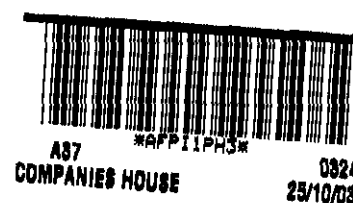


**ON Semiconductor Limited**  
**(formerly Semiconductor Component Industries**  
**UK Limited)**

**Directors' report and financial statements**  
**31 December 2002**

Registered Number 3765736



# **ON Semiconductor Limited**

## **Directors' report and financial statements**

**31 December 2002**

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# **ON Semiconductor Limited**

## **Directors' report for the year ended 31 December 2002**

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2002. The company changed its name from Semiconductor Component Industries UK Limited ("SCI UK Limited") to ON Semiconductor Limited on 14 March 2002.

### **Principal activities and review of business**

The company's principal activity is the sale of electronic devices. During the Fiscal Year 2002, the directors have adapted the structure to the level of operating activity which has decreased by 22% as compared to the Fiscal Year 2001 due to the economic slowdown in the electronic business, especially in the mobile phone activity. They 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 (2001 - £nil). The profit for the year was £600,526 (2001 - £1,038,898 after restatement for a change in accounting policy following the introduction of FRS 19 "Deferred Tax").

### **Directors**

The directors who held office during the year were:

A Banham (appointed 4 August 1999 – resigned as a Director on 25 February 2002)

P Tomlinson (appointed 23 February 2002)

J Caprais

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

### **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 5 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.

# ON Semiconductor Limited

## 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.

## 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 2002 the company took an average of 31 days (year ended 31 December 2001 - 23 days) to settle its bills with suppliers.

## Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 17 September 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP as auditors. A resolution to appoint PricewaterhouseCoopers LLP as auditors will be proposed at the Annual General Meeting.

By order of the Board



P. Tomlinson

Secretary

14 October 2003

7A Northumberland Buildings  
Queen Square  
Bath  
BA1 2JB

# ON Semiconductor Limited

## Independent auditors' report to the members of ON Semiconductor Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

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 is not disclosed.

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

### 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*PricewaterhouseCoopers LLP*

**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Glasgow

14 October 2003

# ON Semiconductor Limited

## Profit and loss account for the year ended 31 December 2002

		Year ended 31 December 2002	Year ended 31 December 2001 restated
	Notes		£
<b>Turnover</b>	2	152,491,733	195,330,536
<b>Cost of sales</b>		(138,529,433)	(176,757,292)
<b>Gross profit</b>		13,962,300	18,573,244
Distribution costs		(12,695,104)	(15,036,256)
Administrative expenses		(207,265)	(1,872,003)
Other operating income / (expense)		(77,714)	360,827
<b>Operating profit</b>		982,217	2,025,812
Interest receivable	3	72,755	121,223
Interest payable	4	(209,830)	(583,500)
<b>Profit on ordinary activities before taxation</b>	5	845,142	1,563,535
Tax on profit on ordinary activities	8	(244,616)	(524,637)
<b>Profit for the year / period</b>		600,526	1,038,898
<b>Retained profit brought forward</b>		2,136,317	1,097,419
<b>Retained profit carried forward</b>		2,736,843	2,136,317

All results arose from continuing operations.

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

### Statement of Total Recognised Gains and Losses for the year ended 31 December 2002

	2002 £	2001 £
Profit for the financial year	600,526	1,038,898
Prior year adjustment in respect of change in accounting policy - deferred taxation	237,563	-
<b>Total recognised gains since last report</b>	<b>838,089</b>	<b>1,038,898</b>

# ON Semiconductor Limited

## Balance sheet as at 31 December 2002

		2002	2001 restated
	Notes	£	£
<b>Fixed assets</b>			
Tangible assets	9	69,459	90,404
		69,459	90,404
<b>Current assets</b>			
Stocks	10	2,623,502	3,580,012
Debtors	11	19,646,894	24,402,014
Cash at bank and in hand		5,074,571	1,286,075
		27,344,967	29,268,101
<b>Creditors: amounts falling due within one year</b>	12	(22,521,214)	(22,110,080)
<b>Net current assets</b>		4,823,753	7,158,021
<b>Total assets less current liabilities</b>		4,893,212	7,248,425
<b>Creditors: amounts falling due after more than one year</b>	13	-	(2,955,739)
		4,893,212	4,292,686
<b>Capital and reserves</b>			
Called up share capital	15	2,155,371	2,155,371
Share premium account		998	998
Profit and loss account		2,736,843	2,136,317
<b>Equity shareholder's funds</b>	16	4,893,212	4,292,686

Approved by the board on 14 October 2003.

Director

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

# **ON Semiconductor Limited**

## **Notes to the financial statements for the year ended 31 December 2002**

### **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 19) 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
-------------------------	--------------

#### **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 in full 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. The Directors have adopted FRS 19 "Deferred Tax" during the year. The impact of the change in accounting policy is to recognise a deferred taxation asset and increase profit and loss reserves by £237,563 at 31 December 2001. The tax charge in the profit and loss account for the year ended 31 December 2001 has reduced by £213,245 and has been restated accordingly.

#### **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.



# ON Semiconductor Limited

## 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:

	2002	2001
	£	£
Europe	120,337,889	168,847,505
North America	8,393,811	12,528,991
Asia	23,760,033	13,954,040
	152,491,733	195,330,536

## 3 Interest receivable

	2002	2001
	£	£
Bank interest	72,755	121,223

## 4 Interest payable

	2002	2001
	£	£
Interest payable on loans from group undertakings	209,830	583,500

## 5 Profit on ordinary activities before taxation

This is stated after charging/(crediting) the following:

	2002	2001
	£	£
Auditors' remuneration – audit services	11,000	11,200
Auditors' remuneration – non audit services	37,962	117,932
Depreciation	20,945	30,672
Operating lease rentals – motor vehicles	37,260	74,124
Exchange (gain) / loss on foreign currency translation	(509,220)	(714,490)

# ON Semiconductor Limited

## 6 Staff costs

	2002	2001
	£	£
Wages and salaries	990,894	1,648,537
Social security costs	97,860	183,168
Other pension costs (Note 18)	107,096	154,370
	<u>1,195,850</u>	<u>1,986,075</u>

The average number of persons employed during the year was 13 (2001: 23).

## 7 Directors' remuneration

	2002	2001
	£	£
Directors' emoluments were as follows:		
Aggregate emoluments (gross amount)	-	305,266
Pension contributions	-	17,475
	<u>-</u>	<u>322,741</u>

Two directors were granted share options in the ultimate parent undertaking during the year. Neither director exercised any share options during the year. Directors' remuneration during 2002 was borne by a fellow group undertaking.

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

## 8 Taxation on profit on ordinary activities

	2002	2001 as restated
	£	£
<b>Current tax:</b>		
- UK corporation tax on profits of the year	234,559	667,242
- adjustment in respect of previous year	(222,129)	70,640
Total current tax	<u>12,430</u>	<u>737,882</u>
<b>Deferred tax:</b>		
- charge/(credit) for the year (note 14)	232,186	(213,245)
Tax on profit on ordinary activities	<u>244,616</u>	<u>524,637</u>

# ON Semiconductor Limited

## 8 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	2001
	£	£
Profit on ordinary activities before tax	845,142	1,563,535
Profit on ordinary activities multiplied by the standard rate in the UK 30% (2001: 30%)	253,543	469,061
Effects of:		
Expenses not deductible for tax purposes	10,795	24,771
Accelerated capital allowances and other timing differences	(29,779)	173,410
Adjustments to tax charge in respect of previous year	(222,129)	70,640
Total current tax	12,430	737,882

## 9 Tangible fixed assets

	Machinery & equipment
	£
<b>Cost</b>	
At 31 December 2001 and 2002	122,651
<b>Depreciation</b>	
At 1 January 2002	32,247
Charge for year	20,945
At 31 December 2002	53,192
<b>Net book value</b>	
At 31 December 2002	69,459
31 December 2001	90,404

## 10 Stocks

	2002	2001
	£	£
Finished goods and goods for resale	2,623,502	3,580,012

# ON Semiconductor Limited

## 11 Debtors

	2002	2001 as restated
	£	£
Trade debtors	1,502,114	1,396,969
Amounts owed by group undertakings	17,591,481	22,550,910
Corporation tax recoverable	228,805	8,150
Prepayments and accrued income	121,002	208,422
Other debtors	198,115	-
Deferred taxation	5,377	237,563
	19,646,894	24,402,014

## 12 Creditors: Amounts falling due within one year

	2002	2001
	£	£
Trade creditors	1,694,735	1,641,242
Amounts due to group undertakings	18,589,285	16,714,108
Other taxes and social security costs	95,364	101,529
Other creditors	-	82,452
Accruals	2,141,830	3,570,749
	22,521,214	22,110,080

## 13 Creditors: Amounts falling due after more than one year

	2002	2001
	£	£
Intergroup loan	-	2,955,739

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

	2002	2001
	£	£
The loan is repayable as follows:		
- between two and five years	-	2,955,739

# ON Semiconductor Limited

## 14 Deferred taxation

The company has no deferred taxation liability as at 31 December 2002 (2001 - £nil). The deferred taxation asset of £5,377 at 30% (2001- £237,563 at 30%) which has been recorded in the financial statements, comprises:

	2002	2001 restated
	£	£
Accelerated capital allowances	(5,311)	(2,701)
Other timing differences	10,688	240,264
Total deferred tax asset	5,377	237,563
1 January 2002 as previously reported	-	
Prior year adjustment	237,563	
1 January 2002 as restated	237,563	
Deferred tax charge (note 8)	(232,186)	
31 December 2002	5,377	

## 15 Called up share capital

	2002	2001
	£	£
Authorised – 5,000,000 of £1 each	5,000,000	5,000,000
Allotted and fully paid Ordinary shares : 2,155,371 of £1 each	2,155,371	2,155,371

## 16 Shareholder's funds

	2002	2001 as restated
	£	£
Profit for the financial year	600,526	1,038,898
Opening shareholders' funds as previously reported	4,055,123	3,229,470
Prior year adjustment – FRS 17	237,563	24,318
Opening shareholders' funds as restated	4,292,686	3,253,788
Closing shareholders' funds	4,893,212	4,292,686

# ON Semiconductor Limited

## 17 Commitments

Payments to be made during the year ending 31 December 2002 in respect of motor vehicles held under operating leases comprise those whose commitments expire as follows:

	2002	2001
	£	£
- within one year	3,814	4,673
- in two to five years	23,427	32,403
	27,241	37,076

## 18 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 £107,096 (2001- £154,370). Contributions totalling £7,680 (2001 - £43,594) were payable at the year-end and are included in other creditors.

## 19 Parent undertaking

The company's ultimate parent undertaking is ON Semiconductor Corporation, a company incorporated in the United States of America.

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