ANDERSEN

Symbian Limited

Annual report and financial statements
for the year ended 31 December 2001

Registered number: 1796587

Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report for the year ended 31 December 2001.

Principal activity and business review

Symbian 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 was formed as a joint venture between Psion plc, Ericsson and Nokia in August 1998. During 1999 Motorola and Matsushita also became shareholders. At 31 December 2001, the percentage shareholdings were approximately Psion plc 28%, Ericsson 21%, Motorola 21%, Nokia 21% and Matsushita 9%. 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. Subsequent to the year end, Sony Ericsson also became a shareholder.

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 2001 are set out on pages 7 to 29. The group loss for the year after taxation was £42,097,000 (2000 - £31,093,000). The directors do not recommend the payment of a dividend (2000 - £nil).

Directors

The directors who served during the year were:

N. Myers		
W. Batchelor		
S. Randall		
D. Wood		
K. Eriksson		
M. Edwards		
T. Chambers		(appointed 15 February 2001)
D. Potter	Non-executive Chairman	(Executive Chairman from 14 February 2002)
M. Terho	Non-executive	(resigned 14 February 2002)
J. Upton	Non-executive	(resigned 1 February 2002)
A. Waesterlid	Non-executive	

Directors (continued)

O. Mattsson	Non-executive	(resigned 14 May 2001)
J. Hayrynen	Non-executive	
D. Levin	Non-executive	
K. Suda	Non-executive	
B. Albrecht	Non-executive	(resigned 10 July 2001)
E. Altman	Non-executive	(appointed 11 July 2001)
P. Vanhoutte	Non-executive	(appointed 30 June 2001, resigned 4 October 2001)
A. Raj	Non-executive	(appointed 4 October 2001)
J. Thode	Non-executive	(appointed 1 February 2002)
P. Valjus	Non-executive	(appointed 14 February 2002)

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

Supplier payment policy

The group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction and to abide by those terms. As at 31 December 2001, the number of days of annual purchases represented by year end creditors for the group amounted to 48 days (2000 - 52).

Charitable and political donations

During the year the group made charitable donations of £10,000 (2000 - £nil). There were no (2000 - £nil) political donations.

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 £34,674,000 (2000 - £33,313,000), which in line with established accounting policies was expensed as incurred.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

19 Harcourt Street
London
W1H 1DT

By order of the Board,

S. P. Williams
Secretary

22 February 2002

Directors' responsibilities

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 and of the profit or loss of the group for that year. 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, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ANDERSEN

To the shareholders of Symbian Limited:

We have audited the financial statements of Symbian Limited for the year ended 31 December 2001 which comprise the profit and loss account, balance sheets, cash flow statement, statement of total recognised gains and losses and the related notes numbered 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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 are set out in the Statement of directors' responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and United Kingdom 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 other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' report and the Statement of directors' responsibilities. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 of 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.

ANDERSEN

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 December 2001 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

22 February 2002

Consolidated profit and loss account

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Turnover	2	17,651	14,334
Cost of sales		(11,413)	(9,695)
Gross profit		6,238	4,639
Other operating expenses (net)	3	(49,467)	(46,323)
Operating loss		(43,229)	(41,684)
Interest receivable	4	1,485	2,786
Interest payable and similar charges	5	(176)	(198)
Loss on ordinary activities before taxation	6	(41,920)	(39,096)
Tax on loss on ordinary activities	8	(177)	8,003
Loss for the financial year	17	(42,097)	(31,093)

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

Consolidated statement of total recognised gains and losses

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Loss for the financial year	17	(42,097)	(31,093)
Loss on foreign currency translation	17	(42)	(47)
Total recognised gains and losses relating to the year		(42,139)	(31,140)

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

Consolidated balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	10	4,633	7,320
Tangible assets	11	6,438	8,243
		11,071	15,563
Current assets			
Debtors	13	11,059	36,201
Cash at bank and in hand		16,892	10,579
		27,951	46,780
Creditors: Amounts falling due within one year	14	(9,836)	(11,258)
Net current assets		18,115	35,522
Total assets less current liabilities		29,186	51,085
Provisions for liabilities and charges	15	(2,875)	(2,635)
Net assets		26,311	48,450
Capital and reserves			
Called-up share capital	16	1,727	1,692
Share premium account	17	121,573	101,608
Profit and loss account	17	(96,989)	(54,850)
Total Equity Shareholders' Funds	17	26,311	48,450

Signed on behalf of the Board by:

D Potter Director

22 February 2002

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

Company balance sheet

31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	10	4,633	7,320
Tangible assets	11	5,899	7,411
Investments	12	59	59
		10,591	14,790
Current assets			
Debtors	13	10,447	35,551
Cash at bank and in hand		16,148	10,408
		26,595	45,959
Creditors: Amounts falling due within one year	14	(9,278)	(10,373)
Net current assets		17,317	35,586
Total assets less current liabilities		27,908	50,376
Provisions for liabilities and charges	15	(2,875)	(2,635)
Net assets		25,033	47,741
Capital and reserves			
Called-up share capital	16	1,727	1,692
Share premium account	17	121,573	101,608
Profit and loss account	17	(98,267)	(55,559)
Total Equity Shareholders' Funds	17	25,033	47,741

Signed on behalf of the Board by:

D Potter Director

22 February 2002

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

Consolidated cash flow statement

For the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Net cash outflow from operating activities	20	(30,797)	(38,342)
Returns on investments and servicing of finance			
Interest received		917	4,551
Interest paid		(222)	(190)
Net cash inflow from returns on investments and servicing of finance		695	4,361
Taxation			
UK corporation tax losses bought by shareholders		*4,750*	*4,206*
Foreign tax paid		(284)	(85)
Net cash inflow from taxation		4,466	4,121
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(43)	(15)
Payments to acquire tangible fixed assets		(1,986)	(6,414)
Receipts from sale of tangible fixed assets		27	0
Net cash outflow from capital expenditure and financial investment		(2,002)	(6,429)
Acquisitions and disposals			
Purchase of subsidiary undertakings		-	-
Net cash outflow from acquisitions and disposals		-	-
Cash outflow before management of liquid resources and financing		(27,638)	(36,289)
Management of liquid resources			
Increase in amounts on short term deposits		(5,600)	(5,466)
Decrease in amounts on deposit with shareholders		16,900	41,850
Cash inflow from liquid resources		11,300	36,384
Financing			
Issue of ordinary share capital		20,000	-
Repayment of loan from shareholder		(3,000)	-
Net cash inflow from financing		17,000	-
Increase in cash in the year	21	662	95

1 Statement of accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are as follows:

a) Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable 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 2001, 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 shares issued since year-end referred to in note 22 the directors believe the group has sufficient funds to continue in operation for the foreseeable future. Accordingly, the directors have prepared the accounts on a 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. 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, less accumulated depreciation. 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
Motor vehicles	-	25% per annum

e) Investments

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

1 Statement of accounting policies (continued)

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 beyond reasonable doubt 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.

h) Long term contracts

Turnover on long term contracts for specific customers is recognised according to the stage reached in the contract by reference to the value of work done. An estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty.

i) Pension costs

From 1 April 2000 the company began its own pension scheme and all contributions subsequent to this date were paid into the new Symbian Scheme. The scheme was 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 rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. 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 rate.

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.

1 Statement of accounting policies (continued)

k) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The assets are depreciated over the shorter of their lease term and their useful economic lives. Finance charges are allocated to accounting periods over the period of the leases to produce a constant rate of return on the outstanding balance.

Rentals under operating leases are charged, on a straight-line basis, to the profit and loss account over the lease term.

2 Segment information

a) The source of group turnover and result for the year is the United Kingdom. It 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:

2001	Royalties £'000	Consulting services £'000	Other £'000	Total £'000
Turnover	3,243	14,205	203	17,651
Cost of sales	(1,561)	(9,130)	(722)	(11,413)
Gross profit	1,682	5,075	(519)	6,238

2000	Royalties *£'000*	Consulting services *£'000*	Other *£'000*	Total *£'000*
Turnover	4,569	8,577	1,188	14,334
Cost of sales	(1,553)	(6,828)	(1,314)	(9,695)
Gross profit	3,016	1,749	(126)	4,639

Revenue from consulting services and other income is derived in part from the work of directly attributable staff. The costs of these staff are charged to cost of sales. In the current year the company changed its method of allocation to include a proportion of facilities costs and depreciation on tangible assets within this charge to cost of sales. As a result, the prior year comparatives have been reclassified for consistency, increasing cost of sales by £2,266,000 with a corresponding decrease in other operating expenses (net) (see note 3).

2 Segment information (continued)

b) Turnover by destination:

	2001 £'000	2000 £'000
United Kingdom	1,832	4,902
Rest of Europe	12,262	7,254
Rest of the World	3,557	2,178
	17,651	14,334

3 Other operating expenses (net)

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

	2001 £'000	2000 £'000
Research and development (including amortisation of goodwill)	34,674	33,313
Marketing and sales	6,996	6,354
Administration	7,797	6,656
Other operating expenses (net)	49,467	46,323
Consulting services and other (allocated to cost of sales, see note 2)	8,223	6,671
Gross operating expenses	57,690	52,994

4 Interest receivable

	2001 £'000	2000 £'000
On amounts on deposit with shareholders	867	2,345
Bank interest	618	441
	1,485	2,786

5 Interest payable and similar charges

	2001 £'000	2000 £'000
On long term loans from shareholders	153	191
Bank Charges	23	7
	176	198

6 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2001 £'000	2000 £'000
Amortisation	2,730	2,730
Depreciation		
- owned	3,536	2,654
Operating lease rentals		
- other	3,795	3,399
Auditors' remuneration for audit services	49	25
Loss on disposal of fixed assets	187	62

Amounts payable to Arthur Andersen and their associates by the Company and its UK Subsidiary undertakings in respect of non – audit services were £153,947 (2000 - £46,770).

7 Staff costs

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

	2001 £'000	2000 £'000
Wages and salaries	23,846	19,316
Social security costs	4,605	3,441
Other pension costs	2,202	971
	30,653	23,728

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

	2001 Number	2000 Number
Research and development	386	352
Marketing and sales	56	50
Consulting services and other	128	91
Finance, legal, human resources and administration	75	64
	645	557

7 Staff costs (continued)

b) Directors of the Company received the following remuneration:

	2001 £'000	2000 £'000
Emoluments	1,132	846
Company contributions to money purchase pension schemes	54	42
	1,186	888

The average number of directors who were members of pension schemes was as follows:

	2001 Number	2000 Number
Money purchase schemes	6	6

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

	2001 £'000	2000 £'000
Emoluments	209	216
Company contribution to pension scheme	13	13
	222	229

c) Directors share options

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.

8 Tax on loss on ordinary activities

The tax charge (credit) is based on the loss for the period and comprises:

	2001 £'000	2000 £'000
Gross tax recoverable from shareholders for UK Corporation tax consortium relief at 30% (2000:30%)	(11,783)	(11,227)
Consortium relief not taken up in respect of current year losses	9,308	4,154
Consortium relief not taken up in respect of prior year losses	2,323	-
Overseas taxation	329	218
Deferred tax arising from capital allowances	-	(1,148)
	177	(8,003)

9 Profit attributable to Symbian Limited

The loss for the financial year dealt with in the financial statements of the parent company, Symbian Limited, was £42,708,104 (2000: £31,733,000). As permitted by s230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

10 Intangible fixed assets

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

Cost	Group £'000	Company £'000
At 1 January 2001	13,712	13,712
Additions	43	43
At 31 December 2001	13,755	13,755
Amortisation		
At 1 January 2001	6,392	6,392
Charge for the year	2,730	2,730
At 31 December 2001	9,122	9,122
Net Book Value		
At 1 January 2001	7,320	7,320
At 31 December 2001	4,633	4,633

11 Tangible fixed assets

Group

	Leasehold improvements £'000	Computers and equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2001	2,228	8,393	1,922	49	12,592
Additions	977	845	136	28	1,986
Disposals	(232)	(197)	(74)	(15)	(518)
Exchange adjustment	(4)	(51)	(3)	-	(58)
At 31 December 2001	2,969	8,990	1,981	62	14,002
Depreciation					
At 1 January 2001	249	3,441	610	49	4,349
Charge for the year	519	2,669	343	5	3,536
Disposals	(100)	(152)	(37)	(15)	(304)
Exchange adjustment	-	(16)	(1)	-	(17)
At 31 December 2001	668	5,942	915	39	7,564
Net Book Value					
At 1 January 2001	1,979	4,952	1,312	-	8,243
At 31 December 2001	2,301	3,048	1,066	23	6,438

Company

	Leasehold improvements £'000	Computers and equipment £'000	Furniture and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 January 2001	2,091	7,803	1,378	49	11,321
Additions	977	791	133	28	1,929
Disposals	(232)	(75)	(15)	(15)	(337)
At 31 December 2001	2,836	8,519	1,496	62	12,913
Depreciation					
At 1 January 2001	243	3,156	462	49	3,910
Charge for the year	496	2,485	294	5	3,280
Disposals	(100)	(56)	(5)	(15)	(176)
At 31 December 2001	639	5,585	751	39	7,014
Net book value					
At 1 January 2001	1,848	4,647	916	-	7,411
At 31 December 2001	2,197	2,934	745	23	5,899

12 Investments

	2001
Subsidiary undertakings	£'000
Cost	
At 1 January 2001	59
Additions	-
At 31 December 2001	59
Amounts written off	
Beginning and end of period	-
Net book value	
At 1 January 2001	59
At 31 December 2001	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 KK	Japan	Marketing, Sales and Technical Support	200 ordinary shares of YEN50k each	100%
Symbian AB	Sweden	Research and Development	1,000 ordinary shares of SEK100 each	100%
Symbian (UK) Limited	England	UK operating company	2 ordinary shares of £1.00 each	100%

On 23 April 2001 the company purchased all of the ordinary share capital of BROOMCO (2501) Limited. This company subsequently changed its name to Symbian (UK) Limited.

13 Debtors

	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Amounts falling due within one year:				
Trade debtors (see note 19)	2,736	2,736	2,274	2,274
Amounts recoverable on contracts	872	872	1,294	1,294
Amounts on deposit with shareholders	-	-	16,900	16,900
VAT	366	288	914	773
Amounts recoverable from shareholders for consortium relief	2,475	2,475	7,073	7,073
Other debtors (see note 19)	2,152	2,115	4,037	3,546
Prepayments and accrued income	2,458	1,961	3,709	3,691
	11,059	10,447	36,201	35,551

The amounts on deposit with shareholders were all repaid during the year. The company received interest at a rate of approximately 3 month LIBOR + 0.15% on outstanding balances.

14 Creditors: amounts falling due within one year

	2001		2000	
	Group £'000	Company £'000	Group £'000	Company £'000
Trade creditors (see note 19)	1,581	1,408	1,505	1,222
Amounts owed to group undertakings	-	328	-	360
Overseas Tax	269	-	158	-
Other taxation and social security	529	526	884	618
Accruals and deferred income	7,457	7,016	5,711	5,173
Loan from shareholders	-	-	*3,000*	*3,000*
	9,836	9,278	11,258	10,373

The loan from shareholders was repaid in full on 1 December 2001. It carried interest at a rate of approximately 3 month LIBOR plus 0.15%.

15 Provisions for liabilities and charges

Provisions for liabilities and charges comprise:

Group	2001			2000		
	Deferred tax £'000	Share options and related NI £'000	Total £'000	Deferred tax £'000	Share options and related NI £'000	Total £'000
At 1 January	-	2,635	2,635	1,148	1,327	2,475
Charged/(credited) to profit and loss account	-	240	240	(457)	1,308	851
Credit for tax losses	-	-	-	(691)	-	(691)
At 31 December	-	2,875	2,875	-	2,635	2,635

Company	2001			2000		
	Deferred tax £'000	Share options and related NI £'000	Total £'000	Deferred tax £'000	Share options and related NI £'000	Total £'000
At 1 January	-	2,635	2,635	1,148	1,327	2,475
Charged/(credited) to profit and loss account	-	240	240	(457)	1,308	851
Credit for tax losses	-	-	-	(691)	-	(691)
At 31 December	-	2,875	2,875	-	2,635	2,635

Deferred tax

Group and company	2001 £'000	2000 £'000
Deferred tax is provided as follows:		
Accelerated capital allowances	-	691
Other timing differences	-	-
Offsetting tax losses	-	(691)
	-	-

Deferred tax is provided on all timing differences. Any liability arising is offset against the tax asset arising from available net operating losses. Deferred tax assets arising on timing differences are not recognised.

15 Provisions for liabilities and charges (continued)

Directors' share option scheme

Certain directors have each been issued 3 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 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.

In accordance with FRS12 and based on the value of the Company at the year-end, 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, an IPO occurring and the company being acquired.

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.

In accordance with FRS12 and based on the value of the Company at the year-end, 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.

16 Called-up share capital

	2001 £'000	2000 £'000
Authorised		
190,000,000 ordinary shares of 1 pence each (2000 – 169,271,000 ordinary shares of 1 pence each)	1,900	1,692
Allotted, called-up and fully-paid		
172,665,433 ordinary shares of 1 pence each (2000 – 169,271,000 ordinary shares of 1 pence each)	1,727	1,692

On 8 June 2000 the ordinary shareholders approved a 9 for 1 bonus issue of shares. The shares created by the bonus issue rank pari passu in all respects to the existing shares.

On 15 February 2001 the authorised share capital of the company was raised to 190,000,000 shares of £0.01 each. On 28 February 2001, the company issued the 3,394,433 rights issue shares of £0.01, nil-paid pro-rata to the existing shareholders at a premium of £5.882 per share. All shares are now fully paid up.

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. They remain outstanding at 31 December 2001.

	Year 3 option Number	Year 4 option Number	Year 5 option Number
N. Myers	731,250	585,000	536,250
W. Batchelor	426,560	341,250	312,810
S. Randall	426,560	341,250	312,810
D. Wood	365,630	292,500	268,130
Total	1,950,000	1,560,000	1,430,000

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

(ii) Creation of 2001 scheme

During the year the company set up the Employee Share Option Scheme 2001, "ESOS 2001". Holders of options under the Employee Share Option Scheme 2000 were given an opportunity to cancel the option granted under that scheme and replace it with an option under the "ESOS 2001".

The grant of options under ESOS 2001 was made by the Symbian Employee Benefit Trust ("The Trust") which was established on 15 June 2001.

Subsequent to the year end the holders of options under the ESOS 2001 were given the opportunity to alter the exercise price of their options granted at £6 per share with options granted at £1.33 per share, the deemed fair value at that time.

The number of option shares in notes (iii) and (iv) is the amount outstanding at 31 December 2001.

16 Called-up share capital (continued)

(iii) Options issued to other Directors

The following options 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	*(b)*
	Employee Share Option Scheme 2001	90,800	£1.33	1 March 2003	28 February 2010	
M. Edwards	Employee Share Option Scheme 2001	90,800	£1.33	1 March 2004	28 February 2010	
T. Chambers	Employee Share Option Scheme 2001	508,000	£1.33	1 March 2004	28 February 2010	

All directors holding shares under the Employee Share Option Scheme 2000 cancelled them in the year.

(iv) 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 options granted to K. Eriksson, M. Edwards and T. Chambers above.

Option Scheme	Number of Options	Exercise Price	Earliest Exercise Date	Latest Exercise Date	*Note*
Employee Share Option Scheme 1998	432,000	£0.62	28 August 2001	28 August 2008	*(a)*
Employee Share Option Scheme 1999	864,140	£1.48	28 August 2002	28 August 2009	*(b)*
Employee Share Option Scheme 2000 – Tranche 1	107,600	£12.00	1 July 2002	30 June 2009	
Employee Share Option Scheme 2000 – Tranche 2	4,000	£12.00	1 October 2003	31 December 2010	*(c)*
Employee Share Option Scheme 2001 – Tranche 1	1,288,188	£1.33	1 March 2003	28 February 2010	
Employee Share Option Scheme 2001 – Tranche 2	993,933	£1.33	1 March 2004	31 December 2011	*(d)*

Notes

(a) The options vest between 28 August 2001 and 28 August 2003 dependent on meeting certain cumulative sales targets (see note 15). If those criteria are met between 28 August 2003 and 28 August 2004, only a proportion of the options vest.

(b) The options vest between 28 August 2002 and 28 August 2004 dependent on meeting certain cumulative sales targets. If those criteria are met between 28 August 2004 and 28 August 2005, only a proportion of the options vest.

(c) 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.

(d) 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.

17 Reconciliation of movements in reserves and shareholders' funds

Group

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2000	169	103,131	(23,710)	79,590
Loss for the year	-	-	(31,093)	(31,093)
Foreign exchange	-	-	(47)	(47)
Conversion to share capital	1,523	(1,523)	-	-
At 1 January 2001	1,692	101,608	(54,850)	46,450
Loss for the year	-	-	(42,097)	(42,097)
Foreign Exchange	-	-	(42)	(42)
Shares issued	35	19,965	-	20,000
At 31 December 2001	1,727	121,573	(96,989)	26,311

Company

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total shareholders' funds £'000
At 1 January 2000	169	103,131	(23,826)	79,474
Loss for the year	-	-	(31,733)	(31,733)
Conversion to share capital	1,523	(1,523)	-	-
At 1 January 2001	1,692	101,608	55,559	47,741
Loss for the year	-	-	(42,708)	(42,708)
Shares issued	35	19,965	-	20,000
At 31 December 2001	1,727	121,573	(98,267)	(25,033)

18 Guarantees and other financial commitments

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

	2001		2000	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Group				
Expiry date				
- within one year	77	8	140	-
- between two and five years	2,349	4	2,289	16
- after five years	980	-	1,193	-
	3,406	12	3,622	16

	2001		2000	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Company				
Expiry date				
- within one year	-	8	140	-
- between two and five years	1,822	4	1,790	16
- after five years	980	-	980	-
	2,802	12	2,910	16

Included within the annual obligations for land and buildings are amounts relating to sub-let properties. A contingent liability will exist if the group is unable to sub-let leased properties.

b) Pension arrangements

Symbian's pension scheme is a contributory pension scheme administered by William Mercer which is available to all employees. The pension case charge for the year was £2,202,000 (2000: £971,000). There were no outstanding pension contributions to either scheme at year end.

19 Related party transactions

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

Included in turnover for the year to 31 December 2001 is £13,629,000 (2000: £12,111,486) 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 trade debtors at 31 December 2001 are amounts receivable under these agreements from:

	2001 £'000	2000 £'000
Ericsson	488	461
Psion	161	37
Motorola	242	30
Nokia	1,394	897
Sony Ericsson	322	-
Matsushita	-	225
	2,607	1,650

The company also paid rent to Psion plc of £129,258 (2000: £172,344) during the year. Included in trade creditors and accruals at 31 December 2001 is an amount payable to Psion plc in respect of this, exclusive of VAT, of £25,788 (2000: £1,732).

At 31 December 2001, the Company had the following loan balances outstanding to and from its shareholders:

	2001 £'000	2000 £'000
Amounts on deposit with:		
Ericsson (Holdings) Limited	-	3,900
Nokia R&D (UK) Limited	-	3,900
Motorola	-	3,900
Psion plc	-	5,200
Loans to the Company from:		
Psion plc	-	(3,000)

The loans were all repaid during the year.

19 Related party transactions (continued)

Interest receivable and payable in the year on these loans are included within other debtors and creditors at 31 December 2001 and amounted to:

	Receivable/ (payable) during the year £'000	*Receivable/ (payable) at 31 December 2001* £'000	*Receivable/ (payable) at 31 December 2000* £'000
On amounts on deposit with:			
Ericsson (Holdings) Limited	186	-	83
Nokia R&D (UK) Limited	185	267	82
Motorola	188	270	82
Psion plc	248	359	111
On loans to the Company from:			
Psion plc	(153)	-	(47)

20 Reconciliation of operating loss to net cash outflow from operating activities

	2001 £'000	2000 £'000
Operating loss	(43,229)	(41,684)
Amortisation	2,730	2,730
Depreciation charge	3,536	2,654
Decrease (increase) in debtors	4,225	(5,504)
Increase in creditors	1,514	2,092
Increase in provisions	240	1,308
Loss on fixed assets	187	62
Net cash outflow from operating activities	(30,797)	(38,342)

21 Analysis and reconciliation of net funds

	1 January 2001 £'000	Cash flow £'000	Exchange adjustments £'000	31 December 2001 £'000
Cash at bank and in hand	1,579	662	51	2,292
Short term bank deposits	9,000	5,600	-	14,600
Shareholder loans payable	(3,000)	3,000	-	-
Amounts on deposit with shareholders	16,900	(16,900)	-	-
Net funds	24,479	(7,638)	51	16,892

22 Subsequent events and financing

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. Their share was taken up pro-rata by Sony Ericsson, as a new shareholder.

Following the share issue referred to above, the group received £20.75m of funding in January and February 2002. The group will continue to seek additional funding during 2002. In the absence of such additional funding the group's business plan shows it has cash to carry out its operating plan for at least twelve months from the date of these accounts. In the event that revenue does not meet management's business plan and further funding is not secured then action will be taken to reduce costs, thereby ensuring the group remains a going concern.