Arrow Electronics (UK) Limited

Report and Financial Statements

31 December 2006

Registered No 2582534

Directors
S Enslev
A King
P J Reilly
P Brown

Secretary
M Garner

Auditors
Ernst & Young LLP
400 Capability Green
Luton
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LU1 3LU

Bankers
HSBC Bank Plc
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Solicitors
Herbert Smith
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Directors' report

The directors present their report and financial statements for the year ended 31 December 2006

Results and dividends

The profit for the year amounted to £6,974,000 (2005 profit of £3,325,000) after exceptional costs of £629,000 (2005 £96,000) The directors do not recommend the payment of any dividends

Principal activities and review of the business

The principal activity of the company during the year continued to be the distribution of electronic and electrical equipment and accessories to industry

Turnover increased significantly year on year, despite continued customer production moving off shore

Post balance sheet events

On 19 February 2007 the company sold its long term lease interest in its premises in Harlow and moved to new offices The net book value of the lease at the time of the sale was nil The sale generated a net gain of £4 3m

Future developments

Trading conditions in the UK were challenging during the first half of 2007 This has continued through the second half of the year

Directors

The directors who served the company during the year were as follows

A Oag	(resigned 16 May 2007)
P J Reilly	
P Brown	
A King	

On 16 May 2007 S Enslev was appointed a director of the company
None of the directors of the company had any disclosable interest in the shares of the company or any other UK group company at any time during the year

Key Performance Indicators (Figures in £,000)

Sales for the period were £183,887, an increase of 28 3% compared to prior year (2005 £143,344)
Gross Profit before distribution and administration costs was £29,521 for the period (2005 £18,931)
Distribution Costs were 11% of sales for 2006 at £20,307 compared to 12% for 2005
Administration Costs (continuing) were 1 2% of sales for 2006 at £2,279 compared to 0 8% for 2005
Operating Profits for the period were £6,306 compared to £347 for the prior year
Net Interest Income increased 18 6% to £1,220
Net Profit after taxation was £6,974 for the period compared to £3,325 in 2005

Risks and uncertainties

Competitive risks – In the UK there are a range of companies in direct competition Whilst the company is not immune to the threats from competitors, it is better placed than many to both resist these threats and to win business from existing and new customers A number of factors give the company a competitive advantage, including the available franchises, service and support, competitive pricing and industry expertise

Legislative risks – there are a number of legislative risks including the following Pollution and chemical legislation on product content such as RoHS, country imposed restrictions for sales to certain industries, border controls enforcing delays to transactions and trade controls on product preventing or limiting sales None of these risks are considered to have a potential major impact on the company and they are managed in the normal course of business

Financial instrument risks - The company has an established risk and financial management framework where the primary objective is to protect the company from events that hinder the achievement of the company's performance objectives The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and to monitor the management of risk on an on-going basis

Directors' report

Use of derivatives – The company uses forward foreign currency contracts to reduce exposure to the variability of foreign exchange rates This is done through a series of globally managed ongoing contracts.

Exposure to price, credit, liquidity and cashflow risk

Price risk arises on financial instruments because of changes in, for example, commodity prices or equity prices The company does not hold any equity investments

Credit risk is the risk that one party to a financial instrument will cause a financial loss for another party, by failing to discharge an obligation Company policies are aimed at minimising such losses, and require that open credit and deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures Details of the company's debtors are shown in note 13 to the financial statements

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities The company aims to mitigate liquidity risk by managing cash generation by its operating activities, managing available cash appropriately and applying cash targets where relevant

Cashflow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability, such as future interest payments on a variable rate debt The company manages this risk by the use of the activities listed above, including derivatives and liquidity risk management which are coordinated at a group level

Disabled employees

It is the company's policy that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities

Wherever possible the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment

Employee involvement

The company believes that to achieve excellent customer service its employees should be well informed about company plans and performance and have the opportunity to discuss their performance regularly with their manager

Therefore the company is committed to providing all its employees with information on a regular basis and to encouraging their participation in schemes where they will benefit from the company's progress and profitability In addition, it is intended that all employees discuss their individual performance with their managers at least on an annual basis with the objective of identifying how their performance can be improved

Donations

During the year, the company made charitable donations totalling £5,856 (2005 £1,417)

Directors' report

Creditor payment policy

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with

At 31 December 2006 the company had an average of 29 days (2005 30 days) purchases outstanding in trade creditors

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is unaware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the board

Secretary 29/1/2008

Statement of directors' responsibilities in respect of the financial statements

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 Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) The financial statements are required by law to 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 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, 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

Independent auditors' report

to the members of Arrow Electronics (UK) Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 22 These financial statements have been prepared under 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it

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 judgments 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

Independent auditors' report

to the members of Arrow Electronics (UK) Limited (continued)

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 31 December 2006 and of its 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 financial statements

Ernst & Young LLP

Ernst & Young
Registered Auditor
Luton

29 January 2008

Profit and loss account
for the year ended 31 December 2006

	Notes	2006 £000	2005 £000 (restated*)
Turnover	2	183,887	143,344
Cost of sales		154,366	124,413
Gross profit		29,521	18,931
Distribution costs		20,307	17,331
Administrative expenses			
Continuing		2,279	1,157
Exceptional	4	629	96
Total administrative expenses		2,908	1,253
Operating profit	3	6,306	347
Interest receivable	9	1,450	1,217
Interest payable and similar charges	10	(230)	(188)
		1,220	1,029
Profit on ordinary activities before taxation		7,526	1,376
Tax on profit on ordinary activities	11	(552)	1,949
Profit for the financial year	21	6,974	3,325

* Restated on implementation of FRS20 'Share Based Payments', refer to note 7

Statement of recognised gains and losses

	2006 £000	2005 £000 (restated*)
Profit for the financial year	6,974	3,325
Prior year adjustment (note 7)	(88)	–
Total gains and losses recognised since last annual report	6,886	3,325

*Restated on implementation of FRS20 "Share Based Payment", refer to note 7

Balance sheet
at 31 December 2006

	Notes	2006 £000	2005 £000 (restated*)
Fixed assets			
Tangible assets	12	1,601	1,010
Current assets			
Debtors	13	61,924	53,804
Cash at bank		40,168	33,421
		102,092	87,225
Creditors: amounts falling due within one year	14	53,682	45,429
Net current assets		48,410	41,796
Total assets less current liabilities		50,011	42,806
Creditors: amounts falling due after more than one year	15	36,586	36,586
Provisions for liabilities and charges	17	1,024	1,002
		12,401	5,218
Capital and reserves			
Called up share capital	20	5,500	5,500
Share premium account	21	16,500	16,500
Profit and loss account	21	(10,095)	(17,069)
Equity reserve	21	496	287
Equity shareholders' funds	21	12,401	5,218

* Restated on implementation of FRS20 'Share Based Payments', refer to note 7

On behalf of the board

Director

29/1/2008

Notes to the financial statements
at 31 December 2006

1. Accounting policies
Basis of preparation
The financial statements are prepared under the historical cost convention, and in accordance with applicable accounting standards

The accounting reference date of the company is 31 December and accounts are drawn up to a Friday within seven days of that date The financial statements of Arrow Electronics UK Limited were approved for issue by the Board of Directors on 28 January 2008

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned subsidiary of Arrow Electronics Inc , and the operating cash flows of the company are included in the consolidated cash flow statement of Arrow Electronics Inc

Related party transactions
The company is a wholly owned subsidiary of Arrow Electronics UK Holding Limited, the consolidated accounts of which are publicly available The ultimate parent company is Arrow Electronics Inc , which is incorporated in the US and the consolidated accounts of which are publicly available

Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with related parties of the Arrow Electronics group

Goodwill
Goodwill represents the excess of the fair value of the consideration given over the fair value of the separable net assets acquired Goodwill arising on acquisitions prior to 31 December 1997 was set off directly against reserves and has not been reinstated on implementation of FRS 10 If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves will be taken into account in determining the profit or loss on sale or closure

Fixed assets
All fixed assets are initially recorded at cost

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows

Freehold property	-	20 years
Short leasehold improvements	-	the shorter of 20 years or the life of the lease
Equipment and motor vehicles	-	3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

Provisions
A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation

Revenue recognition
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods

Notes to the financial statements
at 31 December 2006

1. Accounting policies (continued)
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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Share based payments
Employees of the company are granted share options in the ultimate parent undertaking, Arrow Electronics Inc The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by means of Black-Scholes option pricing model

No expense is recognised for awards that do not ultimately vest

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired The movement in cumulative expenses since the previous balance sheet date is recognised in the profit and loss account with a corresponding entry in equity

The company has taken advantage of the transitional provisions of FRS20 in respect of equity-settled awards so as to apply FRS20 only to those equity-settled awards granted after November 2002 that had not vested before 1 January 2006

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification No reduction is recognised if this difference is negative

This represents a change in accounting policy and has resulted in a prior year adjustment

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease agreements
Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs
The company operates a group personal pension plan to which the company contributes Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the plan

Notes to the financial statements
at 31 December 2006

2. Turnover
Turnover represents sales invoiced to customers, net of discounts, excluding value added tax Turnover is attributable to one continuing activity, the distribution of electronic and electrical equipment and accessories to industry

An analysis of turnover by geographical market is not given, as the directors believe it would be seriously prejudicial to the interests of the company

3. Operating profit
This is stated after charging/(crediting)

		2006 £000	2005 £000
Auditors' remuneration	- audit services	30	32
	- non-audit services	0	61
		30	93
Depreciation of owned fixed assets		372	332
Profit on disposal of fixed assets		(16)	(190)
Operating lease rentals	- land and buildings	923	839
	- plant and machinery	648	596

4. Exceptional items

	2006 £000	2005 £000
Recognised in arriving at operating profit		
Profit on sale of a warehouse	–	186
Administrative expenses	(629)	(282)
	(629)	(96)

Exceptional administrative expenses of £629,000 relates to vacant property provision, dilapidation costs and redundancy costs (2005 £282,000 relate to the warehouse closure programme)

Notes to the financial statements
at 31 December 2006

5. Staff costs

	2006 £000	2005 £000 (restated*)
Wages and salaries	14,264	13,798
Social security costs	1,398	1,504
Other pension costs (note 16)	1,020	440
	16,682	15,742

* Restated on implementation of FRS20 'Share Based Payments', refer to note 7

The monthly average number of employees during the year was as follows

	2006 No	2005 No
Directors	2	2
Staff	355	353
	357	355

6. Directors' emoluments

	2006 £000	2005 £000
Emoluments	355	368
Value of company pension contributions to pension plans	21	20

	2006 No	2005 No
Members of pension plans	2	2

The amounts in respect of the highest paid director are as follows

	2006 £000	2005 £000
Emoluments	190	207
Value of company pension contributions to pension plan	12	13

Certain directors' emoluments are borne by fellow Arrow Electronics Inc companies as these directors are also directors or officers of a number of companies within the Arrow Electronics Inc group These directors' services to the company do not occupy a significant amount of their time As such, these directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2006 and 31 December 2005

Notes to the financial statements
at 31 December 2006

7. Prior year adjustment
During the year the company adopted FRS20 'Share Based Payment', resulting in a change of accounting policy The comparative figures in the primary statements and related notes have been restated to reflect the new policy

The effect of the change in policy is summarised below

	2005 *£000*	*2004* *£000*
Profit and loss account		
Increase in distribution costs	161	126
Increase in deferred tax asset	(48)	(38)
Decrease in profit	113	88
Balance sheet		
Credit to other equity reserve	(161)	(126)
Debit to deferred tax asset	48	38

8. Share based payments
Arrow Electronics Inc maintains the group 2004 Omnibus Incentive Plan, which replaced all prior employee stock plans The plan permits the grant of cash-based awards, non qualified stock options, incentive stock options, stock appreciation rights, restricted stock units, performance shares, performance units, covered employee annual incentive awards and other stock-based awards The exercise price for options cannot be less than the fair market value of Arrow's common stock on the date of grant

The expense is set out in note 7

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movement in, share options during the year

	2006 *No*	*2006* *WAEP*	*2005* *No*	*2005* *WAEP*
Outstanding as at 1 January	112,350	$22 33	71,100	$19 19
Granted during the year	31,150	$35 59	51,100	$26 90
Forfeited/expired during the year	-	-	(9,850)	$23 35
Outstanding at 31 December	143,500	$25 21	112,350	$22 33
Exerciseable at 31 December	33,750		-	

The range of exercise prices for options outstanding at year end was $13 85 to $35 59 (2005 $13 85 to $32 25)

Notes to the financial statements
at 31 December 2006

8. Share based payments (continued)

The fair value of share options is calculated using the Black-Scholes option pricing model The weighted average assumptions used to estimate the fair value of stock options were as follows

	2006	*2005*
Fair value of stock options granted	\$35 59	\$26 90
Risk free interest rate	4 7%	4 4%
Expected life (in years)	4 4	4 37
Expected volatility	35%	39%
Expected dividend yield	–	–

The carrying amount of the liability relating to the options at 31 December 2006 is £Nil (2005 £Nil)

Volatility is measured using historical daily price changes of the company's common stock over the expected term of the option

The expected term represents the weighted average period the option is expected to be outstanding and is based primarily on the historical exercise behaviour of employees

The risk-free interest rate is based on the U S Treasury zero-coupon yield with a maturity that approximates the expected term of the option

9. Interest receivable

	2006 *£000*	*2005* *£000*
Bank interest receivable	1,450	1,217

10. Interest payable and similar charges

	2006 *£000*	*2005* *£000*
Bank interest payable	157	140
Other interest payable	73	48
	230	188

11. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2006 *£000*	*2005* *£000* *(restated*)*
Current tax		
UK corporation tax	–	–
Total current tax (note 11(b))	–	–
Deferred tax		
Origination and reversal of timing differences		
Current period	1,538	112
Prior period	(986)	(2,061)
Tax on profit on ordinary activities	552	(1,949)

Notes to the financial statements
at 31 December 2006

11. Tax (continued)

(b) Factors affecting current tax charge

	2006 *£000*	*2005* *£000*
Profit on ordinary activities before taxation	7,526	1,376
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2005 30%)	2,258	413
Expenses not deductible for tax purposes	101	170
Accelerated capital allowances	(98)	(175)
Group relief	(758)	(423)
Other timing differences	166	15
Utilisation of tax losses	(1,669)	–
Total current tax	–	–

(c) Deferred tax

The deferred tax asset included in the balance sheet is as follows

	2006 *£000*	*2005* *£000* *(restated*)*
Included in debtors (note 13)	1,629	2,181

Deferred taxation provided in the financial statements as follows

	2006 *Provided* *£000*	*2005* *Provided* *£000* *(restated*)*
Depreciation in advance of capital allowances	(1,226)	(1,386)
Tax losses available	–	(669)
Other timing differences	(403)	(126)
Deferred tax asset	(1,629)	(2,181)

Notes to the financial statements
at 31 December 2006

12. Tangible fixed assets

	Short leasehold improvements £000	*Equipment and motor vehicles £000*	*Total £000*
Cost			
At 1 January 2006	1,569	2,681	4,250
Additions	636	327	963
At 31 December 2006	2,205	3,008	5,213
Depreciation			
At 1 January 2006	1,062	2,178	3,240
Provided during the year	77	295	372
At 31 December 2006	1,139	2,473	3,612
Net book value			
At 31 December 2006	1,066	535	1,601
At 1 January 2006	507	503	1,010

13. Debtors

	2006 £000	*2005 £000 (restated*)*
Trade debtors	40,107	33,442
Amounts owed by group undertakings	19,758	17,493
Prepayments and accrued income	430	688
Deferred tax	1,629	2,181
	61,924	53,804

* Restated implementation of FRS20 "Share Based Payment", refer to note 7

14. Creditors: amounts falling due within one year

	2006 £000	*2005 £000*
Bank overdraft	6,828	3,198
Trade creditors	1,145	978
Amounts owed to group undertakings	39,737	35,693
Other taxation and social security	4,458	4,161
Accruals and deferred income	1,514	1,399
	53,682	45,429

Notes to the financial statements
at 31 December 2006

15. Creditors: amounts falling due after more than one year

	2006 £000	2005 £000
Amounts owed to group undertakings	36,586	36,586

The company's ultimate parent undertaking, Arrow Electronics Inc , has a revolving global multi-currency credit agreement, under which its overseas subsidiaries are able to borrow The facility was renewed in June 2005 for a period of three years Loans are provided at variable interest rates which are linked to the Euro-currency rate The global multi-currency facility requires that working capital, net worth and certain other financial ratios for the worldwide group are maintained at designated levels At the year end the company had £nil (2005 £nil) loans outstanding under the revolving global multi-currency credit agreement There are no fees or compensating balances associated with these borrowings

16. Pensions

During the year the company wound up the defined contribution (money purchase) scheme, replacing this with a Group Personal Pension Plan along with a Salary Sacrifice Scheme The pension cost charge represents contributions payable by the company to the employees' individual policies and amounted to £1,020,000 (2005 £440,000)

The unpaid contributions outstanding at the year end, included in 'Accruals and deferred income' (note 14) are £96,598 (2005 £3,754)

17. Provisions for liabilities and charges

	£000
At 1 January 2006	1,002
Arising during the year	(629)
Utilised in the year	651
At 31 December 2006	1,024

The provision represents property costs on the remaining life of the leases on two vacant properties

The additional provision during the year relates to surplus site maintenance costs in the UK

18. Commitments under operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire				
Within one year	36	216	24	199
In two to five years	224	432	217	397
In over five years	675	–	598	–
	935	648	839	596

19. Related party transactions

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 8 by not disclosing transactions with entities of the group qualifying as related parties There are no other related party transactions requiring disclosure

Notes to the financial statements
at 31 December 2006

20. Share capital

		Authorised
	2006	*2005*
	£000	*£000*
Ordinary shares of £1 each	5,500	5,500

	Allotted, called up and fully paid			
		2006		*2005*
	No	*£000*	*No*	*£000*
Ordinary shares of £1 each	5,500,002	5,500	5,500,002	5,500

21. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Share premium account £000*	*Equity £000 (restated*)*	*Profit and loss account £000 (restated*)*	*Total share-holders' funds £000 (restated*)*
At 1 January 2005	5,500	16,500	–	(20,306)	1,694
Profit for the year	–	–	161	3,438	3,486
At 31 December 2005 as previously stated	5,500	16,500	161	(16,868)	5,180
Prior year adjustment in respect of reserves brought forward	–	–	126	(201)	38
At 31 December 2005 as restated	5,500	16,500	287	(17,069)	5,218
Profit for the year	–	–	–	6,974	6,974
Share based payments	–	–	209	–	209
At 31 December 2006	5,500	16,500	496	(10,095)	12,401

The cumulative amount of goodwill written off at 31 December 2006 was £21,192,000 (2005 £21,192,000)

* Restated on implementation of FRS20 'Share Based Payments', refer to note 7

Notes to the financial statements
at 31 December 2006

22. Ultimate parent company
Arrow Electronıcs (UK) Lımıted ıs a 100% subsıdıary of Arrow Electronıcs UK Holdıng Lımıted Arrow Electronıcs UK Holdıng Lımıted has ıncluded the company ın ıts group accounts, copıes of whıch are avaılable from ıts regıstered office

London Road Campus
London Road
Harlow
Essex
CM17 9NA

The ultımate parent undertakıng and controllıng party ıs Arrow Electronıcs Inc ,whıch ıs ıncorporated ın the US Arrow Electronıcs Inc has ıncluded the company ın ıts group accounts Copıes of the accounts of Arrow Electronıcs Inc , are avaılable from

Arrow Electronıcs Inc
50 Marcus Drıve
Melvılle
New York
11747 USA