

Semiconductor Components Industries UK Limited
Directors' report and financial statements
31 December 2000

Registered Number 3765736



Semiconductor Components Industries UK Limited

Directors' report and financial statements

31 December 2000

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Semiconductor Components Industries UK Limited

Directors' report for the year ended 31 December 2000

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2000. The company was incorporated on 7 May 1999. On 4 August 1999, SCG Holding Corporation, the company's parent undertaking, transferred the assets and liabilities of its UK operations to the company and the company commenced trading.

Principal activities and review of business

The company's principal activity is the sale of electronic devices. The directors believe that the current level of operating activity will be maintained in the future.

Results and dividends

The results for the period are set out in the profit and loss account on page 4.

No dividends were paid in respect of the year (1999 - £nil). The profit for the year was £229,905 (1999 - £843,196).

Directors

The directors who held office during the year were:

A Banham (appointed 4 August 1999)
J Caprais (appointed 28 February 2000)

None of the directors held any notifiable interest in the shares of the company at any time during the period.

Directors' responsibilities

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for the financial period.

The directors consider that in preparing the financial statements on pages 4 to 12, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards, which they consider to be applicable, have been followed.

The directors have responsibility for ensuring that the company keeps accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Employment of disabled persons

The company considers applications for employment, including those from disabled persons, in the light of its requirements and the qualifications, aptitudes and abilities of each individual. Should employees become disabled during the course of their employment every practical effort will be made to retain their services and to provide retraining where necessary. All employees are eligible for consideration for appropriate training, career development and promotional opportunities and disabled persons are not treated differently in this respect.

Semiconductor Components Industries UK Limited

Employee involvement

The company maintains a policy of informing and consulting employees upon matters of concern to them affecting their immediate jobs. The means employed to achieve these objectives vary from formal intimations disseminated by notices to all employees, to discussion and debate within various committees. These committees meet regularly and involve personnel at all levels. The company provides employees with information on the trading performance of the company and encourages interest from the employees in suggesting methods of improvement in production techniques or methods of improving profitability.

Creditor payment policy

The company's policy with regard to the payment of suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of the payment;
- pay in accordance with its contractual and legal obligations.

During the year ended 31 December 2000 the company took an average of 25 days (period ended 31 December 1999 - 31 days) to settle its bills with suppliers.

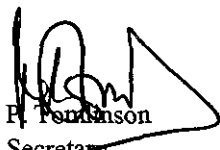
Charitable donations

Contributions for charitable purposes totalled £588 (1999 - £nil) during the year.

Auditors

Our auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office.

By order of the Board


P. Parkinson
Secretary
25 October 2001

7A Northumberland Buildings
Queen Square
Bath
BA1 2JB

Semiconductor Components Industries UK Limited

Auditors' report to the shareholders of Semiconductor Components Industries UK Limited

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with 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 company's circumstances, 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 the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
Glasgow

25 October 2001

Semiconductor Components Industries UK Limited

Profit and loss account for the year ended 31 December 2000

		Year ended 31 December 2000	5 months ended 31 December 1999
	Notes	£	£
Turnover	2	292,998,518	102,659,036
Cost of sales		(273,852,826)	(94,700,365)
Gross profit		19,145,692	7,958,671
Distribution costs		(14,731,985)	(5,778,260)
Administrative expenses		(3,087,873)	(630,500)
Other operating expenses		(239,838)	(35,050)
Operating profit		1,085,996	1,514,861
Interest receivable	3	118,732	30,412
Interest payable	4	(942,666)	(212,077)
Profit on ordinary activities before taxation	5	262,206	1,333,196
Tax on profit on ordinary activities	8	(32,301)	(490,000)
Profit for the year / period		229,905	843,196
Retained profit brought forward		843,196	-
Retained profit carried forward		1,073,101	843,196

There are no recognised gains or losses other than the profit for the year. All results arose from continuing operations.

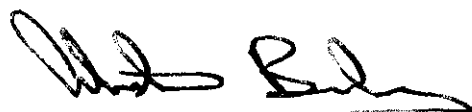
The notes of pages 6 to 12 form an integral part of the financial statements.

Semiconductor Components Industries UK Limited

Balance sheet as at 31 December 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	9	121,076	58,337
		121,076	58,337
Current assets			
Stocks	10	11,140,316	7,165,125
Debtors	11	34,040,962	32,609,933
Cash at bank and in hand		1,855,525	1,448,496
		47,036,803	41,223,554
Creditors: amounts falling due within one year	12	(37,671,057)	(28,520,773)
Net current assets		9,365,746	12,702,781
Total assets less current liabilities		9,486,822	12,761,118
Creditors: amounts falling due after more than one year	13	(6,257,352)	(9,761,553)
		3,229,470	2,999,565
Capital and reserves			
Called up share capital	15	2,155,371	1,000
Share premium account	16	998	2,155,369
Profit and loss account		1,073,101	843,196
Equity shareholder's funds	17	3,229,470	2,999,565

Approved by the board on 25 October 2001



Director

The notes on pages 6 to 12 form part of these financial statements.

Semiconductor Components Industries UK Limited

Notes to the financial statements for the year ended 31 December 2000

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Cash flow statement and related party disclosures

The company's results are included in the consolidated financial statements of the ultimate parent undertaking (Note 20) which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1. The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the On Semiconductor Corporation group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Tangible fixed assets are depreciated on a straight line basis to write off the cost of assets over their estimated useful lives. The depreciation base for the major classes of assets is as follows:

Machinery and equipment	2 to 3 years
Furniture & fixtures	10 years

Foreign exchange transactions

Transactions undertaken in foreign currencies are translated using average exchange rates ruling during the month of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities at the balance sheet date are translated using the closing rate. Exchange differences arising are reported as part of the result for the period.

Deferred taxation

It is the policy of the company to provide for deferred taxation at appropriate rates of corporation tax in respect of timing differences where there is a reasonable probability that such taxation will become payable in the foreseeable future.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value.

Pension costs

Pension contributions are charged to the profit and loss account as incurred which, in the opinion of the directors, spreads the cost of pensions over employees' working lives.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

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2 Turnover

Turnover comprises the invoiced value of sales, net of value added tax, for goods supplied during the year. The Directors consider that this represents one class of activity and turnover is split by geographical market as follows:

	2000	1999
	£	£
Europe	249,845,809	86,511,264
North America	21,848,522	9,343,297
Asia	21,304,187	6,804,475
	292,998,518	102,659,036

3 Interest receivable

	2000	1999
	£	£
Bank interest	118,732	30,412

4 Interest payable

	2000	1999
	£	£
Interest payable on loans from group undertakings	942,666	212,077

5 Profit on ordinary activities before taxation

This is stated after charging the following:

	2000	1999
	£	£
Auditors' remuneration -- audit services	13,760	13,750
Auditors' remuneration -- non audit services	8,000	5,000
Depreciation	6,711	103,698
Operating lease rentals -- motor vehicles	83,438	19,257
(Gain) / Loss on sale of fixed assets	(167,291)	91,315
Exchange loss on foreign currency translation	188,300	-

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6 Staff costs

	2000	1999
	£	£
Wages and salaries	1,130,211	343,144
Social security costs	110,491	34,400
Other pension costs (Note 19)	84,017	43,520
	1,324,719	421,064

The average number of persons employed during the year was 19 (1999: 17).

7 Directors' remuneration

	2000	1999
	£	£
Directors' emoluments were as follows:		
Aggregate emoluments	108,712	84,801
Pension contributions	4,427	6,878
	113,139	91,679

Two directors were granted share options in the ultimate parent undertaking during the year. Neither director exercised any share options during the year.

Retirement benefits are accruing to one director under a defined contribution pension scheme.

8 Taxation on profit on ordinary activities

	2000	1999
	£	£
UK Corporation tax at 30%		
- current period	40,987	490,000
- prior year overprovision	(8,686)	-
	32,301	490,000

Semiconductor Components Industries UK Limited

9 Tangible fixed assets

	Machinery & equipment £
Cost	
At 1 January 2000	153,810
Additions	122,684
Disposals	(153,843)
At 31 December 2000	122,651
Depreciation	
At 1 January 2000	95,473
Charge for year	6,711
Disposals	(100,609)
At 31 December 2000	1,575
Net book value	
At 31 December 2000	121,076
31 December 1999	58,337

At 31 December 2000 capital expenditure contracted for but not provided in the financial statements amounted to £nil (31 December 1999 - £nil).

10 Stocks

	2000 £	1999 £
Finished goods and goods for resale	11,140,316	7,165,125

11 Debtors

	2000 £	1999 £
Trade debtors	1,946,425	7,571,358
Amounts owed by group undertakings	31,234,351	24,835,595
Corporation tax recoverable	585,273	-
Prepayments and accrued income	274,913	202,980
	34,040,962	32,609,933

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12 Creditors: Amounts falling due within one year

	2000	1999
	£	£
Trade creditors	1,633,779	2,081,995
Amounts due to group undertakings	32,558,759	22,933,389
Other taxes and social security costs	1,590,193	2,173,793
Other creditors	1,458,487	302,391
Accruals	429,839	539,205
Corporation taxation	-	490,000
	37,671,057	28,520,773

13 Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Intergroup loan	6,257,253	9,761,553

The loan was advanced from the ultimate parent undertaking and bears interest at 10.5% per annum.

	2000	1999
	£	£
The loan is repayable as follows:		
- between two and five years	8,373,993	7,294,951
- beyond five years	-	2,466,602
	8,373,993	9,761,553

14 Deferred taxation

The company has no deferred taxation liability as at 31 December 2000 (1999 - £nil). The potential deferred taxation asset of £24,318 at 30% (1999 - £71,949 at 30%) which has not been recorded in the financial statements, comprises:-

	2000	1999
	£	£
Accelerated capital allowances	(23,730)	23,901
Other timing differences	48,048	48,048
	24,318	71,949

Semiconductor Components Industries UK Limited

15 Called up share capital

	2000	1999
	£	£
Authorised – 5,000,000 (1999 – 1,000) of £1 each	5,000,000	1,000
Alotted and fully paid Ordinary shares : 2,155,371 (1999 - 1,000) of £1 each	2,155,371	1,000

On 28 February 2000 the authorised share capital was increased to 5,000,000 shares of £1 each. On 9 May 2000, the company undertook a bonus issue of 2,154,371 shares for 1000 ordinary £1 shares, paying up the corresponding amount from the share premium account.

The company was incorporated initially by the issue of 2 ordinary shares. On 4 August 1999 a further issue of 998 shares was made.

16 Share premium account

	2000	1999
	£	£
Opening Share Premium	2,155,369	-
In respect of new shares issued in the period	-	2,155,369
Paid up in respect of bonus issue (Note 15)	(2,154,371)	-
Closing Share Premium	998	2,155,369

17 Shareholder's funds

	2000	1999
	£	£
Profit for the financial year	229,905	843,196
Proceeds from issue of new shares	-	2,156,369
Net increase in shareholders' funds	229,905	2,999,565
Opening shareholders' funds	2,999,565	-
Closing shareholders' funds	3,229,470	2,999,565

18 Commitments

Payments to be made during the year ending 31 December 2001 in respect of motor vehicles held under operating leases comprise those whose commitments expire as follows:

	2000	1999
	£	£
- within one year	42,728	7,761
- in two to five years	75,577	27,158
	118,305	34,919

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19 Pension scheme

The company operates a defined contribution group personal pension scheme. Contributions are charged to the profit and loss account as incurred and were determined by an independent qualified actuary to equate substantially to those provided within the Motorola Limited main plan in which individuals had previously participated.

The assets of the scheme are held separately from those of the company, being invested by insurance companies. The premium cost charge represents contributions payable by the company to the fund and amounted to £84,017 (1999 - £43,520). Contributions totalling £13,548 (1999 - £43,520) were payable to the year-end and are included in other creditors.

20 Parent undertaking

The company's ultimate parent undertaking is SCG Holding Corporation, a company incorporated in the United States of America. Subsequent to the year-end, SCG Holding Corporation changed its name to ON Semiconductor Corporation.

Copies of the group consolidated financial statements can be obtained from 5005 East McDowell Road, Phoenix, AZ 85 008, United States of America.