

Report and Financial Statements

For the year ended 29th December 2018

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Intel Corporation (UK) Limited
Financial year ended 29 December 2018

General Information

Registered Number: 1134945

United Kingdom

Directors

T. Silva
D. Miles
T. Whitrow (appointed 28th March 2019)
S. Fefferman (appointed 28th March 2019)
S. Heck (resigned 28th March 2019)
G. Kershaw (resigned 28th March 2019)
N. Hudson (resigned 28th June 2018)

Secretary

T. Silva

Independent Auditors

Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Bankers

Citigroup Centre
Canada Square
Canary Wharf
London
E14 5LB

Registered Office

Pipers Way
Swindon
Wiltshire
SN3 1RJ

Contents

Strategic Report

The directors present their strategic report for the year ended 29 December 2018.

Review of the business

Intel Corporation, the world leader in silicon innovation, develops technologies, products, and initiatives to continually advance how people work and live. Intel Corporation (UK) Limited (the "Company") has the principal activity of selling, marketing and distributing Intel Corporation products to Europe, Middle East and Africa (EMEA).

Key performance Indicators	2018	2017	Change
	$'000	*$'000*	%
Revenue	6,675,761	5,856,301	14.0
Profit after tax	192,129	615,371	-68.8

The increase to revenue can be explained by the one-time adjustment for the initial adoption of IFRS 15, the integration of the Altera business and that the Company achieved record revenue in 2018, up 13 percent due to strong demand in both our data-centric and PC-centric businesses.

There have been no changes to the Company's operating model in the year. The decrease in profit was driven by exceptional items in 2017 – a large dividend income of $390 million received in 2017 from the overseas subsidiary in Japan, and the profit of $104 million on disposal of the McAfee business in 2017.

Intel Corporation manages its operations on a divisional basis. For this reason, the directors believe that further key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business, and would be seriously prejudicial to the interests of the company. Divisional performance, which includes the EMEA region of which the Company is a part, is discussed in the Intel Corporation's Annual Report which does not form part of this Report.

The Statement of Financial Position (Balance Sheet) on page 18 of the financial statements shows that the Company's net position at the year-end has increased in line with the profits made in 2018.

The directors believe that good environmental practises support their strategy by enhancing the reputation of the Company. As such, the Company continues to put environmental responsibilities high on the agenda.

The Company is active in research and development activities aimed at enhancing its lead in silicon innovation, technology, products and initiatives. We are focused on developing the technology innovations that we believe will deliver our next generation of products, which will in turn enable new form factors and usage models for businesses and consumers. We focus our R&D efforts on advanced computing technologies, developing new microarchitectures, advancing our silicon manufacturing process technology, delivering the next generation of platforms, improving our platform initiatives, developing new solutions in emerging technologies (including memory and the Internet of Things), and developing software solutions and tools. Our R&D efforts are intended to enable new levels of performance and address areas such as energy efficiency, system-level integration, and security, scalability for multi-core architectures, system manageability, and ease of use.

Strategic Report (continued)

To help attract, retain, and motivate qualified employees, we use share-based and other performance-based incentive awards such as restricted stock units (RSUs) and cash bonuses. Also, key to our employee hiring and retention is our ability to build and maintain an inclusive business culture and be viewed as an employer of choice. If our share-based or other compensation programs and workplace culture cease to be viewed as competitive, our ability to attract, retain, and motivate employees could be weakened, which could harm our results of operations.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting performance of the Company. This is achieved by regular information bulletins which seek to achieve a common awareness of the financial and economic factors affecting the performance of the business.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitude of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

We have a zero tolerance approach to bribery and corruption and commit to acting professionally, fairly with integrity in all our business dealings and relationships. We have in force effective systems to counter bribery wherever we operate and continue to monitor those systems.

Principal risks and uncertainties

There are a range of risks and uncertainties facing the Company and those discussed below are not intended to be exhaustive but represent the most significant risks.

Fluctuations in demand for our products may adversely affect financial performance. Important factors that could cause demand for our products to fluctuate include:

- competitive pressures from other companies,
- changes in business and economic conditions, including customer requirements, and/or
- market acceptance of Intel products.

As a sales subsidiary, the Company is also subject to a risk of non-payment of debts by its customers. The Company also has exposure to foreign currency risk which arises from purchases in currencies other than its functional currency. These risks are managed at a global and regional level.

Intel Corporation (UK) Limited is also dependent on its ultimate parent, Intel Corporation, and fellow Intel Corporation group companies for the supply of products for its brand strength. More details on risks are included in Intel Corporation's Annual Report which does not form part of this report. The Company manages its cash flow risks through regular budgeting and receivables review.

The UK's withdrawal from the EU

Intel has established an internal planning team to address the challenges Brexit poses to the business. These include preparing to ensure as much business continuity as possible for our UK and EU customers, preparing for any effect on Intel's supply chain for the UK, supporting affected employees and ensuring compliance with trade authorisations, processes and other applicable laws.

Strategic Report (continued)

Management are unable to disclose values or quantify impacts as a direct result of Brexit as a deal has not yet been reached.

Intel is also working with industry advocacy groups to promote industry needs including market access, flexible movement, secure and protected international data flows, R&D funding and inclusion, minimized regulatory complexity and renewed focus on infrastructure investment to enable the UK tech sector to lead.

By Order of the Board

T Whitrow

Director
Date: 25/6/19

Director's Report

The directors present their report and financial statements for the year ended 29 December 2018.

Results and dividends

The profit after taxation for the year was $192,129,019 (2017: $615,370,182).

During the year $18,013,981 of distributable dividends were received (2017: $395,881,250) from subsidiary undertakings.

The Company only has one shareholder. Dividends paid during the year were $nil (2017: $nil) and no final dividend is proposed for the year ended 29 December 2018 (2017: $nil).

Principal Activity

Intel Corporation, the world leader in silicon innovation, markets, distributes and sells technologies, products, and initiatives to continually advance how people work and live. The Company has the principal activity of selling, marketing and distributing Intel Corporation products to Europe, Middle East and Africa (EMEA).

Intel Corporation (UK) Limited is a wholly owned indirect subsidiary of Intel Corporation.

Environment

Intel Corporation recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the Intel Corporation group's activities. Initiatives designed to minimise the Company's impact on the environment include safe disposal of manufacturing waste, minimising the use of hazardous materials, recycling and reducing energy consumption.

Health and Safety

The Company strives to provide and maintain a safe environment for all employees, customers and visitors to its premises and to comply with relevant health and safety legislation. In addition, the Company aims to protect the health of employees with suitable, specific work-based strategies, seeking to minimise the risk of injury from company activity and ensure that systems are in place to address health and safety matters through the Company's Health and Safety Committee.

Employees

Details of the number of employees and related costs can be found in notes 7 and 8 to the financial statements on pages 39 and 40.

Director's Report (continued)

Employee relations

The Company is an equal opportunities employer who give full and fair consideration to applications from disable persons. Should an employee become disabled, it is the Company's practice to continue their current employment where possible or offer suitable alternatives. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Future developments

The Company invests in technology, manufacturing and people. This provides a platform for the continued growth through technology leadership, including mobile technology and digital technology for the enterprise, health and home sectors. Full details of the ultimate holding company, Intel Corporation, can be found at www.intel.com

Branches and representative offices

The Company has the following branches and representative offices:

Director's Report (continued)

Branch/Representative Office	Registered address
Intel Corporation (UK) Ltd. (Dubai Branch)	Floor 2, Building 5 Dubai Internet City Dubai United Arab Emirates
Intel Corporation (UK) Ltd. (Saudi Arabia Branch)	Southbound King Fahad Highway, Crossing King Abdullah St. Tatweer Towers, Tower 1 North, Level 4 P.O. Box 246761 Riyadh 11312 Saudi Arabia
Intel Corporation (UK) Ltd. (Kenya Branch)	Pipers Way Swindon Wiltshire SN3 1RJ United Kingdom
Intel Corporation Ltd.	Twin Centre, Tower Quest, 16e etg Angle Boulevards Zerktouni et Al Massira Casablanca 201000 Morocco
Intel Corporation (UK) Ltd. (Lebanon Representative Office)	Azarieh Building Azarieh Street Bloc A5 - Fifth Floor Beirut Central District Beirut 11-503 Lebanon
Intel Corporation (UK) Ltd., Kazakhstan Representative Office	9 floor, 28v, Timiryazev Str Bostandykskij district Almaty city 050040 Kazakhstan
Intel Corporation (UK) Ltd. (Algeria Liaison Office)	Algerian Business Centre, 11th Floor Pins Maritime, El Mohammadia Algiers Algeria

Director's Report (continued)

Results of these branches and representative offices have been aggregated within these financial statements as of 29 December 2018.

Political and charitable donations

During the year the Company made various charitable contributions totalling $191,531 (2017: $129,067). No political donations were made during the year (2017: $nil).

Directors of the Company

The directors who served during the year and in the subsequent period to the date of approval of these financial statements were as follows:

S Fefferman
T Silva
D Miles
T Whitrow

During the year, and up to the date of approval of the financial statements, the company had in place third party indemnity provision for the benefit of all the directors of the company.

Directors' Responsibility Statement

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 the profit or loss of the Company for that period.

Director's Report (continued)

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 United Kingdom Accounting Standards, including FRS 101 standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- 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.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquires of fellow directors and of the Company's auditors, each of these directors confirm that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are not aware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Creditor payment policy

It is the policy of the Company, with the intention of building long term relationships with suppliers, to agree in advance terms of payment, to ensure that suppliers are made aware of the terms of payment, and in the absence of dispute, to abide by the terms of payment. At 29 December 2018, the company had an average of 26 days purchases outstanding in trade creditors (2017: 28 days).

Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 4 to 6.

Intel Corporation (UK) Limited
Financial year ended 29 December 2018

Director's Report (continued)

The Company has considerable financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Auditors

A resolution to re-elect Ernst & Young LLP as the company's auditor was put to the board of directors' meeting at which the Financial Statements as of 29 December 2018 were approved.

By Order of the Board

T Whitrow
Director

Date: 25/6/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEL CORPORATION (UK) LIMITED

Opinion

We have audited the financial statements of Intel Corporation (UK) Limited for the year ended 29 December 2018 which comprise the Income statement, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 29 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEL CORPORATION (UK) LIMITED

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTEL CORPORATION (UK) LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page...], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditor's 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

Ernst & Young LLP

Marcus Butler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Reading
Date: 25/06/19

Intel Corporation (UK) Limited
Financial year ended 29 December 2018

Income Statement

	Notes	2018
		$'000
Revenue	**5**	6,675,761
Cost of Sales		(6,171,072)
Gross Profit		**504,689**
Research and development		(29,093)
Administrative expenses		(156,265)
Other operating income	**6**	102,655
Other operating expenses		(241,291)
Impairment of Investments		(2,205)
Dividend income		18,014
Operating Profit	**7**	**196,504**
Finance expense	**10**	(1,218)
Finance income	**10**	34,019
Profit before tax		**229,305**
Income tax expense	**11**	(37,176)
Profit for the financial year		**192,129**

Income Statement (continued)

	Notes	Continuing operations 2017	Discontinued operations 2017	Total 2017
		$'000	$'000	$'000
Revenue	5	5,805,630	50,671	5,856,301
Cost of Sales		(5,327,322)	602	(5,326,720)
Gross Profit		**478,308**	**51,273**	**529,581**
Research and development		(30,414)	(6,150)	(36,564)
Administrative expenses		(182,020)	(16,789)	(198,809)
Other operating income	6	149,952	8,871	158,823
Other operating expenses		(252,975)	(35,888)	(288,863)
Net gain on disposal of business		-	103,768	103,768
Impairment of Investments		-	-	-
Dividend income		395,881	-	395,881
Operating Profit	7	**558,732**	**105,085**	**663,817**
Finance expense	10	(4,746)	-	(4,746)
Finance income	10	11,392	-	11,392
Profit before tax		**565,378**	**105,085**	**670,463**
Income tax expense	11	(34,736)	(20,356)	(55,092)
Profit for the financial year		**530,642**	**84,729**	**615,371**

There is no other comprehensive income for the current and the prior year, and as such no statement of other comprehensive income has been presented.

The notes on pages 21 to 57 are an integral part of the financial statements.

Intel Corporation (UK) Limited
Financial year ended 29 December 2018

Statement of financial position

	Notes	2018	2017
		$'000	$'000
Assets		$'0	
Non-current assets			
Property, plant and equipment	12	16,767	14,903
Long-term investments	13	14,737,465	14,779,652
Deferred tax assets	11	2,892	4,913
Total non-current assets		**14,757,124**	**14,799,468**
Current assets			
Cash and cash equivalents		13,538	5,148
Trade and other receivables	14	828,608	724,666
Inventory	15	207,253	398,232
Amounts owed by Group undertakings	16	2,536,500	1,539,702
Total current assets		**3,585,899**	**2,667,748**
Total assets		**18,343,023**	**17,467,216**
Equity and liabilities			
Liabilities			
Current liabilities			
Trade and other payables and accruals	17	212,047	227,516
Contract Liabilities		496,020	-
Amounts due to Group	16	1,122,786	914,941
Income tax payable	11	14,452	9,402
Total current liabilities		**1,845,305**	**1,151,859**
Total liabilities		**1,845,305**	**1,151,859**
Equity			
Share Premium		1,714,888	1,714,888
Share Capital	18	552,002	552,002
Merger Reserve		(42,272)	(39,519)
Retained earnings		14,273,100	14,087,986
Total equity		**16,497,718**	**16,315,357**
Total equity and liabilities		**18,343,023**	**17,467,216**

The notes on pages 21 to 57 are an integral part of the financial statements.

Statement of financial position (continued)

The financial statements on pages 21 to 57 were authorised for issue by the board of directors on 25/06/2019 and were signed on its behalf.

Timothy Whitrow

Director

Intel Corporation (UK) Limited

Registration Number: 1134945

Intel Corporation (UK) Limited

Financial year ended 29 December 2018

Statement of Changes in Equity

	Share capital (Note 18)	*Share Premium account*	*Merger Reserve*	*Profit and loss account*	*Total*
	$'000	$'000	$'000	$'000	$'000
At 31 December 2016	**552,002**	**214,888**	**(183,788)**	**13,619,406**	**14,202,508**
Stock Option Charge	-	-	-	11,839	11,839
Merger Reserve	-	-	144,269	(144,269)	-
Recharge for Share Based Payments	-	-	-	(14,361)	(14,361)
Share capital issued	-	1,500,000	-		1,500,000
Retained profit for the year	-	-	-	615,371	615,371
At 30 December 2017	**552,002**	**1,714,888**	**(39,519)**	**14,087,986**	**16,315,357**
Stock Option Charge	-	-	-	9,653	9,653
Merger Reserve	-	-	(2,753)	-	(2,753)
Recharge for share based payment transactions	-	-	-	(16,668)	(16,668)
Share capital issued	-	-	-	-	-
Retained profit for the year	-	-	-	192,129	192,129
At 29 December 2018	**552,002**	**1,714,888**	**(42,272)**	**14,273,100**	**16,497,718**

The merger reserve shown above was initially recognised to reflect the excess of purchase price of net assets acquired as part of the initial Altera UK purchase in 2016.

The movement in merger reserve for 2018 reflects the excess of purchase price of net assets acquired from IMC UK.

The notes on pages 21 to 57 are an integral part of the financial statements.

Notes to the financial statements

1. Corporate information

Intel Corporation (UK) Limited (hereafter, the "Company") is a limited liability company incorporated and domiciled in the United Kingdom. The Company's immediate parent is Intel Overseas Funding Corporation, incorporated in the Cayman Islands. The ultimate holding company is Intel Corporation, incorporated in Delaware, the United States of America. Copies of their financial statements are available from Intel Corporation, 2200 Mission College Boulevard, Santa Clara, CA 95054, USA.

The registered office of the Company is located at Pipers Way, Swindon, Wiltshire, UK.

The principal activity of the Company is described in the Director's report.

The financial statements of the Company for the year end 29 December 2018 were authorised for issue in accordance with a resolution of the directors on 25/06/2019.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis for preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a historical cost convention in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45 (b) and 46 to 52 of IFRS 2, 'Share-Based Payments' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received were determined).
- IFRS 7 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair Value Measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of Financial Statements' comparative information requirements in respect of:
    - (i) Paragraph (79) (a) (iv) of IAS 1;
    - (ii) Paragraph (73) (e) of IAS 16, Property, Plant and Equipment;

Notes to the financial statements (continued)

2.1. Basis for preparation (continued)

(iii) Paragraph (118) (e) of IAS 38, Intangible Assets (reconciliations between the carrying amount at the beginning and end of the period)

- The following paragraphs of IAS 1, 'Presentation of Financial Statements':
  (i) 10 (d), (Statement of Cash Flows),
  (ii) 10 (f), (a Statement of Financial Position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclasses items in its financial statements),
  (iii) 16 (statement of compliance with all IFRS),
  (iv) 38A (requirement for minimum of two primary statements, including cash flow statements),
  (v) 38B-D (additional comparative information),
  (vi) 40A-D (requirements for a third statement of financial position),
  (vii) 111 (cash flow statement information), and
  (viii) 134-136 (capital management disclosures)
- IAS 7, 'Statement of Cash Flows'.
- Paragraph 30 and 31 of IAS 8, 'Accounting Policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but not yet effective).
- Paragraph 17 of IAS 24, 'Related Party disclosures; (key management compensation).
- The requirements in IAS 24, 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group.
- The requirement of paragraph 33 (c) of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations may be omitted provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- Paragraphs 134 (d) to 134 (f) and 135 (c) to 135 (e) of IAS 36, 'Impairment of assets' (assumptions involved in estimating recoverable amounts of cash generating units containing goodwill or intangible assets with indefinite useful lives and management's approach to determining these amounts.
- Paragraphs 113(a), 114 to 118, 119(a) to 119(c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with customers

Notes to the financial statements (continued)

2.2. Going Concern

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report on pages 4 to 6.

The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3. New standards, amendments and IFRIC interpretations

The Company has early adopted and applied IFRS 15 and subsequent clarifications for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described in the notes below.

The Company has elected the practical expedient for completed contracts whereby the entity need not restate any contracts that are completed before the date of initial application.

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. In addition, the standard requires extensive disclosures in note 5.

The Company adopted IFRS 15 to all contracts using the modified retrospective method of adoption with the date of initial application of 31 December 2017. Under this method, an entity may elect to apply IFRS 15 retrospectively only to contracts that are not completed contracts at the date of initial application. The Company shall recognise the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application.

The cumulative effect of initially applying IFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under IAS 18 and related interpretations.

Notes to the financial statements (continued)

2.3. New standards, amendments and IFRIC interpretations (continued)

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 29 December 2018 as a result of the adoption of IFRS 15:

Consolidated statement of profit or loss for the year ended 29 December 2018		**Amounts prepared under**		
	Reference	**IFRS 15**	**Previous IFRS**	**Increase/ (decrease)**
		$'000	***$'000***	***$'000***
Revenue from contracts with customers	(a), (b), (c), (d)	6,675,761	6,505,375	(170,386)
Cost of sales	(a),(b)	(6,171,072)	(6,017,725)	153,347
Gross profit		**504,689**	**487,650**	(17,039)
Operating profit		**196,504**	**179,465**	(17,039)
Finance expense		(1,218)	(1,218)	-
Finance income		34,019	34,019	-
Profit before tax		**229,305**	**212,266**	**(17,039)**
Income tax expense		(37,176)	(35,661)	1,515
Profit for the year		**192,129**	**176,605**	**(15,524)**

Notes to the financial statements (continued)

2.3. New standards, amendments and IFRIC interpretations (continued)

Consolidated statement of financial position as at 29 December 2018		Amounts prepared under		
	Reference	IFRS 15	Previous IFRS	Increase/ (decrease)
		$'000	*$'000*	*$'000*
Assets				
Inventories	(a)	207,253	202,666	(4,587)
Trade receivables	(d)	828,608	967,651	139,043
Intercompany receivables		2,536,500	2,415,948	(120,552)
Total current assets		**3,585,899**	**3,599,803**	**13,904**
Total assets		**18,343,023**	**18,356,927**	**13,904**
Equity				
Retained earnings	(a),(b),(c),(d)	14,284,082	14,268,558	(15,524)
Total equity		**16,497,718**	**16,482,194**	**(15,524)**
Liabilities				
Contract liabilities	(c)	496,020	-	(496,020)
Deferred revenue	(d)	–	30,943	30,943
Trade and other payables	(a)	212,047	708,067	496,020
Total current liabilities		**1,845,305**	**1,874,733**	**29,428**
Total liabilities		**1,845,305**	**1,874,733**	**29,428**
Total equity and liabilities		**18,343,023**	**18,356,927**	**13,904**

The nature of the adjustments as at 31 December 2017 and the reasons for the significant changes in the statement of financial position as at 29 December 2018, and the statement of profit or loss for the year ended 29 December 2018, are described below:

Notes to the financial statements (continued)

2.3. New standards, amendments and IFRIC interpretations (continued)

(a) Sale of equipment with variable consideration

Some contracts for the sale of platform products provide customers with a right of return and volume rebates. Before adopting IFRS 15, the Company recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and volume rebates. Under IFRS 15, rights of return and volume rebates give rise to variable consideration.

Under IFRS 15, the consideration received from the customer is variable but constrained because the contract allows the customer to return the products. The Company used historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement, to estimate the goods that will not be returned.

Rebates and bonus programs

Before adoption of IFRS 15, the Company recognised and recorded rebates in the statement of financial position and the statement of profit and loss once the sale of merchandise was received by the end customer.

Under IFRS 15, retrospective rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company applied the 'most likely amount method' for contracts.

(b) Service-type warranties

The Company provides one-year and three-year warranties beyond fixing defects that existed at the time of the sale which were previously accounted for under IAS 37. Under IFRS 15, such warranties are accounted for as a service-type warranties and as separate performance obligations to which the Company allocates a portion of the transaction price.

(c) Long-term advances received from customers

The Company receives prepayments from customers on long-term supply agreements towards future NSG product delivery. Before the adoption of IFRS 15, the Company presented these advances as deferred revenue in the statement of financial position and generated interest in the statement of profit and loss. Under IFRS 15, the Company concluded that there was a significant financing component for those contracts where the customer elected to pay the transaction price when the contract was signed. The amount received for such contracts was considered the discounted transaction price that take into consideration the significant financing component.

Upon adoption of IFRS 15, no adjustments were made to current and non-current contract liabilities. In addition, the Company did not need to reclassify current or non-current deferred revenue to current or non-current contract liabilities as at 31 December 2017.

Notes to the financial statements (continued)

2.3. New standards, amendments and IFRIC interpretations (continued)

As at 29 December 2018, IFRS 15 did not impact current and non-current contract liabilities, current and non-current deferred revenue and also had no impact on retained earnings. It increased Revenue from contracts with customers and finance cost by $170,385,948 and $0, respectively, for the year ended 29 December 2018.

(d) Other adjustments

Previously, the Company recognised revenue on a sales out model, deferring revenue until a sale was completed by a selling distributor. Under IFRS 15, the Company now recognises revenue on a sales in basis which removes the need to defer this revenue as the revenue is recognised once the selling distributor takes control of the goods. A one-time adoption adjustment has been reflected in the 2018 accounts.

In addition to the adjustments described above, other items of the primary financial statements such as deferred taxes and retained earnings were adjusted as necessary.

2.4. Consolidation

The Company is a wholly-owned subsidiary of Intel Overseas Funding Corporation and of its ultimate parent, Intel Corporation. It is included in the consolidated financial statements of Intel Corporation which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

2.5. Investment in subsidiaries

The Company's investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable.

2.6. Foreign currency translation

2.6.1 Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in US Dollars (rounded off to the nearest $1,000), which has also been determined to be the Company's functional currency, as the majority of the Company's business is carried out in USD.

2.6.2 Transactions and balances

Foreign currency transactions are initially recorded in the functional currency at the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured into the functional currency at the exchange rates at the balance sheet date. Non-monetary items measured in terms of historical cost in a foreign currency are recorded using the exchange rates approximating the exchange rates at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are re-measured using the exchange rates at the date when the fair value was determined.

Notes to the financial statements (continued)

2.7. Revenue recognition

The Company is in the business of marketing and selling platform products, accelerators, boards and systems, connectivity, memory and storage.

In the year ended 29 December 2018 IFRS 15 *Revenue from contracts with customers* was adopted along with all interpretations and subsequent clarifications, changing the way the company recognises revenue.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

2.7.1 Sale of goods

Revenue from sale of platform products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the platform products. The normal credit term is 30 to 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties). In determining the transaction price for the sale of products, the Company considers the effects of variable consideration, noncash consideration, and consideration payable to the customer (if any).

Revenue by geography has not been disclosed as in the opinion of the directors it would be seriously prejudicial to the interest of the business.

2.7.2 Services rendered

Revenue from the rendering of services to related companies is recognised in periods in which the services are rendered, and calculated on a cost-plus basis of the expenses incurred. The revenue is recognised over time when expenses incurred.

2.7.3 Interest income

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Company also receives long-term advances from customers for the sale of customised platform products. If assessed that significant financing components exist, the transaction price for such contracts is discounted, using the rate that would be reflected in a separate financing transaction between the Company and its customers at contract inception, to take into consideration the significant financing component.

Notes to the financial statements (continued)

2.8. Current and deferred income tax

Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Notes to the financial statements (continued)

2.8. Current and deferred income tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

2.9. Property, plant and equipment

All property and equipment are measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation is calculated on the straight-line basis over the following estimated useful lives:

- Freehold buildings, between 10 and 25 years
- Machinery and equipment, 2 to 4 years;
- Leasehold improvements over the remaining lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying values of tangible fixed assets are reviewed when events or changes in circumstances indicate that the carrying value may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets under construction are not in use by the business at the year end and are capitalised at cost. These assets are transferred into the relevant fixed asset categories and depreciation commences on the date usage of the asset commences by the business.

2.10. Impairment of non-financial asset

Indicators of impairment are assessed at each reporting date. Where an indication of impairment exists the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. An impairment loss is charged to the statement of comprehensive income in the period in which it arises. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

Notes to the financial statements (continued)

2.11. Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

2.12. Financial assets

2.12.1. Classification

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

2.12.2. Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.12.3. De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between (a) the carrying amount plus any cumulative gain or loss that had been recognised in other comprehensive income, and (b) the sum of the consideration received is recognised in profit or loss.

Notes to the financial statements (continued)

2.13. Financial liabilities

Financial Liabilities at Amortised Cost

Financial liabilities including other payables and certain accruals, and the amounts due to the immediate holding company and subsidiaries are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised in the statement of comprehensive income. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

2.14. Impairment of financial assets

The Company assesses at the end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced when there is no realistic prospect of future recovery and the amount of the impairment loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the carrying amount. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.15. Inventories

We compute inventory cost on a first-in, first-out basis. Inventories are stated at the lower of actual cost and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Notes to the financial statements (continued)

2.16. Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand and at banks, which are subject to an insignificant risk of changes in value. The carrying amounts of the cash equivalents approximates their fair values.

2.18. Share-based payment

The Company's ultimate holding company, Intel Corporation, has employee equity-settled share-based payment plans under which the Company's employees may be granted equity shares of Intel Corporation. The Company recognises share-based compensation over the service period of the award in Other Reserves in equity. The statement of comprehensive income expense represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised as an employee benefit. The employee benefit is recorded as costs or expenses at the fair value of the equity instruments on the grant date, on the basis of the best estimate of the number of vested equity instruments.

2.18.1 Stock Option Plan ("SOP")

The Company's ultimate holding company, Intel Corporation, has an employee Stock Option Plan ("SOP") under which the Company's employees may be granted options to purchase shares of Intel Corporation.

In May 2009, stockholders approved an extension of the 2006 Equity Incentive Plan (the 2006 Plan). Stockholders approved 134 million additional shares for issuance, increasing the total shares of common stock available for issuance as equity awards to employees and non-employee Directors to 428 million shares. The approval also extended the expiration date of the 2006 Plan to June 2012. The maximum number of shares to be awarded as restricted stock or restricted stock units increased to 373 million shares. As of 29 December 2018, 137 million shares remained available for future grant under the 2006 Plan.

Options granted to employees in 2016 under the 2006 Plan generally vest over 4 years from the date of grant, and expire 7 years from the date of grant. Other relevant terms and conditions applicable to options granted include:

- The exercise price of options is equal to the market price of Intel Corporation's common stock at the average of the high and low trading prices reported by The NASDAQ Stock Market on the date of grant
- Upon exercise, these options will be settled in common stock of Intel Corporation.

Notes to the financial statements (continued)

2.18.2 Share Participation Plan ("SPP")

The Company's ultimate holding company, Intel Corporation has an employee Stock Participation Plan ("SPP") under which eligible employees of the Company may purchase shares of Intel Corporation's common stock at 85% of the average of the high and low stock price reported by the NASDAQ Stock Market at specific, predetermined dates. The benefit provided to the Company's employees by this plan is considered to be share-based payment transactions under IFRS 2. The rights to purchase shares are granted during the first and third quarter of each year.

As at 29 December 2018, 528 (2017: 622) employees sought to participate in the SPP.

2.18.3 Restricted Stock Unit Plan ("RSU")

Under the 2006 Plan, the Company's ultimate holding company, Intel Corporation, has an employee Restricted Stock Unit Plan ("RSU") under which employees may be granted rights to receive shares of Intel Corporation effective from 2006.

There is no change in the vesting pattern of the RSU compared to SOP. The RSU shall vest and be converted into the right to receive a specific number of shares of Intel Corporation. Shares will be issued or become free of restrictions as soon as practicable following vesting of the RSU. The shares will be issued in employees' names and may be affected by recording shares on the stock records of Intel Corporation.

2.19. Research and Development

Research and Development costs are incurred as expensed. These expenses are compensated in full as the entity does not own the Intellectual property.

Notes to the financial statements (continued)

3. Changes in accounting policy and disclosures

The Company has early adopted and applied IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described in the notes to the financial statements.

There are no other new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 29 December 2018.

In the year ended 28 December 2019 IFRS 16 *Leases* and IFRS 9 *Financial Instruments* will be adopted. The company estimates that the adoption of IFRS 16 and IFRS 9 is not expected to have a significant impact to assets and liabilities or profit and loss and equity.

4. Significant accounting judgments, estimates and assumptions

a. Useful economic lives of property, plant and equipment

The annual depreciation charge for property, plant and equipment is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 12 for the carrying amount of the property plant and equipment, and note 2.9 for the useful economic lives for each class of assets.

b. Inventory provisioning

The Company sells, markets and distributes Intel Corporation products to Europe, Middle East and Africa and is subject to changing consumer demands and technological obsolescence. As a result it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 16 for the net carrying amount of the inventory and associated provision.

c. Revenue Recognition

The Company has early adopted and applied IFRS 15 for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described in the notes and accounting policies.

The Company determined the incremental costs that may require capitalisation under IFRS 15 relates to sales commissions. Significantly all of our commissions are earned based on our product sales, which we recognise revenue at a point of time versus over an extended period. Intel has elected to apply the practical expedient to expense the sales commissions as incurred since the amortisation is less than one year.

To estimate transaction price, Intel will take into consideration the various rebates and discounts offered to customers as well as estimated returns that are yet to be processed relating to revenue during the period or left to process from prior periods. Intel Corporation (UK) Limited will recognise the amount of expected rebates and returns as a refund liability, representing its obligation to return the customers consideration.

Notes to the financial statements (continued)

4. Significant accounting judgments, estimates and assumptions

d. Agent versus principal

Intercompany transactions includes marketing services expenditure to promote the brand, these amounts are collected from the local marketing offices and recharged to Intel Corporation that owns the brand. Following the adoption of IFRS 15, it has been assessed that the Company is a conduit in the collection of revenue from the local marketing offices on behalf of the ultimate parent and remains an agent.

e. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from budget and forecast calculations that cover a period up to five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the long-term growth rates used.

f. Determination of acquisition date fair values of investments

Where investments are acquired at fair value, the income method is used to estimate fair value. The income method is based on a discounted future cash flow approach that uses the following major assumptions and inputs: revenue, based on assumed market segment growth rates and our assumed market segment share; estimated costs; and appropriate discount rates based on a reporting unit's weighted average cost of capital as determined by considering the observable weighted average cost of capital of comparable companies. Our estimates of market segment growth, our market segment share, and costs are based on historical data, various internal estimates, and a variety of external sources. The same estimates are also used in our business planning and forecasting process. We test the reasonableness of the inputs and outcomes of our discounted cash flow analysis against available comparable market data.

Notes to the financial statements (continued)

5. Revenue

	2018	2017
	$000	*$000*
Sale of goods	6,675,761	5,856,301
	6,675,761	5,856,301

Revenue by geography has not been disclosed as in the opinion of the directors it would be seriously prejudicial to the interest of the business.

Contract balances

For the year ended 29 December 2018

	2018	2017
	$'000	*$'000*
Trade receivables (Note 14)	828,608	724,666
Contract liabilities	496,020	-

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

Contract liabilities include long-term advances received to deliver long-term supply agreements towards future product delivery.

Performance obligations

Information about the Company's performance obligations are summarised below:

Technology equipment

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 to 60 days from delivery.

The performance obligation to deliver technology equipment whereby the customer pays the transaction price equal to the cash selling price upon delivery of the equipment. There is a significant financing component for those contracts where the customer elected to pay in advance.

Notes to the financial statements (continued)

5. Revenue (continued)

In some contracts, a one-year or three-year warranty beyond fixing the defects that existed at the time of sale is provided to customers. The warranty is accounted for as a separate performance obligation and a portion of the transaction price is allocated. The performance obligation for the warranty service is satisfied over one-year or three-years based on time elapsed.

The performance obligation is satisfied upon delivery of the equipment and payment is generally due within 30 to 60 days from delivery. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

Customers are entitled to points which results in allocation of a portion of the transaction price to the points programme. Revenue is recognised when the points are redeemed.

In addition, the Company updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Assets and liabilities arising from rights of return

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

6. Other operating income

	2018	2017
	$'000	*$'000*
Service income from a related party	102,655	158,823
	102,655	158,823

Notes to the financial statements (continued)

7. Operating Profit

Operating profit is stated after charging:

	2018	2017
	$'000	*$'000*
Staff costs		
Wages and salaries	89,442	108,657
Social security costs	13,087	12,793
Other pension costs	13,306	11,602
Share-based payment expense	9,342	10,839
	125,177	143,891
Auditors' Remuneration		
– audit of these financial statements	272	533
- other fees to auditors, pension audit	15	57
Depreciation	3,190	4,919
Operating lease rentals – plant & machinery	1,540	1,711
land & buildings	1,700	3,623
Research and Development expenditure	29,093	36,564

The share based payments expense has arisen from equity-settled share-based payment transactions.

On 3 April 2017, Intel Corporation divested 51% of its Intel Security Division to a third party forming a new group structure under the McAfee brand. As such, the Company divested its business assets and liabilities related to the Intel Security Division for cash consideration of $190,739,115 on 3 April 2017. The activity, and assets and liabilities of the divested business are shown separately in the 2017 Income Statement and Statement of Financial Position.

The net gain on disposal of $103,767,751 shown in the 2017 Income Statement comprises a royalty cost of $207,066,043 and a gain of $310,833,794.

Notes to the financial statements (continued)

8. Employees and directors

The monthly average number of employees during the year was as follows:

	2018 *No.*	2017 *No.*
Office and management	162	234
Research and Development	142	224
Selling and marketing	371	414
	675	872

9. Directors remuneration

	2018 *$'000*	2017 *$'000*
Aggregate emoluments in respect of qualifying services	474	868
Company contributions paid in respect of money purchase schemes	35	67
	509	935

The number of directors exercising share options in Intel Corporation in the year was 2 (2017: 3). The number of directors who received shares in respect of qualifying services under long term incentive plans was nil (2017: nil). Retirement benefits are accruing to 2 directors under money purchase arrangements (2017: 2).

In respect of the highest paid director:

	2018 *$'000*	2017 *$'000*
Aggregate emoluments	256	393

The highest paid director exercised share options during the year.

T Silva, G Kershaw and S Heck are also a director or officer of other companies within the Intel Corporation group. The directors services to the company do not occupy a significant amount of their time. As such, the directors do not consider that they receive any remuneration for their incidental services to the Company for the year ended 29 December 2018.

Notes to the financial statements (continued)

10. Interest income and expense

	2018	2017
	$'000	**$'000**
Finance Expense		
Interest on amounts due to related parties	939	4,694
Other interest payable	279	52
Finance Income		
Interest on amounts due from related parties	33,946	11,331
Other interest receivable	73	61
	34,019	**11,392**
Net interest income	**32,801**	**6,646**

Notes to the financial statements (continued)

11. Taxation

a. Tax charged in the income statement

	2018	2017
Current Income Tax:	***$'000***	***$'000***
UK Corporation tax	38,898	54,876
Foreign Tax	360	416
Current income Tax Charge	39,258	55,292
Amounts under/(over)provided in previous years	(3,495)	(1,761)
Total current income tax	**35,763**	**53,531**

	2018	2017
Deferred Income tax	***$'000***	***$'000***
Origination and reversal of temporary differences	1,309	(235)
Amounts under/(over)provided in previous years	104	1,361
Impact of change in tax laws and rates	0	435
Total deferred tax	1,413	1,561
Tax expense in the income statement	**37,176**	**55,092**

Notes to the financial statements (continued)

11. Taxation (continued)

The tax expense in the income statement is disclosed as follows:	2018 *$'000*	2017 *$'000*
Income tax expense on continuing operations	37,176	34,736
Income tax expense/(credit) on discontinued operations		20,356
	37,176	**55,092**

The 2017 income tax expense on discontinued operations of $20,356,408 comprises tax on the net gain on disposal of the McAfee business of $19,975,292 and tax on ordinary activities of $381,116.

b. Reconciliation of the total tax charge

The tax expenses in the income statement for the year is higher than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are reconciled below:

	2018 *$'000*	2017 *$'000*
Profit from continuing operations before taxation	229,305	565,378
Gain/(loss) from discontinued operations before taxation	0	105,085
Accounting profit before income tax	**229,305**	**670,463**

	2018 *$'000*	2017 *$'000*
Tax calculated at UK standard rate of corporation tax of 19% (2017: 19.25%)	43,568	129,064
Expenses not deductible for tax purposes	(809)	901
Share-based payment relief	1,024	839
Overseas taxation	360	416
Non-taxable income	(3,423)	(76,207)
Foreign exchange differences	-	-
Tax Under/(over)provided in previous years	(3,390)	(400)
Change in tax laws and rate	(154)	479
Total tax expense reported in the income statement	**37,176**	**55,092**

c. Change in Corporation Tax rate

The UK Corporation tax rate was reduced from 20% to 19% effective 1 April 2017. Finance Act 2016, enacted on 15 September 2016, reduced the rate further to 17%, effective 1 April 2020. Any deferred tax expected to reverse in the year to 31 December 2018 has been re-measured using the rates substantively enacted at 31 December 2018.

Notes to the financial statements (continued)

11. Taxation (continued)

d. Deferred tax asset

	2018	2017
	$'000	*$'000*
Pensions and post-employment benefits	(4)	9
Decelerated capital allowances	1,818	2,301
Share-based payment	1,078	2,603
	2,892	**4,913**

Disclosed on the balance sheet

	2018	2017
	$'000	*$'000*
Deferred tax asset	2,892	4,913
	2,892	4,913

Deferred tax in the income statement

	2018	2017
	$'000	*$'000*
Decelerated capital allowances	484	339
Share-based payment	916	741
Pension plans and other post-employment medical benefits	13	46
Change in tax laws and rates	-	538
Deferred tax (credit)/expense	**1,413**	**1,664**

Notes to the financial statements (continued)

12. Property, plant and equipment

	Freehold Land	Freehold Buildings	Plant and machinery	Assets under construction	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*
Cost:					
At 31 December 2016	4,161	55,296	12,933	889	73,279
Additions	-	-	1,985	1,598	3,583
Disposals	-	(874)	(7,968)	(605)	(9,447)
Transfers	-	489	521	(1,010)	-
At 30 December 2017	**4,161**	**54,911**	**7,471**	**872**	**67,415**
Additions	-	937	5,547	1,171	7,679
Disposals	(39)	(5,218)	(4,737)	(321)	(10,316)
Transfers	-	294	978	(1,272)	0
At 29 December 2018	4,122	50,924	9,259	450	64,755

Notes to the financial statements (continued)

12. Property, plant and equipment (continued)

Accumulated depreciation:

	$'000	*$'000*	*$'000*	*$'000*	*$'000*
At 31 December 2016	-	45,035	10,803	-	55,838
Charge for the year	-	2,100	2,819	-	4,919
Disposals/write-off	-	(857)	(7,388)	-	(8,245)
At 30 December 2017	**-**	**46,278**	**6,234**	**-**	**52,512**
Charge for the year	-	1,175	2,015	-	3,190
Disposals/write-off	-	(4,900)	(2,814)	-	(7,714)
Transfers	-	-	-	-	-
At 29 December 2018	**-**	**42,553**	**5,435**	**-**	**47,988**

Net book value:

At 30 December 2017	**4,161**	**8,633**	**1,237**	**872**	**14,903**
At 29 December 2018	**4,122**	**8,371**	**3,824**	**450**	**16,767**

Notes to the financial statements (continued)

13. Investments in Subsidiaries

	Investment in subsidiary undertakings
	$'000
Cost:	
At 31 December 2016	13,525,183
Additions	1,502,341
Disposals	(184,600)
At 30 December 2017	14,842,924
Additions	-
Disposals	(983)
At 29 December 2018	14,841,941
Amounts provided:	
At 31 December 2016	245,508
Impairment for the year	-
Disposals	(182,236)
At 30 December 2017	63,272
Impairment for the year	(2,205)
Return on investment	(39,000)
Disposals	-
At 29 December 2018	104,476
Net book value:	
At 30 December 2017	14,779,652
At 29 December 2018	14,737,465

On 1st May 2018, Altera Europe Limited was liquidated resulting in a $39,000,000 return on investment and a dividend of $18,013,981.

Notes to the financial statements (continued)

13. Investment in subsidiaries (continued)

The Company has commitment in respect of interests in the subsidiaries. Details of the investments in which the company (unless indicated) holds 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Registered Office	Class of shares	Nature of business	Proportion of ownership interest and voting power (%)	
				2018	2017
Intel Corporation SA	Kings Square, Veldkant 31 2550 Kontich Belgium	Ordinary	Local Marketing office	99.92%	99.92%
Intel Semiconductor AG	Badenerstrasse 549 8048 Zurich Switzerland	Ordinary	Local Marketing office	100%	100%
Intel Corporation SAS	Les Montalets 2, rue de Paris 92196 Meudon Cedex France	Ordinary	Local Marketing office	100%	100%
Intel Deutschland GmbH	Am Campeon 10-12 85579 Neubiberg Germany	Ordinary	Semiconductor products and solutions for mobile communications	100%	100%
Intel Finland OY	Westendinkatu 7 Espoo, 02160 Finland	Ordinary	Local Marketing office	100%	100%

13. Investment in subsidiaries (continued)

Intel Corporation Italia S.p.A	Milanofiori Palazzo E/4 20094 Assago (Milano) Italy	Ordinary	Local Marketing office	*100%*	*100%*
TURBE – Distribuicao e Marketing de Produtos Electronicos Sociedade Unipessoal Lda.	Lagoas Park, Edificio 8 2740-244 Porto Salvo Portugal	Ordinary	Local Marketing office	*100%*	*100%*
Intel Benelux BV	High Tech Campus 83 5656AG Eindhoven Netherlands	Ordinary	Local Marketing office	*100%*	*100%*
Intel Sweden AB	Isafjordsgatan 30B 16440 Kista Sweden	Ordinary	Local Marketing office	*100%*	*100%*
Intel Microprocessors Greece Societe Anonyme for the Provision of Consulting Services	c/o PricewaterhouseCoopers Business Solutions S.A. 268 Kifissias Avenue Halandri 15232 Athens Greece	Ordinary	Local Marketing office	*99.75%*	*99.75%*

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13. Investment in subsidiaries (continued)

Intel Semiconductor West Africa Limited	St. Nicholas House, 10th Floor Catholic Mission Street Lagos Nigeria	Ordinary	Local Marketing office	*99.99%*	*99.99%*
Intel Corporation Iberia S.A	Edificio Torre Picasso Pl. Pablo Ruiz Picasso, 1 - Floor 25th 28020 Madrid Spain	Ordinary	Local Marketing office	*100%*	*100%*
Intel Software Development S.R.L	1 Aristide Demetriade Street, United Business Center 1 7th floor unit U1E7 and 8th floor unit U1E8, Timisoara Timis County Romania	Ordinary	Software and Local Marketing office	*100%*	*100%*
Intel Kabushiki Kaisha	Kokusai Bldg. 5F 1-1, Marunouchi 3-chome Chiyoda-ku Tokyo 100-0005 Japan	Ordinary	Japanese sales entity	*100%*	*100%*

Intel Corporation (UK) Limited
Financial year ended 29 December 2018

13. Investment in subsidiaries (continued)

Intel Teknoloji Hizmetleri Limited Sirketi	Nispetiye Cad. Akmerkez B3 Kule Kat 8 Etiler 34337 Besiktas Istanbul Turkey	Ordinary	Local Marketing office	99%	99%
Intel Technologies d.o.o. Beograd	Resavska 23 Beograd Vracar Serbia	Ordinary	Software and Local Marketing office	100%	100%
Intel Technologies LLC	17, Krylatskaya str., Bldg. 4 121614 Moscow Russian Federation	Ordinary	Local Marketing office	99%	99%
Intel Corporation Hungary Trading Limited Liability Company	Bajcsy-Zsilinszky út 78, 1055 Budapest, Hungary	Ordinary	Local Marketing office	100%	100%
Intel Vilnius UAB	J.Jasinskio 16B, LT-03163 Vilnius, Lithuania	Ordinary	Local marketing office	100%	100%
Intel International B.V.	Capronilaan 37, 1119 NG, Schiphol-Rijk, Netherlands	Ordinary	Local marketing office	100%	100%
Intel Corporation Egypt LLC	Technology Park, Maher Abaza st. (el laselky st.), B1 in MB3, 3rd & 4th floor, New Maadi, Cairo, 11435, Egypt	Ordinary	Local Marketing office	99%	99%

13. Investment in subsidiaries (continued)

Movidius Limited	Collinstown Industrial Park Leixlip Kildare Ireland	Ordinary	Provider of computer vision products	<1%	<1%

Notes to the financial statements (continued)

14. Trade and other receivables

	2018	2017
	$'000	*$'000*
Trade Receivables	817,702	713,198
Other taxes	3,767	1,802
Other debtors and prepayments	7,139	9,666
	828,608	724,666

Trade receivables are non-interest bearing and generally on 30 day terms.

15. Inventory

	2018	2017
	$'000	*$'000*
Raw materials	673	920
Finished goods	206,580	397,312
Total inventories	207,253	398,232

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to $6,116,707,067 (2017: $5,241,849,348).

16. Amounts due to and from group companies

	2018	2017
	$'000	*$'000*
Amounts owed by parent and fellow subsidiary undertakings	1,319,276	787,035
Inter-company cash pooling	1,217,224	752,667
	2,536,500	1,539,702
Amounts owed to ultimate holding company and fellow subsidiary undertakings	1,122,786	914,941

All amounts due to and from the group undertakings are payable on demand.

Notes to the financial statements (continued)

17. Trade and other payables

	2018	2017
	$'000	*$'000*
Other payables and accrued liabilities	4,325	11,291
Trade payables	5,151	21,885
Accruals and deferred income	202,571	194,340
	212,047	227,516

18. Issued capital and reserves

	2018	2017
	$'000	*$'000*
Allotted, called up and fully paid:		
386,347,443 (2017: 386,347,443) Ordinary shares of £1 each	552,002	552,002
	552,002	552,002

There is no longer an upper limit on the authorised share capital of the Company.

Notes to the financial statements (continued)

19. Share-Based Payment plans

The Company operates 3 share incentive schemes to employees. These are designed to reward employees based on personal and corporate performance. These are the Restricted Stock Unit plan (RSU), Stock Option Program (SOP) and Stock Participation Plan (SPP).

Restricted stock unit plan

Under the 2006 Plan, the Company's ultimate holding company, Intel Corporation, has an employee Restricted Stock Unit Awards under which employees may be granted rights to receive shares of Intel Corporation effective from 2006.

There is no change in the vesting pattern of the RSU compared to Stock Option. The RSU shall vest and be converted into the right to receive a specific number of shares of Intel Corporation. Shares will be issued or become free of restrictions as soon as practicable following vesting of the RSU. The shares will be issued in employees' names and may be affected by recording shares on the stock records of Intel Corporation.

The company estimate the fair value of restricted stock unit awards with time-based vesting using the value of our common stock on the date of grant, reduced by the present value of dividends expected to be paid on our common stock prior to vesting. The Company based the weighted average estimated value of restricted stock unit grants, as well as the weighted average assumptions that we used in calculating the fair value, on estimates at the date of grant, as follows:

	2018	2017
Estimated values	$48.95	$34.09
Risk-free interest rate	2.4%	1.3%
Dividend yield	2.4%	3.0%

During the year ended 29 December 2018, 284,953 (2017: 349,253 21) RSUs were exercised with weighted average share price of $30.19 (2017: $36.69).

RSUs with both a market condition and a service condition (market-based RSUs), which is called outperformance stock units (OSUs), and which are granted to a group of senior officers, employees, and non-employee directors. For OSUs granted in 2018, the number of shares of our common stock to be received at vesting will range from 0% to 200% of the target grant amount, based on total stockholder return (TSR) of our common stock measured against the benchmark TSR of the S&P 500 IT Sector Index over a three-year period. TSR is a measure of stock price appreciation plus any dividends paid in this performance period.

As of December 29, 2018, 11 million OSUs (2017: 9.2 million) were outstanding. These OSUs generally vest three years and one month from the grant date, and OSUs granted prior to 2017 accrue dividend equivalents.

Notes to the financial statements (continued)

19. Share-Based Payment plans (continued)

Stock option plan and Stock participation plan

The Company uses the Black-Scholes option pricing model to estimate the fair value of options granted under our equity incentive plans and rights to acquire stock granted under our stock purchase plan. The Company based the weighted average estimated value of employee stock option grants and rights granted under the stock purchase plan, as well as the weighted average assumptions used in calculating the fair value, on estimates at the date of grant, as follows:

	Stock Purchase Plan	
	2018	**2017**
Estimated values	$10.57	$7.20
Expected life (in years)	0.50	0.50
Risk-free interest rate	1.87%	1.00%
Share price volatility	25.74%	19.00%
Dividend yield	2.49%	2.9%

The Company bases the expected volatility on implied volatility, because it have determined that implied volatility is more reflective of market conditions and a better indicator of expected volatility than historical volatility. Prior to 2011, we used the simplified method of calculating expected life due to significant differences in the vesting terms and contractual life of current option grants compared to our historical grants. In 2011, the Company began using historical option exercise data as the basis for determining expected life as the Company believe it have sufficient historical data to provide a reasonable basis upon which to estimate the expected life input for valuing options using the Black-Scholes model.

During the year ended 29 December 2018, 6,039 (2017: 108,316) options were exercised with weighted average share price of $23.29 (2017: $35.99).

Share options outstanding at the end of the year have the following weighted average remaining contractual life and exercise prices:

Ranges of exercise prices	*2018 number*	*Weighted average contractual life (in years)*	*2017 number*	*Weighted average contractual life (in years)*
0 - $15	-	-	-	-
$15.01 - $20	-	-	-	-
$20.01 - $25	8,230	1.32	20,077	1.82
$25.01 - $30	3,705	0.31	9,139	1.47
Total	11,935	1.01	29,216	1.71

Notes to the financial statements (continued)

20. Commitments and contingencies

The Company leases various offices under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	$'000	*$'000*
Buildings		
Within one year	1,459	2,542
In two to five years	1,382	3,366
More than five years	-	-
	2,841	5,908
Motor vehicles		
Within one year	744	699
In two to five years	1,250	770
More than five years	-	-
	1,994	1,469
Capital Commitments		
Contracted but not provided in the financial statements	783	820

At 29 December 2018, the company's bank facilities relating to guarantees amounted to $30,063,999 (2017: $33,434,050).

21. Controlling entities

The immediate parent undertaking is Intel Overseas Funding Corporation.

The ultimate parent undertaking to consolidate the group financial statements is Intel Corporation. Copies of the Intel Corporation consolidated financial statements can be obtained from the Company Secretary at 1209 Orange Street, Wilmington DE 19801, United States.