SAMSUNG ELECTRONICS

Samsung Europe PLC

Annual Report
for the year ended 31 December 2002

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Samsung Europe PLC

Annual Report
for the year ended 31 December 2002

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Samsung Europe PLC

Directors and advisers

Directors

Y C Kim
I S Hwang
J H Koo
S H Park
H M Kim
S H Choi

Secretary
H M Kim

Auditors
PricewaterhouseCoopers LLP
1 Embankment Place
LONDON, WC2N 6RH

Registered Office
Great West House
Great West Road
Brentford
MIDDLESEX, TW8 9DQ

Directors' report for the year ended 31 December 2002

The directors present their annual report and audited financial statements of the group for the year ended 31 December 2002.

Principal activities

The parent company's principal activities during the year were as follows:

- European head office
- Purchase and sale of components and capital equipment

The principal activities of the subsidiary companies during the period were as follows:

- Importers and distributors of electronic and electrical goods
- Provision of research & development services to the ultimate Parent Company
- Manufacturer of electrical and electronic products
- Importers and distributors of semiconductor and TFT products
- Importers and distributors of telecommunication systems

Review of the business and future developments

The Directors are pleased to announce a group profit on ordinary activities after taxation of £14,103,000 in 2002, an increase of 40% on 2001 (2001 restated: £10,051,000). All the main subsidiaries contributed profits and are expected to be profitable in the future.

All the major product areas of the subsidiaries continued to show growth during the year. Turnover was £1,716,675,000 in 2002 an increase of 31% on 2001 (2001: £1,312,631,000). Samsung's successful year in 2002 can be attributed to its distinctive portfolio in the semiconductor market which concentrated on high value devices and a growth in Flash memory; strong growth in the wireless market where the company had a very strong product portfolio and continuing productivity and unit cost reduction in its manufacturing operations.

The group has been and is currently undertaking research and development activities including development of GSM terminal and UMTS software, development of digital TV software, and research beyond 3G and 3G standardisation activities.

More difficult market conditions are expected in 2003 in the sale of electronic products but the directors expect the present level of activity and the strong financial position to be sustained for the foreseeable future.

Directors' report for the year ended 31 December 2002 (Continued)

Dividends

The directors do not recommend the payment of a dividend (2001: £nil).

Directors

The directors who held office during the year are given below:

Y C Kim	
J H Koo	
S H Park	
I S Hwang	
H M Kim	Appointed 8 April 2002
S H Choi	Appointed 8 April 2002
C H Yoon	Resigned 8 April 2002
N Y Cho	Resigned 8 April 2002

Directors' interests

The interests of the directors in the shares of the company and other group companies during the year ended 31 December 2002 were:

	1 January 2002	8 April 2002
N Y Cho (Ordinary shares of £1)	1	1

Apart from the shareholding disclosed above no director had any interests in the share capital of the company or other group companies.

Creditor payment policy

The group's policy is to use its purchasing power fairly and to pay suppliers promptly and under the agreed terms. A variety of payment terms exist with suppliers. Terms for payment under major contracts, both in the United Kingdom and overseas, are specified within the contracts negotiated with individual suppliers. Payments for other purchases are made by the end of the month following the month of invoice. Terms of payment are communicated on the company's standard purchase order or, where appropriate, on the individual contracts agreed with suppliers.

The group's average creditor payment period at 31 December 2002 was 25 days (2001: 33 days).

Fixed assets

Movements in fixed assets are shown in note 9 of these financial statements.

Directors' report for the year ended 31 December 2002 (Continued)

Charitable donations

The contribution made by the Group to UK charities during the year for charitable purposes was £6,466 (2001: £10,660).

Employees

The group's policy is to consult and discuss with employees at meetings, matters likely to affect their interests.

Information on the group's performance factors is made available to its employees through the normal channels where appropriate.

The group's policy on recruitment is based on the ability of a candidate to perform the job. Full and fair consideration is given to applications for employment from disabled people where they have the appropriate skills and abilities to perform the job.

All necessary training and assistance is given to enable disabled employees to perform their duties. If employees become disabled during the course of their employment, consideration will be given to retraining and redeployment.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 14 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

Directors' report for the year ended 31 December 2002 (Continued)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company 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, subject to any material departures disclosed and explained in the financial statements
- 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 that disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

I S Hwang
Director
14 March 2003

Independent auditors' report to the members of Samsung Europe PLC

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, the statement of total recognized gains and losses 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 affairs of the company and the group at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
14 March 2003

Consolidated profit & loss account for the year ended 31 December 2002

	Notes	2002 £'000	Restated 2001 £'000
Turnover - continuing operations	1	**1,716,675**	1,312,631
Cost of sales		**(1,581,487)**	1,216,820
Gross profit - continuing operations		**135,188**	95,811
Distribution costs		**(64,967)**	(37,914)
Administrative expenses		**(47,273)**	(41,470)
Operating profit - continuing operations	2	**22,948**	16,427
Profit on disposal of fixed assets		**116**	210
Profit on ordinary activities before interest		**23,064**	16,637
Interest receivable and similar income	3	**3,103**	1,102
Interest payable and similar charges	4	**(3,514)**	(3,987)
Profit on ordinary activities before taxation		**22,653**	13,752
Tax on profit on ordinary activities	7	**(7,895)**	(3,396)
Profit on ordinary activities after taxation		**14,758**	10,356
Equity minority interests	22	**(655)**	(305)
Retained profit for the financial year		**14,103**	10,051

Statement of consolidated total recognised gains and losses for the year ended 31 December 2002

	2002 £'000	Restated 2001 £'000
Profit for the financial year	**14,103**	10,051
Total recognised gains and losses for the year	**14,103**	10,051
Prior year adjustment	**6,135**	-
Total gains and losses recognised since last annual report	**20,238**	10,051

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 10 to 28 form part of these financial statements.

Samsung Europe PLC

Consolidated balance sheet
at 31 December 2002

	Notes	2002 £'000	2002 £'000	2001 £'000	As restated 2001 £'000
Fixed assets					
Tangible assets	9		**40,585**		45,526
Current assets					
Stocks	11		**60,575**		54,129
Debtors	12		**177,370**		141,653
Trade debtors subject to financing		**69,835**		64,312	
Less: non returnable amounts received		**(40,961)**	**28,874**	(43,238)	21,074
Cash at bank and in hand			**28,667**		22,733
			295,486		239,589
Creditors: amounts falling due within one year	13		**(212,292)**		(174,888)
Net current assets			**83,194**		64,701
Total assets less current liabilities			**123,779**		110,227
Creditors: amounts falling due after one year	14		**-**		(1,004)
Provision for liabilities and charges	16		**(110)**		-
Accruals and deferred income	18		**(3,709)**		(4,021)
Net assets			**119,960**		105,202
Capital and reserves					
Share capital	19		**109,546**		109,546
Profit and loss account	20		**5,571**		(8,532)
Equity shareholders' funds	21		**115,117**		101,014
Equity minority interests	22		**4,843**		4,188
Capital employed			**119,960**		105,202

The financial statements on pages 7 to 28 were approved by the board of directors on 14 March 2003 and were signed on its behalf by:



I S Hwang
Director

The notes on pages 10 to 28 form an integral part of these financial statements.

Company balance sheet
at 31 December 2002

	Notes	2002 £'000	2001 £'000
Fixed assets			
Tangible assets	9	**86**	59
Investments	10	**98,546**	98,546
		98,632	98,605
Current assets			
Stocks	11	**329**	414
Debtors	12	**12,964**	16,764
Cash at bank and in hand		**5,333**	4,787
		18,626	21,965
Creditors: amounts falling due within one year	13	**(12,411)**	(16,374)
Net current assets		**6,215**	5,591
Total assets less current liabilites		**104,847**	104,196
Provision for liabilities and charges	16	**(35)**	-
Net assets		**104,812**	104,196
Capital and reserves			
Share capital	19	**109,546**	109,546
Profit and loss account	20	**(4,734)**	(5,350)
Shareholders' funds	21	**104,812**	104,196

The notes on pages 10 to 28 form an integral part of these financial statements.

Accounting policies for the year ended 31 December 2002

These financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The preparation of financial statements requires management to make estimations and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenditure during the reporting period. Actual results could differ from these estimates. Estimates are used principally in the provision for bad debts and the provision for obsolete stock.

Basis of consolidation

The consolidated financial statements include those of the company together with those of its subsidiaries, made up to the year ended 31 December 2002. Intragroup sales and profits are eliminated fully on consolidation.

Cash flow statement

In accordance with FRS1 (revised 1996) the group has not prepared a statement of cash flows for the current year as it is a wholly owned subsidiary of Samsung Electronics Co., incorporated in Korea whose financial statements are publicly available.

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Factory building	- 3.33% - 6.67%
Commercial property	- 2%
Leasehold improvements	- Length of the lease
Motor vehicles	- 20% - 25%
Fixtures and fittings	- 15% - 33%
Equipment	- 25%
Plant and machinery	- 14-50%

Freehold land is not depreciated.

Accounting policies for the year ended 31 December 2002 (Continued)

FRS 19 Deferred taxation

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.

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 sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. On adoption of Financial Reporting Standard 19 "Deferred Tax", the Company has changed its accounting policy in respect of deferred taxation.

A prior year adjustment has been implemented for the change in accounting policy and the comparatives restated. As a consequence of the prior year adjustment, a deferred tax asset as at 31 December 2001 has been recognised of £6,465,000 with a corresponding increase in the profit and loss account reserve. The prior year tax charge has been increased by £1,261,000 and the current year's tax charge has been increased by £3,662,000 as a result of the policy.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in/first out or average cost basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

Provision is made where necessary for obsolete, slow moving and defective stocks. Goods in transit are valued at actual cost.

Foreign currencies

Transactions during the year have been converted at the average rate of exchange ruling during the month. Monetary assets and liabilities together with goods in transit are converted at the closing rate of exchange. All differences on exchange are taken directly to the profit and loss account.

Finance leases

Where fixed assets are financed by leasing agreements which transfer to the group substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and

Accounting policies for the year ended 31 December 2002 (Continued)

Finance leases (continued)
are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Operating leases

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

Turnover

Turnover, which excludes sales between group companies, represents the invoiced value of goods and services supplied, including trade discounts and rebates, and excludes value added tax.

Government grants

Government grants, made available for the purchase of tangible fixed assets, are recognised as revenue over the period of the expected useful life of the assets by treating the amount of the grant as a deferred income, a portion of which is released to the profit and loss account annually. Other grants are credited to the profit and loss account when received.

Research and development costs

Research and development costs are charged to the profit and loss account in the year in which they are incurred.

Pension costs

The group operates two principal pension schemes providing benefits based on final pensionable pay. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the group benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme after making suitable allowances for future withdrawals. Disclosures in note 24 are in line with SSAP 24 and transitional disclosure requirements of FRS 17.

Minority interests

Minority interests represent the share of the profits less losses on ordinary activities after taxation attributable to the interests of shareholders in subsidiaries which are not wholly owned by the group or its subsidiaries.

1 Segmental Information

All turnover, profits and net assets of the group originate within the United Kingdom and Ireland due to the principal activities listed on page 2.

The geographical analysis of turnover by destination is:

	2002 £'000	2001 £'000
United Kingdom	**892,076**	698,152
Europe	**663,580**	487,381
Rest of world	**161,019**	127,098
Total	**1,716,675**	1,312,631

No additional segmental information has been provided as, in the opinion of the directors, this would be seriously prejudicial to the interests of the group.

2 Operating Profit

Operating profit is stated after charging/(crediting):-

	2002 £'000	2001 £'000
Wages and salaries (including directors)	**29,172**	26,222
Social security costs	**2,246**	2,158
Pension costs (see note 24)	**1,604**	1,226
Staff costs	**33,022**	29,606
Loss on foreign exchange	**1,219**	119
Depreciation		
- tangible owned fixed assets	**7,088**	7,242
- tangible fixed assets held under finance leases	**1,554**	1,380
Operating lease charges		
- plant and machinery	**638**	628
- other assets	**2,188**	2,223
Auditors' remuneration		
- group audit services	**170**	153
- company audit services	**21**	16
- group non-audit services	**162**	137
- company non-audit services	**19**	13
Amortisation of government grants	**(1,312)**	(2,954)
Research and development costs	**11,262**	8,060

3 Interest receivable and similar income

	2002 £'000	2001 £'000
On funds provided to fellow subsidiaries	**1,433**	-
On bank and other deposits	**1,670**	1,102
	3,103	1,102

4 Interest payable and similar charges

	2002 £'000	2001 £'000
On bank and other borrowings:		
On funds provided by fellow subsidiaries	**1,110**	269
Repayable within 5 years other than by instalments	**2,404**	3,441
On finance leases	**-**	277
	3,514	3,987

5 Directors' emoluments

Particulars of directors' emoluments, including pension contributions are as follows:

	2002 £'000	2001 £'000
Directors' remuneration		
Aggregate emoluments	**447**	327
Highest paid director		
Aggregate emoluments	**137**	97

During 2000, Mr In Sang Hwang borrowed £16,800 cash under an interest free company car loan scheme. This loan is repaid in equal monthly instalments over three years. The balance at 31 December 2002 was £7,700 (2001: £11,900) and the maximum balance outstanding during the year was £11,900.

None of the directors are accruing retirement benefits from the company.

6 Employee Information

The average weekly number of persons (including executive directors) employed during the period was:

	2002 Number	2001 Number
By activity		
Administration	**262**	287
Sales and distribution	**397**	329
Production	**388**	413
	1,047	1,029

7 Taxation on the profit for the year

Prior year Adjustment

On adoption of Financial Reporting Standard 19 "Deferred Tax" with effect from 1 January 2002, the group has changed its accounting policy in respect of deferred taxation, and restated prior year results accordingly. The effect of this restatement in 2001 is that a deferred tax asset of £6,465,000 has been recognised as at 31 December 2001, and the tax charge for 2001 has been adjusted. The effect in 2002 of the change in accounting policy is that a deferred tax asset of £2,802,000 has been recognised, and a charge of £3,662,000 has been made in the profit and loss account relating to the movement in the deferred tax asset.

(a) Analysis of charge in the period	2002 £'000	Restated 2001 £'000
Current tax:		
UK Corporation tax at 30% (2001: 30%) in respect of the current year	**4,727**	2,315
Overseas taxation	**-**	5
Adjustments in respect of previous periods	**(494)**	(185)
Tax on profit before deferred tax charge (Note 7(b))	**4,233**	2,135
Deferred tax charge	**3,662**	1,261
Tax on profit on ordinary activities	**7,895**	3,396

(b) Factors affecting the tax charge for the year

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

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	**22,653**	13,752
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	**6,795**	4,126
Effects of:		
(Income not taxable)/expenses not deductible for tax purposes	**(149)**	349
Capital allowances in excess of depreciation	**-**	(198)
Depreciation in excess of capital allowances	**158**	-
Other timing differences	**120**	44
Other differences	**(17)**	36
Brought forward losses utilised	**(2,180)**	(2,037)
Adjustments in respect of previous periods	**(494)**	(185)
Current tax charge for the year	**4,233**	2,135

(c) Factors that may affect future tax charges

There are no factors that would significantly affect the taxation charge in future years. The group plans to invest £10 million in capital investment during 2003.

8 Profit and loss for holding company

The company Samsung Europe PLC, has taken advantage of the provisions of Section 230 of the Companies Act 1985 and not prepared a separate profit and loss account for the holding company. The profit after taxation dealt within the accounts of the holding company amounted to a profit of £616,000 (2001: £2,822,000).

9 Tangible fixed assets

GROUP	Freehold Land & Buildings	Short Leasehold Buildings	Fixtures & Fittings	Motor Vehicles	Plant & Machinery	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 January 2002	41,921	1,221	8,007	1,465	35,969	88,583
Additions	104	-	889	547	2,755	4,295
Disposals	(68)	-	(1,132)	(417)	(6,557)	(8,174)
At 31 December 2002	41,957	1,221	7,764	1,595	32,167	84,704
Depreciation						
At 1 January 2002	8,577	1,220	6,227	630	26,403	43,057
Charge for period	1,236	-	410	368	6,628	8,642
Disposals	(26)	-	(1,129)	(346)	(6,079)	(7,580)
At 31 December 2002	9,787	1,220	5,508	652	26,952	44,119
Net Book Value at 31 December 2002	**32,170**	**1**	**2,256**	**943**	**5,215**	**40,585**
Net Book Value at 31 December 2001	33,344	1	1,780	835	9,566	45,526

The cost of freehold land included within land and buildings is £1,181,000 (2001: £1,181,000)

The net book value of tangible fixed assets included an amount of £194,000 (2001: £1,360,000) in respect of assets held under finance leases and hire purchase contracts.

9 Tangible fixed assets (continued)

COMPANY	Short Leasehold Buildings	Fixtures & Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2002	1,221	138	1,359
Additions	-	62	62
Disposals	-	(16)	(16)
At 31 December 2002	1,221	184	1,405
Depreciation			
At 1 January 2002	1,220	80	1,300
Charge for period	-	35	35
Disposals	-	(16)	(16)
At 31 December 2002	1,220	99	1,319
Net Book Value at 31 December 2002	**1**	**85**	**86**
Net Book Value at 31 December 2001	1	58	59

10 Fixed asset investments

COMPANY

Investment in subsidiaries	**2002 £'000**
Cost at 1 January and 31 December	**98,546**

10 Fixed asset investments (continued)

GROUP

Interests in group undertakings

Name of undertaking	Country of Incorporation	Proportion of nominal value of issued shares and voting rights held	
		Group %	Company %
Samsung Electronics (UK) Limited	England & Wales	-	94.83
Samsung Semiconductor Europe Limited	England & Wales	-	100.00
Samsung Telecoms (UK) Limited	England & Wales	94.83	-
Samsung Electronics Manufacturing (UK) Limited	England & Wales	94.83	-

The principal business activities of these subsidiary undertakings are:

(i) Samsung Electronics (UK) Limited - Importers and distributors of retail electronic goods.

(ii) Samsung Semiconductor Europe Limited - Importers and distributors of semiconductor and TFT products.

(iii) Samsung Telecoms (UK) Limited - Importers and distributors of telecommunication systems.

(iv) Samsung Electronics Manufacturing (UK) Limited - Manufacturer of retail electrical and electronic products.

11 Stocks

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Raw materials and consumables	**4,642**	2,612	**-**	-
Work-in-progress	**2,742**	2,735	**-**	-
Finished goods	**35,204**	27,815	**-**	-
Goods in transit	**17,987**	20,967	**329**	414
	60,575	54,129	**329**	414

The directors do not consider that there is a material difference between the value of the stock included in the financial statements and the value of stocks at replacement cost. Included within finished goods is £5,555,540 (2001: £4,799,201) of stock that was on consignment in Europe, South Africa and the US. Consignment stock represents stock held on customer premises rather than a third party location. There are no guarantees or deposits provided by the customer.

12 Debtors

	Group		Company	
		Restated		
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Trade debtors not subject to financing	**90,488**	69,884	**66**	8,153
Amounts owed by parent and fellow subsidiaries	**67,633**	51,526	**11,810**	3,959
Amounts owed by subsidiary undertakings	**-**	-	**419**	3,331
Other debtors	**10,693**	7,208	**13**	20
Deferred tax asset (note 17)	**2,802**	6,465	**-**	-
Prepayments and accrued income	**3,339**	2,543	**583**	1,288
Other taxes	**2,415**	4,019	**73**	13
	177,370	141,645	**12,964**	16,764
Amounts falling due after one year:				
Other debtors	**-**	8	**-**	-
	177,370	141,653	**12,964**	16,764
Amounts falling due within one year subject to financing:				
Trade debtors subject to financing	**69,835**	64,312	**-**	-
Less: non returnable amounts received	**(40,961)**	(43,238)	**-**	-
	28,874	21,074	**-**	-

12 Debtors (Continued)

Other debtors includes loans made to staff to enable them to purchase motor vehicles for use on the company's business. The loans are interest free and repayable within three years.

Throughout the period agreements were entered into whereby trade debtors were sold on a monthly rotating basis.

The group is not obliged (and does not intend) to support any credit-related profits arising from the debts against which cash has been advanced. The providers of the finance have confirmed in writing that, in the event of default in payment by a debtor, they will only seek repayment of cash advanced from the remainder of the pool of debts in which they hold an interest, and that repayment will not be sought from the group in any other way.

During the period the group recognised £1,764,982 (2001: £2,273,311) of interest, programme fees and purchasing fees for the securitisation and factoring of trade debtors.

13 Creditors: amounts falling due within one year

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year				
Bank loans and overdraft	**29,159**	14,485	**-**	6,098
Trade creditors	**37,964**	32,178	**10,079**	8,822
Amounts owed to parent and fellow subsidiaries	**70,949**	76,312	**758**	77
Amounts owed to subsidiary undertakings	**-**	-	**775**	1,091
Bills of exchange payable	**419**	743	**-**	-
Obligations under finance leases	**1,138**	2,783	**-**	-
Other taxes and social security	**13,186**	9,395	**112**	132
Other creditors	**422**	253	**4**	5
Accruals and deferred income	**59,055**	38,739	**683**	149
	212,292	174,888	**12,411**	16,374

Obligations under finance leases are secured by the assets to which they relate.

14 Creditors: amounts falling due after one year

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Obligations under finance leases	**-**	1,004	**-**	-
	-	1,004	**-**	-

Bank loans and overdrafts are repayable as follows:

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
In one year or less, or on demand	**29,159**	14,485	**-**	6,098
	29,159	14,485	**-**	6,098

Included within bank loans in 2001 was an amount for £2,000,000 that was repaid in May 2002 incurring interest at a fixed rate of 8.34% and an amount for £3,100,000 that was also repaid during 2002 incurring interest at LIBOR plus 0.375%.

Included within the current year bank loans is an amount of £18,707,337 which carries interest at 1.9% and an amount of £3,117,890 which carries interest at 2.1%. These balances were repaid on 3 January 2003. A further amount of £1,683 was overdrawn and repayable on demand at an interest rate of 5%. A balance of £4,160,546 carries interest at LIBOR plus 0.80% and is repayable on demand.

The net finance obligations to which the group is committed to are:

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
In one year or less	**1,138**	2,783	**-**	-
Between one and two years	**-**	1,004	**-**	-
	1,138	3,787	**-**	-

15 *Financial commitments*

At 31 December 2002, the company and the group had annual commitments under non-cancellable operating leases expiring as follows:

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Buildings				
Within 1 year	**629**	318	**424**	-
Within 2 to 5 years	**101**	564	**-**	425
After 5 years	**3,118**	1,220	**1,909**	-
	3,848	2,102	**2,333**	425
Plant & machinery				
Within 1 year	**75**	106	**-**	-
Within 2 to 5 years	**299**	385	**-**	-
After 5 years	**75**	-	**-**	-
	449	491	**-**	-

16 Provisions for liabilities and charges

	Provision for dilapidations		Total	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
At 1 January, 2002	-	-	-	-
Charged to the profit and loss account	110	35	110	35
Utilised during the year	-	-	-	-
At 31 December, 2002	**110**	**35**	**110**	**35**

Provision for dilapidations

Companies within the group will relocate in 2003. The directors are obligated under the terms of the current lease to make good any dilapidations. The estimated cost of these repairs has been provided.

17 Provision for deferred taxation

Provision for deferred tax has been included in the financial statements in accordance with FRS 19. The aggregate timing differences result in a net deferred tax asset which has been recognised by the Group.

	Group		Company	
Deferred tax assets		Restated		
	2002	2001	**2002**	2001
At 31 December 2002	**£'000**	£'000	**£'000**	£'000
Accelerated capital allowances	**(2,297)**	(3,265)	-	-
Short term timing differences	**(505)**	(573)	-	-
Losses		(2,627)	-	-
Total Deferred tax asset	**(2,802)**	(6,465)	-	-

Movement in deferred tax assets	Group	Company
	£'000	**£'000**
As 1 January 2002 as previously stated	-	-
Prior year adjustment for FRS 19	**(6,465)**	-
At 1 January 2002 as restated	**(6,465)**	-
Adjustment in respect of previous periods	**1,964**	-
Current year movement	**1,699**	-
Deferred tax asset at 31 December 2002	**(2,802)**	-

Of the deferred tax asset recognised at 31 December 2002, the entire amount is expected to be recovered within one year (2001: £3,663,000). Based on forecasted performance, the directors expect that there will be sufficient taxable profit in 2003 against which the deferred tax asset can be recovered.

17 Provision for deferred taxation (continued)

Aggregate timing differences which result in a deferred tax asset have not been recognised as the directors not believe that there is sufficient degree of certainty as to its recoverability. The unprovided elements of potential deferred tax are as follows:

	Group		Company	
		Restated		
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Tax effect of timing differences as due to:				
Accelerated capital allowances	**(212)**	(189)	**(72)**	(96)
Other timing differences	**(11)**	(1)	**-**	-
Capital gains/revaluations	**-**	(178)	**-**	(178)
	(223)	(368)	**(72)**	(274)

18 Accruals and deferred income

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Government grants				
Cost at 1 January	**4,021**	5,275	**-**	-
Received during the year	**1,000**	1,700	**-**	-
Amortisation	**(1,312)**	(2,954)	**-**	-
At 31 December	**3,709**	4,021	**-**	-

The government grants comprise at Regional Selective Assistance grant for depressed regions from the Department of Trade and Industry and a Local Authority Infrastructure grant with net book values at 31 December 2002 of £3,576,000 and £133,000 respectively.

19 Called up share capital

	Group & Company	
	2002	2001
	£'000	£'000
Authorised		
Ordinary shares of £1 each	**150,000**	150,000
Allotted, issued and fully paid		
Ordinary shares of £1 each	**109,546**	109,546

20 Reserves

	Profit and loss account	
	Group	**Company**
	2002	**2002**
	£'000	**£'000**
At 1 January	**(14,667)**	**(5,350)**
Effect of restatement	**6,135**	**-**
	(8,532)	**(5,350)**
Retained profit for the year	**14,103**	**616**
At 31 December	**5,571**	**(4,734)**

21 Reconciliation of movements in shareholders' funds

GROUP	2002 £'000
Equity shareholders' funds as at 1 January	**94,879**
Prior year adjustment	**6,135**
Opening shareholder's funds (as restated)	**101,014**
Profit for the financial year	**14,103**
Equity shareholders' funds as at 31 December	**115,117**

COMPANY	2002 £'000
Profit for the financial year	**616**
Net addition to shareholders' funds	**616**
Equity shareholders' funds as at 1 January	**104,196**
Equity shareholders' funds as at 31 December	**104,812**

22 Equity minority interests

	Total Restated £'000
At 1 January 2002	**3,853**
Prior year adjustment	**335**
As restated	**4,188**
Profit for the year ended 31 December 2002	**655**
At 31 December 2002	**4,843**

The Korean parent, Samsung Electronics Co., Limited, holds an indirect minority holding in the share capital of Samsung Electronics (UK) Limited and its subsidiaries.

23 Capital commitments

	Group		Company	
	2002	2001	**2002**	2001
	£'000	£'000	**£'000**	£'000
Committed contracts not provided for in the financial statements	**486**	23	**-**	-

24 Pension commitments

(a) Pension costs under SSAP 24

The group's employees are entitled to join Samsung pension schemes which provide pension benefits based on final pensionable pay (defined benefit scheme), to employees within the Samsung group of companies. Certain employees may join defined contribution schemes. The assets of each scheme are held in separate trustee administered funds. The 'defined benefit schemes' funds are valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Participating members of the Samsung Pension Fund (UK), a defined benefit scheme, are Samsung Electronics (UK) Limited, Samsung Europe PLC, Samsung Telecoms (UK) Limited, Samsung Semiconductors Europe Limited and Samsung SDS Europe Limited. This scheme was last valued on the 6 April 2000 using the projected unit method. The principal assumptions adopted in the valuation of the scheme were: investment return of 7% per annum, salary increases averaging 5% per annum, increases in salary offset used to define pensionable earnings of 3-5% per annum, annuities for retiring members at 5% per annum and present and future pensions once in payment increasing at 2.5% per annum on the gross minimum payment, otherwise nil.

At the date of the last actuarial valuation, the market value of the assets of the scheme was £7,456,000 and the actuarial values of the assets were sufficient to cover 91% of the benefits that had accrued to members after allowing for expected increases in earnings. The results of the 6th April 2000 valuation under a MFR basis indicate that the funding on this basis was 127% at this valuation date.

Samsung Electronics Manufacturing (UK) Limited operates their own defined benefit pension scheme. The latest actuarial valuation of the scheme was carried out on the 5 April 2002 using the projected unit method. The principal assumptions adopted in the valuation of the scheme were: investment return of 6.50% per annum, salary increases averaging 4.75% per annum, increases in salary offset used to define pensionable earnings of 2.75% per annum, growth in equity dividends of 2.75% per annum and rate of increase to pensions once in payment of 2.75% per annum on the gross minimum payment, otherwise nil.

At the date of the last actuarial valuations, the market value of the assets of the schemes was £4,339,461 and the actuarial values of the assets were sufficient to cover 125% of the benefits that had accrued to members, after allowing for expected increases in earnings.

The aggregate pension cost of the schemes was £1,604,185 (2001: £1,225,807). An accrual of £65,581 (2001: £66,233) is included in creditors being the unpaid obligations.

(b) Pension disclosures under FRS 17 transitional arrangements

The Accounting Standards Board ("ASB") issued Financial Reporting Standard 17 (FRS 17) "Retirement Benefits" in November 2000. The implementation of the new standard was to be phased in during the three years to 31 December 2003, however, the ASB has decided to extend the transitional disclosure requirements for FRS17, and defer the mandatory requirement for its full adoption. This is because all listed entities in the EU must comply with international accounting standards by 2005, and without the deferral UK companies would have to implement two accounting changes in the next three years. The value of the provision that would be included in the group balance sheet at 31 December 2002 if FRS 17 had been fully adopted in the financial statements is as follows:

24 Pension Commitments (Continued)

	Samsung Pension Scheme £'000 2002	Samsung Pension Scheme £'000 2001	SEMUK Pension and Life Assurance Scheme £'000 2002	SEMUK Pension and Life Assurance Scheme £'000 2001
Date of latest actuarial valuation	**6-Apr-00**	6-Apr-00	**5-Apr-02**	5-Apr-99
Major actuarial assumptions at 31 December 2002				
Discount rate	**5.50%**	5.75%	**5.50%**	5.80%
Rate of increase in salaries	**3.40%**	3.70%	**2.80%**	2.90%
Rate of increases for pensions in payment and deferred pension	**2.40%**	2.70%	**2.30%**	2.40%
Rate of increase of inflation	**2.40%**	2.70%	**2.30%**	2.40%
Expected rate of return on assets at 31 December 2002				
Equities	**7.80%**	7.00%	**6.50%**	7.00%
Property	**7.80%**	7.00%	**6.50%**	7.00%
Fixed interest bonds	**5.00%**	5.20%	**4.75%**	5.20%
Cash / Other	**4.80%**	5.00%	**4.50%**	5.00%
Assets in the scheme				
Equities	**5,742**	6,148	**2,945**	3,604
Property	**40**	326	**36**	157
Fixed interest bonds	**1151**	857	**536**	471
Cash / Other	**377**	330	**158**	34
Total market value of assets	**7,310**	7,661	**3,675**	4,266
Total market value of assets	**7,310**	7,661	**3,675**	4,266
Present value of plan liabilities	**(12,697)**	(11,284)	**(6,458)**	(4,680)
Deficit	**(5,387)**	(3,623)	**(2,783)**	(414)
Related deferred tax asset	**1,616**	1,086	**835**	124
Net pension liability	**(3,771)**	(2,537)	**(1,948)**	(290)

Net assets and profit reserve

Balance sheet presentations	**2002 £'000**	Restated 2001 £'000	**2002 £'000**	Restated 2001 £'000
Net assets excluding pension liability	**71,469**	63,000	**48,491**	42,202
Pension liability	**(3,771)**	(2,537)	**(1,948)**	(290)
Net assets including pension liability	**67,698**	60,463	**46,543**	41,912

Reserves note				
Profit and loss reserve excluding pension liability	**13,810**	5,996	**(8,239)**	(14,528)
Pension reserve	**(3,771)**	(2,537)	**(1,948)**	(290)
Profit & loss account	**10,039**	3,459	**(10,187)**	(14,818)

24 Pension Commitments (Continued)

	Samsung Pension Scheme 2002 £'000	SEMUK Pension and Life Assurance Scheme 2002 £'000
Analysis of the amount that would be charged to operating profit		
Current service cost	(1,167)	(509)
Analysis of the amount that would be credited to other finance income		
Expected return on pension scheme asset	539	303
Interest on pension scheme liabilities	(692)	(285)
Net Return	(153)	18
Analysis of amount that would be recognised in statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	(2,319)	(1,318)
Experience gains and losses arising on the scheme liabilities	759	(397)
Changes in assumptions underlying the present value of scheme liabilities	(25)	(628)
Actuarial loss recognised in STRGL	(1,585)	(2,343)
Movement in deficit during the year		
Deficit in scheme at start of year	(3,623)	(414)
Movement in year:		
Current service cost	(1,167)	(509)
Contributions	1,141	465
Other finance income	(153)	18
Actuarial loss	(1,585)	(2,343)
Deficit in scheme at end of year	(5,387)	(2,783)
History of experience gains and losses		
Difference between the expected and actual return on scheme assets:		
Amount (£'000)	(2,319)	(1,318)
Percentage of the scheme assets	(32)	(36)
Experience gains on scheme liabilities		
Amount (£'000)	759	(397)
Percentage of the present value of the scheme liabilities	6	(6)
Total amount that would be recognised in statement of total recognised gains and losses		
Amount (£'000)	(1,585)	(2,343)
Percentage of the present value of the scheme liabilities	(12)	(36)

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

24 Pension Commitments (Continued)

In respect of the Samsung Pension Scheme a full actuarial valuation was carried out as at 6 April 2000 and updated to 31 December 2002 by a qualified independent actuary. In respect of the SEMUK Pension and Life Assurance Scheme a full actuarial valuation was carried out as at 5 April 2002 and updated to 31 December 2002 by a qualified independent actuary.

25 Related Party Transactions

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", the group is exempt from disclosing transactions with entities that are part of the group, or investees of the group qualifying as related parties, as it is a wholly owned subsidiary of a parent publishing consolidated financial statements.

During the year the group had transactions with Samsung SDS Europe Limited (SDSE), deemed a related party due to common influence, but not included within the Samsung Electonics Co., Ltd consolidation. IT support services are provided by SDSE and group companies provide administration support to SDSE. The transactions and outstanding balances are as follows;

	Group		Company	
	2002	2001	**2002**	2001
Samsung SDS Europe Limited	**£'000**	£'000	**£'000**	£'000
Year end debtor balance	**98**	126	**2**	2
Year end creditor	**(418)**	(591)	**(31)**	(61)
Purchases for IT services	**3,017**	2,034	**105**	144
Recharges made for support department services	**348**	334	**10**	-

26 Contingent Liabilities

The group is a participant in a banking arrangement with other Samsung affiliates under which all surplus cash balances are held as collateral for bank facilities advanced to members within the arrangement. Each company within the arrangement is jointly and severally liable.

The group has given guarantees in respect of various Samsung affiliates' bank facilities totalling £50,424,000 (2001: £55,758,000) of which £25,630,000 (2001: £6,309,000) was drawn against these facilities.

27 Ultimate holding company

Samsung Electronics Co., Limited, which is incorporated in the Republic of Korea and is an independent company operating under the Samsung name, is regarded by the directors as being the company's ultimate holding company. The largest company in which the results of the company are consolidated is that of Samsung Electronics Co., Limited which is the parent company. Copies of the company's accounts may be obtained from Samsung Main Building, 250 2-KA, Tae Pyung - RO, Chung-Ku, Seoul, Korea.