

Company Number 0216 2039

XIOD Distribution U.K. Ltd.

Annual Report for the year ended 31 December 1997



XIOD Distribution U.K. Ltd.

Directors' report for the year ended 31 December 1997

The directors present their report and the audited financial statements for the year ended December 1997.

Results and dividends

The trading profit for the year after taxation amounted to nil, (1996: profit nil).

The directors do not recommend payment of a dividend and therefore there is no transfer to reserves.

Review of business and future developments

XIOD Distribution UK Ltd did not trade in 1997, and as such was unaffected by the Korean economic situation referred to in note 14.

Directors

The directors, who had no beneficial interest in the shares of the company and who, except where indicated, served throughout the year, were as follows:-

S H Won (appointed 15th February 1997)
W. Choi (resigned 30th April 1997)
J.H. Lee (resigned 30th April 1997)
Y.W. Lee

Mr Y W Lee resigned on 13th July 1998 and has been replaced by Mr S M Jung

Fixed assets

The company did not have any fixed assets during the year.

Employees

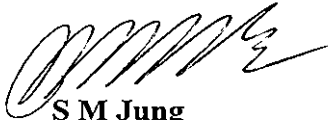
The company did not have any employees during the year.

XIOD Distribution UK Limited

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'S M Jung', written in a cursive style.

S M Jung

Director and Company Secretary

27th October 1998

XIOD Distribution UK Limited

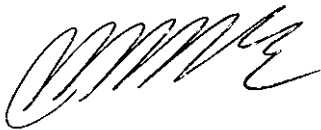
Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting standards have been followed and that financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, 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

A handwritten signature in black ink, appearing to read 'S M Jung', with a stylized, cursive flourish at the end.

S M Jung
Director and Company Secretary
27th October 1998

Samsung UK Limited

Report of the auditors to the members of Samsung UK Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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.

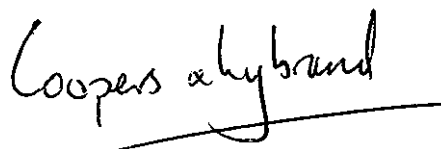
Korean economic situation

As discussed in Note 13 of the notes to the financial statements, the operations of the ultimate parent company are being affected by the unstable economy and financial markets in Korea. As a result, there are uncertainties that may affect future operations of the ultimate parent company, the financial effects of which cannot presently be determined. The activities of the company may also be affected by events in Korea as the company is reliant upon the support of its ultimate parent company. The financial statements do not include any adjustments that might result from these uncertainties. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1997 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Chartered Accountants and Registered Auditors
London
27th October 1998

A handwritten signature in dark ink, reading "Coopers & Lybrand", with a long horizontal line extending from the end of the signature.

XIOD Distribution UK Limited

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Turnover	2	0	0
Cost of sales		0	0
		<hr/>	<hr/>
Gross profit		0	0
Other operating expenses	3	0	0
		<hr/>	<hr/>
Operating profit		0	0
Interest payable on bank loans		0	0
Interest receivable		0	0
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	0	0
Taxation	7	0	0
		<hr/>	<hr/>
Profit on ordinary activities after taxation		0	0
Retained loss at 1 January		(97)	(97)
		<hr/>	<hr/>
Retained loss at 31 December		(97)	(97)
		<hr/>	<hr/>

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

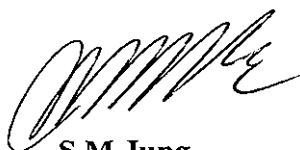
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

XIOD Distribution UK Limited

Balance sheet at 31 December 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Intangible assets		0	0
Tangible assets		0	0
		<u>0</u>	<u>0</u>
Current assets			
Debtors: amounts falling due within one year	8	0	0
Debtors: amounts falling due after more than one year to group companies		3	3
Cash at bank and in hand		0	0
		<u>0</u>	<u>0</u>
Creditors: amounts falling due within one year		0	0
		<u>0</u>	<u>0</u>
Net current assets		0	0
Total assets less current liabilities		<u>3</u>	<u>3</u>
Capital and reserves			
Equity share capital	10	100	100
Profit and loss account		(97)	(97)
		<u>3</u>	<u>3</u>
Equity shareholders' funds	11	<u>3</u>	<u>3</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 13th October 1998 and were signed on its behalf by:



S M Jung
Director and Company Secretary
27th October 1998

XIOD Distribution UK Limited

Cash flow statement for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Net cash (outflow)/inflow from operating activities		0	0
Returns on investments and servicing of finance			
Interest received		0	0
Interest paid		0	0
Net cash (outflow) from returns on investments and servicing of finance		0	0
Taxation			
UK Corporation tax paid		0	0
Tax paid		0	0
Capital Expenditure			
Purchase of fixed assets		0	0
Disposal of fixed assets		0	0
Purchase of intangible fixed asset		0	0
Net cash inflow from capital expenditure		0	0
Net cash inflow from financing		0	0
Increase in cash		0	0

XIOD Distribution UK Limited

Notes to the financial statements for the year ended 31 December 1997

1. Principal accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Tangible fixed assets

The company did not have any tangible fixed assets at any time during the year, hence there is no depreciation for the year.

Intangible fixed assets

The company did not have any intangible fixed assets during the year.

Finance and operating leases

The company did not have any finance or operating leases in the year.

2. Turnover

Geographical Segment	1997	1996
	Sales by destination £'000	Sales by destination £'000
United Kingdom	0	0
Rest of Europe	0	0
Asia	0	0
Africa	0	0
	<hr/> 0 <hr/> <hr/>	<hr/> 0 <hr/> <hr/>

XIOD Distribution UK Limited

3. Other operating expenses

	1997	1996
	£'000	£'000
Distribution costs	0	0
Administrative expenses	0	0
	<u>0</u>	<u>0</u>
	=====	=====

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging	1997	1996
	£'000	£'000
Depreciation	0	0
Management charge from holding company	0	0
Profit on disposal of fixed assets	0	0
Auditors' remuneration - Audit services	0	0
Auditors' remuneration - Other services	0	0
	<u>=====</u>	<u>=====</u>

5. Directors' emoluments

	1997	1996
	£'000	£'000
Other emoluments (including pension contributions and benefits in kind)	0	0
	<u>=====</u>	<u>=====</u>

6 Employee information

The average weekly number of persons (excluding executive directors) employed during the year was nil.

	1997	1996
	£'000	£'000
Staff costs	0	0
	<u>=====</u>	<u>=====</u>

XIOD Distribution UK Limited

7 Taxation

	1997 £'000	1996 £'000
U.K. Corporation Tax at 31% / 33%	0	0
	=====	=====
	0	0
	=====	=====

8 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year:	0	0
Amounts falling due after more than one year		
Amounts owed by group undertaking	3	3
	=====	=====
	3	3
	=====	=====

9. Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost represents contributions payable by the company to the fund and amounted to nil (1996: nil).

XIOD Distribution UK Limited

10. Called-up share capital

	1997	1996
	£'000	£'000
Authorised		
500,000 ordinary shares of £1 each	500	500
	=====	=====
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	100	100

11. Reconciliation of movements in shareholders' funds

	1997	1996
	£'000	£'000
Opening shareholders' funds	3	3
Profit for the financial year	0	0
	-----	-----
Closing shareholders' funds	3	3
	=====	=====

12. Transactions with directors

There were no transactions with directors in the year.

13. Ultimate and immediate parent companies

The company's immediate holding company is Samsung U.K. Limited, a company registered in England and Wales. Samsung Corporation, which is incorporated in Korea and is an independent company operating under the Samsung name, is regarded by the directors as the Company's ultimate parent company. Copies of that company's consolidated accounts may be obtained from Samsung Main Building, 250 Taepyung Ro - 2ga, Joongu, Seoul, Korea.

The Korean economy is experiencing difficulties relating to currency devaluation, volatile stock markets and slowdown in growth. The operations of the ultimate parent company have been affected and will continue to be affected for the foreseeable future by the country's unstable economy. The ultimate outcome of these uncertainties cannot presently be determined. The activities of the company may also be affected by events in Korea as the company is reliant upon the support of its ultimate parent company.

Refer to the directors' report for discussion of this matter in respect of its impact on the company.