

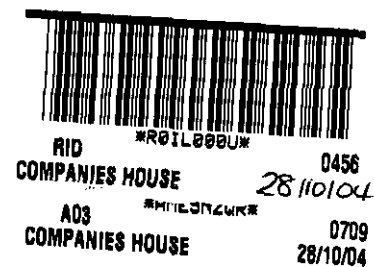
Company Registration No. 1796587

SYMBIAN LIMITED

Report and Financial Statements

31 December 2003

**Deloitte & Touche LLP
London**



SYMBIAN LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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SYMBIAN LIMITED

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 2003.

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 Matsushita became shareholders with Sony Ericsson and Siemens becoming shareholders in 2002 and Samsung becoming a shareholder in 2003. Motorola subsequently left in 2003 with its shares being purchased by Psion and Nokia. At 31 December 2003, the percentage shareholdings were approximately Psion 31%, Ericsson 17%, Nokia 32%, Matsushita 8%, Sony Ericsson 2%, Siemens 5% and Samsung 5%.

On 12 July 2004 Psion sold its shareholding in Symbian to a combination of other shareholders. On 13 July 2004 the company also issued further shares to a number of its shareholders (see note 22). 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.

The current percentage shareholding, are approximately Nokia 48% Ericsson 16%, Panasonic 11%, Sony Ericsson 13%, Siemens 8% and Samsung 4%.

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.

Hivedown of trade and net assets

On 31 December 2003 the company transferred its trade, material third party trading assets and most of its trading liabilities to its subsidiary, Symbian Software Limited, at net book value. In certain instances third party consent was required to allow the transfer of some contracts. Intragroup agreements have been entered into so as to allow the company to continue to perform its obligations and to allow Symbian Software Limited to carry out the trade and benefit from all of the economic rewards and risks arising there from.

SIGNIFICANT EVENTS

Details of subsequent events is given in note 22 to the financial statements. The impact on share options and associated provisions are given in notes 15 and 16.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 December 2003 are set out on pages 6 to 27. The group loss for the year after taxation was £26,505,000 (2002 – loss of £37,202,000). The directors do not recommend the payment of a dividend (2002 – £nil).

SYMBIAN LIMITED

DIRECTORS' REPORT

DIRECTORS

The directors who served during the year were:

| | | |
|-------------|------------------------|--|
| D Levin | | |
| W Batchelor | | (resigned 3 March 2003) |
| D Wood | | |
| K Eriksson | | |
| T Chambers | | |
| M Gillis | | |
| C Davies | | (appointed 11 March 2003) |
| D Potter | Non-executive Chairman | (resigned 7 July 2004) |
| J Hayrynen | Non-executive | (resigned 1 October 2003) |
| E Altman | Non-executive | (resigned 7 October 2003) |
| A Raj | Non-executive | |
| P Valjus | Non-executive | (resigned 19 August 2003) |
| I McElroy | Non-executive | (resigned 14 August 2003) |
| P Zapf | Non-executive | (resigned 28 May 2003) |
| T Hiroki | Non-executive | |
| P Aspemar | Non-executive | |
| J Thode | Non-executive | (resigned 17 February 2003) |
| M Van Riek | | (appointed 27 June 2003, resigned 20 August 2003) |
| D Sohn | | (appointed 15 May 2003) |
| N Savander | | (appointed 19 August 2003) |
| A Crawford | | (appointed 1 September 2003, resigned 7 July 2004) |
| A Vassara | | (appointed 1 October 2003) |
| R Dingle | | (appointed 20 August 2003) |

The beneficial interests of the directors in the shares of the company during the year are disclosed in note 16 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS

During the year the group made charitable donations of £11,234 (2002 – £nil). There were no political donations during the year (2002 – £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 £40,300,000 (2002 – £35,800,000), which in line with established accounting policies was expensed as incurred.

SYMBIAN LIMITED

DIRECTORS' REPORT

AUDITORS

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Group's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. 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

4 October 2004

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 financial statements of Symbian Limited for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the consolidated statement of recognised gains and losses, the balance sheets, the consolidated cash flow statement and the related notes numbered 1 to 22. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you 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 transactions with the company and other members of the group is not disclosed.

We read the directors' 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.

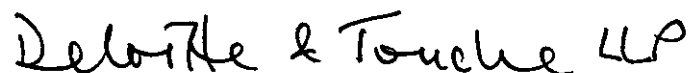
Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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 of the state of affairs of the company and the group as at 31 December 2003 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

4 October 2004

SYMBIAN LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

| | Note | 2003 £'000 | 2002 £'000 |
|--|------|---------------|---------------|
| TURNOVER | 2 | 45,451 | 29,506 |
| Cost of sales | | (16,419) | (16,577) |
| Gross profit | | 29,032 | 12,929 |
| Other operating expenses (net) | 3 | (59,066) | (52,791) |
| OPERATING LOSS | | (30,034) | (39,862) |
| Interest receivable | 4 | 842 | 858 |
| Interest payable and similar charges | 5 | (299) | (152) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 6 | (29,491) | (39,156) |
| Tax credit on loss on ordinary activities | 8 | 2,986 | 1,954 |
| LOSS ON ORDINARY ACTIVITIES AFTER TAX BEING LOSS FOR THE FINANCIAL YEAR | 17 | (26,505) | (37,202) |

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 2003

| | Note | 2003 £'000 | 2002 £'000 |
|---|------|---------------|---------------|
| Loss for the financial year | 17 | (26,505) | (37,202) |
| Gain on foreign currency translation on net investments | 17 | 86 | 11 |
| TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR | | (26,419) | (37,191) |

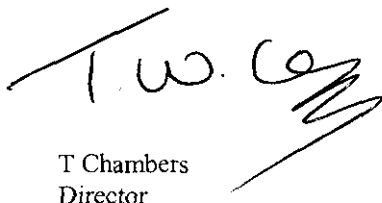
The accompanying notes are an integral part of the consolidated statement of total recognised gains and losses.

SYMBIAN LIMITED

CONSOLIDATED BALANCE SHEET
31 December 2003

| | Note | 2003 £'000 | 2002 £'000 |
|---|------|---------------|---------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | 232 | 1,934 |
| Tangible assets | 11 | 6,382 | 5,680 |
| | | <u>6,614</u> | <u>7,614</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 18,183 | 19,026 |
| Cash at bank and in hand | | 21,928 | 18,197 |
| | | <u>40,111</u> | <u>37,223</u> |
| CREDITORS: amounts falling due within one year | 14 | (24,380) | (16,690) |
| NET CURRENT ASSETS | | <u>15,731</u> | <u>20,533</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 22,345 | 28,147 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | (7,563) | (4,027) |
| NET ASSETS | | <u>14,782</u> | <u>24,120</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 16 | 2,073 | 1,968 |
| Share premium account | 17 | 173,308 | 156,332 |
| Profit and loss account | 17 | (160,599) | (134,180) |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | 17 | <u>14,782</u> | <u>24,120</u> |

Signed on behalf of the Board of Directors



T Chambers
Director

4 October 2004

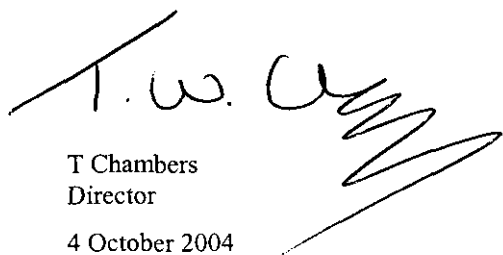
The accompanying notes are an integral part of this consolidated balance sheet.

SYMBIAN LIMITED

COMPANY BALANCE SHEET
31 December 2003

| | Note | 2003 £'000 | 2002 £'000 |
|---|------|---------------|---------------|
| FIXED ASSETS | | | |
| Intangible assets | 10 | - | 1,934 |
| Tangible assets | 11 | - | 5,281 |
| Investments | 12 | 59 | 59 |
| | | <u>59</u> | <u>7,274</u> |
| CURRENT ASSETS | | | |
| Debtors | 13 | 17,908 | 18,550 |
| Cash at bank and in hand | | - | 17,570 |
| | | <u>17,908</u> | <u>36,120</u> |
| CREDITORS: amounts falling due within one year | 14 | (4,983) | (17,103) |
| NET CURRENT ASSETS | | <u>12,925</u> | <u>19,017</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 12,984 | 26,291 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 15 | - | (4,027) |
| NET ASSETS | | <u>12,984</u> | <u>22,264</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 16 | 2,073 | 1,968 |
| Share premium account | 17 | 173,308 | 156,332 |
| Profit and loss account | 17 | (162,397) | (136,036) |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | 17 | <u>12,984</u> | <u>22,264</u> |

Signed on behalf of the Board of Directors


T Chambers
Director
4 October 2004

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

SYMBIAN LIMITED

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2003

| | Note | 2003 £'000 | 2002 £'000 |
|---|------|---------------|---------------|
| Net cash outflow from operating activities | 20 | (15,309) | (31,620) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 889 | 1,717 |
| Interest paid | | (28) | (14) |
| Net cash inflow from returns on investments and servicing of finance | | 861 | 1,703 |
| Taxation | | | |
| Consortium relief paid by shareholders | | 1,638 | 2,451 |
| Foreign tax paid | | (132) | (166) |
| Net cash inflow from taxation | | 1,506 | 2,285 |
| Capital expenditure and financial investment | | | |
| Payments to acquire intangible fixed assets | | (242) | - |
| Payments to acquire tangible fixed assets | | (3,768) | (2,526) |
| Receipts from sale of tangible fixed assets | | 2 | 25 |
| Net cash outflow from capital expenditure and financial investment | | (4,008) | (2,501) |
| Cash outflow before management of liquid resources and financing | | (16,950) | (30,133) |
| Management of liquid resources | | | |
| Decrease/(increase) in amounts on short term deposits | | 16,000 | (1,400) |
| Cash inflow/(outflow) from management of liquid resources | | 16,000 | (1,400) |
| Financing | | | |
| Issue of ordinary share capital | | 20,644 | 31,437 |
| Net cash inflow from financing | | 20,644 | 31,437 |
| Increase/(decrease) in cash in the year | 21 | 19,694 | (96) |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year with the exception of the classification of revenue, deferred in respect of anticipated handset returns which is explained in note 14.

(a) Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom 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 2003, 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.

Taking into account the events since year end referred to in note 22 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES (continued)

(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.

(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 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) 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.

(l) Employee share options

Where the company is committed to offering a cash buy-back mechanism or similar in respect of shares in the company or options thereover, the cost is expensed on a straight-line basis over the period to which the employee's performance relates, based on management's best estimate of both the valuation of the company at year-end and the discounted, ultimate liability that will crystallise.

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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 £'000 | Consulting services £'000 | Other £'000 | Total £'000 |
|---------------|--------------------|---------------------------------|----------------|----------------|
| 2003 | | | | |
| Turnover | 25,513 | 17,137 | 2,801 | 45,451 |
| Cost of sales | (4,173) | (10,611) | (1,635) | (16,419) |
| | <u>21,340</u> | <u>6,526</u> | <u>1,166</u> | <u>29,032</u> |
| 2002 | | | | |
| Turnover | 7,703 | 20,178 | 1,625 | 29,506 |
| Cost of sales | (2,014) | (12,873) | (1,690) | (16,577) |
| | <u>5,689</u> | <u>7,305</u> | <u>(65)</u> | <u>12,929</u> |

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:

| | 2003 £'000 | 2002 £'000 |
|-------------------|----------------------|----------------------|
| United Kingdom | 3,449 | 2,089 |
| Rest of Europe | 34,740 | 22,520 |
| Rest of the World | 7,262 | 4,897 |
| | <u>45,451</u> | <u>29,506</u> |

3. OTHER OPERATING EXPENSES (NET)

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

| | 2003 £'000 | 2002 £'000 |
|--|----------------------|----------------------|
| Research and development (including amortisation of intangibles) | 40,300 | 35,800 |
| Marketing and sales | 6,975 | 7,316 |
| Administration (including all share option costs) | 12,893 | 9,468 |
| Foreign exchange loss | 923 | 207 |
| Other operating income | (2,025) | - |
| | <u>59,066</u> | <u>52,791</u> |
| Other operating expenses (net) | 59,066 | 52,791 |
| Consulting services and other (allocated to cost of sales) | 10,517 | 12,884 |
| Add back other operating income | 2,025 | - |
| | <u>71,608</u> | <u>65,675</u> |

Other operating income arises from the sale of intellectual property rights associated with the development of a user interface. The cost of this development had been written off to the profit and loss account as incurred, in previous years.

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

4. INTEREST RECEIVABLE

| | 2003 £'000 | 2002 £'000 |
|---------------|---------------|---------------|
| Bank interest | 842 | 858 |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Bank charges | 29 | 14 |
| Unwinding of discount on share option provision | 170 | 138 |
| Other finance charges | 100 | - |
| | 299 | 152 |

The obligation under the share option provision set out in note 15 has been discounted. The discount unwinds over time resulting in an interest charge.

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

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

| | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Amortisation | 1,944 | 2,699 |
| Depreciation | | |
| - owned | 2,932 | 3,270 |
| Operating lease rentals | | |
| - land and buildings | 3,739 | 3,462 |
| - other | 4 | 28 |
| Auditors' remuneration for: | | |
| - audit services (group and company) | 78 | 55 |
| Loss/(profit) on disposal of fixed assets | 158 | (5) |

The total amounts payable to the company's auditors in respect of non – audit services were £165,000 (2002 – £106,112). Non-audit services principally comprise accounting advice, taxation advice and risk management services.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

7. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

(a) Particulars of employee costs (including executive directors) are as shown below:

| | 2003 | 2002 |
|-----------------------|---------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 29,216 | 24,861 |
| Social security costs | 4,281 | 3,326 |
| Other pension costs | 1,634 | 1,312 |
| | <u>35,131</u> | <u>29,499</u> |

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

| | No. | No. |
|--|------------|------------|
| Research and development | 464 | 405 |
| Marketing and sales | 89 | 71 |
| Consulting services and other | 100 | 101 |
| Finance, legal, human resources and administration | 81 | 76 |
| | <u>734</u> | <u>653</u> |

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

| | 2003 | 2002 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Emoluments | 1,779 | 1,660 |
| Company contributions to money purchase pension schemes | 70 | 76 |
| Compensation for loss of office | - | 1,251 |
| | <u>1,849</u> | <u>2,987</u> |

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

| | 2003 | 2002 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Emoluments | 467 | 280 |
| Company contributions to money purchase pension schemes | 17 | 15 |
| | <u>484</u> | <u>295</u> |

Aggregate emoluments described above do not include any amounts for the value of options to acquire ordinary shares in the company granted to or held by the directors. Details of the options are disclosed in notes 15 and 16.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2003

8. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

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

| | 2003 £'000 | 2002 £'000 |
|--|---------------|---------------|
| United Kingdom corporation tax at 30% (2002 – 30%) | - | - |
| Consortium relief – current year | 1,633 | 2,262 |
| – in respect of prior years | 1,638 | (23) |
| Foreign tax – current year | (285) | (285) |
| | <u>2,986</u> | <u>1,954</u> |

(b) Factors affecting tax credit for the current year

| | 2003 £'000 | 2002 £'000 |
|---|---------------|---------------|
| Loss on ordinary activities before tax | (29,491) | (39,156) |
| Tax at 30% (2002 – 30%) thereon | 8,847 | 11,747 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (560) | (341) |
| Capital allowances in excess of depreciation not provided for | (546) | (795) |
| Unutilised tax losses | (6,201) | (8,531) |
| Movement in short term timing differences not provided for | (276) | (24) |
| Other deferred tax differences not provided for | - | 55 |
| Group relief paid for: | | |
| - Foreign taxes | (285) | (285) |
| - Other | 369 | 151 |
| Consortium relief in respect of prior periods | 1,638 | (23) |
| | <u>2,986</u> | <u>1,954</u> |

A deferred tax asset has not been recognised in respect of timing differences relating to trading losses, general provisions and pension contributions as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £33,468,535 (2002 – £27,417,693).

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

9. LOSS ATTRIBUTABLE TO SYMBIAN LIMITED

The loss for the financial year dealt with in the financial statements of the company, Symbian Limited, was £26,361,000 (2002 – loss of £37,769,000). 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 | Company £'000 |
|--------------------------------|------------------------|--------------------------|
| Cost | | |
| At 1 January 2003 | 13,755 | 13,755 |
| Additions | 242 | 242 |
| Transfer to group undertakings | - | (13,997) |
| At 31 December 2003 | <u>13,997</u> | <u>-</u> |
| Amortisation | | |
| At 1 January 2003 | 11,821 | 11,821 |
| Charge for the year | 1,944 | 1,944 |
| Transfer to group undertakings | - | (13,765) |
| At 31 December 2003 | <u>13,765</u> | <u>-</u> |
| Net book value | | |
| At 31 December 2002 | <u>1,934</u> | <u>1,934</u> |
| At 31 December 2003 | <u>232</u> | <u>-</u> |

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

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

11. TANGIBLE FIXED ASSETS

| Group | Leasehold improvements £'000 | Computers and equipment £'000 | Furniture and fittings £'000 | Total £'000 |
|-----------------------|------------------------------------|--|------------------------------------|----------------|
| Cost | | | | |
| At 1 January 2003 | 3,064 | 11,363 | 2,022 | 16,449 |
| Additions | 738 | 2,923 | 107 | 3,768 |
| Disposals | (249) | (170) | (28) | (447) |
| Exchange adjustment | 4 | 35 | 5 | 44 |
| At 31 December 2003 | 3,557 | 14,151 | 2,106 | 19,814 |
| Depreciation | | | | |
| At 1 January 2003 | 1,175 | 8,373 | 1,221 | 10,769 |
| Charge for the year | 530 | 2,087 | 315 | 2,932 |
| Disposals | (172) | (108) | (7) | (287) |
| Exchange adjustment | 1 | 14 | 3 | 18 |
| At 31 December 2003 | 1,534 | 10,366 | 1,532 | 13,432 |
| Net book value | | | | |
| At 31 December 2002 | 1,889 | 2,990 | 801 | 5,680 |
| At 31 December 2003 | 2,023 | 3,785 | 574 | 6,382 |

| Company | Leasehold improvements £'000 | Computers and equipment £'000 | Furniture and fittings £'000 | Total £'000 |
|-------------------------------|------------------------------------|--|------------------------------------|----------------|
| Cost | | | | |
| At 1 January 2003 | 2,943 | 10,793 | 1,557 | 15,293 |
| Additions | 690 | 2,681 | 95 | 3,466 |
| Disposals | (204) | (170) | (22) | (396) |
| Transfer to group undertaking | (3,429) | (13,304) | (1,630) | (18,363) |
| At 31 December 2003 | - | - | - | - |
| Depreciation | | | | |
| At 1 January 2003 | 1,130 | 7,841 | 1,041 | 10,012 |
| Charge for the year | 513 | 1,901 | 295 | 2,709 |
| Disposals | (151) | (108) | (3) | (262) |
| Transfer to group undertaking | (1,492) | (9,634) | (1,333) | (12,459) |
| At 31 December 2003 | - | - | - | - |
| Net book value | | | | |
| At 31 December 2002 | 1,813 | 2,952 | 516 | 5,281 |
| At 31 December 2003 | - | - | - | - |

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2003

12. INVESTMENTS

Company

| | 2003 £'000 |
|--------------------------------|----------------|
| Subsidiary undertakings | |
| Cost | |
| At 1 January 2003 | 59 |
| Additions | - |
| | <hr/> 59 |
| At 31 December 2003 | <hr/> <hr/> 59 |
| Amounts written off | |
| Beginning and end of year | - |
| | <hr/> <hr/> |
| Net book value | |
| At 31 December 2002 | 59 |
| | <hr/> <hr/> |
| At 31 December 2003 | <hr/> <hr/> 59 |

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 | 2 ordinary shares of £1.00 each 100% |

On 27 October 2003 the company's subsidiary undertaking, formerly Symbian (UK) Limited, changed its name to Symbian Software Limited.

13. DEBTORS

| | 2003 | | 2002 | |
|---|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Amounts falling due within one year: | | | | |
| Trade debtors (see note 19) | 6,426 | - | 7,334 | 7,334 |
| Amounts recoverable from shareholders for consortium relief | 3,897 | - | 2,264 | 2,264 |
| Amounts owed by group undertakings | - | 17,908 | - | - |
| VAT | 903 | - | 849 | 795 |
| Other debtors (see note 19) | 451 | - | 337 | 306 |
| Called-up share capital not paid | - | - | 3,563 | 3,563 |
| Prepayments and accrued income (see note 19) | 5,902 | - | 4,679 | 4,288 |
| | <hr/> 17,579 | <hr/> 17,908 | <hr/> 19,026 | <hr/> 18,550 |
| Amounts falling due after more than one year: | | | | |
| Other debtors | 604 | - | - | - |
| | <hr/> 18,183 | <hr/> 17,908 | <hr/> 19,026 | <hr/> 18,550 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2003 | | 2002 | |
|------------------------------------|----------------|------------------|----------------|------------------|
| | Group £'000 | Company £'000 | Group £'000 | Company £'000 |
| Payments received on account | - | - | 1,104 | 1,104 |
| Trade creditors (see note 19) | 5,109 | 4,983 | 3,736 | 3,628 |
| Amounts owed to group undertakings | - | - | - | 1,548 |
| Overseas tax | 586 | - | 401 | - |
| Other taxation and social security | 775 | - | 765 | 759 |
| Accruals and deferred income | 17,910 | - | 10,684 | 10,064 |
| | <u>24,380</u> | <u>4,983</u> | <u>16,690</u> | <u>17,103</u> |

The trade creditors balance at year end within Symbian Limited will be settled by Symbian Software Limited (see Directors' report).

In light of FRS 5 Application Note G "Revenue recognition" management now believe it is appropriate to classify deferrals from revenue in respect of anticipated handset returns within accruals and deferred income rather than provisions. Accordingly, the current year amounts are included in accruals and deferred income and the prior year comparative has been reclassified and presented on a consistent basis.

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.

15. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges comprise:

| Group | 2003 | | | 2002 | | |
|------------------------------------|--|----------------|----------------|--|----------------|----------------|
| | Share options and related NI £'000 | Other £'000 | Total £'000 | Share options and related NI £'000 | Other £'000 | Total £'000 |
| At 1 January | 3,475 | 552 | 4,027 | 2,875 | 529 | 3,404 |
| Charged to profit and loss account | 3,441 | 872 | 4,313 | 1,635 | 23 | 1,658 |
| Released unused (see note 16) | (777) | - | (777) | (1,035) | - | (1,035) |
| At 31 December | <u>6,139</u> | <u>1,424</u> | <u>7,563</u> | <u>3,475</u> | <u>552</u> | <u>4,027</u> |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

| Company | 2003 | | | 2002 | | |
|------------------------------------|--|----------------|----------------|--|----------------|----------------|
| | Share options and related NI £'000 | Other £'000 | Total £'000 | Share options and related NI £'000 | Other £'000 | Total £'000 |
| At 1 January | 3,475 | 552 | 4,027 | 2,875 | 529 | 3,404 |
| Charged to profit and loss account | 3,441 | 872 | 4,313 | 1,635 | 23 | 1,658 |
| Released unused (see note 16) | (777) | - | (777) | (1,035) | - | (1,035) |
| Transfer to group undertakings | (6,139) | (1,424) | (7,563) | - | - | - |
| At 31 December | - | - | - | 3,475 | 552 | 4,027 |

Directors' share option scheme

Certain directors have each been issued three series of share options, as explained in note 16 below. These options vest on the later of 28 August 2001, 2002 and 2003 respectively and when certain cumulative sales targets are met, although the latter must be prior to 28 August 2003, 2004 and 2005 respectively in order to vest fully, or one year later in order to vest at all. The cumulative sales targets for the first three grants have been met. The options must be exercised prior to 28 August 2008.

In order to provide a more liquid market for the shares, for as long as the company remains a private company, the company, if required, is obliged to buy back shares acquired under this option plan. In any one accounting period, this facility is capped at shares with a value of £400,000 from any one individual.

The directors have estimated the liability that they currently believe is likely to result from this obligation in each year and are spreading this amount, appropriately discounted, on a straight-line basis over what they believe the vesting period of each series of options is likely to be. This estimation includes assessing the likelihood that this liability to buy back shares will fall away due to, *inter alia*, directors leaving, or an IPO occurring. In 2003 this estimation uses the value of the company implied by the Psion/Nokia transaction (see note 22).

Employee share option scheme

The company has issued employees share options under certain of the Employee Share Option Schemes ("ESOS"). During the year, the company entered into agreements with some employees in which, under certain circumstances, they have rights to cancel the options in return for a cash bonus from the company. Employees can only take advantage of these rights if and when the options have become exercisable under the scheme rules. 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 in each year and are spreading this amount, appropriately discounted, on a straight line basis over the vesting period of those options subject to cash cancellation rights.

National Insurance (NI) on share options

Certain share options in the company were issued in August 1999. Under current legislation, NI may be payable by the company, based upon the gains made on the share options.

The directors have estimated the liability that they currently believe is likely to result from this obligation and are spreading this amount, appropriately discounted, on a straight-line basis over what they believe the vesting period of each series of options is likely to be.

Share options subsequent event

Subsequent to the year end, as disclosed in note 16, an offer was made by the company to cancel all outstanding options in return for a cash bonus. As a result an additional charge of approximately £5 million will be made in 2004 to recognise the costs of settling the obligations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

15. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

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.

16. CALLED-UP SHARE CAPITAL

| | 2003 £'000 | 2002 £'000 |
|--|-------------------|-------------------|
| Authorised: | | |
| 225,000,000 ordinary shares of 1 pence each | | |
| (2002 – 215,000,000 ordinary shares of 1 pence each) | 2,250 | 2,150 |
| | <u> </u> | <u> </u> |
| Allotted, called-up and fully paid: | | |
| 207,256,177 ordinary shares of 1 pence each | | |
| (2002 – 186,996,664 ordinary shares of 1 pence each) | 2,073 | 1,870 |
| | <u> </u> | <u> </u> |
| Allotted, called-up and partly paid: | | |
| 2002 – 9,841,930 ordinary shares of 1 pence each | - | 98 |
| | <u> </u> | <u> </u> |

On 28 January 2002 the ordinary shareholders approved an increase in the authorised share capital to 215,000,000 shares of £0.01 and the company then issued 14,331,231 shares of £0.01, fully paid, at a premium of £1.438 per share. All of the existing shareholders took up their entitlement pro-rata except for Ericsson. The Ericsson share was taken up pro-rata by Sony Ericsson, as a new shareholder.

On 23 April 2002, the company issued 9,841,930 shares of £0.01 to Siemens at a premium of £1.438. The shares were part paid. At 31 December 2002 £0.362 per share was outstanding and was subsequently paid on 22 January 2003.

On 14 February 2003 the ordinary shareholders approved an increase in the authorised share capital to 225,000,000 shares of £0.01. On 17 February 2003 the company issued 10,359,926 shares of £0.01, fully paid at a premium of £1.631 per share.

57,657 (2002 – nil) shares were issued to employees and former employees who exercised their options during the year at an option price of between £1.33 and £1.47 per share.

Additional shares issued in 2004 are disclosed in note 22.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

16. CALLED-UP SHARE CAPITAL (continued)

Share option schemes

(i) Directors' share option scheme

Following an extraordinary general meeting held during 1999, the following options (stated after the 9 for 1 bonus issue) were issued under the directors' share option scheme pursuant to the shareholders agreement of 28 August 1998 with an adjusted exercise price of £0.62. The following remain outstanding at 31 December 2003.

| | Year 3 option Number | Year 4 option Number | Year 5 option Number |
|-------------|----------------------------|----------------------------|----------------------------|
| N Myers | - | 585,000 | - |
| W Batchelor | - | 341,250 | 312,810 |
| D Wood | 365,630 | 292,500 | 268,130 |
| Total | 365,630 | 1,213,750 | 580,940 |

The vesting period and performance criteria are described in note 15.

No options under this scheme lapsed and none were granted or exercised by the directors during the year.

W Batchelor cancelled his rights over 125,809 Year 3 options during 2003 in return for a cash bonus of £128,325.

S Randall cancelled his rights of 341,250 year 4 options during 2003 in return for a cash bonus of £283,237.

Subsequent to the year end, N Myers and W Batchelor exercised their Year 4 options. The company later procured that these were purchased by another shareholder.

The company also offered a cash bonus to W Batchelor and D Wood in return for the cancellation of all of their remaining outstanding options. Both option holders accepted the offer and an aggregate payment of £2.1 million was paid.

(ii) Options issued to other Directors

The following options at 31 December 2003 have been issued to the remaining Directors under the Employee Share Option Schemes (all stated after the 9 for 1 bonus issue).

| Name | Option Scheme | Number of Options | Exercise Price | Earliest Exercise Date | Latest Exercise Date | Note |
|------------|-----------------------------------|----------------------|-------------------|---------------------------|----------------------|------|
| K Eriksson | Employee Share Option Scheme 1999 | 84,360 | £1.48 | 28 August 2002 | 28 August 2009 | (a) |
| | Employee Share Option Scheme 2001 | 90,800 | £1.33 | 1 March 2003 | 28 February 2010 | |
| | Employee Share Option Scheme 2002 | 250,000 | £1.45 | 1 October 2005 | 30 September 2012 | |
| | Employee Share Option Scheme 2002 | 125,000* | £1.64 | 28 February 2006 | 27 February 2013 | |
| T Chambers | Employee Share Option Scheme 2001 | 508,000 | £1.33 | 1 March 2004 | 28 February 2010 | |
| | Employee Share Option Scheme 2002 | 75,000 | £1.45 | 1 October 2005 | 30 September 2012 | |
| | Employee Share Option Scheme 2002 | 250,000* | £1.64 | 28 February 2006 | 27 February 2013 | |
| M Gillis | Employee Share Option Scheme 2001 | 28,800 | £1.33 | 1 March 2003 | 28 February 2010 | |
| | Employee Share Option Scheme 2001 | 50,000 | £1.33 | 1 April 2005 | 12 June 2012 | |
| | Employee Share Option Scheme 2002 | 250,000 | £1.45 | 1 October 2005 | 30 September 2012 | |
| | Employee Share Option Scheme 2002 | 125,000* | £1.64 | 28 February 2006 | 27 February 2013 | |
| D Levin | Employee Share Option Scheme 2001 | 333,333 | £1.45 | 1 July 2003 | 30 September 2012 | |
| | - Tranche A | | | | | |
| | Employee Share Option Scheme 2001 | 333,333 | £1.45 | 1 March 2004 | 30 September 2012 | |
| | - Tranche B | | | | | |
| | Employee Share Option Scheme 2001 | 333,334 | £1.45 | 1 March 2005 | 30 September 2012 | |
| | - Tranche C | | | | | |
| | Employee Share Option Scheme 2002 | 300,000* | £1.64 | 28 February 2006 | 27 February 2013 | |
| C Davies | Employee Share Option scheme 2002 | 50,000* | £1.64 | 25 March 2006 | 24 March 2013 | |

* indicates options granted during the year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

16. CALLED-UP SHARE CAPITAL (continued)

No other options have lapsed or have been exercised by the other directors in the year.

Subsequent to the year end, following the sale of shares in the company by Psion to a combination of other shareholders, the company offered a cash bonus in return for the cancellation of all outstanding share options, regardless of exercise date. All of the directors accepted the offer and an aggregate payment of £2.7 million was paid as emoluments and all of the existing options were cancelled.

(iii) Options issued under Employee Share Option Schemes

The following options have been issued under Employee Share Option schemes, and remain outstanding at the year end, stated after the 9 for 1 bonus issue. The amounts stated below include the above options granted to K Eriksson, T Chambers, D Levin, M Gillis, and C Davies.

| Option Scheme | Number of Options | Exercise Price | Earliest Exercise Date | Latest Exercise Date | Note |
|-----------------------------------|-------------------|----------------|------------------------|----------------------|------|
| Employee Share Option Scheme 1998 | 77,000 | £0.62 | 1 January 2002 | 28 August 2008 | |
| Employee Share Option Scheme 1999 | 629,640 | £1.48 | 28 August 2002 | 28 August 2009 | |
| Employee Share Option Scheme 2000 | 7,500 | £12.00 | 1 July 2002 | 30 June 2009 | |
| – Tranche 1 | | | | | |
| Employee Share Option Scheme 2000 | 500 | £12.00 | 1 October 2003 | 31 December 2010 | (a) |
| – Tranche 2 | | | | | |
| Employee Share Option Scheme 2001 | 980,658 | £1.33 | 1 March 2003 | 28 February 2010 | |
| – Tranche 1 | | | | | |
| Employee Share Option Scheme 2001 | 2,395,416 | £1.33 | 1 March 2004 | 30 September 2012 | (b) |
| – Tranche 2 | | | | | |
| Employee Share Option Scheme 2002 | 4,709,300 | £1.45-£1.64 | 1 October 2005 | 6 July 2013 | (c) |

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.

Subsequent to the year end, following the sale of shares in the company by Psion to a combination of other shareholders, the company offered a cash bonus to every option holder in return for the cancellation of all outstanding share options, regardless of exercise date. The offer has not closed at the date of the accounts. An aggregate amount of approximately £5 million is expected to be paid as emoluments in 2004.

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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

| Group | Share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total shareholders' funds £'000 |
|---------------------|---------------------------|---------------------------|--|--|
| At 1 January 2002 | 1,727 | 121,573 | (96,989) | 26,311 |
| Loss for the year | - | - | (37,202) | (37,202) |
| Foreign exchange | - | - | 11 | 11 |
| Shares issued | 241 | 34,759 | - | 35,000 |
| At 1 January 2003 | 1,968 | 156,332 | (134,180) | 24,120 |
| Loss for the year | - | - | (26,505) | (26,505) |
| Foreign exchange | - | - | 86 | 86 |
| Shares issued | 105 | 16,976 | - | 17,081 |
| At 31 December 2003 | 2,073 | 173,308 | (160,599) | 14,782 |

| Company | Share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total shareholders' funds £'000 |
|---------------------|---------------------------|---------------------------|--|--|
| At 1 January 2002 | 1,727 | 121,573 | (98,267) | 25,033 |
| Loss for the year | - | - | (37,769) | (37,769) |
| Shares issued | 241 | 34,759 | - | 35,000 |
| At 1 January 2003 | 1,968 | 156,332 | (136,036) | 22,264 |
| Loss for the year | - | - | (26,361) | (26,361) |
| Shares issued | 105 | 16,976 | - | 17,081 |
| At 31 December 2003 | 2,073 | 173,308 | (162,397) | 12,984 |

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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

| Group | 2003 | | 2002 | |
|------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Expiry date | | | | |
| - within one year | 1,613 | - | 323 | - |
| - between two and five years | 862 | 4 | 2,214 | 28 |
| - after five years | 1,565 | - | 980 | - |
| At 31 December | 4,039 | 4 | 3,517 | 28 |

| Company | 2003 | | 2002 | |
|------------------------------|--------------------------------|----------------|--------------------------------|----------------|
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Expiry date | | | | |
| - within one year | - | - | - | - |
| - between two and five years | - | - | 2,001 | 4 |
| - after five years | - | - | 980 | - |
| At 31 December | - | - | 2,981 | 4 |

The Company's financial commitments were transferred to Symbian Software Limited at 31 December 2003.

(b) Pension arrangements

Symbian's pension scheme is a defined contribution pension scheme administered by William Mercer which is available to all employees. The pension charge for the year was £1,634,000 (2002 – £1,312,000). There were no outstanding pension contributions at year end.

(c) Group reorganisation

In respect of the group reorganisation described in the Directors' report, the company retains a contingent liability in the event of non-performance of 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. At the date of signing these financial statements the facility has not been drawn down.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

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 2003 is £35,346,000 (2002 – £21,108,193) 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 group trade debtors, prepayments and accrued income, accruals and deferred income at 31 December 2003 are amounts receivable under these agreements from:

| | Trade debtors | | Prepayments and accrued income | | Accruals and deferred income | |
|------------------------|---------------|--------------|-----------------------------------|--------------|---------------------------------|--------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Psion | 4 | 19 | 12 | 34 | - | - |
| Motorola | 1,719 | 2,646 | 330 | 189 | 2,755 | 1,530 |
| Nokia | 3,186 | 3,115 | 1,808 | 2,040 | 1,475 | 64 |
| Sony Ericsson | 603 | 1,074 | 929 | 7 | 904 | 172 |
| Siemens | 136 | 135 | 249 | 21 | 2,055 | 160 |
| Samsung | 103 | 117 | 29 | 22 | 137 | 160 |
| Panasonic (Matsushita) | 65 | 135 | 36 | 21 | 205 | 101 |
| | <u>5,816</u> | <u>7,242</u> | <u>3,393</u> | <u>2,334</u> | <u>7,531</u> | <u>2,087</u> |

Included in group trade creditors at 31 December 2003 is £900,000 owed to Nokia under a consulting contract between the two parties.

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

20. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | 2003 | 2002 |
|---|-----------------|-----------------|
| | £'000 | £'000 |
| Operating loss | (30,034) | (39,862) |
| Amortisation | 1,944 | 2,699 |
| Depreciation charge | 2,932 | 3,270 |
| Increase in debtors | (1,080) | (5,296) |
| Increase in creditors | 7,405 | 6,776 |
| Increase in provisions | 3,366 | 798 |
| Loss/(profit) on sale of fixed assets | 158 | (5) |
| Net cash outflow from operating activities | <u>(15,309)</u> | <u>(31,620)</u> |

SYMBIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

21. ANALYSIS AND RECONCILIATION OF NET FUNDS

| | 31 December 2002 £'000 | Cash flow £'000 | Exchange adjustments £'000 | 31 December 2003 £'000 |
|--|------------------------------|--------------------|----------------------------------|------------------------------|
| Cash | 2,197 | 19,694 | 37 | 21,928 |
| Short term bank deposits | 16,000 | (16,000) | - | - |
| Net funds | 18,197 | 3,694 | 37 | 21,928 |
| | | | 2003 £'000 | 2002 £'000 |
| Increase/(decrease) in cash in the year | | | 19,694 | (96) |
| Cash flow from (decrease)/increase in liquid resources | | | (16,000) | 1,400 |
| Change in net funds resulting from cash flows | | | 3,694 | 1,304 |
| Translation difference | | | 37 | 1 |
| <i>Movement in net funds in the year</i> | | | 3,731 | 1,305 |
| Net funds at 1 January | | | 18,197 | 16,892 |
| Net funds at 31 December | | | 21,928 | 18,197 |

22. SUBSEQUENT EVENTS

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.

Subsequent to 13 July 2004 the company has issued a further 38,950 shares at prices between £1.33 and £2.30 per share.