

Company No. 01501059

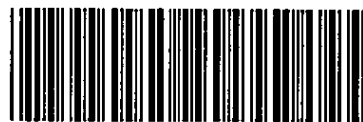
**DEM Manufacturing Limited**  
(formerly Deltron Emcon Limited)

**Annual report and accounts**

**For the year ended**

**30 September 2008**

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COMPANIES HOUSE

# *DEM Manufacturing Limited*

## DIRECTORS

Raymond J. Sadowski – appointed 20 April 2009  
Patrick Zammit – appointed 20 April 2009  
Peter Bielefeld – appointed 20 April 2009  
David R. Birk – appointed 20 April 2009  
M R Kent – resigned on 20 April 2009  
P V Allen – resigned on 20 April 2009  
A Ainsworth – resigned on 20 April 2009  
C Friel – resigned on 20 April 2009

## SECRETARY

Anne Van Der Zwalmen – appointed on 20 April 2009  
A. Bateman – resigned 2 July 2008  
G L van der Pant - appointed 2 July 2008 and resigned 22 October 2008  
L.A. Heffernan - appointed 22 October 2008 and resigned on 20 April 2009

## REGISTERED OFFICE

Abacus House  
Bone Lane  
Newbury  
Berkshire  
RG14 5SF

## BANKERS

HSBC Bank plc  
70 Pall Mall  
London  
SW1Y 5ES

## AUDITORS

Ernst & Young LLP  
Chartered Accountants and Registered Auditors  
Reading

# **DEM Manufacturing Limited**

## **Director's Report**

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 30 September 2008.

### **CHANGE OF NAME**

On the 19 December 2006 the name of the company was changed to DEM manufacturing Limited from Deltron Emcon Limited.

### **PRINCIPAL ACTIVITY**

The company's principal activity during the year continued to be that of the designing, manufacturing and selling of electromechanical products and components.

On 1 April 2008 the Company discontinued its operations and transferred its trade and assets to its immediate parent undertaking, Alpha3 Manufacturing Limited at book value being the fair value of the assets transferred.

### **REVIEW OF THE BUSINESS**

Turnover during the year was £3.4 million (2007: £6.3 million). The profit for the year, after taxation amounted to £0.3 million compared with a £0.1 million in the previous year. The directors do not recommend a dividend for the year (2007 - £nil).

The turnover for the year is lower compared to 2007 as the trade operations were transferred to the parent undertaking Alpha3 manufacturing Limited on 01 April 2008. The company is not trading, and it is anticipated the Company will remain dormant for the foreseeable future.

### **Events since the balance sheet date**

On 19 January 2009 the Electron House (Overseas) Limited (wholly owned subsidiary of Avnet Inc.) acquired 100% shareholding of the Abacus Group plc (ultimate parent undertaking of the Company). Following this acquisition the ultimate parent undertaking of the Company is Avnet Inc.

### **DIRECTORS AND THEIR INTERESTS**

M. Kent, P. Allen, C. Friel and A. Ainsworth served as directors throughout the year. The interests of the directors, who are also directors (except A. Ainsworth and C. Friel) of the holding company, in the share capital of Abacus Group plc are given in the financial statements of that company. C. Friel held options to subscribe for 21,739 (2007 - 21,739) equity settled shares. Subsequent to the resignation of M Kent and Peter Allen on 20 April 2009 as director and employee of the Company all of the options to subscribe for at the year ended 30 September 2008 lapsed or settled after acquisition of Abacus Group plc by Avnet Inc.

### **POLITICAL AND CHARITABLE DONATIONS**

During the year the company made no charitable donations (2007 - £nil).

### **CREDITOR PAYMENT POLICY**

The company endeavours to pay their trade creditors and other suppliers in accordance with the terms of payment agreed at the time the contract of supply is made, to keep suppliers informed of the company's terms of payment and to make payments in accordance therewith. At the end of the year, the company had an average of nil days (2007 - 61 days) purchases outstanding in trade creditors.

### **EMPLOYEE CONSULTATION**

DEM Manufacturing Limited values the involvement of its employees. It has continued to inform employees, through meetings and the intranet, of matters affecting them and of company performance. DEM Manufacturing Limited consults employee representatives regularly on a wide range of matters affecting their current and future interests.

### **EQUAL OPPORTUNITIES**

The Company is committed to providing equal opportunities to all employees, irrespective of sex, marital status, creed, colour, race, ethnic origin or disability. The commitment covers recruiting, training, career development and performance appraisal. DEM Manufacturing Limited strives to maintain employment of those who become disabled while employed and to provide specialist support, where appropriate. The Company will continue to monitor its application of this policy and its compliance with legislation and codes of best practice.

### **MANAGING BUSINESS RISK**

Discussed below are the Company's five major business risks, together with the systems and initiatives in place to address them:

#### **Market**

The UK manufacturing market is subject to fluctuations of demand by customers. These fluctuations are linked to the economic cycle and also to the migration abroad of manufacturing activity. The Company actively seeks to manage its exposure to these fluctuations by monitoring stock levels, restricting its dependence on large customers, and maintaining close working relationships with suppliers.

#### **Operational**

This relates to the risk of financial loss and damage to reputation resulting from inadequate or failed internal processes and systems and from the actions of people or external events. The Company manages this risk through appropriate controls and loss mitigation actions.

# **DEM Manufacturing Limited**

## **Director's Report (continued)**

Examples include:

- a) taking sufficient insurance cover, including for business interruption;
- b) maintaining a details disaster recover plan for all major sites;
- c) maintaining rigorous data backup procedures;
- d) performing regular risk assessments at each of the Company's locations;
- e) carrying out a regular review of the principal suppliers and customers of the Company, and how each impacts on the Company's business;
- f) regularly reviewing actual performance against budgets and forecasts;
- g) establishing clearly defined procedures for the authorisation of major new investments and commitments.

In addition, specialist support functions provide expertise in ensuring the Company adheres to local regulatory and legal requirements.

### *Credit*

The Company assesses the creditworthiness of new customers before commencing trade with them. Based on this and the customer's capital base, authorised limits of credit are set. A proactive approach to the identification and control of bad and doubtful debts is maintained and significant credit risks are highlighted to the Board.

### *Liquidity*

This relates to the risk that the Company is unable to fund its requirements either because of insufficient banking facilities or because it is constrained by the risk of breaching banking covenants. Following the significant reorganisation of borrowings during the year, the majority of the Company's bank facilities were and are available on a committed basis rather than as an overdraft.

The Company funds its day to day operations and short term assets through a mixture of retained profits, creditors, and short-term bank overdraft and invoice discounting facilities, and its long term assets through bank term loans. The Company's policy on liquidity is to ensure that there are sufficient medium and long-term committed borrowing facilities to meet funding requirements. It is Company policy not to trade in or enter into speculative transactions. The Company pays interest on all debt financing arrangements at an agreed margin over current bank base rates. The majority of the cash comprises bank balances with HSBC Bank plc, which the Company considers creditworthy. The Company complied with all the relevant bank covenants during the year.

### *Foreign currency and interest rate risk*

The Company has significant transactional currency exposures. Such exposures arise from sales and purchases by operating units in currencies other than the unit's functional currency. When appropriate, the Abacus Group seeks to cover net foreign exchange exposures with forward contracts, which are arranged centrally, and by negotiating sales and purchases in the same currency where appropriate.

## **KEY PERFORMANCE INDICATORS**

The senior management of the Company focus on three key indicators of financial performance: bookings, billings and gross profit margin. These are monitored daily across the geographic business units with explanation sought for variance against expectations (which are based on budget and previous years' experience).

In addition, on a monthly basis, detailed management accounts are prepared for senior management, including non executive directors. These provide analysis in detail, by geographic area, of bookings, billings, cost of sales and gross profit, operating expenses, each measured against budget and prior years.

Working capital is monitored monthly against budget and prior year, with particular focus on Group borrowings to ensure that bank covenants are fully complied with. Receivables and inventories are also monitored in detail to ensure that credit terms are being respected and enforced, and that stock turn is appropriate.

Finally, other non financial indicators monitored on a monthly basis include order processing matrices, delivery times and accuracy, staff numbers and turnover.

## **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The Company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report. The Abacus Group, and all of its subsidiaries, maintain directors' and officers' liability insurance to mitigate the impact of any such proceedings.

# **DEM Manufacturing Limited**

## **Director's Report (continued)**

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirm that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

### **AUDITORS**

A resolution for the reappointment of Ernst & Young LLP as Auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board.



Anne Van Der Zwahlen  
Company Secretary

29 July 2009

# **Independent Auditors' Report**

to the members of DEM Manufacturing Limited

We have audited the Company's financial statements for the year ended 30 September 2008 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of directors and auditors**

The Directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Company's financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2008 and of the Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the Company financial statements.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Reading

30 July 2009

# **DEM Manufacturing Limited**

## **Profit and loss account**

for the year ended 30 September 2008

		<b>Discontinued Activities</b>	
	<b>Notes</b>	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Turnover</b>	<b>1</b>	<b>3,361</b>	<b>6,302</b>
<b>Cost of sales</b>		<b>(2,060)</b>	<b>(3,840)</b>
<b>Gross profit</b>		<b>1,301</b>	<b>2,462</b>
<b>Other operating expenses</b>	<b>2</b>	<b>(887)</b>	<b>(2,199)</b>
<b>Operating profit</b>	<b>3</b>	<b>414</b>	<b>263</b>
<b>Interest payable and similar charges</b>	<b>5</b>	<b>(20)</b>	<b>(211)</b>
<b>Profit (loss) on ordinary activities before taxation</b>		<b>394</b>	<b>52</b>
<b>Tax (charge) credit on profit on ordinary activities</b>	<b>6</b>	<b>(87)</b>	<b>29</b>
<b>Profit (loss) for the financial year attributable to members of the Company</b>		<b>307</b>	<b>81</b>

There is no difference between the profit reported above and the equivalent profit calculated on an unmodified historical cost basis. The accompanying notes are an integral part of the Profit and Loss Account.

## **Reconciliation of shareholders' funds**

for the year ended 30 September 2008

	<b>2008 £'000</b>	<b>2007 £'000</b>
<b>Total recognised gains</b>	<b>307</b>	<b>81</b>
<b>Reserve credit for share-based payment plan</b>	<b>-</b>	<b>3</b>
<b>Total movements during the year</b>	<b>307</b>	<b>84</b>
<b>Shareholders' deficit at the beginning of the year</b>	<b>(1,713)</b>	<b>(1,797)</b>
<b>Shareholders' deficit at 30 September</b>	<b>(1,406)</b>	<b>(1,713)</b>

# DEM Manufacturing Limited

## Balance Sheet

as at 30 September 2008

	Notes	2008 £000	2007 £000
<b>Fixed assets</b>			
Intangible assets	7	-	273
Tangible assets	8	-	397
		-	670
<b>Current assets</b>			
Stock	9	-	667
Debtors: amounts falling due within one year	10	-	1,287
		-	1,954
Creditors: amounts falling due within one year	11	-	(1,320)
<b>Net current assets</b>		-	634
<b>Total assets less current liabilities</b>		-	1,304
Creditors: amounts falling due after more than one year	12	(1,406)	(3,017)
<b>Net liabilities</b>		(1,406)	(1,713)
<b>Capital and reserves</b>			
Called up share capital	13	11	11
Share premium account	14	2	2
Profit and loss account	14	(1,419)	(1,726)
<b>Shareholders' deficit</b>		(1,406)	(1,713)

The financial statements were approved by the Board of Directors on 29 July 2009 and were signed on its behalf by:



Peter Bielefeld  
Director



# **DEM Manufacturing Limited**

## **Statement of Accounting Policies**

30 September 2008

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

### **Basis of accounting**

The accounts have been prepared under the historic cost convention and in accordance with the applicable United Kingdom standards (UK GAAP) and Law.

### **Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill arises on the acquisition or transfer of subsidiary undertakings and businesses. If the fair value of the consideration given exceeds the fair value of the identifiable assets and liabilities acquired, the difference, goodwill, is capitalised. Goodwill is written off on a straight-line basis over its useful economic life, a maximum of twenty years. Provision is made for any impairment.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised software development expenditure is reviewed for impairment annually before being brought into use.

### **Property, plant and equipment**

Property, plant and equipment (including land and buildings) are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than freehold land. The rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life are as follows:

Leasehold improvements	-	over period of lease
Plant and machinery	-	10% straight line
Fixtures and fittings	-	10% straight line
Motor vehicles	-	25% straight line
Tools and office equipment	-	25% straight line

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Research and development**

Research expenditure is written off against profits in the year in which it is incurred. Development expenditure is also written off, except where directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is between two and five years. Provision is made for any impairment.

### **Group accounts**

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies. The accounts present information about the undertaking as an individual undertaking and not as a group. The Company is included in the consolidated accounts of Abacus Group plc, the Company's parent undertaking, which is registered in England and Wales.

### **Cash flow statement**

The consolidated accounts of Abacus Group plc include a cash flow statement. The Directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) and have not presented a cash flow statement for the Company.

# **DEM Manufacturing Limited**

## **Statement of Accounting Policies (continued)**

30 September 2008

### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bring each product to its present location and condition, as follows:

- i) Raw materials, consumables and goods for resale – purchase cost on a weighted average cost basis.
- ii) Work in progress and finished goods – cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving and defective items where appropriate.

### **Trade and other receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

### **Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

### **Interest bearing loan and borrowings**

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance expense.

### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Pensions and other post-retirement benefits**

Contributions to money purchase schemes are recognised in the income statement in the period in which they become payable.

### **Foreign currency**

In preparing the Financial Statements of the Company, transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except (i) when hedge accounting is applied; (ii) for differences on monetary assets and liabilities that form part of the Company's net investment in foreign operations. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

# **DEM Manufacturing Limited**

## **Statement of Accounting Policies (continued)**

30 September 2008

### **Turnover**

Turnover represents sales, less returns, to external customers excluding value added tax. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contractual terms of sale.

### **Leases**

Assets held under finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

### **Finance costs**

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

### **Share-based payment**

The ultimate holding company, Abacus Group plc, issues equity-settled and cash-settled share-based payments to certain employees in its subsidiaries, including the Company. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. For cash-settled share-based payments, a liability equal to the portion of the services received is recognised at the current fair value determined at each balance sheet date.

Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferrability, exercise restrictions and behavioural considerations.

### **Exceptional items**

The Company presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year. This facilitates comparison with prior periods and better trend analysis in financial performance.

# DEM Manufacturing Limited

## Notes to the Accounts

30 September 2008

### 1. Turnover

Turnover comprises the invoiced value of goods and services supplied exclusive of Value Added Tax and after deduction of trade discounts. Turnover is entirely attributable to the principal activity. The analysis of turnover by geographical destination is as follows;

	2008 £'000	2007 £'000
United Kingdom	1,859	3,313
Mainland Europe	525	1,312
Far East	213	401
USA	682	1,011
Other	82	265
	3,361	6,302

### 2. Other operating expenses

	2008 £'000	2007 £'000
Administration and distribution costs	887	2,199

The nature of the Company's business and organisation is such that the Directors consider that it is not possible to calculate a meaningful split between administration and distribution costs.

### 3. Operating profit (loss)

This is stated after charging the following items:

	2008 £000	2007 £000
Auditors' remuneration:		
Audit	7	32
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	44	78
Leased assets	3	5
Loss on sale of tangible fixed assets	-	-
Amortisation of intangible asset	-	35
Operating lease rentals:		
Other	64	128
Plant and machinery	17	32
Share-based payment	-	3

**DEM Manufacturing Limited**  
**Notes to the Accounts (continued)**

30 September 2008

**4. Information Regarding Directors and Employees**

<b>Staff costs</b>	<b>2008 £000</b>	<b>2007 £000</b>
Wages and salaries (excluding share-based payment charge)	498	1,101
Social security costs	44	91
Pension costs	27	44
	<b>569</b>	<b>1,236</b>

The share-based payment charge for the year was £nil (2007: £3,000).

<b>Average number of persons employed</b>	<b>2008 No.</b>	<b>2007 No.</b>
Selling	4	5
Product	43	48
Administration	26	28
	<b>73</b>	<b>81</b>

The directors' remuneration is borne by the parent company and is dealt with in the financial statements of other group companies.

**5. Interest payable and similar charges**

	<b>2008 £000</b>	<b>2007 £000</b>
Bank overdraft	19	34
Finance leases	1	10
Other group loans	-	167
	<b>20</b>	<b>211</b>

**DEM Manufacturing Limited**  
**Notes to the Accounts (continued)**

30 September 2008

**6. Tax on profit (loss) on ordinary activities**

	2008 £000	2007 £000
United Kingdom corporation tax at 28% based on the profit (loss) for the year	-	25
<b>Deferred tax</b>		
Adjustments to the estimated recoverable amount of deferred tax assets	(87)	4
	(87)	29

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation:

	2008 £000	2007 £000
<b>Profit (loss) on ordinary activities before taxation</b>	<b>394</b>	<b>52</b>
Profit (loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 28% (2007: 30%)	110	16
Effects of:		
Expenses not deductible for tax purposes	-	2
Capital allowances in excess of depreciation	(4)	(28)
Tax losses recognised and carried forward	-	9
Movement in short term timing differences	(1)	(1)
Surrender of losses to fellow subsidiaries	-	2
Utilisation of brought forward losses	(105)	
Adjustment to tax charge in respect of previous periods	-	(25)
<b>Current tax credit for the year</b>	<b>-</b>	<b>(25)</b>

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 September 2008

### 7. Intangible fixed assets

	Goodwill £'000
<b>Cost</b>	
At 01 October 2006 and 30 September 2007	314
Transfer to parent undertaking	(314)
<b>At 30 September 2008</b>	-
<b>Amortisation</b>	
At 1 October 2006	6
Amortisation	35
<b>At 30 September 2007</b>	41
Amortisation	-
Transfer to parent undertaking	(41)
<b>At 30 September 2008</b>	-
<b>Net book value</b>	
At 30 September 2007	273
<b>At 30 September 2008</b>	-

The Goodwill figure relates to a fair value adjustment made to the value of assets acquired of BES. This acquisition was made in July 2005.

### 8. Tangible fixed assets

	Short leasehold improvements £'000	Fixtures and fittings £'000	Plant and machinery £'000	Motor vehicles £'000	Tools £'000	Office equipment £'000	Total £'000
<b>Cost</b>							
At 1 October 2006	31	69	647	35	539	439	1,760
Additions	-	5	47	-	39	49	140
Disposals	-	-	(200)	-	(73)	-	(273)
<b>At 30 September 2007</b>	31	74	494	35	505	488	1,627
Additions	-	7	7	-	16	17	47
Disposals	-	-	(19)	-	-	-	(19)
Transfer to parent undertaking	(31)	(81)	(482)	(35)	(521)	(505)	(1,655)
<b>At 30 September 2008</b>	-	-	-	-	-	-	-
<b>Depreciation</b>							
At 1 October 2006	31	31	424	35	521	378	1,420
Charge for year	-	7	35	-	13	28	83
Disposals	-	-	(200)	-	(73)	-	(273)
<b>30 September 2007</b>	31	38	259	35	461	406	1,230
Charge for the year	-	3	18	-	9	17	47
Disposals	-	-	(10)	-	-	-	(10)
Transfer to parent undertaking	(31)	(41)	(267)	(35)	(470)	(423)	(1,267)
<b>30 September 2008</b>	-	-	-	-	-	-	-
<b>Net book value</b>							
At 30 September 2007	-	36	235	-	44	82	397
<b>At 30 September 2008</b>	-	-	-	-	-	-	-

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 September 2008

### 8. Tangible fixed assets (Continued)

Included in fixed assets are motor vehicles and plant and machinery purchased under finance lease and hire purchase agreements, which have a net book value of £nil (2007 - £47,000). Depreciation charged on these assets during the year was £3,000 (2007 - £5,000).

### 9. Stocks

	2008 £000	2007 £000
Raw materials and consumables	-	573
Work in progress	-	110
Finished goods and goods for resale	-	197
Provision for slow moving items	-	(213)
	-	667

In the opinion of the directors there is no material difference between the replacement cost and historic cost of stock held at the year end.

### 10. Debtors

	2008 £000	2007 £000
Deferred tax	-	129
Trade debtors	-	800
Amounts due from fellow subsidiaries	-	120
Other debtors	-	9
Prepayments and accrued income	-	229
	-	1,287

Deferred taxation	£'000
01 October 2007	129
Utilisation of brought forward losses	(80)
Capital allowances in excess of depreciation charged to profit and loss	(7)
Transferred to parent undertaking	(42)
30 September 2008	-

	2008 £'000	2007 £'000
The deferred tax balance comprised:		
Depreciation in excess of capital allowances	-	49
Deferred tax asset arising on recognition of losses	-	80
Deferred tax asset	-	129



# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 September 2008

### 11. Creditors: amounts falling due within one year

	2008 £000	2007 £000
Bank loans and overdrafts	-	372
Trade creditors	-	641
Amounts due to fellow subsidiary undertakings	-	36
Other tax and social security	-	41
Other creditors	-	18
Obligations under finance leases and hire purchase contracts	-	13
Accruals and deferred income	-	199
	-	1,320

Bank loans and overdrafts are secured by a fixed and floating charge over the company's assets. The obligations under finance leases and hire purchase agreements are secured over the assets acquired under those contracts.

### 12. Creditors: amounts falling due after more than one year

	2008 £000	2007 £000
Obligations under finance leases and hire purchase contracts (all repayable within two to five years)	-	19
Amounts owed to group undertakings	1,406	2,998
	1,406	3,017

The obligations under finance leases and hire purchase agreements are secured over the assets acquired under those contracts.

Included in the above are finance leases and hire purchase obligations falling due as follows:

	2008 £000	2007 £000
Within one year	-	13
Between two and five years	-	19
	-	32

### 13. Called up share capital

	2008 £000	2007 £000
<b>Authorised</b>		
250,000 Ordinary shares of £1 each	250	250
<b>Allotted, called up and fully paid</b>		
11,245 Ordinary shares of £1 each	11	11

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 September 2008

### 14. Reserves and reconciliation of movements in shareholder's funds

	Non-distributable		Distributable		
	Share capital	Share premium account	Profit and loss account	Total 2008	Total 2007
	£000	£000	£000	£000	£000
Opening shareholder's deficit	11	2	(1,726)	(1,713)	(1,797)
Retained profit (loss) for the year	-	-	307	307	81
Share based payment	-	-	-	-	3
Closing shareholder's deficit	11	2	(1,419)	(1,406)	(1,713)

### 15. Contingent liabilities

At the year end HSBC plc and its subsidiaries held a fixed and floating charge over all the assets of the company, including a first legal charge over the company's freehold property. An unlimited multilateral guarantee exists between all UK group companies to secure bank borrowing facilities of £2.0 million (2007: £3.5 million) and invoice discounting facilities of £35 million (2007: £35 million). Subject to the foregoing, the company had no material contingent liabilities at the year-end.

### 16. Share-based payment

The employees of the Company held options for only one of the share-based payment schemes operated by Abacus Group plc during the year ended 30 September 2008. The Company recognised a charge of £nil (2007: £3,000) in the year, all relating to equity-settled share-based payment transactions (for only those issued after 7 November 2002) with corresponding entries to the share option reserve. No market conditions apply to any of the schemes. For all schemes, the expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The expected percentage of total options exercised is based upon the Directors' best estimate for effects of behavioural conditions and, if applicable, the probability that the performance criteria will be met. Detail of the scheme is as below:

Under the terms of the Deltron acquisition, options over Deltron shares were either exercised or exchanged for those over Abacus shares in the ratio of 1:0.6432 and the new option prices were derived by multiplying the Deltron share option price by 1.5547. The rules of the Deltron shares scheme remained unchanged, being the options can be exercised between three and five years from date of grant. There are no exercise conditions.

Deltron Share Option Schemes – as at 30 September 2007 (stated at the Abacus equivalent)

	Options	Weighted average exercise price (p)
Outstanding at 1 October 2006	45,473	139.6
Lapsed during the year	(9,495)	122.7
Exercised during the year	(3,645)	112.7
Outstanding at 1 October 2007	32,333	147.5
Transferred to parent undertaking during the year	(32,333)	147.5
Outstanding at 30 September 2008	-	-

None (2007: none) of the above share options outstanding at the end of the year are exercisable at 30 September 2008.

# DEM Manufacturing Limited

## Notes to the Accounts (continued)

30 September 2008

### 17. Transfer of trade, assets and liabilities from and to fellow Group undertakings

On 01 April 2008 the company transferred its trade and assets to its parent undertaking Alpha3 Manufacturing Limited at book value. The Directors consider the transfer to be at fair value and are as follows:

	2008 £'000
<b>Fixed assets</b>	
Intangible assets	273
Tangible assets	388
<b>Current assets</b>	
Stocks	644
Debtors	1,303
Deferred tax asset	42
<b>Total assets</b>	<b>2,650</b>
<b>Liabilities</b>	
Trade creditors	(459)
Bank loans and overdrafts	(559)
Intercompany	(2,569)
Other liabilities	(402)
<b>Total liabilities</b>	<b>(3,989)</b>
<b>Net liabilities transferred at net book value, being fair value</b>	<b>(1,339)</b>

### 18. Pension commitments

During the year the company contributed to a defined contribution scheme, whose operation has not altered during the year, for certain employees. The funds of the schemes are independently administered by insurance companies. The pension cost charge for the year represents contributions payable to the scheme, which amounted to £27,000 (2007 - £44,000).

### 19. Other Financial Commitments

#### Capital commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2007 - £nil).

#### Operating leases

The Company is committed to pay the following annual amounts under leases outstanding at 30 September 2008.

	2008		2007	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Between two and five years	-	-	-	32
More than five years	-	-	128	-
	-	-	128	32

# **DEM Manufacturing Limited**

## **Notes to the Accounts (continued)**

30 September 2008

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### **20. Related party transactions**

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There were no transactions with related parties during the year required to be disclosed in accordance with Financial Reporting Standard 8.

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### **21. Post balance sheet events**

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On 19 January 2009 the Electron House (Overseas) limited (wholly owned subsidiary of Avnet Inc.) acquired 100% shareholding of the Abacus Group plc (ultimate parent undertaking of the Company). Following this acquisition the ultimate parent undertaking of the Company is Avnet Inc.

Directors believe the above change in ultimate parent undertaking is not an adjusting post balance sheet event under FRS21.

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### **22. Ultimate holding undertaking and controlling party**

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As at 30 September 2008 the smallest and largest group for which consolidated financial statements are prepared is that of the then Company's parent undertaking, Abacus Group plc. Copies of the group financial statements of Abacus Group plc are available from the Secretary, Abacus House, Bone Lane, Newbury Berkshire, RG14 5SF.