Company Registration No. 1796587

SYMBIAN LIMITED

Report and Financial Statements

31 December 2005

Deloitte & Touche LLP
London

SYMBIAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

CONTENTS

DIRECTORS' REPORT

The directors present their annual report on the affairs of Symbian Limited ("the company") and its subsidiary undertakings ("the group"), together with its audited financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Group licenses, develops and supports the Symbian OS which provides leading software, user interfaces, application frameworks and development tools for wireless information devices, such as communicators and smartphones.

Symbian Limited ("Symbian") was formed as a joint venture between Psion, Ericsson and Nokia in August 1998. During 1999 Motorola and Panasonic (formerly Matsushita) became shareholders with Sony Ericsson and Siemens becoming shareholders in 2002 and Samsung becoming a shareholder in 2003. Motorola subsequently left in 2003 and Psion also left in 2004. Their shares were purchased by a combination of the remaining shareholders. The current percentage shareholdings are approximately Nokia 48%, Ericsson 16%, Panasonic 11%, Sony Ericsson 13%, Siemens 8% and Samsung 4%.

Each of the consortium members are actively involved in the business, having contributed management resources, assets, scientific and technological expertise, intellectual property and know-how to the venture.

Symbian is taking a leadership role in the rapidly expanding wireless information device market.

Symbian is seeking to ensure that the key participants in the wireless industry collaborate on creating a new market for affordable and powerful wireless information devices and third party software solutions.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2005 are set out on pages 5 to 23. The group profit for the year after taxation was £15,322,000 (2004 – loss of £23,011,000). The directors do not recommend the payment of a dividend (2004 – £nil).

DIRECTORS

The directors who served during the year and subsequently were:

N Clifford		(appointed 6 June 2005)
D Levin		(resigned 25 March 2005)
D Wood		
K Eriksson		
T Chambers		
M Gillis		(resigned 10 October 2005)
C Davies		
P Gershon	Non-executive Chairman	
A Raj	Non-executive	(resigned 14 February 2005)
T Hiroki	Non-executive	(resigned 1 February 2005)
P Aspemar	Non-executive	
D Sohn	Non-executive	
N Savander	Non-executive	(resigned 1 March 2006)
A Vasara	Non-executive	
R Dingle	Non-executive	(resigned 1 February 2005)
R Sugimura	Non-executive	(appointed 1 February 2005)
M Kohlmark	Non-executive	(appointed 14 February 2005)
R Lepold	Non-executive	(appointed 1 February 2005, resigned 28 February 2005)
H Pfeiffer	Non-executive	(appointed 28 February 2005)
L Epting	Non-executive	(appointed 1 March 2006)

The beneficial interests of the directors in the shares of the company during the year are disclosed in note 15 to the financial statements.

DIRECTORS' REPORT

CHARITABLE AND POLITICAL DONATIONS

During the year the group made charitable donations of £5,614 (2004 – £4,028), being contributions on behalf of certain employees to the Tsunami Relief Fund. There were no political donations during the year (2004 – £nil).

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

EMPLOYEE CONSULTATION

The group 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 the performance of the group. This is achieved through formal and informal meetings and other written communication and notices. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

RESEARCH AND DEVELOPMENT

The directors consider that research and development is vital to the group's success in the future. Research and development expenditure amounted to £54,481,000 (2004 – £43,728,000), which in line with established accounting policies was expensed as incurred.

USE OF FINANCIAL INSTRUMENTS

The group uses forward contracts to reduce its exposure to exchange rate risk arising due to royalty revenues being settled in USD. Accordingly the group uses forward contracts to sell USD and buy GBP.

BRANCHES

The subsidiary undertakings affecting the results and net assets of the group in the year are set out in note 12. In addition the group operates branches in Finland, South Korea, China, Australia and Israel dealing with software development and sales support.

AUDITORS

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

S Williams
Secretary

31 March 2006

2-6 Boundary Row
Southwark
London
SE1 8HP

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SYMBIAN LIMITED

We have audited the group and individual company financial statements (the "financial statements") of Symbian Limited for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes numbered 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you, if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the individual company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
31 March 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
TURNOVER	2	114,773	66,469
Cost of sales		(25,811)	(19,447)
Gross profit		88,962	47,022
Other operating expenses (net)	3	(82,033)	(72,540)
OPERATING PROFIT/(LOSS)		6,929	(25,518)
Interest receivable	4	1,734	956
Interest payable and similar charges	5	(308)	(699)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	8,355	(25,261)
Tax credit on profit/(loss) on ordinary activities	8	6,967	2,250
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAX BEING PROFIT/(LOSS) FOR THE FINANCIAL YEAR	17	15,322	(23,011)

The accompanying notes are an integral part of the consolidated profit and loss account.

The above results were derived from continuing operations throughout both years.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 2005

	Notes	2005 £'000	2004 £'000
Profit/(loss) for the financial year	17	15,322	(23,011)
(Loss)/gain on foreign currency translation on net investments	17	(249)	72
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		15,073	(22,939)

The accompanying notes are an integral part of the consolidated statement of total recognised gains and losses.

CONSOLIDATED BALANCE SHEET
31 December 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Intangible assets	10	100	158
Tangible assets	11	9,706	8,816
		9,806	8,974
CURRENT ASSETS			
Debtors	13	48,407	27,796
Cash at bank and in hand		37,629	37,080
		86,036	64,876
CREDITORS: amounts falling due within one year	14	(35,463)	(28,772)
NET CURRENT ASSETS		50,573	36,104
TOTAL ASSETS LESS CURRENT LIABILITIES		60,379	45,078
PROVISIONS FOR LIABILITIES AND CHARGES	15	(1,493)	(1,268)
NET ASSETS		58,886	43,810
CAPITAL AND RESERVES			
Called-up share capital	16	2,329	2,329
Share premium account	17	223,475	223,472
Profit and loss account	17	(166,918)	(181,991)
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	58,886	43,810

Approved by the Board of Directors on 31 March 2006 and signed on behalf of the Board.

T. W. C

T Chambers
Director

N Clifford
Director

The accompanying notes are an integral part of this consolidated balance sheet.

COMPANY BALANCE SHEET
31 December 2005

	Notes	2005 £'000	2004 £'000
FIXED ASSETS			
Investments	12	64,540	60
		65,540	60
CURRENT ASSETS			
Debtors	13	-	64,478
Cash at bank and in hand		137	20
		137	64,498
CREDITORS: amounts falling due within one year	14	(326)	(1)
NET CURRENT (LIABILITIES)/ASSETS		(189)	64,497
TOTAL ASSETS LESS CURRENT LIABILITIES		64,351	64,557
PROVISIONS FOR LIABILITIES AND CHARGES	15	-	-
NET ASSETS		64,351	64,557
CAPITAL AND RESERVES			
Called-up share capital	16	2,329	2,329
Share premium account	17	223,475	223,472
Profit and loss account	17	(161,453)	(161,244)
TOTAL EQUITY SHAREHOLDERS' FUNDS	17	64,351	64,557

Approved by the Board of Directors on 31 March 2006 and signed on behalf of the Board.

T.W. C

T Chambers
Director

N Clifford
Director

The accompanying notes are an integral part of this balance sheet.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2005

	Note	2005 £'000	2004 £'000
Net cash inflow/(outflow) from operating activities	20	2,642	(32,022)
Returns on investments and servicing of finance			
Interest received		1,737	818
Interest paid		(323)	(340)
Net cash inflow from returns on investments and servicing of finance		1,414	478
Taxation			
Consortium relief paid by shareholders		1,700	2,238
Foreign tax paid		(210)	(267)
Net cash inflow from taxation		1,490	1,971
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(4,981)	(5,747)
Receipts from sale of tangible fixed assets		16	49
Net cash outflow from capital expenditure and financial investment		(4,965)	(5,698)
Cash inflow/(outflow) before management of liquid resources and financing		581	(35,271)
Cash inflow from management of liquid resources		-	-
Financing			
Issue of ordinary share capital		3	50,420
Net cash inflow from financing		3	50,420
Increase in cash in the year	21	584	15,149

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, except where stated.

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards.

(b) Basis of preparation

The consolidated financial statements include the financial statements of Symbian Limited and all of its subsidiary undertakings made up to 31 December 2005, using the acquisition method of accounting.

Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In accordance with the exemption provided by Section 230 of the Companies Act 1985, the company has not presented its own profit and loss account. The company's loss for the financial year, determined in accordance with the Act, is shown in note 9 to the financial statements.

The directors have prepared the financial statements on the going concern basis.

(c) Intangible fixed assets

Costs of software purchased externally for use in the company's products are capitalised and amortised over a period up to five years. Provision is made for any impairment. The internal costs of development are expensed to the profit and loss account as incurred.

(d) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of each asset less its estimated residual value on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	10% or over the period of lease whichever is shorter
Computers and equipment	-	20% - 33% per annum
Furniture and fittings	-	20% per annum

(e) Investments

In the company's financial statements, investments in subsidiary undertakings are shown at cost less any provision for impairment.

(f) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(g) Turnover

Company turnover represents the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business. Royalty revenues are recognised on a unit shipped basis, deferring an amount in respect of anticipated handset returns. Revenue on consulting contracts that are on a time and materials basis is recognised as performed.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

1. **ACCOUNTING POLICIES (continued)**

(h) Long-term contracts

Turnover on long-term contracts for specific customers is recognised when, and to the extent that, the group has earned the right to consideration according to the stage reached in the contract by reference to the value of work done. An estimate of the consideration to which a right has been earned is recognised once the outcome of the contract can be assessed with reasonable certainty. An appropriate retention is made for contingencies. Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

(i) Pension costs

The company has a contributory, stakeholder, money purchase pension scheme. The amount charged to the profit and loss account is the amount payable in respect of the year (note 7). Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

(j) Foreign currency

Transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction or, if hedged, at the forward contract rates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rates.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and rules of overseas operations and on foreign currency borrowings, to the extent that they hedge the group's investment in such operations, are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

(k) Forward exchange contracts

The group uses derivative financial instruments to reduce exposure to foreign exchange risk. The group does not hold or issue derivative financial instruments for speculative purposes.

For a forward foreign exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable transaction. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign currency exchange movements on the group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account, or as adjustments to the carrying amount of fixed assets, only when the hedged transaction has itself been reflected in the group's financial statements.

(l) Leases

Rentals under operating leases are charged, on a straight-line basis, to the profit and loss account over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term. Provisions for dilapidations are charged over the anticipated period of the lease.

(m) Share based payments

The group has early adopted the requirements of FRS 20 Share-based Payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2005. Adopting FRS 20 has had no effect on the results for the current or prior year.

The group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest.

A provision is calculated equal to the portion of the goods or services received at the current fair value determined at each balance sheet date for cash-settled, share-based payments, where it is more likely than not that these options will vest.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

2. SEGMENT INFORMATION

(a) Group turnover is all derived from one class of business being the research and development and licensing of software. In order to provide shareholders with additional information the group's turnover and gross profit have been analysed as follows:

	Royalties	Consulting services	Other	Total
2005	**£'000**	**£'000**	**£'000**	**£'000**
Turnover	96,784	14,091	3,898	114,773
Cost of sales	(14,516)	(9,959)	(1,336)	(25,811)
Gross profit	82,268	4,132	2,562	88,962
2004				
Turnover	45,189	17,466	3,814	66,469
Cost of sales	(7,105)	(10,618)	(1,724)	(19,447)
	38,084	6,848	2,090	47,022

Revenue from consulting services and other income is derived in part from the work of directly attributable staff. Operating expenses directly related to consulting services and other income include an appropriate allocation of overheads within this charge to cost of sales.

(b) Turnover by destination:

	2005 £'000	2004 £'000
United Kingdom	474	3,021
Rest of Europe	91,774	50,770
Rest of the World	22,525	12,678
	114,773	66,469

3. OTHER OPERATING EXPENSES (NET)

The group's other operating expenses (net) are analysed below.

	2005 £'000	2004 £'000
Research and development (including amortisation of intangibles)	54,481	43,728
Marketing and sales	14,060	11,793
Administration	12,971	11,685
Share option charges	-	6,120
Foreign exchange loss/(gain)	521	(786)
Other operating expenses (net)	82,033	72,540
Consulting services and other (allocated to cost of sales)	10,116	10,442
Gross operating expenses	92,149	82,982

The 2004 share option charge reflects the accelerated vesting of the group's DSOS and ESOS share option schemes (see note 15) as a result of the company offering to cancel all outstanding options for cash.

The group has refined its definition of development costs and reclassified 2004 figures on a consistent basis.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

4. INTEREST RECEIVABLE

	2005 £'000	2004 £'000
Bank interest	1,466	956
Other finance income	268	-
	1,734	956

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £'000	2004 £'000
Bank charges	51	29
Unwinding of discount on provisions	51	325
Other finance charges	206	345
	308	699

The obligation under the share option provision was previously discounted. The vesting of the share options has resulted in the discount unwinding in full in 2004. The unwinding of the discount in 2005 relates solely to the provision for dilapidations.

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2005 £'000	2004 £'000
Amortisation	58	74
Depreciation		
- owned	3,873	3,282
Operating lease rentals		
- land and buildings	3,370	3,686
- other	23	35
Auditors' remuneration for:		
- audit services (group)	90	80
Loss/(profit) on disposal of fixed assets	155	(13)

The total amounts payable to the company's auditors in respect of non – audit services were £185,000 (2004 - £361,000). Non-audit services principally comprise taxation advice. Amounts payable to the company's auditors were borne by Symbian Software Limited.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Particulars of the group's employee costs (including executive directors) are as shown below:

	2005 £'000	2004 £'000
Wages and salaries	41,177	34,064
Bonuses relating to cancellation of share options	-	8,273
Social security costs	6,219	6,105
Other pension costs	2,148	2,196
	49,544	50,638

During the prior year the company made an offer to cancel all outstanding share options in return for a cash bonus.

The group's average monthly number of employees (including executive directors) was:

	No.	No.
Research and development	693	525
Marketing and sales	127	102
Consulting services and other	117	121
Finance, legal, human resources, IT and administration	110	87
	1,047	835

The average monthly number of employees of the company was 6 (2004: 7), being the company's executive directors and chairman. The remuneration of the employees in both years was borne by Symbian Software Limited.

(b) Directors of the company received the following remuneration:

	2005 £'000	2004 £'000
Emoluments	1,879	1,739
Bonus with qualifying condition exceeding 12 months	334	-
Company contributions to money purchase pension schemes	57	69
Compensation for loss of office	85	-
Bonus relating to cancellation of share options	-	4,142
	2,355	5,950

The above amounts for remuneration include the following in respect of the highest paid director:

	2005 £'000	2004 £'000
Emoluments	363	126
Bonus with qualifying condition exceeding 12 months	90	-
Company contributions to money purchase pension schemes	17	37
Bonus relating to cancellation of share options	-	1,547
	470	1,710

At 31 December 2004 the directors held no options in the company. During the year the company granted new options over the company's shares, details of which are disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

8. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of tax credit on profit/(loss) on ordinary activities

		2005 £'000	2004 £'000
United Kingdom corporation tax at 30% (2004 – 30%)			
Consortium relief	– current year	-	2,213
	– in respect of prior years	679	42
Foreign tax	– current year	(267)	(295)
	– adjustment in respect of prior years	-	483
		412	2,443
Deferred tax	– timing differences	6,555	(193)
		6,967	2,250

(b) Factors affecting tax credit for the current year

	2005 £'000	2004 £'000
Profit/(loss) on ordinary activities before tax	8,355	(25,261)
Tax at 30% (2004 – 30%) thereon	(2,506)	7,578
Effects of:		
Expenses not deductible for tax purposes	(44)	(2,656)
Capital allowances in excess of depreciation not provided for	(200)	264
Tax relieved against brought forward losses	2,416	-
Unutilised tax losses	-	(3,360)
Movement in short term timing differences not provided for	-	180
Foreign taxes	67	188
Intragroup profit eliminated on consolidation	-	207
Consortium relief in respect of prior periods	679	42
	412	2,443

A deferred tax asset has been recognised in respect of timing differences relating to trading losses and general provisions to the extent that there is sufficient evidence that the asset is more likely than not to be recovered. The amount of the asset not recognised is £27,985,000 (2004 – £37,579,586).

(c) Deferred tax

Movement on deferred taxation balance in the year:

	2005 £'000	2004 £'000
As at 1 January – deferred tax liability	(193)	-
Charge to the profit and loss account	(58)	(193)
Credit to the profit and loss account in respect of losses	6,613	-
Foreign exchange movement	17	-
As at 31 December – net deferred tax asset	6,379	(193)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

9. LOSS ATTRIBUTABLE TO SYMBIAN LIMITED

The loss for the financial year dealt with in the financial statements of the company, Symbian Limited, was £209,000 (2004 – loss of £394,000). As permitted by s230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the company.

10. INTANGIBLE FIXED ASSETS

	Group £'000
Cost	
At 1 January 2005	13,997
Additions	-
At 31 December 2005	13,997
Amortisation	
At 1 January 2005	13,839
Charge for the year	58
At 31 December 2005	13,897
Net book value	
At 31 December 2004	158
At 31 December 2005	100

The net book value of intangible fixed assets comprises the Symbian OS and other software licences.

11. TANGIBLE FIXED ASSETS

Group	**Leasehold improvements £'000**	**Computers and equipment £'000**	**Furniture and fittings £'000**	**Total £'000**
Cost				
At 1 January 2005	5,329	17,985	2,204	25,518
Additions	524	4,304	153	4,981
Disposals	(117)	(179)	(53)	(349)
Exchange adjustment	(5)	(86)	(45)	(136)
At 31 December 2005	5,731	22,024	2,259	30,014
Depreciation				
At 1 January 2005	2,144	12,698	1,860	16,702
Charge for the year	455	3,196	222	3,873
Disposals	(53)	(82)	(43)	(178)
Exchange adjustment	(2)	(54)	(33)	(89)
At 31 December 2005	2,544	15,758	2,006	20,308
Net book value				
At 31 December 2004	3,185	5,287	344	8,816
At 31 December 2005	3,187	6,265	254	9,706

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

12. INVESTMENTS

Company

Subsidiary undertakings	**2005 £'000**
Cost	
At 1 January 2005	60
Additions	64,480
At 31 December 2005	64,540
Amounts written off	
Beginning and end of year	-
Net book value	
At 31 December 2004	60
At 31 December 2005	64,540

The company has the following principal subsidiary undertakings:

Name	**Country of incorporation**	**Activity**	**Holding**	
Symbian, Inc.	USA	Marketing, Sales and Technical Support	1,000 ordinary shares of 0.1c each	100%
Symbian Co. Ltd	Japan	Marketing, Sales and Technical Support	200 ordinary shares of YEN50k each	100%
UIQ Technology AB	Sweden	Research and Development	1,000 ordinary shares of SEK100 each	100%
Symbian Software Limited	Great Britain	UK operating company	500 ordinary shares of £1.00 each	100%
Symbian India Pvt Ltd	India	Research and Development	10,000 ordinary shares of INR 10 each	100%

On 25 October 2004 Symbian India Pvt Ltd became incorporated in India as a wholly owned subsidiary of the Group.

On 2 December 2005, the company purchased a further 498 shares in Symbian Software Limited for £64,478,000.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

13. DEBTORS

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors (see note 19)	14,455	-	7,458	-
Amounts recoverable from shareholders for consortium relief	2,893	-	3,914	-
Amounts owed by group undertakings	-	-	-	64,478
Amounts recoverable on long term contracts	103	-	-	-
VAT	2,928	-	1,109	-
Deferred tax	6,613	-	-	-
Other debtors	1,850	-	728	-
Prepayments and accrued income (see note 19)	19,565		13,818	-
	48,407	-	27,027	64,478
Amounts falling due after more than one year:				
Other debtors	-	-	769	-
	48,407	-	27,796	64,478

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005		2004	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors (see note 19)	3,934	-	4,748	-
Amounts payable to group undertakings	-	326	-	1
Overseas tax	246	-	131	-
Other taxation and social security	1,075	-	1,026	-
Accruals and deferred income	26,422	-	22,867	-
VAT	3,786	-	-	-
	35,463	326	28,772	1

Symbian's licenses provide royalty returns to the company, detailing the net number of handsets shipped less returns for each version of Symbian OS. In the absence of any information relating to returns affecting the company, management have determined the best estimate of the appropriate deferral of revenue in respect of anticipated returns to be a reducing percentage of the last six month's shipments (at year end, 6% of December's shipments reducing to 1% of July's) together with any specific amount in respect of handsets which informal conversations within the industry indicate to be required.

In the absence of more detailed returns information there are inherent uncertainties in estimating the revenue deferral. Corrections to these calculations are recognised in subsequent periods as increases/decreases are reported in net shipments and royalty revenue adjusted accordingly.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

15. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

Group	2005				2004			
	Share options and related NI £'000	Deferred tax £'000	Other £'000	Total £'000	Share options and related NI £'000	Deferred tax £'000	Other £'000	Total £'000
At 1 January	250	193	825	1,268	6,139	-	1,424	7,563
Charged to profit and loss account	21	41	163	225	6,120	193	98	6,411
Released unused	-	-	-	-	-	-	-	-
Released through capital contribution (see note 17)	-	-	-	-	(1,547)	-	-	(1,547)
Utilised	-	-	-	-	(10,462)	-	(697)	(11,159)
At 31 December	271	234	988	1,493	250	193	825	1,268

There are no provisions in the company.

(i) Options held by Directors

During the previous year the company offered a cash bonus to all employees and Directors in return for the cancellation of all of the remaining outstanding options. All the Directors took advantage of this offer and at 31 December 2004 they had no options in the company.

During 2005 the company created two new share option schemes the Scheme Option Plan (2005) and the Approved Share Option Plan (2005). The following options were granted to Directors and remain outstanding at year end. They are only exercisable in the event that the company IPOs.

Name	No. of options	Exercise price	Latest exercise date
N Clifford	133,664	£2.02	30 June 2012
T Chambers	215,149	£2.02	14 March 2012
K Eriksson	99,010	£2.02	14 March 2012
C Davies	99,010	£2.02	14 March 2012
D Wood	99,010	£2.02	14 March 2012

The company has a commitment to grant N Clifford further options to a total of £270,000 on 6 June 2006.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

(ii) Options issued under employee share option schemes

The following options remain outstanding at the year end.

Option Scheme	Number of options	Exercise price	Earliest exercise date	Latest exercise date	Note
Employee Share Option Scheme 1999	25,000	£1.48	28 August 2002	28 August 2009	
Employee Share Option Scheme 2000 – Tranche 1	6,500	£12.00	1 July 2002	30 June 2009	
Employee Share Option Scheme 2000 – Tranche 2	500	£12.00	1 October 2003	31 December 2010	*(a)*
Employee Share Option Scheme 2001 – Tranche 1	90,054	£1.33	1 March 2003	28 February 2010	
Employee Share Option Scheme 2001 – Tranche 2	50,550	£1.33	1 March 2004	30 September 2012	*(b)*
Employee Share Option Scheme 2002	42,000	£1.45-£1.64	1 October 2005	6 July 2013	*(c)*
Share Option Plan (2005)	2,650,778	£2.02	-	14 March 2012	*(d)*
Approved Share Option Plan (2005)	1,463,179	£2.02	-	14 March 2012	*(d)*
Share Option Plan (2005)	133,664	£2.02	-	30 June 2012	*(d)*

Notes

(a) These options are exercisable between 3 and 10 years from the date of grant. These options were granted at various dates from 1 October 2000.

(b) These options are exercisable between 3 and 10 years from the date of grant. These options were granted at various dates from 1 March 2001.

(c) These options are exercisable between 3 and 10 years from the date of grant and exercise prices between £1.45 and £1.64.

(d) These options are only exercisable in the event that the company IPOs.

The company has entered into agreements with holders of options under the Employee Share Option Scheme 2001 and the Employee Share Option Scheme 2002 in which under certain circumstances, they have rights to cancel the options in return for a cash bonus from the company. The amount of bonus payable is calculated by reference to the notional gain made on the share options, based upon an internal valuation of the company. The maximum valuation is capped. The obligation lapses on an IPO occurring.

The directors have estimated the liability that they currently believe is likely to result from this obligation.

(iii) Deferred tax

Deferred tax relates to the group's overseas deferred tax liabilities as disclosed in note 8.

(iv) Other

Other provisions mainly comprise expected cost of dilapidations. The associated outflows for dilapidations are likely to occur at the end of the lease agreement.

From time to time the group is exposed to claims of alleged infringement of patents, which the group vigorously defends. When claims are indicated, estimated costs of legal cases are accrued and a provision is made for any likely settlement. Disclosure is made of potentially material matters where on the basis of legal advice an adverse outcome cannot currently be judged as remote.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

16. CALLED-UP SHARE CAPITAL

	2005 £'000	2004 £'000
Authorised:		
245,000,000 ordinary shares of 1 pence each (2004 – 245,000,000 ordinary shares of 1 pence each)	2,450	2,450
Allotted, called-up and fully paid:		
232,927,992 ordinary shares of 1 pence each (2004 – 232,927,492 ordinary shares of 1 pence each)	2,329	2,329

Between 1 January 2004 and 12 July 2004 the company issued a further 958,750 shares to employees and former employees who exercised their options at an option price of between £0.62 and £1.47 per share.

On 12 July 2004 Psion sold its shareholding in Symbian to a combination of other shareholders.

On 13 July 2004 the ordinary shareholders approved an increase in the authorised share capital to 245,000,000 shares of £0.01. On the same day the company issued a total of 24,670,015 shares to a number of its shareholders, fully paid at an average premium of £2.005 per share.

Between 13 July 2004 and 31 December 2004 the company issued a further 42,550 shares at prices between £1.33 and £2.30 per share.

500 shares were issued to employees and former employees during 2005 who exercised their options during the year at an option price of between £1.33 and £1.47 per share.

17. RECONCILIATION OF MOVEMENTS IN RESERVES AND EQUITY SHAREHOLDERS' FUNDS

Group	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
At 1 January 2004	2,073	173,308	(160,599)	14,782
Loss for the year	-	-	(23,011)	(23,011)
Foreign exchange	-	-	72	72
Capital contribution	-	-	1,547	1,547
Shares issued	256	50,164	-	50,420
At 1 January 2005	2,329	223,472	(181,991)	43,810
Profit for the year	-	-	15,322	15,322
Foreign exchange	-	-	(249)	(249)
Shares issued	-	3	-	3
At 31 December 2005	2,329	223,475	(166,918)	58,886

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

17. RECONCILIATION OF MOVEMENTS IN RESERVES AND EQUITY SHAREHOLDERS' FUNDS (continued)

The capital contribution relates to the release of a liability on the group through the acquisition by another shareholder of shares owned by former directors (see note 15).

Company	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
At 1 January 2004	2,073	173,308	(162,397)	12,984
Loss for the year	-	-	(394)	(394)
Shares issued	256	50,164	-	50,420
Capital contribution	-	-	1,547	1,547
At 1 January 2005	2,329	223,472	(161,244)	64,557
Loss for the year	-	-	(209)	(209)
Shares issued	-	3	-	3
At 31 December 2005	2,329	223,475	(161,453)	64,351

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(a) Annual commitments under non-cancellable operating leases are as follows:

	2005		2004	
Group	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	785	2	565	2
- between two and five years	2,588	59	860	45
- after five years	304	-	1,920	-
At 31 December	3,677	61	3,345	47

	2005		2004	
Company	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
- within one year	-	-	-	-
- between two and five years	-	-	283	-
- after five years	-	-	-	-
At 31 December	-	-	283	-

The Company's financial commitments were transferred to Symbian Software Limited at 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2005

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

(b) Pension arrangements

Symbian's pension scheme is a stakeholder pension scheme provided by Standard Life which is available to all employees. The pension charge for the year was £2,148,000 (2004 – £2,196,000). There were no outstanding pension contributions at year end.

(c) Group reorganisation

In respect of the group reorganisation in 2003, the company retains a contingent liability in the event of non-performance of certain contracts by Symbian Software Limited.

(d) Bank facility

On 4 May 2004 the group entered into a Bilateral Single Currency Revolving Facility for up to £18 million which is through a debenture secured over the group's assets and subject to certain covenants. At the date of signing these financial statements the facility has not been drawn down. The facility expires on 30 September 2007.

(e) Foreign exchange forward contracts

During the year the group took out forward contracts to sell USD and buy GBP. At year end the group had USD150 million of contracts (2004 – USD78 million) outstanding which mature at rates between 1.77690 and 1.87202 and at varying dates up to 28 December 2006.

19. RELATED PARTY TRANSACTIONS

The group has a number of contracts with its shareholders, their parents and/or their subsidiary companies.

Included in turnover for the year to 31 December 2005 is £90,182,000 (2004 – £51,334,000) relating to royalties, development fees, consultancy fees and support charges payable by the company's shareholders under Symbian OS licence agreements and other consultancy agreements. Included in cost of sales for the year to 31 December 2005 is £9,841,000 (2004 – £3,875,000) payable to the group's shareholders.

Included in group trade debtors, prepayments and accrued income, accruals and deferred income at 31 December 2005 are amounts receivable under these agreements from:

	Trade debtors		Prepayments and accrued income		Accruals and deferred income	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Nokia	11,885	4,210	14,338	9,708	58	1,056
Sony Ericsson	591	887	458	1,803	1,075	2,633
Siemens	-	173	-	90	2,084	2,108
Samsung	54	157	47	-	86	393
Panasonic	35	66	-	83	268	218
	12,565	5,493	14,843	11,684	3,571	6,408

Amounts recoverable from shareholders for consortium relief within debtors relate solely to Nokia.

NOTES TO THE FINANCIAL STATEMENTS
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20. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005 £'000	2004 £'000
Operating profit/(loss)	6,929	(25,518)
Amortisation	58	74
Depreciation	3,873	3,282
Loss/(profit) on sale of fixed assets	155	(13)
Increase in debtors	(15,189)	(9,370)
Increase in creditors	6,591	4,789
Increase/(decrease) in provisions	225	(5,266)
Net cash inflow/(outflow) from operating activities	2,642	(32,022)

21. ANALYSIS AND RECONCILIATION OF NET FUNDS

	31 December 2004 £'000	Cash flow £'000	Exchange movement £'000	31 December 2005 £'000
Cash	37,080	584	(35)	37,629
Net funds	37,080	584	(35)	37,629

	2005 £'000	2004 £'000
Increase in cash in the year	584	15,149
Change in net funds resulting from cash flows	584	15,149
Translation difference	(35)	3
Movement in net funds in the year	549	15,152
Net funds at 1 January	37,080	21,928
Net funds at 31 December	37,629	37,080